interseroh

2008 BUSINESS REPORT

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The **Interseroh Group** stands for high-quality recycling and modern closed loop recycling management. Our business is **collecting, transporting, preparing and marketing** empty packaging, used products and waste metal at home and abroad. Interseroh thereby guarantees industry the procurement of valuable secondary raw materials, traded worldwide, for its production. In 2008 this covered around 5.8 million tonnes of scrap, recovered paper, plastics and recovered wood.

Key group indicators

	2008*	2007	2006	2005	2004	2003
Group						
Consolidated sales in EUR million						
• Steel and Metals recycling	1,560.2	1,219.1	898.7	698.2	810.5	510.5
• Services	285.7	330.5	191.6	248.7	229.7	226.2
• Raw Materials Trading	220	198.9	148.5			
	2,065.9	1,748.5	1,238.8	946.9	1,040.2	736.7
Earnings before taxes in EUR million	13.52	55.4	41.1	29.9	44.7	19.0
Annual net profit in EUR million	1.44	35.4	25.9	19.0	29.6	8.9
Total assets in EUR million	736.8	658.0	446.0	317.7	311.5	253.9
Equity ratio (1) in %	23.0	26.7	30.3	37.3	34.4	31.0
Return on equity (2) in%	0.9	20.2	19.1	16.0	27.6	11.3
Return on capital employed (3) in%	4.4	10.3	10.4	10.7	16.0	8.7
Number of employees (average)	1,864	1,606	1,380	1,301	1,254	1,285
Number of shares	9,840,000	9,840,000	9,840,000	9,840,000	9,840,000	9,840,000
Dividend per share in Euros	0.14** +0.14 bonus	0.86	0.11	0.86	0.86	0.86

(1) Shareholders' equity according to balance sheet x 100/total assets
(2) Earnings after taxes according to income statement x 100/ equity according to balance sheet
(3) Earnings before interest and taxes according to income statement x 100/total assets
* 2003 financial statements pursuant to German Commercial Code; 2004-2008 financial statements pursuant to IFRS
**Subject to the agreement of the General Shareholders' Meeting on June 24, 2009

THE MANAGEMENT BOARD

Manuel Althoff

Has been responsible since June 2008 for the financial and commercial administration departments. After various management positions at home and abroad at Deutsche Bank and Bankhaus Sal. Oppenheim jr. & Cie, the business management graduate became the Managing Director of ALBA AG and managed the Strategic controlling/M&A department.

Volker Hars

Has been responsible since August 2008 for the steel and metals recycling segment. The business management graduate worked in management functions at home and abroad before being appointed as a director to Cadbury/Piasten. After his work as the Finance Director of Cleanaway Deutschland AG&Co. KG, Hars became Finance Director at Lynas Corporation Ltd. in Sydney.

Dr. Axel Schweitzer

Has been the Chairman of the INTERSEROH SE Management Board since August 2008. After studying industrial engineering, Schweitzer worked in Italy 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, Essen, prior to moving to the Cologne snack manufacturer INTERSNACK as Sales Director and member of the senior management.

CONTENT

A GREETING FROM THE MANAGEMENT BOARD

Dear Shareholders,

2008 was one of the most eventful years in the history of the Interseroh Group: we expanded the existing divisions in a targeted way and made a number of strategic acquisitions.

As a result of the high speed of the growth offensive we now see a great need to focus more strongly on integrating and consolidating our activities. I would therefore like to use the presentation of our annual report to explain our future overall strategy.

By placing INTERSEROH SE under the covering of the ALBA Group at the start of 2009 the Management and Supervisory Boards set the course to enforce the expansion of the group into a leading environmental services provider and raw materials dealer in Germany and in the medium term also in Europe. As the only company in the industry we will in the future be able to offer our customers the complete range of environmental and recycling services – from advice on disposal issues, licensing in the dual system market, innovative logistics and product development as well as reliable delivery of raw materials worldwide.

In the steel and metals recycling segment we have acquired ALBAMETAL, now INTERSEROH Berlin, one of the last large medium-sized companies available for sale, and therefore substantially increased the tonnages we handle. In the plastics segment we have integrated RDB in Aukrug, now RDB GmbH Recycling Dienstleistung Beratung, and thus tripled the volumes generated outside the service business.

At the same time by converting INTERSEROH AG into a European corporation INTERSEROH SE (Societas Europaea) as of September 24, 2008, we underlined the progressive internationalisation of our business activities. Now we are the leading supplier of organisational solutions for the management of material flows around Europe and one of Western Europe’s most important suppliers of raw materials with companies in France, Belgium, the Netherlands, Sweden, Austria, Slovenia and Italy.

Even before the economic crisis which started in the second half of 2008, the Interseroh Group had undertaken strategically important steps to strengthen its market and competitive position in 2008.

As you know 2008 was characterised by light and darkness. Although the economy started the 2008 financial year with a lot of momentum, domestic German demand was seriously affected in the second half of the year by the economic effects of the global economic crisis.

After three extremely successful business quarters the consolidated sales revenues of the Interseroh Group were already above the figures for the whole of 2007, but in the fourth quarter there was a reversal of trend in the demand for secondary raw materials.

The main reason for this was the global collapse of the financial markets which led to steel plants and paper factories amongst others substantially reducing their production. In addition, we found that valid contracts with individual customers, especially in Asia, were not adhered to.

Therefore overall the financial year was below our expectations. Consolidated sales revenues totalled EUR 2,065.08 million and earnings before tax were EUR 13.52 million.

It is therefore all the more pleasing that in the first quarter of 2009 INTERSEROH Dienstleistungs GmbH was able to further improve its position in the market for dual systems as a result of ongoing contract management. Of the now nine system suppliers Interseroh is in second place with a great distance between it and the following competitors and it stands out as a result of its high consulting skills for conversion to the amendment to the Packaging Regulation. We will continue not to follow the price competition of some competitors for sales packaging recycling that is below costs and instead will continue to expand our range of services and extend our position as the only full range supplier.

In addition, the Environmental Premium discussed by the German Federal Government at the end of 2008 and passed in 2009 gave the steel recycling industry a positive impulse. Even so the market environment, which is faced with ever-changing and lower growth forecasts by all of the leading business economists, is expected to remain difficult in 2009. In the coming months and years the pressure for consolidation will increase more.

We are therefore looking to the future. Under the covering of the ALBA Group we will exploit the opportunity to further extend our market position through intelligent networking. In this we focus on our excellent management team and highly motivated employees, whom I wish to thank at this juncture.

But I would also like to warmly thank you, dear shareholders, for the confidence you have placed in the Interseroh Group.

In the age of climate change and a lack of resources the Interseroh Group and its wide range of environmental services and recycling activities is one of the German companies that have the most promising of futures.

Yours sincerely,

Dr. Axel Schweitzer
Chairman of the Management Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

This past financial year, 2008, 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 2008 financial year the Supervisory Board met in a total of four ordinary and two extraordinary meetings to discuss the Company's economic situation, divisions, the ongoing strategic and personnel alignment of the Company, the relevant plans and the risk situation. Various individual subjects were discussed with the Management Board. The basis for the advice of the Supervisory Board were regular written and oral reports by the Management Board that the Management Board provided in good time and comprehensively, especially with regard to business policy and corporate planning, the Group's situation, including its ongoing strategic development, locations, profitability and progress of business. In addition, the Chairman of the Supervisory Board was in constant contact with the Management Board and was informed about all the key developments and outstanding decisions. Important decisions were presented to the Supervisory Board for agreement which was then also given after checks and assessments were made. On the basis of the reports provided by the Management Board the Supervisory Board monitored and advised the management of the Management Board in line with the tasks assigned to it by law and the statutes. When monitoring the management the Supervisory Board monitored in particular its legality, proper nature, appropriateness and profitability. On the one hand the Supervisory Board monitored the 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 on the basis of its reports, and checked and considered the relevant specific business documents and presentations.

The Supervisory Board did not consider it necessary to establish special approval for undertaking management actions in the reporting period as a result of the close contact with the Management Board. In addition, there is a differentiated 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 meetings. Important individual measures and strategic issues were discussed with the Management Board.

In addition to monitoring the management, the focus was on advice and discussion on the strategic direction of the Interseroh Group, whereby INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen also passed the conversion to the legal form of a Societas Europaea (SE) in the financial year and was renamed INTERSEROH SE in September 2008. The focuses were, in addition to various M&A projects, the long-term financing of the Group, the situation in the sales markets and the volatile price development of secondary raw materials, especially in the third and above all fourth quarters of the year under review. The particular subject handled by the first extraordinary meeting of the Supervisory Board was the purchase of the former ALBAMETALL GmbH, Berlin.

Discussion on the Human Resources division, including questions on how to recruit and develop the employees of the Interseroh Group, including management staff, provided an additional focus for the Supervisory Board.

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

Committees

To comply with the recommendations of the Corporate Governance Code the Supervisory Board established four committees that mainly undertake advisory or preparatory functions for the resolutions in the Supervisory Board's plenum sessions.

The Presiding Committee, until the departure of Supervisory Board member Hans-Jörg Vetter on May 15, 2008, comprised of three members, the chairman of the Supervisory Board and his two deputies. Since May 16, 2008 the Presiding Committee now has two members, the chairman of the Supervisory Board and his deputy. After the departure of Mr. Vetter no second deputy chairman was appointed. In six ordinary meetings the committee discussed in particular the profit situation at Interseroh Group, personnel issues, planned acquisitions and the conversion from INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen to INTERSEROH SE. In addition, cooperation opportunities between the Interseroh Group and ALBA Group were checked and a guideline for implementing the planned cooperation prepared. Pursuant to this guideline all cooperation with companies in the ALBA Group should meet the arm's length principle. The Presiding Committee also prepared the Supervisory Board meetings with the relevant agenda items.

The Presiding Committee suggested to the Supervisory Board in its last meeting of the year under review that it should form a Nomination Committee in line with the content of the Corporate Governance Code. The Supervisory Board agreed to this proposal. The Nominating and Presiding Committees have the same members.

The Audit Committee is comprised of three members. It met three times during the 2008 financial year. Its activities were geared towards issues in connection with the annual financial statements, the determination of areas of focus for the audit, further development of risk management, investor protection and insider regulations. In addition, the members of the Audit Committee were regularly informed by the Management Board about ongoing business developments.

The Personnel Committee discussed remuneration and other personnel matters relating to the Management Board and made the relevant proposals to the Supervisory Board plenum. 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

During the year under review the Supervisory Board discussed Corporate Governance. 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 pass the joint Management and Supervisory Boards' declaration of compliance with the German Corporate Governance Code for 2008 on December 5, 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. This also applies to the Supervisory Board's discussion on the purchase of former ALBAMETALL GmbH, which is a subsidiary of ALBA AG, Berlin, in which Dr. Axel Schweitzer and Dr. Eric Schweitzer are shareholders, and on relationships affecting all other companies in the ALBA Group.

Individual and Consolidated Financial Statements, External Audit

The external audit firm appointed by the General Shareholders' Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne, audited the 2008 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 present 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 2008 financial year on the relationships to affiliated companies pursuant to section 312 of the German Companies Act (hereafter referred to as "report of dependence"). The subject of this report are all legal transactions and measures undertaken by INTERSEROH SE and companies in the Interseroh Group pursuant to section 312 of the German Companies Act on the one hand and Dr. Axel Schweitzer and Dr. Eric Schweitzer personally, Companies that are affiliated to companies of Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, and companies in which Dr. Axel Schweitzer and Dr. Eric Schweitzer jointly hold the majority of the voting rights and companies affiliated to such companies (and therefore also ALBA AG and ALBA Group companies) on the other in the period from January 1, 2008 to December 31, 2008.

The auditors’ audit was carried out after notification of and in compliance with the provisions of the German Companies 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 affiliated companies (report on dependency pursuant to section 312 of the German Companies Act)”.

As a result of the audit of the report on dependency, the annual financial statements and the management report to December 31, 2008 and the knowledge gained from this, the auditors are of the opinion that the report on dependency contains the information laid down in section 312 paragraph 1 of the German Companies Act and that the report represents conscientious and true reporting. The auditors did not raise any objections and the unqualified audit opinion laid down in section 313 paragraph 3 of the German Companies 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 from factual misrepresentations; and
2. the company did not pay any excessive consideration with regard to the transactions identified in the report.”

All documentation related to the financial statements and the proposal for the appropriation of profits by the Management Board, the report on dependency as well as the KPMG audit reports, were presented to the Supervisory Board. The body reviewed these documents and they were discussed in the session on March 25, 2009, in the presence of the external auditor, who reported on key audit findings. Previously the audit reports, financial statements and report on dependency had already been thoroughly discussed by the external auditor and the Company’s Management Board in the Audit Committee.

The Supervisory Board has acknowledged and approved the reports of the external auditor. Having completed their examination the Supervisory Board sees no reason to raise objections to the financial statements submitted. The Supervisory Board approved the individual and consolidated financial statements prepared, as well as the management reports, during the session on March 25, 2009 and approved the proposal on the appropriation of profits. INTERSEROH SE’s financial statements are hereby ratified.

In addition after the final examination by the Supervisory Board there is no reason to raise objections to the declaration by the Management Board at the end of the report on dependency.

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 of the Supervisory Board and Committees

On May 15, 2008 Mr. Hans-Jörg Vetter left the Supervisory Board of INTERSEROH SE. The Supervisory Board wishes to thank Mr. Vetter for his valuable commitment, as well as his constructive support of the Company and the Management Board.

At the Company's request Roland Junck was judicially appointed to be a member of the Supervisory Board with effect from May 16, 2008. On June 25, 2008 the General Shareholders' Meeting elected Mr. Junck to the Supervisory Board.

Dr. Axel Schweitzer laid down his Supervisory Board mandate to August 4, 2008 and was appointed Chairman of the INTERSEROH SE management board by the Supervisory Board. The Supervisory Board appointed Dr. Eric Schweitzer to be Chairman of the Supervisory Board on August 5, 2008.

At the Company's request Dr. Werner Holzmayer was judicially appointed to the INTERSEROH SE Supervisory Board with effect from September 25, 2008.

In addition to the Chairman of the Supervisory Board, Dr. Eric Schweitzer, his deputy Mr. Friedrich Carl Janssen, is also a member of the Presiding, Personnel and the new Nomination Committees. The members of the Audit Committee are Dr. Werner Holzmayer, Mr. Roland Junck and Mr. Friedrich Merz (up to February 28, 2009).

Membership of the Management Board

With effect from June 1, 2008 the Supervisory Board appointed Mr. Manuel Althoff to the Company's Management Board and thus made it up to four people again. Mr. Althoff took over the function of the finance director from former Management Board Chairman, Mr. Johannes-Jürgen Albus. With effect from August 4, 2008 Mr. Albus left his position as chairman of the Management Board with the agreement of the Supervisory Board. Mr. Christian Rubach, who was responsible for the steel and metals recycling segment, also left the Management Board with effect from August 4, 2008. The Supervisory Board thanks Mr. Albus and Mr. Rubach for their valuable commitment to the Interseroh Group.

As the successor to Mr. Albus the Supervisory Board appointed Dr. Axel Schweitzer to be the Chairman of the Management Board with effect from August 5, 2008.

Mr. Volker Hars took over responsibility for the steel and metals recycling segment on August 5, 2008.

The Supervisory Board wishes to thank the Management Board, as well as the employees of the Interseroh Group, for their work during the 2008 financial year.

Cologne, March 2009

The Supervisory Board
Dr. Eric Schweitzer
Chairman

CONSOLIDATED MANAGEMENT REPORT OF THE INTERSEROH GROUP FOR FISCAL 2008

The Interseroh Group is one of the leading environmental services and raw materials groups in Europe. As service provider, Interseroh organises recycling processes; as supplier to the steel, metal, plastics and derived timber products industry, as well as to biomass power plants, Interseroh provides approximately 5.8 million tons of secondary raw materials a year. The Interseroh Group's business operations are divided into three segments - steel and metals recycling, services and raw materials trading.

The Share

Communication with the financial markets via national and international road shows and via 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 25, 2008, approved all agenda items by large majority. These included a resolution to transform INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen into the legal form of a Societas Europaea (SE) – INTERSEROH SE. The transformation became effective upon registration in the commercial register of the district court of Cologne on September 24, 2008. Effective September 30, 2008, the listing of the Company's shares made out to the bearers in the regulated market (General Standard) on the Frankfurt stock exchange was changed from the previous legal form of INTERSEROH AG to the new legal form of INTERSEROH SE. ISIN, SIN and the ticker symbol, ITS, did not change as a result of this form change.

The ordinary General Shareholders' Meeting for 2009 will be held in Cologne on June 24.

Share information

Security type: Domestic share, bearer share
Quoted: Regulated markets in Frankfurt, Düsseldorf and
XETRA trading; regulated unofficial markets in Stuttgart, Munich, Hamburg
and Berlin-Bremen
Financial year: 31.12.
Notifiable shareholders: Isabell Finance Vermögensverwaltungs GmbH & Co. KG (31.12.2008. 69.49 %)
In accordance with the content of current voting rights communications under section 21, paragraph 1, of the Securities Trading Act the voting rights of Isabell Finance Vermögensverwaltungs GmbH & Co. KG Dr. Axel Schweitzer and Dr. Eric Schweitzer under section 22, paragraph 1, clause 1 no. 1 of the Securities Trading Act are to be allocated via Isabell Finance Beteiligungs GmbH, Berlin. On January 22, 2009, Dr. Axel Schweitzer and Dr. Eric Schweitzer have communicated that they are to be allocated 75.003 percent of the shares and thereby voting rights from 7,380,329 shares under section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act, which are held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG.
Float: 30.51 % (since 22.1. 2009 24.997 %)
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 recommend that of the net income reported of EUR 4,308,854.56 a dividend of EUR 0.14 be paid (prior year: EUR 0.86 + EUR 0.14 bonus) per share and the remainder of net income in the amount of EUR 2,931,254.56 be transferred to other retained earnings.

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. They can be found on the Internet at: http://www.interseroh.de, Investor Relations, Corporate Governance.

Good corporate governance encompasses all the principles for responsible and best-possible management practice and corporate control according to generally accepted values. Its purpose is to communicate reliability, securing the confidence of shareholders, business partners, staff and the general public and influencing the intrinsic value of the company positively over the long term by way of exemplary conduct.

Shareholder rights, the quality of the activities of the Supervisory Board and a guarantee of reasonable transparency are all important components of a value-orientated corporate philosophy. The Company's internal organisational structure, including risk management of the Interseroh Group, provides an important contribution in this respect. Interseroh has observed the German Corporate Governance Code since February 26, 2002; the 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 by-laws 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 has not set up any own corporate governance principles above and beyond those embodied in the DCGK.

Shareholders and the General Shareholders’ Meeting

For Interseroh, guaranteeing shareholder rights and holding a shareholders’ meeting that is orientated towards the shareholders, with the possibility of permanent voting by proxy, as an annual forum for direct contact with the Management Board and Supervisory Board, are enduring components of business management.

Broadcasting of the General Shareholders’ Meeting via the Internet is currently not planned.

Management Board and Supervisory Board

The Management Board and Supervisory Board continuously work together closely 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 compensation paid to members of the Management Board in fiscal 2008 amounted to EUR 4,805,823.56 million (previous year: EUR 1,901,850). This amount includes a variable component of EUR 990,000.00 (previous year: EUR 1,040,000). Transfers to the company pension scheme on behalf of members of the Management Board totalled EUR 160,000). The total remuneration for Management Board members includes EUR 2,775,000.00 (prior year: EUR 0.00 million) paid to departed Management Board members. EUR 470,000 has been set aside in provisions for pension obligations related to former members of the Management Board and their surviving dependents (previous year: EUR 120,000 million).

In addition EUR 0.13 million has been paid to former members of the Management Board and related persons as remuneration for services after their departure during the fiscal year.

The General Shareholders' Meeting, on June 21, 2007, resolved to make use of the exemption from the obligation to disclose remuneration of the Management Board on an itemised basis.

The annual compensation of the members of the Management Board is made up of a non- performance-related component and a performance-related bonus. No additional components, such as long-term performance-related compensation (stock option programmes, etc.), exist.

The non-performance-related components are fixed remuneration and fringe benefits, such as use of a company car. Bonuses are set by the Supervisory Board on the basis of existing contracts. They are based in the case of all members of the Management Board on the growth in the earnings of the individual segments and/or the Group overall.

Compensation of the Supervisory Board

In accordance with section 15 (1) of the by-laws of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen applicable until September 23, 2008, the Chairman and Vice Chairmen of the Supervisory Board receive annual compensation of EUR 45,000 net. Every other member of the Supervisory Board receives compensation of EUR 30,000 net per annum. If a member of the Supervisory Board sits on one or more committees without simultaneously being Chairman or Vice Chairman of the Supervisory Board, they receive further compensation of a single payment of EUR 10,000 net per annum to compensate them for their work in one or more committees. The compensation is payable at the end of a financial year. Section 16 (1) of the bylaws of INTERSEROH SE provides for compensation similar to section 15 (1) of the INTERSEROH AG by-laws for activities of the members of the Supervisory Board. section 16 (4) of the by-laws of INTERSEROH SE that the general shareholders' meeting is to decide on compensation for members of the first Supervisory Board of INTERSEROH SE that resolves to discharge the members of the first Supervisory Board of INTERSEROH SE. Accordingly, no remuneration has yet been paid to Supervisory Board members for the period between the registration of the transformation of INTERSEROH AG into INTERSEROH SE in the commercial register on September 24, 2008, until December 31, 2008. The ordinary General Shareholders' Meeting is to decide on remuneration for members of the Supervisory Board during 2009 as a separate agenda item; a proposal based on the provisions of the by-laws is to be submitted to the General Shareholders' Meeting. Provisions in the amount of EUR 64,836.06 have been created for compensation for the period starting on September 24, 2008.

Compensation of the Supervisory Board from January 1, 2008, to September 23, 2008, amounts to EUR 178,784.16 and can be broken down for individual members as shown in the table below:

NAME	Function	Compensation in Euros (net)
Dr Eric Schweitzer	Supervisory Board Chairman (since September 5, 2008) Chairman's Committee Chairman (since May 16, 2008) (Chairman of Audit Committee until June 24, 2008)	30,969.95 (43,142.08)
Friedrich Carl Janssen	Vice Chairman Supervisory Board, Member Chairman's Committee	32,827.87 (45,000)
Dr. Werner Holzmayer	Member Supervisory Board Member Audit Committee (both since September 25, 2008)	0.00 (10,710.38)
Joachim Hunold	Member Supervisory Board also until September 24, 2008, Member Audit Committee	29,180.33 (37,322.40)
Roland Junck	Member of the Supervisory Board since May 16, 2008, Chairman of the Audit Committee since June 25, 2008	13,224.04 (24,043.72)
Friedrich Merz	Member Supervisory Board Member Audit Committee	29,180.33 (40,000)
Dr Axel Schweitzer	Chairman Supervisory Board Chairman Chairman's Committee (both until August 4, 2008)	26,680.33 (26,680.33)
Hans-Jörg Vetter	Vice Chairman Member Chairman's Committee (both since May 15, 2008)	16,721.31 (16,721.31)
Total		**178,784.16 (243,620.22)**

The numbers in parentheses indicate remuneration for all of 2008 for the event that the general shareholders' meeting should resolve to pay remuneration in accordance with section 16 (1) of INTERSEROH SE's by-laws for the period from September 24 to December 31, 2008.

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

Reference is made to the Notes for individually rendered services outside the scope of the Supervisory Committee, in particular consulting and mediation 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 portrait of the company, as well as its annual and semi-annual reports, interim communications and information on specific services are also available there in English.

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 have communicated that they are to be allocated 75.003 percent of the shares and thereby voting rights from 7,380,329 shares under section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act, which are held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG.

Deviations

Instances in which the Group has deviated or is deviating 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. They can be accessed on the Internet at:
http://www.interseroh.de, Investor Relations, Corporate Governance.

A. FRAMEWORK CONDITIONS

1. General Economic Development

The German economy started fiscal 2008 with great momentum. Growth in the first quarter was characterised by special effects. Investment in construction, for instance, increased significantly, favoured by mild weather. Investment in equipment rose considerably, too, since goods that had been ordered in 2007 due to less advantageous depreciation conditions from the beginning of 2008 were only delivered after the new year. The economy in Germany shrank by 0.4 percent in the months from April to June. The third and fourth quarter were marked by the world-wide financial crisis with adverse effects on the real global economy. Output in the German economy from July until September was 0.5 percent lower than the previous quarter. According to the current definition - negative economic growth in two consecutive quarters - Germany is, therefore, in a recession. Private consumption continued to be subdued, despite higher disposable income. Rising food and energy prices dampened the propensity to buy, as did inflation fears. After a tangible price rise in energy, raw materials and foodstuffs, in consequence of which private consumption expenditures fell in real terms, these prices dropped due to a global slump in demand.

Fiscal 2008 was a year characterised by a high degree of price volatility for the Interseroh Group.

High demand for scrap in the first half of the year was reflected in continuous price increases. The downturn in secondary raw materials markets in the second half of the year on the other hand resulted in significantly lower prices and sales volumes. Interseroh has considerably extended its tonnage due to expansion by the acquisition of the former ALBAMETALL GmbH, now INTERSEROH Berlin GmbH, as well as its subsidiaries and holding companies. The development in the Steel and Metals Recycling segment is described in section B.2.

The Services segment was characterised by intense competition once again in the year under review. Information on the development of the Services segment can be found in section B.3.

The raw materials segment of Interseroh developed in a satisfactory manner during the first nine months of the year under review. The final quarter evidenced a drop in prices and sales volumes. Developments in the Raw Materials Trading segment are presented in section B.4.

2. Legal framework conditions

To ensure disposal of household packaging via dual systems, the Packaging Ordinance has been amended. It will go into effect starting January 1, 2009. As of 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 the case of sales packaging that is 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. Legal requirements that a systems provider must fulfil in future are more stringent under the new Packaging Ordinance. Service specialists, for instance, who offer industry solutions must obtain certification from an independent expert indicating that an appropriate, industry-specific collection structure has been instituted and 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. Turnover and earnings

Fiscal 2008 was a year full of changes for the Interseroh Group. After satisfactory results in the first nine months of the year under review, the fourth quarter brought order cancellations in the Raw Materials Trading and Steel and Metals Recycling segments, particularly on the part of individual customers in Asia. Furthermore, significant write-downs on inventories were required due to falling prices in the raw materials markets.

Consolidated Group turnover amounted to EUR 2,065.85 million (previous year: EUR 1,748.51 million). The EBT amounted to EUR 13.52 million (previous year: EUR 55.42 million) and the EBIT to EUR 25.52 million (previous year: EUR 64.29 million).

The Steel and Metals Recycling segment contributed the largest share of the Group's turnover at EUR 1,561.93 million (previous year: EUR 1,221.21 million). The EBT amounted to EUR -1.12 million (previous year: EUR 19.88 million) and the EBIT to EUR 15.53 million (previous year: EUR 30.19 million).

The Services segment generated turnover of EUR 314.84 million (previous year: EUR 365.86 million). The EBT amounted to EUR 20.85 million (previous year: EUR 36.58 million) and the EBIT to EUR 15.32 million (previous year: EUR 33.38 million). Revenues from profit transfers from the Raw Materials Trading segment in the amount of EUR 2.27 million (previous year: EUR 2.58 million) are also included in the Services segment.

Turnover in the Raw Materials Trading segment amounted to EUR 222.60 million (previous year: EUR 201.74 million). The EBT amounted to EUR -7.58 million (previous year: EUR 5.43 million) and the EBIT to EUR -5.50 million (previous year: EUR 7.30 million).

Turnover between the segments in the amount of EUR 33.52 million (previous year: EUR 40.30 million) was consolidated. Inter-segment consolidations in EBT amounted to EUR 1.38 million (previous year: EUR -6.47 million) and the EBIT to EUR 0.18 million (previous year: EUR - 6.58 million).

Group earnings fell from EUR 35.38 million to EUR 1.44 million.

2. Steel and Metals Recycling

Developments in price and demand

Steel scrap prices evidenced extreme highs and lows during fiscal 2008. While they rose moderately during the first quarter, they shot up from April to June. Record high steel scrap prices were attained in June. Leading scrap type 2 was quoted by the steel trade association at EUR 425.50 per ton. Starting in August substantial price cuts occurred. Prices fell to EUR 218.30 per ton in November. Export types were at times sold for under 100 USD per ton during the time of low prices. In December a slight price recovery was noted.

Demand for scrap paralleled price developments. While selling steel scrap in the first half of the year was unproblematic, demand significantly dropped in the second half of the year. Steel plans cut back on production due to the economic crisis and fell back on full inventories of semi-finished and finished material. Some contractual commitments were not adhered to.

Prices for non-ferrous metals rose substantially during the first quarter. Copper went from a listed price of EUR 4,500 per ton to circa EUR 5,800 per ton. This was accompanied by a weak dollar, which particularly hampered sales in Asia. Prices hovered at the same levels during the second and third quarter, while the fourth quarter brought significant decreases. At the end of the year copper had slumped to EUR 2,000 per ton. Since demand had collapsed, even the rising value of the dollar did not create a positive effect. Inventories had to be written down. Furthermore, due to the abrupt drop in prices, contractual commitments were not adhere to.

On the whole prices for aluminium as well as copper were below previous year’s levels.

After a good first half of the year sales possibilities for non-ferrous metals became very difficult at times during the second half of the year. Chinese buyers, in particular, curbed their demand.

Companies in the steel and metals recycling segment countered the drop in demand with shortened working hours.

Due to the developments described one-time charges of EUR 20 million, particularly for write-downs of inventories and receivables, occurred in fiscal 2008.

Acquisition of holdings and alliances

INTERSEROH Hansa Recycling GmbH, Dortmund, where management and coordination of Group-wide activities in steel and metals recycling take place, acquired the following interests during the period under review:

100 percent of shares in Rohstoffe Kohler GmbH in Germersheim were acquired as at January 1, 2008, in order to strengthen activities in the larger Frankfurt area. In June 2008 these business activities were merged with INTERSEROH Rhein-Neckar Rohstoff GmbH headquartered in Mannheim effective January 1, 2008.

The share in Jade Entsorgung GmbH headquartered in Rostock was increased from 24.9 to 100 percent effective January 1, 2008, and will be fully consolidated in the financial statements starting October 1, 2008.

As at September 30, 2008, 100 percent of shares in ALBAMETALL GmbH in Berlin were acquired. The company was merged into HR Hüttenwerksentsorgung GmbH, Mülheim a.d.R. and has operated under the name INTERSEROH Berlin GmbH ever since. Several companies with approximately 35 sites were acquired; a small portion of these are fully owned by INTERSEROH Berlin GmbH and a larger portion managed as joint ventures with other companies in the industry. The Interseroh Group has significantly and enduringly strengthened its market position in Berlin, Brandenburg, Saxony-Anhalt and Saxony in the steel and metals recycling segment by means of these acquired sites.

Interseroh is among the top 3 in the German ranking of scrap treatment companies, and also among the top 3 in European non-ferrous metals trade and recycling. Interseroh currently has a network of c. 120 steel and metals recycling sites (including sites of at-equity companies) in Germany, Poland, the US and the Netherlands, as well as trading offices in Sweden and China.

3.5 percent of shares in RHS Rohstoffhandel GmbH, Stuttgart, were sold under a contract dated May 9, 2008.

The risks of additional warehousing and more difficult export associated with the rules of the EU Waste Shipment Ordinance as originally set out are no longer applicable. The rules were corrected by Brussels.

3. Services

During 2007 experts of the TÜV Rheinland Group comprehensively studied, tested and certified the Interseroh take-back system for transport packaging and the Interseroh self-management waste disposal system for sales packaging. In 2008 INTERSEROH Dienstleistungs GmbH, half a year prior to the amended Packaging Ordinance going into force, in addition to obtaining certification of adherence to the new regulations, commissioned a successful review by TÜV Rheinland of the procedure for implementing the recently instituted industry solutions.

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. Sales in transport packaging recycling were down slightly. The reasons for this development were intense competition and a consequent drop in license prices. Furthermore, margins were under pressure due to the high marketing revenues for paper, plastics and scrap in the first half of the year. In the second half of the year, however, price discounts on secondary raw materials resulted in falling marketing revenues. Nevertheless, Interseroh has managed to rank in first place in this service compared to the competition.

Sales Packaging

Sharp competition with margins under pressure characterised the market in sales packaging. Interseroh was successful in increasing the number of customers considerably, in part thanks to the new product Interseroh Industry Solutions (BLI), designed to replace the Interseroh self-managed waste management system. Due to a resistance to engaging in low-margin business, market share and sales in the Dual System Interseroh (DSI) system were reduced.

In 2008 several service providers in the close-to-home sales packaging collections actively entered the market. The year under review was marked by massive competition with corresponding price and margin pressure. Interseroh did not join in the below-cost price competition of some of its competitors. Rather, the Management Board relied on the range of high-quality and high-return solutions and consciously forewent sales at below-cost prices. The number of contracting partners was, however, increased.

Full Service

Full Service encompasses the whole range of physical store and warehouse disposal, as well as recovery of harvested materials. Individual concepts are developed in line with customer wishes. Competition and consolidation in this market was also very high in 2008. The market was distinguished by falling marketing and recovery prices. Turnover nonetheless was higher. The Full Service segment expanded physical store and central warehouse disposal during the past fiscal year. Furthermore, the entry into the industrial site waste disposal sector was successful. Well-known customers were attracted.

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 several hundred manufacturers. Interseroh suffered sales losses due to a decline in the number of collection orders during the year under review. Due to high scrap prices in the first half of the year, municipalities chose the option available under the law to market large and small household appliances themselves. This option applies for a minimum of twelve months and must be reported to the Waste Electrical Equipment Register (EAR) three months in advance.

Deposit System

In May of 2006 so-called stand-alone solutions to take back one-way packaging subject to deposit were abolished. Since then Interseroh has been rendering the counting services for bottles and cans necessitated as a result for their customers in twelve collection and counting points, marketing the secondary raw materials (PET, glass, aluminium and tin plate) extracted. In addition quantities that have been collected in adjacent retail grocers via automats have been disposed of and marketed by Interseroh. In the past fiscal year both turnover and volume has grown in the collection and counting points. Interseroh quantities collected from automats rose considerably. This development can be traced to the increasing automation in taking back one-way packaging subject to deposit, as well as growth in the market on the whole. Quantities of reusables are shrinking, while the proportion of one-way packaging is rising continuously. Interseroh has succeeded in attracting additional counting orders from the competition and in extending contracts with well-known major customers.

Business Solutions

Interseroh has launched a new service to complete its range of service offerings. Business Solutions advises customers in the automotive and automotive supply industry, as well as the health and construction sectors, on holistic, individual waste disposal solutions. Already existing Interseroh services constitute modules that are combined and tailored for specific customers after in-depth consultation. The first customers have already been attracted in the period under review in the health industry.

Central and Eastern Europe

In Austria Interseroh received authorisation for a collection and recovery system for equipment, vehicles and industrial batteries in the fourth quarter of the year under review. This was an important step on the path to becoming a complete service provider in Austria as well.

Interseroh has comprehensive take-back systems in Poland and Slovenia. The market position in Slovenia has been successfully expanded. Interseroh is the only market participant there to offer take-back systems for packaging, electr(on)ic equipment and batteries. In Hungary the company was re-orientated for its entry into the collection system for packaging and electr(on)ic waste equipment. Activities in Croatia were limited to key accounts by the end of the year, since development of collection systems will only become possible if the Croatian market is liberalised.

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. Customer markets in Asia became problematic starting with the second quarter of 2008, since a portion of the empty modules was replaced with Chinese knock-offs.

4. Raw Materials Trading

Recovered Paper

After high demand for recovered paper on the part of German paper manufacturers at the beginning of the year under review and an accompanying rise in prices, signs of a cool-down in demand were apparent as early as spring. This accelerated during the summer and was accompanied by steep price cuts starting in May. The situation of the paper industry was troubled during the second half of the year due to a hike in energy costs and stagnating sales of new paper, as well as a drastic drop in new paper prices. In order to stem the price erosion, the paper industry reduced new paper supply throughout the year. Interseroh was also affected by the decline in demand for recovered paper in Germany, but was able to continue to sell the Group’s recovered paper due to its excellent contacts in the paper industry.

In 2008, too, the markets in European countries edged closer, so that the European market was increasingly characterised by uniform developments. Interseroh has viewed the European market as a uniform target market since 2005 and has continued to expand market development beyond the core markets of Germany, France, Italy and the Benelux during the past year. Specifically, Interseroh made continuous purchases of tonnage destined for export from the Spanish recovered paper market during the year under review.

After a successful start to the year in Europe and Southeast Asia with high demand and record high prices relative to other years during the summer, customer markets were hit hard by the real economy effects of the global financial crisis in October. After ex works prices for supermarket corrugated paper and board considerably higher than EUR 100 per ton during the summer months, prices hovered around zero during the fourth quarter of 2008. Price adjustments on the part of buyers could to a great extent be passed on to suppliers. Interseroh did, however, record losses from write-downs of inventories.

As a Group, Interseroh increased its marketed volumes of recovered paper to approximately 1.4 million tons and thereby grew considerably faster than the market. In particular, the share of quantities acquired outside of Germany was now raised to a million tons of recovered paper. Less than 20 percent of the total volume of recovered paper originates from INTERSEROH Dienstleistungs GmbH’s service business, so that the raw materials can continue to develop its independence from regulatory business fields.

The IT architecture of the management company in raw materials trading, ISR INTERSEROH Rohstoffe GmbH, has been modernised in response to the more demanding requirements of internationalisation.

Waste Wood

The drop in sales quantities of the chip-board production industry brought about by the economy resulted in a long-term decline in demand for waste wood for recycling during the period under review. Resulting price cuts were also noted in the area of thermal recycling in biomass-fuelled combined heating and power stations. During the summer, inspection-related shutdowns of thermal recyclers above all have led to further price pressures. Diminishing sales revenues in customer markets were compensated in part by price increases in the collection markets.

Total tonnage marketed by Interseroh lagged behind the previous year's volumes in particular due to the separation of activities at the Lünen site implemented at the end of 2007.

During the fourth quarter of 2008 shares in the wood sites in Stuttgart and Saarland, not included in the consolidated financial statements, were sold to joint venture partners. Interseroh is reviewing the overall strategy of the waste wood business segment.

Plastics

A decline in demand and price cuts starting in October followed the high demand and record prices of the summer. Demand from Asia succumbed almost completely as of the beginning of October. Consequently buyers, mainly from Asia, did not fulfil existing purchasing obligations, resulting in considerable write-downs on inventory and margin losses. Markets recovered somewhat in December.

Interseroh was able to expand processed and traded volumes from 161,700 tons to 182,300 tons. On top of internal growth, the integration of RDB GmbH Recycling Dienstleistung Beratung, formerly RDB GmbH, Aukrug, acquired in May of 2008 and consolidated since August of the year under review, had a positive impact on volume growth. Due to the majority acquisition of RDB, the share of volumes generated outside of the Interseroh service business was increased from a quarter of total tonnage in the previous year to three quarters and dependence on the service business was therefore also further reduced in the plastics segment.

Increased demand for EPS material (expandable polystyrene, styropor) existed until the third quarter of 2008; this declined noticeably during the slowdown of the total market in the last quarter of 2008. EPS tonnage traded by Interseroh is at the level of the previous year. The substitution of EPS products in the packaging industry is contributing to a trend to lower EPS volumes.

The plastics treatment facility in Aschersleben has contributed positively to earnings throughout.

Secondary raw materials 2008/2007	**2008** **Total volume in t**	**2007** **Total volume in t**
Steel scrap	3,273,900	3,266,900
Scrap metal	351,650	288,300
Recovered paper (including kraft paper bags)	1,402,400	1,306,900
Waste wood	492,600	668,600
Plastics	182,300	161,700
Compounds	390	2,700
Other secondary raw materials	68,700	76,100

A total of EUR 12 million had to be written off on a one-time basis in the raw materials trading segment as the result of inventory depreciation and receivables write-offs.

5. Investments

The current investments for the financial year excluding accruals from changes to the group of consolidated companies totalled EUR 31.55 million (previous year: EUR 24.09 million) and primarily involved additions to property, plant and equipment of EUR 27.94 million (previous year: EUR 17.05 million), in particular land and buildings at EUR 9.16 million, technical equipment and machinery of EUR 8.79 million, other facilities, fittings and equipment of EUR 6.68 million, as well as investments in construction of EUR 3.31 million.

Additions in the area of intangible assets of EUR 3.61 million related to goodwill of EUR 1.75 million and other rights (software) of EUR 1.73 million.

The Steel and Metals Recycling segment accounted for EUR 23.91 million of the current investments in intangible assets and property, plant and equipment. Additions of intangible assets of EUR 1.86 million chiefly reflected additional goodwill of EUR 1.64 million. A total of EUR 22.05 million was invested in property, plant and equipment, EUR 8.79 million of which in land and buildings, EUR 6.10 million in technical equipment and machinery as well as EUR 3.98 million in other facilities, fittings and equipment. Furthermore EUR 3.18 million has been invested in facilities under construction.

The Services segment accounted for EUR 2.96 million in intangible assets and property, plant and equipment. Investment in intangible assets of EUR 0.60 million related primarily to new software implementation (EUR 0.49 million). A total of EUR 2.36 million was invested in fixed assets. Additions in the area of fixed assets were comprised chiefly of technical equipment and machinery of EUR 0.42 million, and other facilities, fittings and equipment of EUR 1.81 million.

The Raw Materials Trading segment accounted for EUR 4.68 million of current investments in intangible assets and property, plant and equipment. Investments in intangible assets of EUR 1.15 million was almost fully spent on the implementation of new software. A total of EUR 3.53 million was invested in fixed assets. Additions in the area of fixed assets included land and buildings, at EUR 0.37 million, technical equipment and machinery at EUR 2.27 million and other facilities, fittings and equipment at EUR 0.89 million.

6. Financing Measures

In order to refinance a promissory note and a bilateral loan to finance investments undertaken in the steel and metals recycling segment, as well as to assure that increased working capital requirements could be met, a syndicated loan of EUR 250 million maturing in 2013 was agreed with Westdeutschen Landesbank (WestLB) as manager. The loan is divided into a long-term fixed amount, tranche A, and a facility (tranche B), is subject to interest rate fixing periods that can be freely stipulated from one month in length and interest is applied based on the relevant EURIBOR rate plus a margin. The first repayment for tranche A is to occur on June 30, 2010.

At the beginning of 2009 the loan amount was reduced to EUR 185 in total, due to the anticipated lower working capital requirements.

7. Total Return on Capital Employed as Management Instrument

The Management Board of INTERSEROH SE stipulates the strategy for subsidiaries of the Interseroh Group and manages their business within the context of existing legal possibilities. The management system aims at a reasonable return on capital employed. This applies to both equity and debt capital. To meet this goal, the main management parameter for group companies is the total return on capital employed. This is defined in the group as the ratio of EBIT to total capital.

In addition to this, the discounted cash flow method is used to value investments, both in financial and fixed assets. Future payment surpluses are discounted with the help of weighted capital costs on the valuation date. Together with a required minimum return and a minimum amortisation period, the net present values returned by every single investment should assure and expand the total return on capital employed of the group.

Due to the volatility of raw material prices, the return on sales often mentioned in other groups is not a significant parameter for the Interseroh Group as a total entity.

8. Management Board and Supervisory Board

Management Board

The Supervisory Board appointed Manuel Althoff to the Company's Management Board on June 1, 2008, so that the Board once again numbers four individuals. Althoff has assumed the function of Finance Director from the Chairman of the Management Board, Johannes-Jürgen Albus.

Albus relinquished his duties as Chairman of the Management Board effective August 4, 2008, in agreement with the Supervisory Board. Christian Rubach has also left the Management Board effective August 4, 2008. The Management Board wishes to thank Messrs. Albus and Rubach for the work they have done in the past.

The Supervisory Board appointed Dr. Axel Schweitzer as successor of Albus effective August 5, 2008.

Volker Hars assumed the responsibility for the Steel and Metals Recycling segment in the Management Board effective August 5, 2008.

Supervisory Board

Hans-Jörg Vetter retired from INTERSEROH SE's Supervisory Board on May 15, 2008. At the request of the Company Roland Junck was legally appointed to the Supervisory Board member as at May 16, 2008. On June 25, 3008, the General Shareholders' Meeting voted Junck onto the Supervisory Board.

Once the Supervisory Board Chairman, Dr. Axel Schweitzer, had been appointed as Chairman of the Management Board, Dr. Eric Schweitzer was appointed as Chairman of the Supervisory Board. Dr. Werner Holzmayer was legally appointed as member of the Supervisory Board effective September 25, 2008, at the request of the Company.

9. Employees and Social Responsibility

Workforce Grows

The average size of the group's workforce over the year was 1,864 (previous year: 1,606).

An average of 1,133 people was employed in the Steel and Metals Recycling segment in the financial year (previous year: 982), comprising 436 white-collar workers (previous year: 364) and 697 industrial workers (previous year: 618).

In the Services segment the average number of employees rose from 345 to 387. The number of white-collar workers was 353 (previous year: 316), and of industrial workers 34 (previous year: 29).

An average of 344 people was employed in the Raw Materials Trading segment (previous year: 279), comprising 180 white-collar workers (previous year: 142) and 164 industrial workers (previous year: 137).

Employee Survey and Continuing Education

During the year under review the first employee survey on the subjects of work and management situation took place in the Services and Raw Materials trading segments. Individual questions were posed regarding the personal job situation, the place of employment, the information flow, cooperation and work organisation, continuing education and development opportunities, direct management and Interseroh as employer. The high participation rate reflects the employees' interest and motivation. The overall assessment resulted in a good index of employee satisfaction of 72.6 percent. Improvement processes with appropriate flow plans and quantifiable target definitions were initiated.

Continuing education architecture was successfully expanded and solidified by the building blocks of the management succession plan, as well as the internal training series 'Interseroh Business Administration'.

Furthermore, there were numerous specialised and general continuing training courses for employees in all three corporate segments.

Cooperation with Universities

Interseroh was represented at key university fairs and has enhanced its image and profile enduringly by selective advertising measures. Cooperation with some universities has been established, existing connections further expanded.

Distinctions

INTERSEROH MAB Rostock GmbH received an award as 'TOP training company 2007' from the Chamber of Commerce and Industry at Rostock in April of 2008 for its outstanding commitment to promoting trainees.

Corporate Citizenship Activities

Corporate citizenship activities have had a special place in various companies of the Interseroh Group for many years, were further expanded in the year under review and reach from corporate giving (ethically motivated, selfless donations) to corporate volunteering (charitable employee commitments). INTERSEROH Dienstleistungs GmbH was distinguished with the citizen's award of Cologne in December of 2008 for the sponsorship of the companies in the Cologne site that has lasted for over five years.

C. PRESENTATION AND EXPLANATION OF THE EARNINGS AND FINANCIAL POSITION AND KEY CONSOLIDATED RATIOS

1. Earnings Position

	2008		2007		Change	
	EUR million	%	EUR million	%	EUR million	%
Sales revenues	2,065.85	99.8	1,748.51	100.1	317.34	18.1
Inventory change	5.01	0.2	-1.80	-0.1	6.81	-378.3
Work performed and capitalised	0.03	0.0	0.00	0.0	0.03	n.s.
Total performance	**2,070.89**	**100.0**	**1,746.71**	**100.0**	**324.18**	**18.6**
Cost of materials	-1,784.10	-86.2	-1,498.44	-85.8	-285.66	19.1
Gross profit	**286.79**	**13.8**	**248.27**	**14.2**	**38.52**	**15.5**
Other operating income	32.95	1.6	15.82	0.9	17.13	108.3
Operating income	**319.74**	**15.4**	**264.09**	**15.1**	**55.65**	**21.1**
Personnel costs	-96.43	-4.7	-82.13	-4.7	-14.30	17.4
Scheduled depreciation	-21.53	-1.0	-17.73	-1.0	-3.80	21.4
Operating and administrative expenses	-80.04	-3.9	-58.51	-3.3	-21.53	36.8
Selling expenses	-87.96	-4.2	-42.43	-2.4	-45.53	107.3
Non-profit related taxes	-2.28	-0.1	-1.73	-0.1	-0.55	31.8
	-288.24	-13.9	-202.53	-11.5	-85.71	42.3
Operating earnings	**31.50**	**1.5**	**61.56**	**3.6**	**-30.06**	**-48.8**
Investment earnings	-0.56	0.0	1.23	0.1	-1.79	-145.5
Interest earnings	-12.01	-0.6	-8.87	-0.5	-3.14	35.4
Other financial earnings	0.08	0.0	0.25	0.0	-0.17	-68.0
Earnings from ordinary operations	**19.01**	**0.9**	**54.17**	**3.2**	**-35.16**	**-64.9**
Extraordinary depreciation	-5.98		-1.50		-4.48	298.7
Earnings from other periods	0.50		2.75		-2.25	-81.8
Earnings before taxes	**13.53**		**55.42**		**-41.89**	**-75.6**
Taxes on income/profit	-12.09		-20.04		7.95	-39.7
Consolidated earnings	**1.44**		**35.38**		**-33.94**	**-95.9**
of which:						
income/losses attributable to minority interests	-4.95		1.60		-6.55	-409.4
Income attributable to the shareholders of the parent company	6.39		33.78		-27.39	-81.1

Turnover rose by 18.1 percentage points (EUR 317.34 million) during the year under review. This rise in turnover is mainly the result of an expansion of the scope of consolidation. Declining volumes in the services segment had a countervailing effect.

The increase in other operating income by EUR 17.13 million to EUR 32.95 million is the result in particular of the asset-backed securities programme introduced in 2007. Due to lodgements received, the default reserve, no longer necessary, could be liquidated and taken to income, reported under other operating income (EUR 13.13 million).

Personnel expenses rose by 17.4 percentage points (EUR 14.30 million) compared to the previous year. This is due above all to the jump in the number of employees from an average of 1,606 in the previous year to 1,864. This increase of 258 employees reflects 197 individuals from companies that have been included in the consolidated financial statements for the first time in 2008.

The increase in operating and administrative expense is primarily the result of the transfer to the default reserve for asset-backed securities (EUR 13.03 million) and higher legal and consultancy costs (EUR 13.25 million) in connection with IT projects.

The rise in selling expenses by EUR 45.53 million is due to the expansion of business activities. Sales commissions, for instance, rose by EUR 22.54 million, as did transport and warehousing costs, by EUR 8.02 million. Selling expenses also included foreign exchange losses of EUR 14.14 million.

(Negative) interest income deteriorated by EUR 3.14 million. This is explained by the steep increase in financial liabilities.

The moderately positive results of EUR 0.50 million relating to other periods are primarily comprised on the one hand of revenues from the liquidations of provisions, liabilities and value adjustments on receivables and of expenses related to appropriations for value adjustments on receivables, especially receivables from associated companies not included in the consolidated financial statements, on the other hand.

Taxes on income fell by an absolute sum of EUR 7.94 million to EUR 12.09 due to lower pre-tax earnings compared to the previous year. The tax rate rose by 53.2 percent to 89.4 percent. Reasons for this chiefly include the tax audit that was completed during the year under review and the higher unutilised deferred tax assets on tax loss carry forwards.

2. Financial Position

Assets	31.12.2008 EUR million	%	31.12.2007 EUR million	%	Change EUR million	%
Intangible assets	140.91	19.1	79.01	12.0	61.90	78.3
Property, plant and equipment	119.13	16.2	100.16	15.2	18.97	18.9
Holdings valued at-equity	6.64	0.9	7.62	1.2	-0.98	-12.9
Financial assets	16.65	2.2	6.11	0.9	10.54	172.5
Other receivables	1.15	0.2	2.15	0.3	-1.00	-46.5
Deferred tax claims	12.56	1.7	4.28	0.7	8.28	193.5
Non-current assets	297.04	40.3	199.33	30.3	97.71	49.0
Inventories	65.92	8.9	65.62	10.0	0.30	0.5
Trade receivables	156.14	21.2	191.98	29.2	-35.84	-18.7
Financial assets	6.46	0.9	12.84	2.0	-6.38	-49.7
Other receivables	37.23	5.1	43.19	6.5	-5.96	-13.8
Current income tax claims	5.32	0.7	5.98	0.9	-0.66	-11.0
Liquid assets	165.04	22.4	139.10	21.1	25.94	18.6
Long-term assets held for sale	3.67	0.5	0.00	0.0	3.67	n.s.
Current assets	439.78	59.7	458.71	69.7	-18.93	-4.1
	736.82	100.0	658.04	100.0	78.78	12.0

Liabilities	31.12.2008 EUR million	%	31.12.2007 EUR million	%	Change EUR million	%
Subscribed capital	25.58	3.5	25.58	3.9	0.00	0.0
Reserves	132.30	18.0	141.09	21.4	-8.79	-6.2
Portion of equity attributable to the shareholders of INTERSEROH SE	157.88	21.5	166.67	25.3	-8.79	-5.3
Minority interests	11.37	1.5	8.84	1.3	2.53	28.6
Shareholders' equity	169.25	23.0	175.51	26.6	-6.26	-3.6
Provisions for pensions	19.98	2.7	20.27	3.1	-0.29	-1.4
Other long-term provisions	6.14	0.8	3.89	0.6	2.25	57.8
Deferred tax liabilities	15.30	2.1	7.60	1.2	7.70	101.3
Financial liabilities	127.18	17.3	119.14	18.1	8.04	6.7
Other long-term liabilities	1.50	0.2	0.04	0.0	1.46	3,650.0
Non-current liabilities	170.10	23.1	150.94	23.0	19.16	12.7
Provisions	10.84	1.5	6.92	1.1	3.92	56.6
Current income tax liabilities	19.50	2.6	20.93	3.2	-1.43	-6.8
Financial liabilities	178.32	24.2	71.13	10.8	107.19	150.7
Trade liabilities	142.21	19.3	179.84	27.3	-37.63	-20.9
Other current liabilities	46.60	6.3	52.77	8.0	-6.17	-11.7
Current liabilities	397.47	53.9	331.59	50.4	65.88	19.9
	736.82	100.0	658.04	100.0	78.78	12.0

Total assets of the group rose by EUR 78.78 million (+12.0%) to EUR 736.82 million in the year under review.

The rise in long-term assets of EUR 97.71 million can be traced chiefly to higher intangible assets (EUR 61.90 million) resulting from goodwill of EUR 44.71 million identified as part of the corporate acquisitions, as well as customer relationships, export licenses and a brand name in the amount of EUR 18.42 million.

Short-term assets have dropped by EUR 35.84 million, especially due to the reduction in trade receivables. Due to the opposing increase in cash and cash equivalents by EUR 25.94 million, the total decrease was only EUR 18.93 resulting in a balance of EUR 439.78 million. Reference is made to the cash flow statement in this regard.

The Group's equity ratio has sunk by 12.0 percentage points to 23.0 percent as compared to 26.6 percent in 2007, due to the considerable increase in total assets. The main reason for this is the rise in intangible assets on the balance sheet.

The increase in long-term debt resulted particularly from the rise in financial liabilities by EUR 8.04 million and deferred tax liabilities by EUR 7.70 million. The rise in short-term debt stems largely from higher financial liabilities - in particular the assumption of new bank loans. Trade payables have dropped by EUR 37.63 million to EUR 142.21 million.

The other short-term liabilities are primarily made up of liabilities from the deposit business.

Due to the crisis in the raw materials markets an examination was undertaken for four companies in the Interseroh group to ascertain whether they could continue as going concerns for the next twelve months (HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, Hennigsdorf, investment in HR Hüttenwerkentsorgung GmbH, Europe Metals B.V., Heeze, Netherlands, INDO CHINA EUROPE BVBA, Vorselaar, Belgium and RDB GmbH Recycling Dienstleistung Beratung, Aukrug Once measures tailored to each company had been developed by the respective company management and the INTERSEROH SE Management Board, their continuation was confirmed.

These planned measures have been accompanied by a replenishment of equity capital by means of a capital surplus and deposit into the capital reserve on the part of Hansa Recycling GmbH, Dortmund.

3. Key Consolidated Ratios in %

	Contents	In	2008	2007
Balance sheet ratios				
Fixed asset intensity	Property, plant and equipment according to balance sheet x 100/total assets	%	16.2	15.2
Inventory turnover	Sales revenues according to income statement/inventory according to balance sheet		31.3	26.6
Receivables turnover	Sales revenues according to income statement/trade receivables according to balance sheet		13.2	9.1
Equity ratio	Shareholders' equity according to balance sheet x 100/total assets	%	23.0	26.7
Key success indicators				
Return on sales	Earnings before interest and taxes according to income statement x 100/sales revenues according to income statement	%	1.6	3.9
Return on equity	Earnings after taxes according to income statement x 100/ equity according to balance sheet	%	0.9	20.2
Return on capital employed	Earnings before interest and taxes according to income statement x 100/total assets	%	4.4	10.3
Return on investment (ROI)	Operating earnings according to earnings position x 100/ (assets / financial assets)	%	4.4	9.6
Intensity of materials	Cost of materials according to income statement x 100/total operating performance according to income statement	%	86.2	85.8
Intensity of personnel	Personnel costs according to income statement x 100/total operating performance according to income statement	%	4.7	4.7
Financial earnings ratio	(investment, interest and other financial earnings) according to income statement x 100/earnings before taxes according to income statement	%	-92.3	-13.3

D. ADDITIONAL DISCLOSURES

1. Events of special significance after the balance sheet date

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

At the beginning of January in the current fiscal year the Interseroh Group and the ALBA Group have entered into a cooperation agreement in response to the internationalisation and concentration in the segments of Services and Raw Materials Trading and the 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 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.

On January 22, 2009, Dr. Axel Schweitzer and Dr. Eric Schweitzer have communicated that they are to be allocated 75.003 percent of the shares and thereby voting rights from 7,380,329 shares under section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act, which are held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG.

Friedrich Merz, Arnsberg, has retired from the Supervisory Board of INTERSEROH SE effective February 28, 2009. By resolution of the district court of Cologne, at the request of the Company, Peter Zühlsdorff, Berlin, managing partner of Deutsche Industrie Holding GmbH, will be legally appointed as member of the Supervisory Board in place of the retired Mr. Merz in accordance with section 104 of the Companies Act.

2. Risk Management Report

As a result of the US sub-prime crisis the rapidly weakening economic development and especially the threat of instability in the global financial system were the key drivers of the financial and raw materials markets. Interseroh was unable to escape the impact of these developments on turnover and earnings, particularly in the steel and metals recycling and raw materials trading segments. The substantial impairment of the market is expected to continue until well after the third quarter of 2009. The major cause for the continuing decline in economic indicators is the high level of debt in US private households and the corresponding need to adjust consumption and savings behaviour. The possibility of economic recovery is linked to a large degree to the success of this adaptation, of global economic programmes induced for political reasons and any improvement that might result for the secondary raw materials markets.

In the financial sphere, investment interest rates are being lowered by central bank intervention, while at the same time borrowing conditions are impacted by falling interest rates countered by rising bank margins and generally much more stringent collateral requirements.

Interseroh has not invested in any sub-prime categories. Due to a risk-orientated policy aimed at sufficient financing and liquidity and contractual agreements under the ABS programme, Interseroh is only minimally affected by turbulence in the credit markets.

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

Further development of the risk management system in order to provide necessary and successful support to the segments of the Interseroh Group was again the goal and responsibility of INTERSEROH SE's Management Board, as well as the segment directors, in fiscal 2008. As components of the risk management system, the definition, identification, evaluation and response to existing risks are routinely checked for completeness. The benefits of this were again evident in the year under review in the form of stable business development.

Risks and Opportunities from the Market Environment

Scarce natural resources determined the development of secondary raw materials prices in the first three quarters of the year under review. Asia, particularly China, had a very high need for raw materials of all types due to continued economic growth during the first three quarters.
Existing risks to stable continuation of growth were suddenly manifested in the fourth quarter and are likely to influence the market environment considerably at least for the current fiscal year.

Refer to 'Anticipated Developments' (Section E) regarding the risks and opportunities in the service business, as well as in secondary raw materials trading.

Risk Management System

The risk management system encompasses all operating units of the Interseroh Group. It includes the following formative elements:

- strategic planning at segment level
- detailed short and medium-term planning at individual company level
- monthly reporting of results and developments (financial, earnings and liquidity position) for all companies of the Interseroh Group
- centralised reporting on receivables based on structure and risk potential
- assessment 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 weekly overall liquidity status of the Interseroh Group 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 audits in the context of annual financial audits

Interseroh is exposed to risks from original financial instruments that may have an impact on items in the balance sheet and the profit and loss statement. Individual hedging transactions (derivatives) are employed for default risks in the current account, price change risks and liquidity risks, including those arising from changes in exchange rates and interest rates. Hedging contracts are used exclusively to hedge cash flows and always refer to a specific primary transaction. Hedging instruments are not allowed to be used for purposes of trading or speculation in the Interseroh Group.

All of the subsidiaries' financial instruments at an individual company level are reported to the Management Board on a monthly basis.

Credit risk

Trade credit insurance policies are generally taken out from international insurance companies with the customary excesses for all debtors. In addition alternative security instruments, such as letters of credit or documents guaranteeing payment, are utilised.

Price change risk

In the case of certain non-ferrous metal scrap categories a specific market price level is assured by hedging trading positions on appropriate exchanges (e.g. London Metal Exchange), if a significant risk to the planned margin of the underlying transaction is likely to arise. Price change risks are also kept low with a conservative inventory and valuation policy.

Currency risk

Companies in the Interseroh Group are required to hedge transactions in foreign currency with a value of EUR 25,000 and greater by using forward exchange contracts.

Liquidity risk

Sufficient liquidity of the Interseroh Group at all times, even when payment streams and working capital requirements fluctuate, is assured by short-term investments, as well as facilities with Interseroh banking partners geared to requirements. The Interseroh Group's liquidity security has not been jeopardised by the financial crisis as it is currently experienced.

The representatives responsible for segments (management of core divisions) each undertake on a quarterly basis a current assessment of the risks that qualify as jeopardising continued existence. The assessments, which relate to the core areas, must take information from day-to-day business and the overall context of the relevant markets into account. In this way Interseroh ensures that risks from the environment of each operational unit can be assessed directly.

The principal risks that would tend to jeopardise existence are defined as follows:

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: trading and sales (particularly steel and metal scrap)
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

These principal risks are all assigned glossaries (sub-risks), which the risk managers also use in their assessments. Together with their assessment of the principal risks, risk managers were also asked to identify and assess any new risks they had identified. No new risks were identified.

The likelihood of occurrence of individual risks during 2008 as a whole is perceived as higher in six of eight risk areas compared to probabilities established in 2007 and lower in one risk area (supplier relationships). In four cases the classification of 'low' is exceeded.

Key individual changes in 2008 compared to the assessment of 2007 stem from the more critical evaluation of risks in the Group segments of Raw Materials Trading, Steel and Metals Recycling, as well as INTERSEROH France S.A.S., with respect to the risk fields of new acquisitions, customer business strategies and investment and financing.

Risk managers estimate the risk impact to be higher in five cases for the fourth quarter of 2008 as compared to the previous year. The key difference relates to risks of inadequate integration of strategy among the Group's companies.

The overall risk assessment range – moderate - remains the same. This estimate has not changed fundamentally since 1999 and, therefore, does not give rise to a need to take any short-term measures.

Risk Inventory at Segment Level

The risk inventory per segment was updated. Individual risks in these inventories were assigned probabilities of occurrence, potential effects on the earnings situation estimated and appropriate measures initiated. From a group point of view, the analysis revealed the following risk issues:

- Negative influences on earnings and market share in the services segment due to a rise of users who utilise service systems without a license agreement
- Margin pressures in the Services segment
- In the Steel and Metals Recycling segment:
- More acute competition due to large company mergers
- Inventory risks due to sudden sharp market price decreases
- Stagnating steel economy
- Default risks for major customers despite trade credit insurance
- Strong dependence on individual suppliers

In the course of ongoing monitoring of individual risks the segments are continuously sensitised to adopt counteractive measures.

Risks that pose a fundamental danger to Interseroh in a broader sense or which threaten the very existence of the company are not apparent at the moment.

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 with no par value with an arithmetic par value of EUR 2.60 each. Company shares are issued in the name of the bearer. Every share grants one vote in the General Shareholders' Meeting. The Management Board is not aware of any restrictions pertaining to voting rights or the transfer of shares. Dr. Axel Schweitzer, Berlin, and Dr. Eric Schweitzer, Berlin, have each indicated separately that their share of voting rights exceeded the 69.49 percent threshold as of December 31, 2008 and therefore can be assigned voting rights from 6,837,529 shares pursuant to section 22 paragraph 1 clause 1 no. 1 of the German Securities Trading Act that are held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG. On January 22, 2009 Dr. Axel Schweitzer and Dr. Eric Schweitzer notified us pursuant to section 21, paragraph 1 of the German Securities Trading Law that pursuant to section 22, paragraph 1 no. 1 of the German Securities Trading Law 75.003 percent of the shares and therefore voting rights from 7,380,329 shares can be assigned to Isabell Finance Vermögensverwaltungs GmbH, Berlin, and are directly held by 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 by-laws are resolved by the General Shareholders' Meeting. Resolutions by the General Shareholders' Meeting are passed by a simple majority of the votes given if no different voting majority is required by the statutes or binding statutory regulations. Changes to the statutes if not opposed by binding statutory regulations require a majority of two thirds of the votes given or if at least half of the capital stock is represented the simple majority of the votes given. The Supervisory Board is authorised to adopt amendments to the by-laws that are of an editorial nature only.

On June 25, 2008, the General Shareholders' Meeting authorised the Management Board, effective for 18 months starting June 26, 2008, i.e. until December 24, 2009, to acquire the Company's own shares (treasury stock) representing a maximum proportional amount of capital stock of EUR 2,558,400.00 and to cancel the authorisation that had existed until this point in time. 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. In addition 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 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 of shares against contributions in kind excluding shareholders' subscription rights, the value of the contribution in kind must be reasonable, based on an overall assessment pursuant to section 255, Paragraph 2, of the German Companies Act. If the shares are sold for cash payment other than via the stock market or by offering them to shareholders, the authorisation to exclude the pre-emptive rights only applies under the condition that the shares sold whilst excluding the pre-emptive rights may not exceed 10 percent of the subscribed capital, and in particular neither 10 percent of the subscribed capital that exists at the time the authorisation was issued nor 10 percent of the subscribed capital that exists at the time the authorisation to exclude the pre-emptive rights is used. The upper limit of 10 percent of the subscribed capital reduces by the pro rata amount of the subscribed capital that relates to those shares that were issued during the term of this authorisation as part of the capital increase whilst excluding the preference right pursuant to section 186 paragraph 3 clause 4 of the German Companies Act. The Management Board of INTERSEROH SE did not make use of the 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. Equally, no compensation agreements with the members of the Management Board or workforce exist in INTERSEROH SE for 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 development. Interseroh does not engage in research and development in the customary sense.

In the summer of 2008 Interseroh introduced the CO_2 study commissioned from the Fraunhofer Institute UMSICHT, Oberhausen, on behalf of the Interseroh Group. The CO_2 emissions arising from a variety of material groups due to the collection, transport, treatment and recycling of the secondary raw materials collected by Interseroh and the reductions compared to CO_2 emissions from corresponding primary processes were developed.

5. Branch Offices

The following branch offices exist in the Interseroh Group as classified by the German Commercial Code.

- INTERSEROH Jade-Stahl GmbH, Hanover branch (branch of INTERSEROH Jade-Stahl GmbH, Wilhelmshaven),
- INTERSEROH Jade-Stahl GmbH, Braunschweig branch (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),
- INTERSEROH Holzkontor München GmbH, Dachau branch (branch of INTERSEROH Holzkontor München GmbH)

E. ANTICIPATED DEVELOPMENTS

1. General Economic Development

After the world-wide crisis in the financial markets gained ground unexpectedly in the fourth quarter of the year under review and the global economy weakened drastically, economists expressed an unusual level of uncertainty about economic developments in Germany. They anticipate a further decline of economic output for the current fiscal year with a corresponding impact on the employment market. Gross domestic product will revive somewhat only in 2010. At the same time they warn against panic. Special factors, such as the still high demand for specialist resources, would contribute to stabilisation. Due to the steep decline in raw materials prices in the fall of 2008, as well as weakened domestic vitality, the experts predict a much lower rise in consumer prices in 2009 than in the year under review. The European Central Bank thus has room for manoeuvre for further lowering of the prime interest rates, if this is considered advisable. Furthermore, financial policy measures already resolved will have an expansionary effect.

Estimates of the short to medium-term development of the business segments of the Interseroh Group 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

In view of waning demand on the part of important industrial customers for steel in the second half of 2008, the world steel association and German steel association have issued only restrained forecasts for the current fiscal year. Steel industry associations, however, continue to be optimistic about the medium and long term. As a result of the high level of demand for steel to build infrastructure in emerging countries, the experts anticipate annual growth of global steel consumption of between three and five percent. Demand for steel scrap should correlate positively with steel production, once inventories have shrunk in steel works. The metals market, too, will recover once again and inventories reduced. Rising demand will have a corresponding positive effect on prices.

Interseroh is expecting continued weakness in demand for the first half of 2009. An improvement in the situation is not anticipated until at least the second half of 2009. The Management Board also perceives opportunities related to investment in electric steel plants promoted by industrial customers; they exclusively use steel scrap for their steel production,

The existing collection structure for scrap and modern treatment capacity in this segment provide a sound foundation for further strengthening Interseroh's position. After the purchases and acquisitions growth of the last few years, currently the integration of the sites acquired and achievement of synergy are in the forefront.

It is not clear at present what impact the CO_2 certificate trade will have on the steel industry in Germany and Europe.

There are risks inherent in exchange rate fluctuations, as well as in newly erected processing capacities in Germany that require large volumes of scrap.

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

3. Services

Interseroh expects intense competition in all services offered during the current fiscal year. While on the one hand declines in turnover are expected in individual business units, on the other hand the development of new services should generate increases in turnover.

Transport Packaging

Interseroh foresees a continued drop in license volumes and turnover in transport packaging recycling during the current fiscal year as a result of intense competition. Expanded customer service and a broader portfolio offering new services should strengthen this segment’s competitive position.

Sales Packaging

Interseroh sees opportunities arising from the new Packaging Ordinance in terms of a solution of the free-loader problem that has existed for many years, as well as in a clearer allocation of sales packaging between dual systems and industry solutions. Interseroh will distinguish itself qualitatively from competitors with the service products it has developed for this segment and will attract new customers. The TÜV Rheinland Group has certified the Interseroh industry solutions as early as mid-2008. The modified system has a significant stabilising effect on the business segment, albeit with a considerably lower margin.

The Management Board expects that in the medium term the number of competitors will decrease from the current nine to less than six providers. Price wars, continuing in 2008, increase pressure on margins. Interseroh, however, continues to pursue its strategy emphasising value. A potential risk for systems operators also exists relative to a lack of control in implementing the fifth amendment of the Packaging Ordinance.

Full Service

Risks exist with regard to continually increasing competitive pressure due to concentration in the waste disposal industry and a consequent potential dependence on large waste disposal companies with which the Full Service segment cooperates in the disposal of secondary raw materials at its sites. Additional risks exist in the deterioration of marketing prices of the secondary raw materials extracted and the market entry of potential competitors. Interseroh has identified opportunities in placing its Full Service range of offers in the industrial area, as well as its consultancy and marketing expertise.

Deposit system

Interseroh expects a slight decline in volumes in the collection and counting points due to further automation in the take-back of one-way packaging. This is countered by continued growth in the overall market due to the decreasing proportion of reusables, as well as an obligatory deposit system for dietetic drinks.

Waste Electrical and Electronic Equipment

Interseroh sees opportunities in the acquisition of customers from smaller competitors, as well as in combined offers of registration, bankruptcy-insured guarantees for the end user and waste disposal. Output marketing of treated waste equipment, as well as waste disposal at sites beyond municipal collection points, too, provide opportunities for enhancing turnover and earnings. There are risks associated with the fact that it is impossible to calculate return quantities for the long term. Rising raw materials prices have a negative impact on the return rate of waste electr(on)ic equipment due to the municipalities opting to engage in their own marketing. An additional risk relates to the concentration trends on the part of logisticians – waste disposal companies and forwarders – and the recyclers.

Business Solutions

The new consultancy services are to be continuously expanded in the upcoming fiscal years. Interseroh believes there are good growth opportunities in this area with respect to both turnover and earnings. A combination of consultancy and marketing expertise provides a good opportunity for profitable development of this new service.

Central and Eastern Europe

The Interseroh subsidiary EVA GmbH has achieved victory in litigation that has lasted since 2002 with the Austrian Ministry of the Environment. The Higher Administrative Court in Vienna decreed that the company has had, and continues to have, authorisation for its collection and recycling system in Austria. EVA can, thereby, continue to properly assume the duties for more than 700 commercial customers.

Interseroh plans to extend and further develop the services offered in Austria (collection and recycling of commercial packaging, waste electrical equipment and batteries).

In Slovenia, Interseroh anticipates continued expansion of market share in licensed packaging material, as well as waste electr(on)ic equipment. The product portfolio will be supplemented by the Full Service range. In Poland activities will be consistently expanded. In Hungary and Slovakia Interseroh expects to receive approval for collection systems for packaging and electr(on)ic equipment.

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 the Management Board is assuming a difficult fiscal 2009 in terms of quantities marketed. The Interseroh subsidiary perceives opportunities in the acquisition of new customers.

INTERSEROH Product Cycle GmbH plans to count even more heavily on high-quality empty modules and customer markets in Europe in the collection, sorting and marketing of ink and toner cartridges.

4. Raw Materials Trading

Recovered Paper

After successfully developing trading relations with recovered paper marketers, above all in Spain, Interseroh intends to build relationships in additional Mediterranean countries, as well as the British Isles.

The paper industry is expecting a very difficult year in 2009. Demand for new paper remains extremely weak due to the economic downturn; prices continue under pressure. One can assume further market concentration and shutdown of capacity that proves unprofitable.

Raw materials trading will also experience the effects of consolidation. Traders operating on an exclusively regional basis will be subject to particularly tough competition. Waste disposal companies and service providers without secured input contracts, i.e. volumes subject to speculation, run the risk of incurring big losses. Interseroh will be in a position to develop as a globally operating raw materials trader in this reorganised market.

Current extremely low prices for recovered paper have a negative impact on the turnover and earnings figures from the services business.

Waste Wood

Demand for derived timber products is expected to continue to develop at a below-average rate due to weak economic developments. Sales to biomass-fuelled combined heating and power stations will remain at a high level, however. Interseroh is reviewing the overall strategy of the waste wood business segment.

Waste plastics

General market developments in the field of plastics in terms of scope and speed depend on recovering demand from the Far East, as well as US dollar parity in conjunction with oil prices.

The plastics industry, too, is responding to recession in the global economy by cutting prices for input materials and reducing production capacity. In China above all the assumption is that unprofitable companies will be purged from the market. Volume flows will be reorganised as a result. Interseroh expects to emerge fortified from this process with der RDB GmbH Recycling Dienstleistung Beratung, which possesses direct sales channels in the Southeast Asian market.

In terms of trade in secondary raw materials the risk of volatile prices and the risk of non-adherence to contracts, in particular with Asian counterparts, continue to apply.

5. Environmental protection

Since the legal regulations for environmental protection are subject to constant change and are becoming increasingly stringent and further tightening will occur due to new EU directives, investments may become necessary in the Interseroh Group in the future, the amount and timing of which 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 Companies Act (hereinafter termed ‘subordinate status report’).

In accordance with section 312 of the German Companies 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)

are subject to reporting in the period from January 1, 2008, to December 31, 2008.

The Management Board, in accordance with section 312, paragraph 3, of the German Companies 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)

were undertaken, INTERSEROH SE or the 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 Companies Act were either undertaken or omitted."

Cologne, March 2009

INTERSEROH SE

The Management Board

Dr. Axel Schweitzer / Manuel Althoff / Volker Hars / Roland Stroese

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at December 31, 2008

ASSETS	Note No.	31.12.2008 EUR	31.12.2007 EUR
Non-current assets			
Intangible assets	(17)	**140,910,824.33**	**79,010,538.06**
Property, plant and equipment	(18)	**119,128,956.93**	**100,162,171.80**
Financial assets accounted for under the at-equity method	(19)	**6,641,919.92**	**7,619,876.28**
Financial assets	(20)	**16,645,265.00**	**6,112,525.22**
Other receivables	(24)	**1,151,321.65**	**2,149,129.99**
Deferred tax claims according to IAS 12	(21)	**12,557,012.46**	**4,278,520.86**
		297,035,300.29	**199,332,762.21**
Current assets			
Inventories	(22)	**65,917,528.01**	**65,623,927.94**
Trade receivables	(23)	**156,140,235.19**	**191,982,026.00**
Financial assets	(20)	**6,461,706.31**	**12,835,690.90**
Other receivables	(24)	**37,230,524.71**	**43,185,653.77**
Tax refund claims according to IAS 12, Income taxes	(21)	**5,324,481.17**	**5,982,860.55**
Cash and cash equivalents	(25)	**165,042,720.85**	**139,097,609.57**
Non-current assets held for sale	(26)	**3,665,995.44**	**0.00**
		439,783,191.68	**458,707,768.73**
		736,818,491.97	**658,040,530.94**

LIABILITIES	Note No.	31.12.2008 EUR	31.12.2008 EUR	31.12.2007 EUR	31.12.2007 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)	132,296,883.02	**157,880,883.02**	141,090,676.21	**166,674,676.21**
Minority interests in equity			**11,370,457.62**		**8,836,421.62**
			169,251,340.64		**175,511,097.83**
Liabilities					
Non-current liabilities					
Payments to employees under pension commitments	(29)	19,982,565.00		20,274,805.16	
Other non-current provisions	(30)	6,138,690.68		3,894,039.86	
Deferred tax claims according to IAS 12	(21)	15,294,002.32		7,595,577.68	
Financial liabilities	(31)	127,180,281.24		119,137,923.51	
Other liabilities	(33)	1,502,434.17	**170,097,973.41**	44,008.23	**150,946,354.44**
Current liabilities					
Provisions	(30)	10,843,173.01		6,916,076.41	
Tax liabilities according to IAS 12. Income taxes	(21)	19,503,975.94		20,927,809.29	
Financial liabilities	(31)	178,314,970.86		71,134,874.06	
Trade liabilities	(32)	142,214,307.00		179,835,500.54	
Other liabilities	(33)	46,592,751.11	**397,469,177.92**	52,768,818.37	**331,583,078.67**
			567,567,151.33		**482,529,433.11**
			736,818,491.97		**658,040,530.94**

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2008

	Note No.	2008 EUR	2007 EUR
1. Sales revenues	(6)	2,065,848,121.67	1,748,510,164.83
2. Decrease (prior year. increase) in inventory of finished goods and work in progress	(7)	5,009,652.76	-1,799,349.59
3. Other work performed and capitalised		26,122.04	0.00
4. Other operating income	(8)	63,560,907.89	34,202,469.70
5. Cost of materials	(9)	1,784,101,546.83	1,498,444,665.78
6. Personnel costs	(10)	96,431,388.77	82,125,227.64
7. Depreciation on intangible assets And on property. plant and equipment	(11)	21,639,571.05	17,796,868.31
8. Other operating expense	(12)	200,400,106.83	118,306,639.29
9. Profit shares in associated companies accounted for under the "at-equity" method	(13)	-694,785.86	1,064,323.91
10. Financial income	(13)	7,079,396.73	4,105,469.72
11. Financial expenses	(13)	**24,732,530.89**	**13,986,714.06**
12. Earnings before taxes		13,524,270.86	55,422,963.49
13. Tax expense	(14)	**12,085,336.47**	**20,039,647.95**
14. Consolidated earnings		1,438,934.39	35,383,315.54
15. of which attributable to minority interests	(15)	-4,953,284.93	1,601,682.24
16. of which attributable to shareholders of parent		**6,392,219.32**	**33,781,633.30**
17. Undiluted earnings per share from the net income from continuing business operations attibutable to common shareholders [1)]	(16)	**0.65**	**3.43**

[1)] Dilution effects do not apply.

INTERSEROH SE, Cologne

CONSOLIDATED NOTES FOR THE 2008 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 2008 cover the Company, its subsidiaries (jointly referred to as the "Interseroh Group") and the holdings in associated companies.

The Interseroh Group is one of the leading environmental service providers and raw materials groups in Europe. It organises recycling processes and supplies the steel, metal, paper, plastics and derived timber product industries as well as biomass power stations with more than 5.8 million tonnes of secondary raw materials a year. The business activities of the Interseroh Group are divided into three segments – Steel and Metals Recycling, Services and Raw Materials Trading.

The companies included in the consolidated financial statements arise from 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, 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 dated 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 German Commercial Code (HGB) consolidated balance sheet as of December 31, 2003, resulting at the time of the changeover to IFRS were recorded in equity without impacting net income.

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

Reference is made in Note 44 on 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 17, 2009 (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 debts

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

(c) Functional and depiction currency

The consolidated financial statements are prepared in euros, 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. Changes are considered against income at this point in time. The effects of future changes can generally not be reliably estimated and stated.

You can find more information on significant estimate uncertainties and the methods used to counteract them in:

- Note 3 (e): standard determination of terms of useful life throughout the Group
- Note 3 (f): criteria for assessing lease agreements as financial leases subject to reporting pursuant to IFRS
- Note 3 (h): parameters for performing the impairment tests, including the definition of cash generating units (CGU)
- Note 3 (m): realisable nature of future tax relief
- Note 5 (b): effects of the corporate acquisitions on Group sales and earnings upon inclusion at the start of the period under review
- Notes 20, 21, 23, 24: estimate of recoverability of doubtful accounts or calculation of bad debt allowances required
- Note 29: parameters for calculating payments to employees under pension commitments
- Note 30: valuation of provisions
- 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 to the accounting and valuation methods. From 2008 long-term derivatives will no longer be shown under provisions but rather under non-current financial liabilities. The provisions shown in the previous year (EUR 0.31 million) were modified as appropriate. This reporting change has had no material impact on the Group's net assets, financial position and results of operations or its payment flows.

No changes to the accounting and valuation methods for the year under review or earlier periods result from the first-time application of, or changes to, a standard or interpretation (IFRS/IAS) that had to be made in the 2008 financial year.

In order to improve the clarity of the income statement and the balance sheet, 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 financial year on December 31.

Consolidation of capital is performed pursuant to IAS 27 (Consolidated and Separate Financial Statements), in conjunction with IFRS 3 (Business Combinations), by the acquisition method, where the acquisition costs of the holding are netted out against the consolidated subsidiary's share of Group equity taking the fair values of the assets and liabilities and contingent liabilities at the time of acquisition into consideration. Any excess is shown as goodwill. Pursuant to IFRS 3 in conjunction with IFRS 1, goodwill is not written off by scheduled depreciation. 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 uncovered 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) holdings of 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 shown with 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 conversion

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 business transactions 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 kronor 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 to all companies concerned. The following exchange rates were used as a basis:

EUR 1		Closing date rate		Average rate	
		2008	2007	2008	2007
Poland	PLN	4.1823	3.5928	3.5195	3.7901
Sweden	SEK	10.9355	9.4350	9.1241	9.2502
USA	USD	1.4106	1.4716	1.4707	1.3707

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) Held for trading

(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 on which the ongoing valuations depend.

Holdings and securities are qualified as “available for sale” and are to be accounted for regularly at the fair market 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 uncovered, 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 applied to reduce the currency and interest rate risks and pursuant to IAS 39 are accounted for an initial valuation at acquisition cost and subsequently at the 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. They were calculated 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 a particular exchange rate is specified for a specific point in time in the future at the time that the underlying transaction is entered into in line with the foreign currency regulations. This process assures 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 forms a closed position in conjunction with the associated operational transaction. This guarantees that at the agreed date liquidity in the hedged currency will be available in the amount required.

Interest rate risks

In addition, interest rate swap transactions are signed. The purpose of this agreement is to limit variable interest payments from the loans taken (in part) for the duration of the agreement or to particular 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 do not represent 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 15 years. An impairment loss is recorded, if this is deemed appropriate in the course of the impairment tests performed. For goodwill these tests are performed at least on an annual basis; 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 updated carrying values.

In accordance with the option set forth in IFRS 1.15 and Appendix B, goodwill from acquisitions before January 1, 2004 is updated pursuant to previous law.

This means the scheduled depreciation and impairment losses effected in earlier periods are maintained and goodwill offset against equity without impacting 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 depreciation and scheduled depreciation and impairment losses during the financial 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 distribute expenditures on 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 the 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 buildings	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	11.11 - 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	5	20.00

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

(f) Leased assets

Rented or leased intangible assets and property, plant and equipment, which, pursuant 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 stated 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 in the amount of the discounted performance sum and depreciated according to 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 (operate lease agreements) are not included in the consolidated balance sheet.

(g) Inventories

The raw materials, supplies and merchandise reported under inventories pursuant 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

A review of recoverability of assets takes place in the Interseroh Group on at least an annual basis at year end, or during the year if special reasons for this become apparent, at the level of the cash generating unit (CGU) as interpreted under 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, sorted, processed if necessary and then sold in large quantities. Transparency exists in this segment regarding realisable selling prices and general market developments. Furthermore, the segment’s trading volumes overall are significant to the consumers; this has a further 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 secondary raw materials. As a rule these secondary raw materials are consolidated by one unit or sister unit for export to Asia under contract and sold on to major customers. Since the companies in this segment are also managed jointly and procurement and trading, as well as the related payments, cannot be viewed independently of the other companies, the companies in this segment together also form a CGU.

(ii) Implementing the impairment tests

In the impairment tests the residual carrying values of the individual cash generating units are compared with their respective recoverable amounts as 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 field and site.

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

The plans are based on the forecasts known at the end of the year with regard to the future market turbulences released by the financial crisis. For this reason the original multiple year plan was revised again at the start of November 2008. As a matter of principle drastic falls in prices and quantities compared with 2008 are expected. Therefore it assumed that lower working capital is required.

A price basis at the level of October/November 2008 was used for planning in the Steel and Metals Recycling segment. In this segment price changes only have short-term effects as virtually even margins can be assumed for the medium to long term.

For the Services segment further negative effects are anticipated in the industries affected due to worsening economic conditions. The level of July 2007 was taken as the price basis.

The same expectations apply to the Raw Materials Trading segment, which has established itself as an autonomous segment since 2007.

The interest rate applied (6.86%) is calculated using an average of equity and debt capital weighted at their respective market values.

Capital costs are taken as the average of equity and debt capital weighted at their respective market values, with equity capital costs corresponding to the yield expectations of management for the business and debt capital costs reflecting the current financing conditions of the Interseroh Group.

If the recoverable amount of the cash generating unit calculated in this way is lower than its carrying value, there is an impairment loss amounting to the 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 in the course of the impairment tests.

(i) Payments to employees under pension commitments

The pension provision for the Company pension scheme was calculated based on actuarial values pursuant 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 both the pensions known and entitlements acquired as at the balance sheet date, as well as future anticipated salary and pension increases, into consideration. 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 scope of liability. In this case the gains and losses are, if they exceed the 10 percent band, 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 the 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 contribution payments to private institutions and retirement benefit schemes. The 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 “unfunded” plan category.

Benefits committed to on the part of the Company vary depending on the legal, tax and economic circumstances of the relevant country and as a rule are based on the period of employment and the remuneration of the employee. 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 financial year are taken into consideration in the performance amount with the highest probability of occurrence. If the expected scope of 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 the service in the case of services, deducting all taxes and revenue reductions that may apply.

Compensation fees are recorded as appropriate to the period in concordance 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 on the creation of the legal claim to payment. 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 the expenses for interest on loans, financial expenses also include compounding long-term provisions and depreciation on financial assets. All interest expenses are recorded using the effective interest rate method.

(m) Income taxes

Income taxes paid or owed in individual countries on an ongoing basis, as well as deferred tax liabilities, are reported as tax expenses. The calculation of ongoing income tax including claims for reimbursement and 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 losses carried forward. The calculation is based on the expected 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 losses carried forward 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 totalled 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 losses carried forward are determined at the individual company level taking single-entity relationships for tax purposes into consideration. Deferred taxes on losses carried forward 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. The deferred taxes are only included with the income tax rate expected for INTERSEROH SE for consolidation processes.

If deferred taxes relate to processes that are recorded directly in equity the deferred taxes are recorded directly in equity; otherwise always in income.

(n) New standards and interpretations that have not yet been applied

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

This applies especially to the following standards and interpretations:

i) Adopted by the EU:

- IAS 1 – Presentation of Financial Statements: A Revised Presentation
- IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations (amended)
- IFRS 8 – Operating Segments
- IAS 23 – Borrowing Costs (revised)
- IAS 32/IAS 1 – Puttable Financial Instruments and Obligations arising on Liquidation
- IFRIC 13 – Customer Loyalty Programmes

With IAS 1 – Presentation of Financial Statements: A Revised Presentation should improve the options for analysing and comparing annual financial statements for their users. IAS 1 regulates the principles for the depiction and structure of the financial statements. It also contains the minimum requirements for the contents of a financial statement. The new standard is to be applied to financial years starting on or after January 1, 2009; advance use is permitted. Interseroh will apply the new regulations as of the 2009 financial year.

The amendment to IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations – clearly defines that execution conditions are only service and performance conditions. Other elements of share-based remuneration are not execution conditions. In addition, the amendment details that annulments by other parties apart from the company should be shown in the accounts in the same way as annulments by the company. The amendment is to be applied for financial years starting on or after January 1, 2009. The amendment will not be applied to Interseroh because there is no share-based payment.

IFRS 8, to be applied for the first time for financial years starting on or after January 1, 2009, accounting for segment reporting changes; the so-called 'management approach' becomes mandatory. Segment reporting is accordingly to be undertaken on the same basis as internal reporting to the Management Board. Interseroh will apply the new regulations as of the 2009 financial year.

IAS 23 – Borrowing Costs (revised) abolishes the option, hitherto also exercised by Interseroh, to record interest on borrowed funds directly as an expense and requires that such interest instead be capitalised, to the extent that it can be attributed to the production process of a qualifying asset. This standard is to be applied starting in the 2009 financial year and will result in a change in valuation methods in the Interseroh Group. The financial impact is currently viewed as straightforward. Implementation, however, will not occur prior to the 2009 financial year.

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 amendments permit a small number of exceptions that permit callable 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.

IFRIC 13 – Customer Loyalty Programmes addresses how companies should account for customer loyalty programmes. According to this interpretation awards granted as part of customer loyalty programmes are to be treated, differently from basic transactions (current sales transactions), as a future sales transaction. A multiple element agreement as interpreted in IAS 18.13 can be said to apply. IFRIC 13 will become mandatory starting in the 2009 financial year. IFRIC 13 is not expected to impact future consolidated financial statements of INTERSEROH SE.

ii) Not yet adopted by the EU:

- IFRS 3 – Business Combinations (revised 2008)
- IAS 27 – Consolidated and Separate Financial Statements (amended 2008)
- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-Cash Assets to Owners

The revised IFRS 3 – Business Combinations provides new regulations on the application of the acquisition method for corporate mergers. Key changes affect the valuation of minority shares, recording successive corporate purchases and handling conditional purchase price shares and purchasing costs. After the new regulation the minority shares can either be valued at fair value or at the fair market value of the proportion of assets and debts identified in the company or business unit purchased. For successive corporate purchases a revaluation that affects income is planned 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 purchase must in future be shown affecting income. Purchase subsidiary costs are recorded at the time they are created as expenses. The effects of the standards to be applied from the 2010 financial year on Interseroh's consolidated financial statements are not currently predictable.

IAS 27 – Consolidated and Separate Financial Statements (amended in 2008) refers to accounting for transactions in which a company maintains control and where the control is transferred. Transactions that do not result in control being lost are to be recorded without affecting net income as equity transactions. The remaining shares are to be valued at the fair market value at the time control is lost. For minority shares negative balances are permitted, i.e. losses are assigned in future without limits in the same proportion as the holding. The new standard is to be applied for financial years starting after July 1, 2009.

IFRIC 12 – Service Concession Arrangements handles the question of how companies who offer public services on behalf of public sector bodies, such as the construction of roads, airports, prisons or energy supply infrastructure 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 January 1, 2008.

IFRIC 15 – Agreements for the Construction of Real Estate handles the invoicing of companies who develop land and sell units in this property, such as flats or houses, before they are complete. IFRIC 15 defines criteria by which the 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, 2009. Earlier application is recommended.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation handles hedge accounting of net investments in a foreign business operation. The interpretation clarifies that accounting for hedging is only possible between the functional currency of the foreign business operation and the functional currency of the parent company. The net asset sum of the foreign business operation that is recorded in the consolidated financial statements can be hedged. The hedging instrument can then be held by any Group company (with the exception of the ones whose exchange rate risks are hedged). If the foreign business operation leaves the scope of consolidation the sum that is recorded in equity without affecting net income 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 as ongoing earnings. The level of the cumulative exchange rate gains or losses incurred on the foreign operation that is leaving the scope of consolidation can be determined by the progression consolidation or direct consolidation method. IFRIC 16 is to be applied to financial years starting on or after October 1, 2008.

IFRIC 17 – Distributions of Non-Cash Assets to Owners regulates subjects such as how a company must value other assets that it transfers to the shareholders as dividends as cash. A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. This dividend payable should be measured at the fair value of the net assets to be distributed. An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 is to be applied to financial years starting on or after July 1, 2009. Earlier application is permitted.

IFRIC 12, 15, 16 or 17 are not expected to impact the 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 where 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
- observation of price change risks (value-at-risk analysis) in all Raw Materials Trading segments
- 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
- rules of procedure with defined approval requirements

The liquidity needed in the Interseroh Group is assured by means of longer term fixed-interest and bilateral loans with dependable interest rate agreements or instruments, as well 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 the commercial banks for a period of at least a year.

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 keep these currency risks with the business partner by invoicing in euro. For cases in which this is not possible an internal treasury guideline, which stipulates that a volume exceeding EUR 0.03 million, must be followed. 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 the net risk is determined initially. To this end, existing hedge items (receivables and liabilities in the same foreign currency – provided their amounts and maturities correspond) are eliminated. The open surplus remaining 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 bind INTERSEROH SE shareholders to 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 has not been the intention so far.

The management system implemented by the Management Board aims at a reasonable return on capital employed. This applies to both equity and debt capital. Accordingly a significant indicator for the Group’s companies lies in the total return on assets (ROA = ratio of earnings before interest and taxes to total assets). The target for each business unit in the Group is an ROA of 10.00

percent. ROA for the financial year amounts to 4.40 percent (previous year: 10.33 percent).

The General Shareholders' Meeting of 2008 has authorised the Management Board, in order to assure the Group's further development, to acquire treasury stock up to an arithmetic nominal value of EUR 2.56 million prior to December 24, 2009, and to sell the treasury stock acquired to third parties against contributions in kind, with the approval of the Supervisory Board and excluding shareholder subscription rights, in particular in connection with corporate mergers and the acquisition of companies, parts of companies and/or holdings in companies. The Management Board did not make use of the option to acquire treasury stock in the past financial year.

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 32 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 them.

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

			not included due to immateriality			
Number of companies	fully consolidated	valued at equity	Holding > 50%	Holding >= 20% <= 50%	Holding < 20%	Total
Balance 1.1.	38	5	25	15	11	94
Additions	6	1	2	9	4	22
Disposals	-2	-3	-6	-6	-3	-20
Balance 31.12.	**42**	**3**	**21**	**18**	**12**	**96**

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

Company	Reason
(Acquisitions – fully consolidated)	
SRH Rohstoffhandel GmbH, Siegen	Expansion of business
Rohstoffe Kohler GmbH, Germersheim	Purchase (100%)
RDB GmbH Recycling Dienstleistung Beratung, Aukrug	Purchase (70%)
ALBAMETALL GmbH, Berlin	Purchase (100%)
Lausitzer Schrottverwertung GmbH, Lübbenau	Purchase of the parent company (ALBAMETALL GmbH, Berlin)
Jade-Entsorgung GmbH, Rostock	Acquisition 75.1% (now 100%)
Departures (fully consolidated)	
Rohstoffe Kohler GmbH, Germersheim	Merger into another fully consolidated company
ALBAMETALL GmbH, Berlin	Merger into another fully consolidated company

The consolidated financial statements of INTERSEROH SE include three domestic companies (previous year: five) and two foreign companies (previous year: two) at equity.

The following changes took place:

Company	Reason
Acquisitions (at equity)	
HRR Stahlschrott- und Metallrecycling GmbH & Co KG, Hennigsdorf	Purchase of the parent company (ALBAMETALL GmbH, Berlin)
Departures (at equity)	
Jade-Entsorgung GmbH, Rostock	Acquisition 75.1% (now 100%)
Eisen-und-Stein-Gesellschaft mbH & Co., Siegen	Both restructered "for ammortization“ Held long-term assets"
Mineralmahlwerk Westerwald Horn GmbH & Co. KG, Weitefeld	

The resolution to sell the two stated companies was approved just before the end of 2008 and transferred to a professional sale process. Therefore the pro rata annual results for 2008 for these companies are still included in the financial and investment income (refer to Note 13).

The effects of these acquisitions on the net assets, financial position and results of operations and the payment flows of the Group are neither individually nor collectively of material importance.

(b) Companies and business units purchased

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

	ALBA-Group Purchase 100 % EUR millions	RDB Purchase 70 % EUR millions	SRH Purchase 100 % EUR millions	Kohler Purchase 100 % EUR millions	Jade-Entsorg Purchase 75 % EUR millions
Goodwill	28.91	6.06	0.00	4.61	5.13
Non-current assets	50.53	7.27	0.00	1.59	0.48
Current assets	76.73	11.86	0.41	5.49	1.88
Non-current liabilities	4.01	2.01	0.04	0.00	0.05
Current liabilities	124.13	9.11	0.29	4.72	1.50
Cash inflow included in the short-term assets	2.69	2.22	0.00	0.08	0.78

As part of the purchase price negotiations synergy and income expectations for the future were included which led to a purchase price that exceeded the book value, i.e. the (pro rata) equity of the companies and business units purchased, and therefore to accounting for an appropriate level of goodwill.

Purchase costs for the consolidated companies and other business units totalled EUR 55.09 million (ALBAMETALL Group, comprising ALBAMETALL GmbH and its subsidiaries, especially Lausitzer Schrottverwertung GmbH and HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, EUR 28.03 million, RDB EUR 14.07 million, SRH EUR 0.08 million, Kohler EUR 6.97 million and Jade-Entsorgung EUR 5.94 million). The inflow of cash from the units acquired totalled EUR 5.77 million. All purchase prices were settled solely by the transfer of cash funds.

In the context of purchase price allocation in addition to goodwill identified, adjustments of acquired assets to the fair market value were undertaken only for RDB GmbH Recycling Dienstleistung Beratung and only in the case of other intangible assets (refer to Note 17).

The companies listed contributed to consolidated earnings as follows:

Company	Date of initial consolidation	Earnings contribution in consolidated financial statements 2008 EUR million
SRH Rohstoffhandel GmbH, Siegen	01.01.2008	0.00
Rohstoffe Kohler GmbH, Germersheim	01.01.2008	0.36
RDB GmbH Recycling Dienstleistung Beratung, Aukrug	01.08.2008	-4.09
ALBAMETALL GmbH, Berlin	30.09.2008	5.11
Lausitzer Schrottverwertung GmbH, Lübbenau	30.09.2008	-0.01
Jade-Entsorgung GmbH, Rostock	01.10.2008	0.01

The contribution to earnings of Rohstoffe Kohler GmbH can only be estimated for 2008 as the company was merged into another Group company with its own active business operations during the year.

The contribution to earnings of ALBAMETALL GmbH is understood after the transfer of the commercial law loss as a result of an existing profit and loss transfer agreement.

Had all the companies listed already been included in the consolidated financial statements as at January 1, 2008, sales would have been higher by EUR 250.00 million and earnings lower by EUR 5.00 million, respectively, according to management estimates.

Notes on the Income Statement

The consolidated income statement is organised by types of expense (total cost procedure).

6. Sales Revenues

Sales revenues for the financial year can be broken down in the following major categories:

	2008 EUR million	2007 EUR million
Goods - stock business	872.85	672.08
Goods - sales business	906.94	737.13
Services	285.03	337.57
Other	1.03	1.73
	2,065.85	**1,748.51**

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

7. Increase/Decrease In Inventories Of Finished Goods And Work In Progress

	Inventories		Inventory change	
	2008 EUR million	2007 EUR million	2008 EUR million	2007 EUR million
Work in progress	10.47	13.14	-2.67	0.59
Finished goods	23.95	8.94	15.01	-1.18
			12.34	-0.59
Changes due to changes in the scope of consolidation			-7.33	-1.21
			5.01	**-1.80**

8. Other Operating Income

	2008 EUR million	2007 EUR million
Refund of default reserve for asset-backed securities	13.13	6.55
Earnings from the liquidation of provisions	0.78	3.84
Income from the reversal of liabilities	24.73	8.57
Income from the disposal of assets	1.64	1.80
Exchange rate gains	9.04	1.87
Insurance compensation	4.29	2.23
Income from the liquidation of specific bad debt allowances	1.50	2.17
Rental income	0.68	0.65
Other	7.77	6.52
	63.56	**34.20**

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).

9. Cost Of Materials

	2008 EUR million	2007 EUR million
Purchased raw materials and merchandise. less cash discounts	1,504.82	1,162.16
Expenses for waste disposal services and other disposal and recycling costs	191.13	264.18
Storage and freight costs	57.42	43.27
Energy costs	15.20	12.69
Counting services deposit packaging	5.07	5.01
Other services purchased	10.46	11.13
	1,784.10	**1,498.44**

10. Personnel Costs

	2008 EUR million	2007 EUR million
Wages and salaries	81.60	68.59
Employee share of statutory pension insurance	4.85	5.05
Other social security contributions	9.61	7.84
Expenses for pensions and other benefits	0.37	0.65
	96.43	**82.13**

11. Amortisation And Depreciation On Intangible Assets And Property, Plant And Equipment

	2008 EUR million	2007 EUR million
Scheduled depreciation		
Intangible assets	3.99	1.51
Property, plant and equipment	17.54	16.21
	21.53	**17.72**
Extraordinary depreciation		
Intangible assets	0.00	0.08
Property, plant and equipment	0.11	0.00
	0.11	**0.08**
	21.64	**17.80**

The extraordinary depreciation relates to land that should be sold in the short term and was devalued to the expected income from the sale. The land is shown on the balance sheet date under “Long-term assets held for sale” (refer to Note 26).

12. Other Operating Expense

	2008 EUR million		2007 EUR million	
Operating and administrative expenses				
Maintenance costs	12.28		10.77	
Rents and other premises costs	9.03		8.16	
Legal, consulting and audit costs	15.89		12.05	
Addition to the default reserve for asset-backed securities	13.03		7.23	
Insurance policies	4.69		4.57	
External data processing costs	4.10		2.42	
Leasing expense	2.85		2.09	
Telephone, postage, Internet	1.96		1.63	
Other tax expenses	2.28		1.73	
Incidental monetary transaction costs	4.41		1.23	
Other operating and administrative expenses	11.80	82.32	8.37	60.25
Selling expenses				
Outgoing freight. transport and storage costs	28.83		19.95	
Sales commissions	23.32		0.78	
Exchange rate losses	14.14		1.42	
Advertising and travelling expenses	12.90		11.12	
Temporary personnel leasing	8.18		8.90	
Other selling expenses	0.59	87.96	0.26	42.43
Expenses from other periods/non-cash expenses				
Allowances for doubtful accounts	26.95		13.04	
Losses from disposals of assets	0.68		0.56	
Transfers to provisions for restructuring	0.00		0.00	
Other expenses related to other periods	2.49	30.12	2.03	15.63
		200.40		**118.31**

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 sales commissions shown in selling expenses relate to contracts arranged in the Services segment.

As a result of the general financial crisis and the associated risks the bad-debt allowances have risen substantially.

13. Financial and Investment

	2008 EUR million		2007 EUR million	
Profits/losses from associated companies accounted for under the "at-equity" method				
Eisen-und Stein-Gesellschaft mbH & Co.	0.21		0.35	
Mineralmahlwerk Westerwald Horn GmbH & Co.	0.32		0.28	
Jade-Entsorgung GmbH	0.43		0.24	
HRR KG (sub-group accounts)	-3.78		---	
ProTrade LLC (sub-group accounts)	1.75		---	
TOM II Sp. z o.o., Szczecin, Poland	0.38	-0.69	0.19	1.06
Financial income				
Income from other holdings	0.13		0.16	
Income from long-term loans	0.08		0.25	
Other interest and similar income	6.87	7.08	3.69	4.10
Financial expenses				
Interest expense on the promissory note bond incl. advance redemption	-2.91		-2.91	
Cost of interest from syndicated loan	-2.90		0.00	
Transaction costs for asset-backed securities	-3.92		-1.60	
Insurance costs for asset-backed securities	-0.17		-0.09	
Impairment losses on non-current financial assets	-5.87		-1.42	
Interest portion of transfers to pension provisions	-1.15		-1.06	
Interest portion on the lease payments from finance leasing arrangements	-0.14		-0.20	
Bank interest and other costs	-7.67	-24.73	-6.70	-13.98
		-18.34		**-8.82**

Further details on the promissory note bond and syndicated loan can be found under Note 31.

Impairment losses on non-current financial assets to the fair market value due to earnings and liquidity prospects that appear to be inadequate on the balance sheet date relate to loans to associated companies of EUR 4.60 million (previous year: none), shares or loans to affiliated companies not included in the consolidated financial statements of EUR 0.17 million (previous year: EUR 0.21 million) and EUR 1.09 million (previous year: EUR 0.92 million) respectively, as well as other investments of EUR 0.01 million (previous year: EUR 0.29 million).

14. Tax Expense

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. 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.

When calculating both ongoing 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 thus be from 28.17 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 totalling 31.575 percent is used.

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

	2008 EUR million		2007 EUR million	
Taxes paid or due				
for the current year	16.17		20.52	
for previous years	1.55	17.72	-0.10	20.42
Deferred taxes				
on temporary differences	-1.99		-0.49	
on change in losses carried forward	-3.64	-5.63	0.11	-0.38
		12.09		**20.04**

During the year under review expenses of EUR 0.89 million can be attributed to foreign subsidiaries (previous year: income of EUR 1.56 million). Income in 2007 is primarily the result of payment of a tax refund claim regarding previous years in France.

We refer to Note 21 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 financial year as shown below:

	2008 EUR million		2007 EUR million	
Earnings before taxes		13.52		55.42
Expected income tax expense (31.575% - prior year 39.90%)		4.27		22.11
Effects of different national tax rates	0.99		-0.78	
Effects of changes in tax rates	0.06		-1.06	
Deferred taxes not previously taken into account on earnings of international subsidiaries	0.00		-0.46	
Tax-exempt earnings from holdings, incl. earnings from at-equity valuation	-0.32		-0.08	
Value adjustments to tax losses carried forward	1.32		-1.46	
Change in non-capitalised deferred taxes on temporary differences from international subsidiaries	0.00		0.14	
Non-entry of deferred tax assets on temporary differences	1.17			
Tax expenses and income related to other periods	2.47		-0.03	
Non tax-deductible operating expenses	1.03		1.16	
Other permanent differences	1.08		0.50	
Other variances	0.02	7.82	0.00	-2.07
Actual income tax expense		**12.09**		**20.04**

15. Income/Loss To Be Attributed To Minority Interests

The profit/loss for other shareholders of EUR - 4.95 million (previous year: EUR +1.60 million) concerns profit shares of EUR 1.85 million (previous year: EUR 1.96 million) and loss shares of EUR 6.80 million (previous year: EUR 0.36 million).

16. 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 6.39 million (previous year: EUR 33.78 million) and an unchanged number of issued shares of 9,840,000 this results in earnings per share of EUR 0.65 (previous year: EUR 3.43).

Notes on the Balance Sheet

17. Intangible Assets

	Goodwill EUR million	Other intangible assets EUR million	Total EUR million
Acquisition/Production costs			
as at 01.01.07	23.82	8.36	32.18
Additions from changes in the scope of consolidation	48.10	0.19	48.29
Additions	0.24	5.64	5.88
Disposals	0.00	-0.54	-0.54
as at 31.12.07	**72.16**	**13.65**	**85.81**
Value adjustments			
as at 01.01.07	0.00	5.59	5.59
changes in the scope of consolidation	0.00	0.11	0.11
Scheduled additions	0.00	1.52	1.52
Extraordinary additions	0.00	0.08	0.08
Disposals	0.00	-0.50	-0.50
as at 31.12.07	**0.00**	**6.80**	**6.80**
Carrying values			
as at 01.01.07	23.82	2.77	26.59
as at 31.12.07	**72.16**	**6.85**	**79.01**
Acquisition/Production costs			
as at 01.01.08	72.16	13.65	85.81
Currency conversion	0.00	-0.01	-0.01
Additions from changes in the scope of consolidation	44.71	16.47	61.18
Additions	1.75	1.86	3.61
Disposals	-0.83	-0.24	-1.07
Reclassifications	-8.33	10.58	2.25
as at 31.12.08	**109.46**	**42.31**	**151.77**
Value adjustments			
as at 01.01.08	0.00	6.80	6.80
Additions from changes in the scope of consolidation	0.00	0.25	0.25
Scheduled additions	0.00	4.00	4.00
Disposals	0.00	-0.19	-0.19
as at 31.12.08	**0.00**	**10.86**	**10.86**
Carrying values			
as at 01.01.08	72.16	6.85	79.01
as at 31.12.08	**109.46**	**31.45**	**140.91**

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 102.49 million (previous year: EUR 65.20 million), as well as the goodwill taken over from the individual financial statements in the amount of EUR 6.96 million (previous year: EUR 6.96 million).

Goodwill arising from the initial consolidation of the additions listed under Note 5 “Scope of consolidation” (fully consolidated) can be seen in the table displayed there. It should be pointed out that the full amount of the difference arising from the initial consolidation of ALBAMETALL Group (EUR 28.91 million) is qualified as provisional. During the current financial year more comprehensive reviews will be undertaken in order to identify all assets, liabilities and contingent liabilities that can be separately valued. Adjustments to goodwill previously reported may result.

Of the difference shown in the goodwill of Europe Metals B.V., Heeze/Netherlands shown as temporary in the previous year totalling EUR 11.58 million, EUR 10.58 million was identified as other intangible assets and reclassified as such along with the resulting deferred tax liabilities (EUR 2.25 million, therefore the total balance of EUR 8.33 million).

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:

	2008 EUR millions	2007 EUR millions
Services	1.11	1.00
Raw Materials Trading	7.63	2.39
Steel and Metals Recycling	100.72	68.77
	109.46	72.16

Customer relationships and export licences that have a useful life of ten or 15 years are depreciated in the other intangible assets, and shown on the balance sheet date at EUR 8.74 million and EUR 16.26 million respectively.

Intangible assets with a residual carrying value of EUR 0.29 million (previous year: EUR 0.38 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 the 2008 financial year. 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 depreciated over three to five years.

No extraordinary write-offs against intangible assets were recorded in the previous financial year (previous year: EUR 0.08 million). All amortisation on intangible assets is included in the “Amortisation and depreciation on intangible assets and property, plant and equipment” income statement item.

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

18. 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 01.01.07	78.27	97.08	49.00	5.24	229.59
Currency conversion	0.12	0.34	0.05	0.01	0.52
Additions from changes in the scope of consolidation	12.09	9.76	4.89	0.65	27.39
Additions	2.29	6.89	6.31	1.56	17.05
Disposals	-1.03	-3.28	-3.91	-0.01	-8.23
Reclassifications	1.75	3.31	-0.08	-4.88	0.10
as at 31.12.07	**93.49**	**114.10**	**56.26**	**2.57**	**266.42**
Value adjustments					
as at 01.01.07	35.42	73.25	38.62	0.43	147.72
Currency conversion	0.01	0.07	0.02	0.00	0.10
Additions from changes in the scope of consolidation	0.59	4.88	2.92	0.00	8.39
Scheduled additions	3.41	8.07	4.72	0.00	16.20
Disposals	-0.54	-2.66	-2.95	0.00	-6.15
as at 31.12.07	**38.89**	**83.61**	**43.33**	**0.43**	**166.26**
Carrying values					
as at 01.01.07	42.85	23.83	10.38	4.81	81.87
as at 31.12.07	**54.60**	**30.49**	**12.93**	**2.14**	**100.16**
Acquisition/Production costs					
as at 01.01.08	93.49	114.10	56.26	2.57	266.42
Currency conversion	-0.24	-0.67	-0.16	-0.04	-1.11
Additions from changes in the scope of consolidation	8.50	12.05	8.12	0.05	28.72
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 31.12.08	**109.44**	**129.95**	**67.20**	**3.81**	**310.40**
Value adjustments					
as at 01.01.08	38.89	83.61	43.33	0.43	166.26
Currency conversion	-0.02	-0.24	-0.06	0.00	-0.32
Additions from changes in the scope of consolidation	2.97	8.60	5.75	0.00	17.32
Scheduled additions	3.62	8.90	5.12	0.00	17.64
Disposals	-1.47	-4.85	-3.31	0.00	-9.63
Reclassifications	0.00	0.00	0.00	0.00	0.00
as at 31.12.08	**43.99**	**96.02**	**50.83**	**0.43**	**191.27**
Carrying values					
as at 01.01.08	54.60	30.49	12.93	2.14	100.16
as at 31.12.08	**65.45**	**33.93**	**16.37**	**3.38**	**119.13**

Property, plant and equipment includes assets in the amount of EUR 3.23 million (previous year: EUR 3.84 million) under rental or lease contracts which should be classified as finance lease agreements based on 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 2.31 million and EUR 0.89 million respectively (previous year: EUR 2.59 million and EUR 1.22 million respectively).

Under leased and capitalised assets objects of property, plant and equipment additions of EUR 0.53 million have resulted from initial consolidations in the year under review and other additions of EUR 0.92 million (previous year: EUR 3.62 million and EUR 1.11 million each), as well as depreciation in the amount of EUR 1.63 million (previous year: EUR 1.71 million).

No changes were required to the fair market value of property, plant and equipment as a result of the initial consolidations.

Extraordinary write-offs on land held for sale and reclassified as appropriate were undertaken in the amount of EUR 0.11 million (previous year: none) during the financial year just elapsed. All depreciation on property, plant and equipment is shown in the “Amortisation and depreciation on intangible assets and property, plant and equipment” income statement item.

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 3.67 million (previous year: EUR 6.34 million), serve as security for liabilities valued at a total of EUR 2.88 million (previous year: EUR 3.46 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.

19. 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 2008	Shareholding 2007	Carrying 31.12.2008 EUR million	Carrying 31.12.2007 EUR million
HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group)	Germany	50.00%	---	0.00	---
TOM II Sp. z o.o.	Poland	50.00%	31.36%	0.93	0.45
The ProTrade Group LLC (sub-group)	USA	25.00%	25.00%	5.71	3.55
Eisen- und Stein-Gesellschaft Horn mbH & Co.	Germany	50.00%	50.00%	---	2.20
Mineralmahlwerk Westerwald Horn GmbH & Co. KG	Germany	50.00%	50.00%	---	1.23
Jade-Entsorgung GmbH	Germany	100.00%	24.90%	---	0.19
				6.64	**7.62**

All companies accounted for using the at-equity method can be allocated to the Steel and Metals Recycling segment.

As part of the initial consolidation to December 31, 2007 of The ProTrade Group LLC (sub-group) the stated book values include hidden reserves for property, plant and equipment (land) with a book value of EUR 0.07 million and goodwill of EUR 2.78 million.

Eisen- und Stein-Gesellschaft Horn mbH & Co. and Mineralmahlwerk Westerwald Horn GmbH & Co. KG are to be sold in the first quarter of 2009 and were therefore reclassified as appropriate.

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
2008				
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
2007				
TOM II Sp. z o.o.	2.60	1.42	20.73	0.62
The ProTrade Group LLC (sub-group)	41.80	5.39	191.91	2.31

All figures relate to the annual or sub-group financial statements prepared pursuant to relevant national law. Where significant deviations from the accounting regulations pursuant 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 9, 2008) and include the 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 13.

20. Financial Assets

	2008 EUR million	2007 EUR million
Non-current		
Interests in affiliated companies	1.11	1.43
Other holdings	0.56	0.51
Loans to associated companies	12.39	2.20
Other loans	2.56	1.09
Securities	0.02	0.02
Financial derivatives	0.00	0.67
Other	0.00	0.19
	16.64	**6.11**
Current		
Loans to associated companies	0.03	0.00
Other loans	0.36	6.09
Receivables from asset-backed securities	4.03	5.42
Financial derivatives	1.56	0.15
Other	0.48	1.18
	6.46	**12.84**

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 less than 50 percent. Impairment losses totalling EUR 0.17 million (previous year: EUR 0.50 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 10.12 million, The ProTrade Group LLC at EUR 1.77 million and Mineralmahlwerk Westerwald Horn GmbH & Co. KG at EUR 0.50 million.

The loans reported reflect loans to unconsolidated associated companies in the amount of EUR 1.98 million (previous year: EUR 1.81 million) and to companies not associated with the Group in the amount of EUR 0.94 million (previous year: EUR 5.37 million). Reference is made to Note 13 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.

21. Income Tax Assets And Liabilities

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

	2008 EUR million	2007 EUR million
Deferred tax claims	12.56	4.28
Tax refund claims	5.32	5.98
Deferred tax liabilities	-15.29	-7.60
Tax liabilities	-19.50	-20.93
Balance	**-16.91**	**-18.27**

Furthermore, a tax asset under French law in the amount of EUR 1.23 million was reported under non-current other receivables in the previous year (refer to Note 24).

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

	Assets	Liabilities	Assets	Liabilities
	Deferred taxes 2008 EUR million		Deferred taxes 2007 EUR million	
Goodwill	0.99	0.92	1.28	0.73
Other intangible assets	0.00	6.41	0.00	0.26
Property, plant and equipment	0.59	5.50	0.56	5.84
Financial assets	1.94	0.86	0.08	0.25
Inventories	0.00	1.02	0.29	0.72
Provisions for pensions	1.22	0.00	1.30	0.00
Other provisions	2.93	0.01	1.60	0.21
Financial liabilities	3.13	2.90	1.91	2.79
Losses carried forward for tax purposes	4.09	0.00	0.46	0.00
	14.89	17.62	7.48	10.80
Netting	-2.33	-2.33	-3.20	-3.20
	12.56	**15.29**	**4.28**	**7.60**

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

All losses carried forward for tax purposes can be used for an unlimited period of time.

Of tax losses carried forward amounting to EUR 32.69 million (previous year: EUR 24.01 million), deferred tax assets totalling EUR 8.24 million (previous year: EUR 4.57 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 0.53 million (previous year: EUR 0.67 million) in foreign income tax claims and EUR 0.55 million (previous year: EUR 0.22 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:

	2008 EUR million	2008 EUR million	2007 EUR million	2007 EUR million
Deferred tax claims 01.01.	4.28		6.65	
Deferred tax liabilities 01.01.	-7.60	-3.32	-5.72	0.93
Deferred tax claims 31.12.	12.56		4.28	
Deferred tax liabilities 31.12.	-15.29	-2.73	-7.60	-3.32
= Change in balance		0.59		-4.25
- Additions from changes in the scope of consolidation		6.59		4.53
+/- Changes not recognised in income		-1.55		0.10
= Deferred tax income according to income statement		5.63		0.38

We refer to explanations regarding tax expenses under Note 14 in this respect.

A tax audit was carried out at various companies within the Interseroh Group during the financial year. The results have been included in full.

22. Inventories

	2008 EUR million	2007 EUR million
Raw materials and supplies	4.87	1.71
Work in progress	10.47	13.14
Finished goods	23.95	8.94
Merchandise	26.63	41.83
	65.92	**65.62**

Of the inventories shown on the closing date, EUR 25.71 million (previous year: EUR 7.76 million) were accounted for at their net selling value.

Value adjustments on inventories amounted to EUR 6.83 million (previous year: EUR 1.80 million) in the financial year.

23. Trade Receivables

Receivables from	2008 EUR million	2007 EUR million
Third parties	186.16	204.01
Less doubtful accounts	-39.04	-12.41
	147.12	191.60
Affiliated companies	0.08	0.16
Associated companies	8.92	0.01
Holdings	0.02	0.21
	156.14	**191.98**

All trade receivables shown are due within a year.

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

24. Other Receivables

	2008 EUR million	2007 EUR million
Deposit receivables	15.15	27.55
Advances to suppliers	7.06	8.89
Tax refund claims	7.97	3.50
Reduction in ALBAMETALL purchase price	2.61	0.00
Creditors on the debit side	1.20	1.57
Security deposits	0.72	0.71
Other	3.67	3.11
	38.38	**45.33**

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 stated contain the following sums that can only be realised after a year has elapsed:

	2008 EUR million	2007 EUR million
Income tax claim under French law	0.00	1.23
Security deposits	0.40	0.37
Advances to suppliers	0.27	0.33
Other	0.48	0.22
	1.15	**2.15**

25. Cash And Cash Equivalents

	2008 EUR million	2007 EUR million
Deposits with banks		
Sight deposits and fixed deposits	164.41	138.64
Cash on hand	0.63	0.42
Cheques	0.00	0.04
	165.04	**139.10**

This account bears no restrictions in terms of ownership or disposal.

26. Non-current Assets Held For Sale

	2008 EUR million	2007 EUR million
Holdings in companies accounted for to date at-equity	3.56	0.00
Holdings in companies not consolidated to date	0.09	0.00
Land	0.02	0.00
	3.67	**0.00**

The holdings of companies valued to date at-equity affect two companies in the Steel and Metals Recycling segment; negotiations on the sales of these are to be finalised shortly.

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

A dividend of EUR 0.86 was paid per share for the 2007 financial year plus a bonus of EUR 0.14 per share certificate (EUR 9.84 million in all). The proposed dividend for the 2008 financial year is EUR 0.14 per share certificate (EUR 1.38 million in all). The amount of the dividend for 2008 depends on approval by the shareholders at the General Shareholders' Meeting on June 24, 2009 and has not been reflected in the consolidated financial statements as a liability.

28. Reserves

	2008 EUR million	2007 EUR million
Capital reserve	38.61	38.61
Consolidated earnings	114.06	121.04
Other non-cash transactions	-19.21	-19.21
Adjustment items from currency conversion	-1.16	0.65
	132.30	**141.09**

The capital reserve contains the premium received on issuing shares. This reserve is subject to certain restrictions on disposal contained in the German Companies 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 3.52 million (previous year: EUR 0.23 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:

	31.12.2008	31.12.2007
Interest rate for accounting purposes	5.80%	5.50 %
Salary trend	2.50%	2.50 %
Pension adjustment	2.00%	1.75 %
Increase in the contribution assessment ceiling for statutory pension insurance	2.50%	2.50 %
Adjustment to group contributions to Essener Verband	1.75%	1.75 %
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 1.75%) 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 pursuant to German law was used as the retirement age.

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

Change rate per year	31.12.2008		31.12.2007	
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 developed as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
as at 01.01.07	0.00	21.27	21.27
Periodic net costs from pension commitments (fixed benefit plan)	0.16	1.21	1.37
Employer contributions to plan assets	-0.14	0.00	-0.14
Direct benefit payments by the company	0.00	-1.28	-1.28
Additions/reductions/transfers	0.01	0.42	0.43
as at 31.12.07	**0.03**	**21.62**	**21.65**
as at 01.01.08	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 31.12.08	**0.11**	**21.31**	**21.42**

The present value of pension entitlements has changed as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
as at 01.01.07	1.44	23.39	24.83
Current expenses for pension benefits	0.10	0.15	0.25
Interest expenses	0.06	1.02	1.08
Actuarial loss	-0.13	-2.92	-3.05
Additions/reductions/transfers	0.05	0.42	0.47
Benefit payments (payments from plan assets and by the company)	-0.14	-1.28	-1.42
as at 31.12.07	**1.38**	**20.78**	**22.16**
as at 01.01.08	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 31.12.08	**1.35**	**20.82**	**22.17**

Payments anticipated for 2009 amount to EUR 1.40 million (previous year: EUR 1.37 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
2007			
Interest expenses	0.06	1.03	1.09
Expected profits from plan assets	-0.08	0.00	-0.08
Current expenses for pension claims	0.10	0.15	0.25
Adjustment of actuarial net (gain)/loss	-0.08	0.03	-0.05
Amortisation of actuarial gains and losses	0.16	0.00	0.16
Periodic net costs from pension commitments - fixed benefit plan	**0.16**	**1.21**	**1.37**
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
Balancing charge (profit)/loss	-0.02	0.00	-0.02
Periodic net costs from pension commitments - fixed benefit plan	**0.13**	**0.96**	**1.09**

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 01.01.07	1.34	0.00	1.34
Gains from plan assets			
a. Expected profits from plan assets	0.08	0.00	0.08
b. Actuarial gain/(loss)	0.02	0.00	0.02
Additions/reductions/transfers	0.04	0.00	0.04
Employer contributions to plan	0.14	0.00	0.14
Benefit payments (payments from plan assets)	-0.14	0.00	-0.14
Market value of plan assets as at 31.12.07	**1.48**	**0.00**	**1.48**
Market value of plan assets as at 01.01.08	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 31.12.08	**1.44**	**0.00**	**1.44**

The plan assets are exclusively comprised of reinsurance policies with various life insurance companies. The income from the reinsurance policies is calculated from the fixed guaranteed interest (depending on the policy between 2.75% and 3.75%) and the variable profit share to be set annually by the insurance company that results from risk and cost gains and the profit from the insurance policies on which the capital investment is based. The 5.50 percentage represents an average long-term expectation of these total assets.

The cash value of the performance-oriented liability and the fair market value of the plan assets can be transferred 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	1.38	20.78	22.16
Fair market value of the plan assets as at	1.48	0.00	1.48
	0.10	-20.78	-20.68
Unrecognised actuarial (gain)/loss as at 31.12.07	-0.13	-0.84	-0.97
	-0.03	-21.62	-21.65
Cash value of performance-oriented liability to 31.12.08	1.35	20.82	22.17
Fair market value of the plan assets as at 31.12.008	1.44	0.00	1.44
	0.09	-20.82	-20.73
Unrecognised actuarial (gain)/loss as at 31.12.08	-0.20	-0.49	-0.69
	-0.11	**-21.31**	**-21.42**

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

	Net present value EUR million	Market value of plan assets EUR million	Shortfall/ excess EUR million
01.01.2004	22.28	0.93	21.35
31.12.2004	24.09	0.99	23.10
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

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

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
Unrecognised actuarial (gain)/loss as at 01.01.07	0.16	1.95	2.11
Additions/reductions/transfers	0.00	0.18	0.18
Actuarial (gain)/loss in the period			
a Net present value determined	-0.12	-2.93	-3.05
b Plan assets	-0.02	0.00	-0.02
Adjustment from actuarial net gain/(loss)	-0.01	-0.03	-0.04
Recognised immediate value based on a maximum ceiling	0.09	0.00	0.09
Unrecognised actuarial (gain)/loss as at 31.12.07	**0.10**	**-0.83**	**-0.73**
Unrecognised actuarial (gain)/loss as at 01.01.08	0.10	-0.83	-0.73
Actuarial (gain)/loss in the period			
a Net present value determined	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
Unrecognised actuarial (gain)/loss as at 31.12.08	**0.12**	**-0.51**	**-0.39**

30. Provisions

	Balance 01.01.2008 EUR million	Change in scope of consolidation EUR million	Utilis-ation EUR million	Liquidation EUR million	Transfer EUR million	Balance 31.12.2008 EUR million
Lawsuits	1.39	0.00	0.12	0.30	1.45	2.42
Obligation to return property to orig.condition	2.52	0.12	0.17	0.01	0.16	2.62
Restructuring	0.07	0.00	0.00	0.07	0.00	0.00
Pending transactions	2.95	0.00	2.91	0.04	6.88	6.88
Anniversary obligations	0.53	0.00	0.03	0.01	0.03	0.52
Other	1.98	0.00	1.17	0.04	2.37	3.14
	9.44	**0.12**	**4.40**	**0.47**	**10.89**	**15.58**

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

	Balance 31.12.2008 EUR million	Balance 31.12.2007 EUR million
Pending transactions	4.33	2.95
Lawsuits	2.40	1.38
Restructuring	0.00	0.07
Other	2.71	1.15
	9.44	**5.55**

The current share of provisions for pensions (prospective pension payments in the upcoming financial year) is reported in the balance sheet under current provisions at EUR 1.40 million (previous year: EUR 1.37 million), so that the total amount of the balance sheet item “Provisions” in current liabilities amounts to EUR 10.84 million (previous year: EUR 6.92 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 cover all estimated fees and legal expenses for these lawsuits and possible 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 costs, provided they are not due in 2009 or further extensions to the existing agreements have not been agreed, will become due between January 1, 2010 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 various areas of the Services segment. The 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 31.12.08				as at 31.12.07			
		of which with a remaining term of				of which with a remaining term of		
	Total EUR million	Up to 1 year EUR million	over 1 year. up to 5 EUR million	over 5 years EUR million	Total EUR million	Up to 1 year EUR million	over 1 year. up to 5 EUR million	over 5 years EUR million
Banks	256.72	139.32	115.95	1.45	139.39	25.72	112.33	1.34
Asset-backed securities	21.70	21.70	0.00	0.00	37.24	37.24	0.00	0.00
Derivatives	5.29	0.41	4.88	0.00	0.31	0.00	0.31	0.00
Finance leases	3.66	1.12	2.54	0.00	3.78	1.44	2.34	0.00
Other	18.13	15.77	1.72	0.64	9.55	6.73	2.75	0.07
	305.50	**178.32**	**125.09**	**2.09**	**190.27**	**71.13**	**117.73**	**1.41**

Interseroh generally does not provide security for liabilities to banks. Secured loans do exist in exceptional cases. These loans are valued at EUR 10.60 million (previous year: EUR 12.78 million) as at the balance sheet date, of which EUR 2.45 million (previous year: EUR 2.83 million) is secured by land charges. The interest rates for medium and long-term liabilities range between 2.61 percent and 6.50 percent. Terms end between January 18, 2009 and August 29, 2013.

In addition, the banks involved were provided with full security for the credit lines given to foreign subsidiaries, which as of the balance sheet date were valued at EUR 21.49 million. Of this EUR 14.14 million was for trade receivables. In addition, blank drafts, inventories and fixed assets were made available for security purposes.

The funds totalling EUR 80.00 million used in the previous year in the form of promissory note bonds were completely refinanced in the financial year and increased by a syndicated loan of EUR 250.00 million for acquisition and working capital finance. The borrower, INTERSEROH Hansa Recycling GmbH, has agreed to reduced the syndicated loan in line with the LMA (Loan Market Association) standard by EUR 65.00 million to EUR 185.00 million at the start of the 2009 financial year. The sum is divided into a long-term loan of EUR 110.00 million and a facility of EUR 75.00 million. Shares in the borrower's subsidiaries with a book value of EUR 18.12 million were pledged as security. In addition, claims in the value of EUR 34.86 million were ceded to the consortium. Maintenance of the finance by the consortium depends on adherence to particular financial indicators and deadlines. On the last day of each quarter INTERSEROH Hansa Recycling GmbH must report the net leverage, interest coverage, equity ratio and borrowing base. Audited individual statements and an audited statement for the Steel and Metals Recycling segment must be presented within shortened periods (compared with the German Commercial Code (HGB)).

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 as liabilities to the single-purpose company registered in the Republic of Ireland under current financial debts at nominal value (refer to Note 38).

Liabilities under finance leases are reflected as liabilities, provided 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 present values.

Lease liabilities reported can be classified by maturity as follows:

	future minimum lease payments		of which interest portion		of which repayment portion	
	2008 EUR million	2007 EUR million	2008 EUR million	2007 EUR million	2008 EUR million	2007 EUR million
within a year	1.24	1.57	0.12	0.13	1.12	1.44
between 1 and 5 years	2.68	2.56	0.14	0.22	2.54	2.34
in over five years	0.00	0.00	0.00	0.00	0.00	0.00
	3.92	**4.13**	**0.26**	**0.35**	**3.66**	**3.78**

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, if notice of termination is not given. In the event that these options are deemed favourable, the corresponding amounts have been incorporated in the calculation of the present values. Accordingly, liabilities recorded under finance lease agreements include the purchase price payments of EUR 0.55 million (previous year: EUR 0.36 million) needed to exercise the favourable purchase options. The underlying interest rates of the contracts vary between 3.44 and 10.06 percent depending on the market and the time at which the contracts were entered into.

Under other financial liabilities, EUR 0.20 million (previous year: EUR 0.20 million) was due to associated companies.

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

32. Trade Liabilities

Liabilities to	2008 EUR million	2007 EUR million
Third parties	141.16	178.86
Affiliated companies	0.02	0.03
Associated companies	1.03	0.09
Holdings	0.00	0.86
	142.21	**179.84**

All trade payables 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 58.03 million (previous year: EUR 66.33 million) and liabilities in connection with concluded contracts that basically involve repayment obligations to manufacturers and waste disposal obligations at EUR 17.45 million (previous year: EUR 17.31 million).

In particular in the Services segment 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. 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.

Pursuant 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 following 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 Services segment an amount of EUR 9.70 million (previous year: EUR 23.66 million) was recorded under trade payables for outstanding invoices from waste disposal companies. The reason for recording this liability is the trend noted during the 2008 financial year that, due to the absence of clear execution requirements under the Packaging Ordinance and the high costs of the system, significant volumes are now reported to switch to more affordable self-management disposal systems or not reported at all. At the same time the waste disposal conditions are constant in the case of dual systems and overall area prices are fixed with the disposal companies. Waste disposal costs are borne by the systems operators based on their respective market share (which depends on the reported licence volume). The waste disposal expense for each systems operator is determined after the final volume report of all systems operators in March of the following year by publication via the clearing centre. During the year the clearing centre calculates based on the provisional licence volumes reported by each systems operator.

The amount of the liabilities was computed based on the waste disposal expense as at the relevant balance sheet date, and by applying three risk stages, resulting in the recording of different levels. The risk stages reflect the uncertainty of the liability related to the decrease in the volumes settled via the system and the effects were calculated based on current trends in the market.

33. Other Liabilities

	as at 31.12.08				as at 31.12.07			
		of which with a remaining term of				of which with a remaining term of		
Liabilities (to / from)	Total	Up to 1 year	over 1 year, up to 5 years	over 5 years	Total	Up to 1 year	over 1 year, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Deposit liabilities	15.01	15.01	0.00	0.00	23.62	23.62	0.00	0.00
Employees	11.48	11.26	0.22	0.00	9.44	9.44	0.00	0.00
Minority shareholders	2.84	1.59	1.25	0.00	1.22	1.22	0.00	0.00
Credit receivables	2.66	2.66	0.00	0.00	4.23	4.23	0.00	0.00
Other taxes	2.62	2.62	0.00	0.00	5.65	5.65	0.00	0.00
Ancillary personnel costs	2.20	2.20	0.00	0.00	1.98	1.98	0.00	0.00
Other	11.29	11.26	0.01	0.02	6.67	6.63	0.02	0.02
	48.10	**46.60**	**1.48**	**0.02**	**52.81**	**52.77**	**0.02**	**0.02**

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

The explanations on the relevant receivables in Note 24 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, also such taxes that are remitted for the account of third parties.

Liabilities to employees include bonuses and accrued holiday and overtime.

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

Of the other liabilities, EUR 0.03 million (previous year: EUR 0.03 million) concern liabilities to associated companies.

34. Notes On The Cash Flow Statement

Pursuant to IAS 7 (Cash Flow Statement), the cash flow statement prepared by 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 activity, investment activity and financing activity. 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 activity, because they in the first instance serve to finance current operating activity. Dividend receipts are also included in cash flow from operating activity. They represent dividend payments by associated companies accounted for according to the at-equity method.

Consolidated earnings fell substantially compared to the previous year in particular as a result of the negative developments in the last quarter of 2008 (by EUR 33.94 million, before tax on income: by EUR 41.90 million). As a result of substantial funds tied down in net operating assets and after a substantial release of funds in the previous year, the cash flow from operating activity was EUR 112.51 million below that of the previous year.

The net cash flow after deducting payments for interest and taxes on income fell even more strongly compared with the previous year (by EUR 134.40 million) because both the interest payments and in particular the income tax payments increased heavily – due to the high earnings in the previous year.

In terms of investment activity the outflow of funds was EUR 10.71 million lower than in the previous year at EUR 77.37 million (previous year: EUR 88.08 million) whereby the investments in property, plant and equipment rose by EUR 10.97 million and the payments in consolidation scope extensions have fallen by EUR 17.49 million.

Cash flow from financing activity shows an inflow of funds totalling EUR 107.04 million (previous year: EUR 66.60 million) in the year under review. Inflows arise from the assumption of financial liabilities (in particular the syndicated loan, refer to Note 31). The repayments for financial debts cover in particular the repayment of the promissory bond note totalling EUR 80.00 million. Net borrowing from financial debt amounted to EUR 117.98 million (previous year: EUR 68.56 million).

During the year under review cash and cash equivalents rose by EUR 25.94 million (previous year: EUR 109.19 million).

35. Segment Reporting

The companies of the Interseroh Group are divided into three segments, whereby all companies that undertake steel and metals recycling are allocated to the segment of the same name. The other companies are summarised 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 financial year:

	Steel and metals recycling		Services		Raw Materials Trading		Cross-segment consolidations		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	EUR million		EUR million		EUR million		EUR million		EUR million	
Sales revenues										
External sales	1,560.19	1,219.13	285.68	330.53	219.98	198.85	0.00	0.00	2,065.85	1,748.51
Sales between the segments	1.74	2.08	29.16	35.33	2.62	2.89	-33.52	-40.30	0.00	0.00
	1,561.93	1,221.21	314.84	365.86	222.60	201.74	-33.52	-40.30	2,065.85	1,748.51

	Steel and metals recycling		Services		Raw Materials Trading		Cross-segment consolidations		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	EUR million		EUR million		EUR million		EUR million		EUR million	
Segment earnings	20.05	30.03	17.15	31.65	-5 .60	7.51	-0.42	-3.89	31.18	65.30
included non-cash contributions:										
- Depreciations on intangible assets and property, plant and equipment										
scheduled	13.78	10.99	3.55	3.00	4.20	3.72	0.00	0.00	21.53	17.71
extraordinary	0.11	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.11	0.08
- Transfers to provisions	1.22	1.63	8.50	4.25	1.42	0.90	0.00	0.00	11.14	6.78
- Transfers to bad debt allowances	8.99	1.09	20.34	7.88	4.16	4.43	0.00	0.00	33.49	13.40
- Impairment losses	1.22	1.13	1.13	4.12	0.55	1.26	-0.42	-3.74	2.48	2.77
Reconciliation:										
Segment earnings									31.18	65.30
+ Financial income									7.08	4.11
- Financial expenses									-24.73	-13.99
- Tax expenses									-12.09	-20.04
Consolidated earnings according to income statement									1.44	35.38
Segment assets	479.75	352.82	138.26	215.28	90.95	78.40	-13.13	-17.67	695.83	628.83
including:										
- Interests in associated companies	6.64	7.62	0.00	0.00	0.00	0.00	0.00	0.00	6.64	7.62
Reconciliation:										
Segment assets									695.83	628.83
+ Long-term financial assets									16.65	6.11
+ Deferred tax claims according to IAS 12									12.56	4.28
+ Current financial assets									6.46	12.84
+ Tax refund claims in accordance with IAS 12. Income taxes									5.32	5.98
Consolidated assets in accordance with the balance sheet									736.82	658.04
Segment liabilities	85.34	97.10	113.84	137.27	37.07	43.82	-8.98	-14.15	227.27	264.04
Reconciliation:										
+ Deferred tax liabilities according to IAS 12									15.30	7.60
+ Non-current financial liabilities									127.18	118.83
+ Tax liabilities in accordance with IAS 12 Income taxes									19.50	20.93
+ Current financial liabilities									178.32	71.13
Consolidated liabilities according to the balance sheet									567.57	482.53
Investments in long-term assets (property. plant and equipment and Intangible assets)	23.91	11.27	2.96	5.59	4.68	6.02	0.00	0.04	31.55	22.92

The following table shows the geographic make-up of the segments:

	Steel and metals recycling		Services		Raw Materials Trading	
	2008	2007	2008	2007	2008	2007
	EUR million		EUR million		EUR million	
Germany						
a) Sales revenues (external sales)	914.17	709.99	267.42	315.01	64.74	84.08
b) Assets	429.66	296.69	134.84	212.26	48.58	25.26
c) Investments in long-term assets (property, plant and equipment and intangible assets)	21.11	7.45	2.84	5.55	1.41	2.15
Other EU countries						
a) Sales revenues (external sales)	505.39	456.35	15.79	14.45	59.89	62.20
b) Assets	45.99	49.44	3.42	3.02	42.37	53.14
c) Investments in long-term assets (property, plant and equipment and intangible assets)	2.77	3.82	0.12	0.04	3.27	3.87
Non-EU countries						
a) Sales revenues (external sales)	140.63	52.79	2.47	1.07	95.35	52.57
b) Assets	4.10	6.69	0.00	0.00	0.00	0.00
c) Investments in long-term assets (property, plant and equipment and intangible assets)	0.03	0.00	0.00	0.00	0.00	0.00

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

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

36. Contingent Liabilities, Operate Leasing And Other Financial Obligations

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

The Group has obligations totalling EUR 0.53 million (previous year: EUR 0.35 million) from surety and guarantee agreements and provision of securities for non-group liabilities.

(b) Operate leasing

Apart from the finance debts 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), which 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 10.54 million (previous year: EUR 8.74 million) were made under these agreements. The instalments from the operating lease agreements contracts existing on the balance sheet date will fall due in subsequent years as follows:

	2008 EUR million	2007 EUR million
within a year	12.17	8.96
between 1 and 5 years	24.23	16.67
in over five years	18.19	14.69
	54.59	**40.32**

(c) Other financial obligations

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

	2008 EUR million	2007 EUR million
within a year	5.02	5.39
between 1 and 5 years	0.91	0.43
in over five years	0.00	0.00
	5.93	**5.82**

These figures, in particular, include an amount of EUR 3.80 million (previous year: EUR 3.92 million) for future payments in connection with the replacement of former IT structures.

37. Financial Instruments

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

31.12.2008	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	20.77	20.77	20.77	20.77		
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	3.67	3.67	3.67	3.67		
	348.88	**348.88**	**347.31**	**347.31**	**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**

31.12.2007	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	139.10	139.10	139.10	139.10		
Trade receivables	191.98	191.98	191.98	191.98		
Other original financial assets	38.72	38.72	38.72	38.72		
Available for sale						
Holdings	1.94	1.94	1.94	1.94		
Securities	0.12	0.12	0.12	0.12		
Held for trading						
Derivatives in hedge accounting	0.82	0.82			0.82	0.82
	372.68	**372.68**	**371.86**	**371.86**	**0.82**	**0.82**
Liabilities						
Liabilities						
Trade liabilities	179.83	179.83	179.83	179.83		
Liabilities to banks	139.39	139.39	139.39	139.39		
Other original financial liabilities	80.74	80.74	80.74	80.74		
Held for trading						
Derivatives in hedge accounting	0.31	0.31			0.31	0.31
	400.27	**400.27**	**399.96**	**399.96**	**0.31**	**0.31**

The maximum credit risk with the book value as the equivalent for 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. Other securities do not exist. 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
31.12.2008	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Trade receivables	156.14	67.56	26.12	11.57	43.72	1.18
Other original financial assets	20.77	20.44	0.65	0.24	1.69	0.74
	176.91	87.99	26.76	11.82	45.40	1.93
31.12.2007						
Trade receivables	191.98	140.76	17.81	15.76	14.53	1.51
Other original financial assets	38.72	20.18	2.15	0.44	13.73	1.36
	230.71	160.94	19.96	16.21	28.26	2.88

None of the other financial assets are overdue. Impairment losses are explained if appropriate with the affected balance sheet items.

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

31.12.2008	Carrying valuetotal EUR million	Gross In-flows/outflows EUR million	up to 30 days EUR million	from 31 to 180 days EUR million	from 181 days up to 1 year EUR million	1 to 5 years EUR million	more than 5 years EUR million
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
31.12.2007							
Trade receivables	179.84	179.84	102.45	59.83	17.56	0.00	0.00
Liabilities to banks	139.39	156.53	0.23	5.00	26.12	123.65	1.53
Other original financial liabilities	80.74	81.86	71.12	1.76	2.90	5.83	0.25
Derivatives in hedge accounting	0.31	0.31	0.00	0.00	0.00	0.31	0.00
	400.28	418.54	173.80	66.59	46.58	129.79	1.78

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

Bad debts or infringements of payment agreements in connection with loan obligations held by the Interseroh Group did not arise.

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

Derivative financial instruments are reported under current financial assets at their nominal value of USD 21.59 million and EUR 4.00 million (previous year: USD 39.34 million) – which is equivalent to EUR 21.05 million (previous year: EUR 26.73 million) - at a market value of EUR 1.16 million (net) with EUR 1.41 million (hedged) and EUR 0.16 million (unhedged) as well as EUR 0.41 million (unhedged) under current financial debts (previous year: EUR 0.15 million under current financial assets).

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

The 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 to minimise the 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, or from the current asset-backed securities programme, to interest rates of 3.915 and 4.57 percent. At the balance sheet date a fair value for derivatives (previous year net) in the amount of EUR -4.88 million (previous year: EUR 0.36 million) arose, reported under non-current financial assets (previous year: non-current financial assets of EUR 0.67 million and non-current debts of EUR 0.31 million).

							Total 31.12.2008
	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	-0.30	-0.31	-0.54	-0.46	-0.40	-2.87	-4.88
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%	

Therefore the majority of the loan is secured at a variable interest rate. For the unsecured part of the variable interest rate loan a 0.50% increase in the interest rate would result in EUR 0.30 million (EUR 0.13 million) in additional interest.

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

Category according to IAS 39	Interest	Dividends	from subsequent valuation				Disposals	Net earnings 2008
			At Fair Value	currency conversion	bad debt allowance	Impairment losses		
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Loans and receivables	6.05	0.00	0.00	0.00	-27.73	2.39	-0.36	-19.65
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
	-10.41	**0.13**	**0.00**	**-0.10**	**-27.90**	**2.63**	**-0.36**	**-36.01**

Category according to IAS 39	Interest	Dividends	from subsequent valuation				Disposals	Net earnings 2007
			At Fair Value	currency conversion	bad debt allowance	Impairment losses		
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Loans and receivables	3.80	0.00	0.00	0.00	-14.19	2.62	-0.14	-7.91
Financial assets available for sale	0.00	0.16	0.00	0.00	-0.50	0.15	0.00	-0.19
Financial instruments held for trading	0.03	0.00	0.00	-0.13	0.00	0.00	0.00	-0.10
Financial liabilities valued at updated acquisition cost	-9.89	0.00	0.00	0.00	0.00	0.00	0.00	-9.89
	-6.06	**0.16**	**0.00**	**-0.13**	**-14.69**	**2.77**	**-0.14**	**-18.09**

The value adjustment account reflects additions to loans and receivables in the amount of EUR 26.87 million (previous year: EUR 12.21 million), which have not directly impaired the carrying value of the financial instruments concerned. The reversal of the 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 0.24 million (previous year: EUR 0.04 million).

Exchange rate gains and losses cannot be shown separately for loans and receivables on the one hand and financial liabilities on the other, since separate data capture has not been supported until now by IT structures. The netted amount is EUR - 4.99 million (previous year: EUR 1.30 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, Düsseldorf, 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 debtors they generate fulfilling specific 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 relevant debtor 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.

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

The sale of receivables in the consolidated financial statements is presented pursuant to the "Risk-and-Reward-Approach" pursuant to IAS 39. Accordingly, 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 the income statement 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 to 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 on the consolidated income statement under other operating revenue.

As of December 31, 2008, a total volume of EUR 56.15 million (previous year: EUR 82.08 million) in trade receivables has been sold to the SPV. EUR 13.03 million (previous year: EUR 7.23 million) was allocated against income to the default reserve 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 13.13 million (previous year: EUR 6.55 million). Between the sales date preceding the balance sheet date and December 31, collections of EUR 21.70 million (previous year: EUR 37.24 million) were made.

As at the balance sheet date receivables from the Irish SPV from the retained receivables dilution reserve and transaction cost reserve totalling EUR 4.03 million (previous year: EUR 5.42 million) have been recorded.

39. Report On Dependency

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. The threshold of 50 percent of the voting rights was exceeded on July 17, 2007 according to a voting rights announcement by IF-KG dated July 24, 2007. On the balance sheet date the share of voting rights was 69.49 percent.

Finance Beteiligungs GmbH, Berlin, holds the majority of the shares in IF-KG, and in turn these are held evenly by Dr. Axel and Dr. Eric Schweitzer.

In voting rights announcements 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 attributed to them.

The consolidated financial statements of INTERSEROH SE are – to the knowledge of the Management Board – not included in other consolidated financial statements.

In the opinion of the Management Board and external legal expertise the stated circumstances may not be viewed as adequate to establish an equity relationship of dependence to another company as defined by section 312 of the German Companies Act. The Management and Supervisory Boards are still of the opinion according to their current state of knowledge and potential knowledge horizon that INTERSEROH SE was not controlled by a legal or natural person as a company in the year under review.

The Management and Supervisory Boards are however aware that shareholders, supervisory authorities and other stakeholders could hold the opposite opinion.

Therefore the Management Board has decided to voluntarily produce a report on the business relationships of the companies in the Interseroh Group with Dr. Axel Schweitzer and Dr. Eric Schweitzer for 2008 (refer to section 312 of the German Companies Act).

The subject of this report are all legal transactions and measures undertaken by INTERSEROH SE and companies in the Interseroh Group pursuant to section 312 of the German Companies Act on the one hand and

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

(v) Companies that are affiliated to companies of Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, and

(vi) Companies in which Dr. Axel Schweitzer and Dr. Eric Schweitzer jointly hold the majority of the voting rights and companies affiliated to such companies (and therefore also ALBA AG and ALBA Group companies)

on the other in the period from January 1, 2008 to December 31, 2008.

40. Notes On Associated Companies And People

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 and the Group during the financial 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 69.49 percent as of December 31, 2008 (refer to Note 41 (b)). As of January 21, 2009 the share rose to 75.003 percent of the shares issued by the Company.

In the course of operational business the companies in the Interseroh Group obtain materials, supplies and services from numerous business partners Europe-wide. 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 companies associated with the Interseroh Group

The notes on associated companies do not have values for the previous year as they were insignificant in that year. The business transactions and outstanding balances refer mainly to holdings acquired as part of the purchase of ALBAMETALL GmbH.

In the past financial year legal transactions were made with associated companies that flowed into the Interseroh income statement as follows:

Type of business event	2008 EUR million
Purchase of goods	18.13
Sale of goods	20.58
Services rendered	0.23
Interest income	0.29

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

Outstanding balances	31.12.2008 EUR million
Receivables (in words from trade):	8.96
Liabilities (in words from trade):	1.03
Other receivables (in words from Cash-Pool):	0.51
Other liabilities:	0.43
Loans to associated companies	20.81

No additional securities and/or guarantees have been granted.

Bad debt allowances against associated companies exist covering EUR 8.43 million that were established in full in the 2008 financial year.

(b) Notes on companies associated with members of the Supervisory and Management Boards.

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

Type of business event	2008 EUR million	2007 EUR million
Purchase of goods	13.09	6.13
Sale of goods	14.80	13.71
Purchased services	20.06	22.67
Services rendered	5.03	0.98
Other operating income	0.80	0.17
Other operating expense	0.70	0.07
Interest income	0.21	0.03
Interest expenses	0.08	0.00

In addition, the Interseroh Group purchased ALBAMETALL GmbH from companies associated with the chairmen of the Management and Supervisory Boards at a purchase price of EUR 27.59 million (plus purchase subsidiary costs of EUR 0.44 million).

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

Outstanding balances	31.12.2008 EUR million	31.12.2007 EUR million
Receivables (in words from trade):	17.65	1.43
Liabilities (in words from trade):	3.76	3.09
Other receivables:	2.79	0.05
Other liabilities:	5.71	0.02

No securities and/or guarantees have been granted. For receivables totalling EUR 15.88 million from companies associated with the chairmen of the Management and Supervisory Boards there are securities within the framework of a letter of comfort by another company associated with the chairmen of the Management and Supervisory Boards.

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

During the 2008 financial year no expense for uncollectible or doubtful accounts was recorded vis-à-vis companies that are connected to the chairmen of the Management and/or Supervisory Boards.

In 2008 other legal transactions with the chairmen of the Management and/or Supervisory Boards totalling EUR 0.33 million were carried out.

In addition to their activity as members of the Supervisory Board the other Supervisory Board members received payments for services totalling EUR 0.14 million in 2008 from associated companies.

Former Management Board members and persons close to them received remuneration for services totalling EUR 0.13 million in the financial 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.

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, 2008 were neither directly nor indirectly more than one percent of the shares issued by the Company. Total shareholdings of all other members of the Supervisory Board and Management Board also fell short of 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) – since August 5, 2008
- Johannes-Jürgen Albus, Cologne (Chairman) – to August 4, 2008
- Manuel Althoff, Bergisch Gladbach – since June 1, 2008
- Volker Hars, Reinbek – since August 5, 2008
- Christian Rubach, Düsseldorf – to August 4, 2008
- Roland Stroese, Cologne

Compensation paid to the active members of the Management Board in the 2008 financial year amounted to EUR 4.81 million (previous year: EUR 1.90 million). This amount contains a variable component of EUR 0.99 million (previous year: EUR 1.04 million). The transfer for the pension provisions for Management Board members totalled EUR 0.16 million. The total amount for Management Board remuneration is EUR 2.78 million (previous year: EUR 0.00 million) for Management Board members who left the Board. A total of EUR 0.47 million (previous year: EUR 0.12 million) has been provided for pension obligations for former Management Board members.

In addition, former Management Board members and persons close to them received remuneration for services totalling EUR 0.13 million in the financial year after they left the Board.

The profession exercised by the members of the Management Board consists of the Company’s management and representation. Dr. Axel Schweitzer also acts as a member of the Management Board of ALBA AG, Berlin.

On the balance sheet date of December 31, 2008 Dr. Axel Schweitzer was attributed a 69.49 percent share in the total capital of INTERESEROH SE.

(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 Companies Act**
Dr. Eric Schweitzer, Berlin Chairman (since August 5, 2008) (Member of the Management Board of ALBA AG, Berlin)	(since May 16, 2008 Personnel Committee / until June 24, 2008 Chairman of the Audit Committee)		
Mr. Friedrich Carl Janssen, Cologne Deputy Chairman (Banker, Co-owner Bankhaus Sal. Oppenheim jr. & Cie KGaA, Cologne; Sal. Oppenheim jr. Cie S.C.A., Luxemburg)	Personnel Committee	AXA Service AG, Cologne Content Management AG, Cologne ARCANDOR AG, Essen (chairman)	4IP Management AG, Zürich* (President of the Board of Directors) Bank Sal. Oppenheim jr. & Cie. (Austria) AG, Vienna* Bank Sal. Oppenheim jr. & Cie. (Switzerland) AG, Zurich* (Board of Directors) Financière Atlas, Paris * (Chairman) Moderne Stadt Gesellschaft zur Förderung des Städtebaus mbH, Cologne* Sal. Oppenheim Alternative Asset Management S.A., Luxemburg* (Board of Directors) Sal. Oppenheim jr. & Cie. Corporate Finance (Switzerland) AG, Zurich* (Vice President of the Board of Directors) Sal. Oppenheim Private Equity Partners S.A., Luxemburg* (Board of Directors) Services Généraux de Gestion S.A., Luxemburg* (Board of Directors) VCM Capital Management GmbH, Munich*

Dr. Werner Holzmayer, Cologne (since September 09, 2008) Auditor, lawyer, tax adviser at Ebner Stolz Mönning Bachem Wirtschaftsprüfer, Steuerberater, Rechtsanwälte Partnerschaft, Cologne	(member of the Audit Committee since September 25, 2008)		
Mr. Joachim Edmund Hunold, Düsseldorf (Chairman of the Management Board of AIR BERLIN PLC & Co. Luftverkehrs KG)	(member of the Audit Committee until September 24, 2008)	Belair Airlines AG, Optikon, Switzerland* (Board of Directors) LTU Lufttransport-Unternehmen GmbH, Düsseldorf* (Chairman) Neue Dorint GmbH, Cologne	
Mr. Friedrich Merz, Arnsberg (Attorney, Law Firm Mayer Brown LLP, Berlin/Frankfurt) (until February 02, 2009)	Audit Committee	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)
Roland Junck, Betzdorf, Luxemburg (since May 16, 2008) (Ingènieur conseil; Managing Director at VEL S.A., Luxemburg)	(since June 25, 2008 Chairman of the Audit Committee)		AGFA GEVAERT N.V., Mortsel/ Belgium Arcelor China Holding S.à.r.l., Luxemburg Nyrstar N.V., Balen SAMHWA Steel S.A.; Krakelshaff
Dr. Axel Schweitzer, Berlin (until August 4, 2008 Chairman) (Member of the Management Board of ALBA AG, Berlin)	Personnel Committee	ALBA BERLIN Basketballteam GmbH(Chairman)	
Hans-Jörg Vetter, Königstein/Taunus (until May 15, 2008) Deputy Chairman (Chairman of the Board of Landesbank Berlin AG / Landesbank Berlin Holding AG)	Personnel Committee	Berlin-Hannoversche Hypothekenbank AG, Berlin (Chairman)	DekaBank Deutsche Girozentrale, Frankfurt a. M. (Board of Directors) GfBI Gesellschaft fürBeteiligungen u. Immobilien mbH, Berlin (Chairman)
		* Group mandate	* Group mandate

Members of the Supervisory Board received total compensation of EUR 0.18 million (previous year: EUR 0.19 million) in the period from January 1, to September 23, 2008. In addition, for the period from September 24 (entry of the conversion to the SE legal form in the Commercial Register) to December 31, 2008 provisions were formed to pay the Supervisory Board totalling EUR 0.06 million. The final total remuneration for 2008 depends on the resolution by the General Shareholders' Meeting on June 24, 2009.

No loans to members of the Management Board or Supervisory Board existed as of December 31, 2008. No loans were repaid during the year under review.

On the balance sheet date of December 31, 2008 Dr. Axel Schweitzer and Dr. Eric Schweitzer were attributed a 69.49 percent share in the total capital of INTERSEROH SE.

42. Employees

The average number of employees is reflected below:

	2008	2007
Salaried employees	969	822
Industrial workers	895	784
	1,864	1,606

Part-time workers were converted to full time.

43. Auditors' Fee

The audit fee recorded as expense in the financial year in accordance with section 319, paragraph 1, clause 1, 2 of the German Commercial Code amounts to EUR 1.40 million (previous year: EUR 1.28 million). EUR 1.03 million (previous year: EUR 0.90 million) is attributable to the year-end audit, EUR 0.07 million (previous year: EUR 0.22 million) to tax consulting services and EUR 0.30 million (previous year: EUR 0.16 million) to other services.

44. Events After The Balance Sheet Date

In line with a voting rights announcement published in January 2009 the Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, share of voting rights in INTERSEROH SE has been over 75 percent since January 21, 2009 (refer to Note 46).

With effect from January 1, 2009, Interseroh purchased another 15 percent of shares in Wagner Rohstoffe GmbH, Frankfurt am Main, at a purchase price of a total of EUR 9.41 million. Interseroh therefore holds all of the Company's shares.

The finance mentioned in Note 31 using a syndicated loan was reduced by EUR 65.00 million on January 21, 2009.

The German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) requested additional information from INTERSEROH SE in relation to the profit warning on January 23, 2009.

As a result of the crisis in raw materials markets the four Interseroh Group companies were obliged to check whether it is possible to continue operations in the next 12 months. It was possible to confirm that this is the case after producing actions plans that were tailored to the relevant company by their management and the INTERSEROH SE Management Board.

Separate Notes And Information Pursuant to section 315 a Of The German Commercial Code

45. Corporate Governance Pursuant To section 161 Of The Germany Companies 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 2008 and posted it on the Company's website (www.interseroh.de, Investor Relations, Corporate Governance), thereby affording permanent access to the Company's shareholders.

46. Existing Holdings That Have Been Notified Pursuant To section 21 paragraph 1 Or paragraph 1a Of The German Securities Trading Act (WpHG)

The following notifications on existing holdings have been made in the 2008 financial year and the 2009 financial year until the annual financial statements were prepared:

a. After converting INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, into a European corporation (SE), which was entered in the Commercial Register of the Cologne Regional Court on September 24, 2008 under HRB 64052, those obliged to provide notifications notified us of the following pursuant to section 21 paragraph 1 of the German Securities Trading Act on September 30, 2008:

1. The share of voting rights held by Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, Germany, in INTERSEROH SE (until September 24, 2008: INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen), Cologne, since the conversion of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, into an SE on September 24, 2008 has exceeded the threshold of 50% of the voting rights and on this date totalled 58.811% (5,787,017 voting rights).

2. The share of voting rights held by Finance Beteiligungs GmbH, Berlin, Germany, in INTERSEROH SE (until September 24, 2008: INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen), Cologne, since the conversion of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, into an SE on September 24, 2008 has exceeded the threshold of 50% of the voting rights and on this date totalled 58.811% (5,787,017 voting rights). These voting rights are attributed to Isabell Finance Beteiligungs GmbH, Berlin, Germany, in their entirety in accordance with section 22, paragraph 1, clause 1, no. 1, of the German Securities Trading Act. The voting rights attributable to Isabell Finance Beteiligungs GmbH are held via the following companies that it controls and they each have a voting right share in INTERSEROH SE of 3% or more: Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, Germany.

3. The share of voting rights held by Dr. Eric Schweitzer, Germany, in INTERSEROH SE (until September 24, 2008: INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen), Cologne, since the conversion of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, into an SE on September 24, 2008 has exceeded the threshold of 50% of the voting rights and on this date totalled 58.811% (5,787,017 voting rights). These voting rights are attributed to Dr. Eric Schweitzer, Germany in their entirety in accordance with section 22, paragraph 1, clause 1, no. 1, of the German Securities Trading Act. The voting rights attributable to Dr. Eric Schweitzer are held via the following companies that he controls and they each have a voting right share in INTERSEROH SE of 3% or more: Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, Germany; Isabell Finance Beteiligungs GmbH, Berlin, Germany.

4. The share of voting rights held by Dr. Axel Schweitzer, Germany, in INTERSEROH SE (until September 24, 2008: INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen), Cologne, since the conversion of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, into an SE on September 24, 2008 has exceeded the threshold of 50% of the voting rights and on this date totalled 58.811% (5,787,017 voting rights). These voting rights are attributed to Dr. Axel Schweitzer, Germany in their entirety in accordance with section 22, paragraph 1, clause 1, no. 1, of the German Securities Trading Act. The voting rights attributable to Dr. Axel Schweitzer are held via the following companies that he controls and they each have a voting right share in INTERSEROH SE of 3% or more: Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, Germany; Isabell Finance Beteiligungs GmbH, Berlin, Germany.

b. 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 Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, exceeded the 75 % threshold on January 21, 2009, and on this day totalled 75.003 % (7,380,329 voting rights).

c. 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 Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, 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."

d. 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 we 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."

e. 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 we 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 Option 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 BW Rohstoff und Recycling GmbH, Stuttgart
- INTERSEROH ERC Eisenmetall Recycling 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
- INTERSEROH Product Cycle GmbH
- INTERSEROH Rhein-Neckar Rohstoff GmbH, Mannheim
- INTERSEROH Scrap und Metals Trading GmbH, Cologne
- INTERSEROH SEROG GmbH, Bous
- RuP Rohstoffhandelsgesellschaft mit beschränkter Haftung, Düsseldorf
- SRH Rohstoffhandel GmbH, Siegen

The shareholder resolution required for this purpose has been submitted to the relevant commercial register in each case.

48. Affirmation By The Statutory Representatives Pursuant To section 297 paragraph 2 clause 4, 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 17, 2009

INTERSEROH SE

The Management Board

Dr. Axel Schweitzer
Manuel Althoff
Volker Hars
Roland Stroese

Consolidated Statement of Changes in Equity in the period from 01 January, 2007, until December 31, 2008

		Parent company				
					Cumulative other consolidated earnings	
	Note no.	Sub-scribed capital	Capital reserve	Earned consoli-dated equity	Adjustment item from foreign currency conversion	Other non-cash trans-actions
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Balances as at January 1, 2007		25.58	38.61	88.12	0.22	-19.21
Issuing shares						
Dividends paid	(27)			-1.08		
Changes in the scope of consolidation	(5)					
Consolidated earnings	(16), (15)			33.78		
Sums recorded directly in equity	(27)			0.22	0.43	
Total consolidated earnings						
Balance as at December 31, 2007		**25.58**	**38.61**	**121.04**	**0.65**	**-19.21**
Balance as at January 1, 2008		25.58	38.61	121.04	0.65	-19.21
Issue of shares						
Dividends paid	(27)			-9.84		
Changes in the scope of consolidation	(5)					
Consolidated earnings	(16), (15)			6.39		
Sums recorded directly in equity	(27)			-3.53	-1.81	
Total consolidated earnings						
Balance as at December 31, 2008		**25.58**	**38.61**	**114.06**	**-1.16**	**-19.21**

	Parent company	Minority shareholders	Consolidated equity
	Equity	Minoritycapital	
	EUR million	EUR million	EUR million
Balance as at January 1, 2007	133.32	2.00	135.32
Issuing shares	0.00	0.07	0,07
Dividends paid	-1.08	-0.95	-2.03
Changes in the scope of consolidation	0.00	5.92	5.92
Consolidated earnings	33.78	1.60	35.38
Sums recorded directly in equity	0.65	0.20	0.85
Total consolidated earnings	34.43	1.80	36.23
Balance as at December 31, 2007	**166.67**	**8.84**	**175.51**
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
Sums recorded directly in equity	-5.34	-0.49	-5.83
Total consolidated earnings	1.05	-5.44	-4.39
Balance as at December 31, 2008	**157.88**	**11.37**	**169.25**

Consolidated Cash Flow Statement

		Note No.	2008 EUR million	2007 EUR million
	Consolidated earnings		1.44	35.38
+	Scheduled depreciation on property, plant and equipment	11, 18	17.54	16.20
+	Scheduled depreciation on intangible assets	11, 17	3.99	1.51
+/-	Unscheduled depreciation/write-ups on property, plant and equipment	11, 18	0.11	0.00
+/-	Unscheduled depreciation/write-ups on intangible assets	11, 17	0.00	0.08
+/-	Net financial income	13	17.65	9.88
-/+	Shares in profit/loss in associated companies accounted for under the "at-equity" method	19	0.69	-1.06
-/+	Profit/loss from the disposal of fixed assets	8	-0.97	-1.25
+	Tax expense	14	12.09	20.04
			52.54	80.78
-/+	Increase/decrease in inventories	22, 7	-0.29	-21.38
-/+	Increase/fall in trade receivables and other assets	23, 24, 26	18.22	-19.65
+/-	Increase/decrease in provisions	29, 30	5.88	1.01
+/-	Increase/fall in trade liabilities and other liabilities	32, 33, 26	-52.47	95.63
	Cash flow from operating activity		23.88	136.39
+	Receipts from interest	13	5.24	3.32
-	Payments for interest	13	-13.03	-7.05
+	Receipts from dividends	13	0.22	0.55
-	Payments for income taxes	14	-20.04	-2.54
	Net cash flow from operating activity		-3.73	130.67
+	Receipts from disposals of property, plant and equipment and intangible assets		3.77	3.37
+	Receipts from the disposal of financial assets		0.62	0.57
-	Payments for investments in consolidated companies and other business units (minus cash acquired)	5 (b)	-49.32	-57.92
-	Payments for purchasing minority shares		0.00	-5.34
-	Payments for investments in associated companies		0.00	-3.55
-	Payments for investment in property, plant and equipment (excluding finance leases)	18	-27.02	-16.05
-	Payments for other investments	17	-5.42	-9.16
	Cash flow from investment activity		-77.37	-88.08
+	Receipts from taking on financial liabilities	31	227,60	94.83
-	Payments for the repayment of financial liabilities	31	-107.91	-24.53
-	Payments for financial leasing liabilities	31	-1.71	-1.74
-	Dividends paid to the shareholders of the parent	27	-9.84	-1.08
-	Payments to minority shareholders		-1.17	-0.95
+	Receipts from minority shareholders		0.07	0.07
	Cash flow from financing activity		107.04	66.60
	Cash changes in cash and cash equivalents	25	25.94	109.19
+	Cash and cash equivalents at the start of the period		139.10	29.91
=	**Cash and cash equivalents at the end of the period**	20	165.04	139.10

Explanations: Consolidated Notes, note 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**	
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	80
13	RDB GmbH Recycling Dienstleistung Beratung, Aukrug	70
14	INTERSEROH France S.A.S., Pantin/France	100
15	INTERSEROH Hansa Recycling GmbH, Dortmund	100
16	INTERSEROH ERC Eisenmetall Rohstoff Celler 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	INTERSEROH Neckar-Schrott GmbH, Horb	51
26	INTERSEROH SEROG GmbH, Bous	100
27	INTERSEROH Erwin Meyer Metallrecycling GmbH, Bremen	100
28	SRH Rohstoffhandel GmbH, Siegen	100
29	RHS Rohstoffhandel GmbH, Stuttgart	66.5
30	INTERSEROH-Metallaufbereitung Rostock GmbH, Rostock	100
31	INTERSEROH Scrap and Metals Trading GmbH, Cologne	100
32	INTERSEROH RSH Sweden AB, Gothenburg/Sweden	100
33	INTERSEROH Hansa Finance GmbH, Dortmund	100
34	HR Hüttenwerkentsorgung GmbH, Mülheim a.d. Ruhr	
	(since 14.01.2009: INTERSEROH Berlin GmbH, Berlin)	100
35	Lausitzer Schrottverwertung GmbH, Lübbenau	100
36	RuP Rohstoffhandelsgesellschaft mit beschränkter Haftung, Düsseldorf	100
37	Wagner Rohstoffe GmbH, Frankfurt a. M.	85
38	TOM Sp. z o.o., Szczecin, Poland	70
39	Europe Metals B.V. Heeze, Netherlands	60

40	Europe Metals Asia Ltd., Kowloon, Hong Kong/China	60
41	INTERSEROH USA Inc., Atlanta, USA	100

b. Associated companies (valued under the at-equity method)

1	HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, Hennigsdorf	50
2	TOM II Sp. z o.o., Szczecin, Poland	50
3	The ProTrade Group LLC, Hudson, Ohio, USA	25

c. Companies not included in consolidation

1	INTERSEROH zbiranje in predelava odpadnih surovin d.o.o., Ljubljana/Slovenia	100
2	INTERSEROH Kunststoffaufbereitungs GmbH, Aschersleben	100
3	INTERSEROH Pool-System GmbH, Cologne	100
4	ISR INTERSEROH ITALIA S.R.L., Venice/Italy	50
5	LoongIn GmbH i. L., Cologne	50

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1) Profit and loss transfer agreement

2) Equity and annual profit as of 31.12.2007

3) Year-end audit not yet complete

Imprint

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