# INTERSEROH SE

## Mid-year financial report
## of the
## Interseroh Group

for the period January 1, 2011, through June 30, 2011

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**Share**

When the stock exchange opened on January 3, 2011, the Interseroh share was quoted at EUR 44.30 in XETRA trading; it rose to EUR 52.77 in the period under review and stood at EUR 51.21 on June 30, 2011. The Interseroh share developed better than comparable securities and as at the end of May was in the lead in the Peer Group.

The ordinary General Shareholders' Meeting on May 17, 2011, voted to accept all agenda items by a large majority.

The General Shareholders' Meeting also approved the profit and loss pooling agreement entered into between the ALBA Group plc & Co. KG, Berlin, and INTERSEROH SE, Cologne.

Furthermore, the Board of Directors and Supervisory Board propose appropriating a partial amount of EUR 2,460,000 from the INTERSEROH SE net income reflected in the annual financial statements of fiscal 2010 of EUR 2,814,298.07 for payment of a dividend of EUR 0.25 per common share and transferring the remainder of net income of EUR 354,298.07 to retained earnings.

According to a voting rights notification provided to Interseroh from ALBA Finance Holding plc., Berlin, dated July 14, 2011, in accordance with Section 22 Paragraph 1 Clause 1 No. 1 of the German Securities Act, the company holds 8,117,338 votes (82.493%) of INTERSEROH SE via the ALBA Group plc & Co. KG, Berlin, and ALBA Finance plc & Co. KGaA, Berlin.

## INTERSEROH SE, Cologne

## INTERIM GROUP MANAGEMENT REPORT FOR THE PERIOD JANUARY 1, 2011, THROUGH JUNE 30, 2011

The Interseroh Group is one of the leading environmental services and raw materials providers in Europe. The ALBA Group, consisting of Interseroh and ALBA, is one of the world's ten largest companies for environmental services, recycling and secondary resource trading. As service provider, Interseroh organises recycling processes and, as supplier, it supplies the processing industry with secondary resources. Interseroh links ecology with economy. The Group's business activities prevent the release of several million tons of environmentally harmful carbon emissions. The business activities of the Interseroh Group are divided into three segments – Steel and Metals Recycling, Services and Raw Materials Trading. INTERSEROH SE, Cologne, is also the only German raw materials trader and environmental service provider listed on the stock exchange.

On March 28, 2011, a profit and loss pooling agreement was entered into between ALBA Group plc & Co. KG, Berlin, as controlling company, and INTERSEROH SE as controlled company. The General Shareholders' Meeting approved the agreement on May 17, 2011. The agreement became legally effective upon entry into the commercial register on May 26, 2011.

Under the agreement the ALBA Group plc & Co KG is required, at the request of any external shareholder of INTERSEROH SE, to acquire his bearer shares with a notional share in capital stock of EUR 2.60 per share for cash compensation of EUR 46.38 for each Interseroh share (cash compensation offer).

Those external Interseroh shareholders preferring not to accept the cash compensation offer are entitled to receive a recurring payment for the duration of the agreement (equalisation payment). The equalisation payment amounts to EUR 3.94 gross per Interseroh share for each full fiscal year minus corporate taxes plus a solidarity surcharge according to the rate applicable to these taxes for the relevant fiscal year.

A legal challenge under the German Award Proceedings Act regarding the level of the cash compensation and equalisation payment is pending at the District Court in Cologne.

An INTERSEROH SE shareholder has submitted an action for rescission against the resolution of the General Shareholders' Meeting on agenda item 6 (approval of a profit and loss pooling agreement between the ALBA Group plc & Co. KG and INTERSEROH SE). The action is pending at the district court of Cologne.

## A. Framework Conditions

### 1. General Economic Development

The global economy was extremely dynamic in the first half of 2011. The strongest stimuli originated in the emerging countries. China, India and, in the months from January to March, Singapore as well, provided growth peaks. Leading economists assess developments in the Euro zone as positive on the whole with a rise of a resounding 2 percent in gross domestic product (GDP), despite the debt problems of several member states.

The German economy, too, experienced growth during the first six months of the year. While GDP rose by 1.5 percent between January and March vis-à-vis the previous quarter, when adjusted for seasonal influences, it only increased by half a percentage point from April to June.

### 2. Changes in Legal Framework Conditions

After the Federal Council had adopted numerous amendment requests on the draft of the new Closed Substance Cycle and Waste Management Act in May of 2011, the first reading took place on June 10th in the German Parliament. The federal government's draft law was then passed on for further handling to the Committee on Internal Affairs and Environment Committee.

In October the second and third reading will take place in Parliament. Subsequently the draft will once again be passed to the Federal Council and is to be concluded there on November 25th, 2011.

The extent to which this time line can be maintained is not clear at present. The views of the Federal Council and the Parliament are so wide apart that one can assume that the Arbitration Commission will be called upon. This would lengthen the legislative process, which would hinder adoption of the law during the current fiscal year.

## B. Course of Business

### 1. Revenues and Earnings

While the Steel and Metals Recycling segment developed successfully in the first half of 2011, the Services and Raw Materials Trading segments were affected by the difficult market environment. All segments contributed to the growth in sales. An earnings decrease in the Services segment compared to the first six months of the previous year can be traced back in large part to the market developments in the field of lightweight packaging (LVP) in the Dual System Interseroh business unit. An earnings drop in the Raw Materials Trading segment was brought about by lower arbitrage effects in recovered paper exports to Asia. Furthermore, deconsolidation profits positively impacted mid-year earnings in 2010.

Earnings before shares in earnings in associated companies, interest and taxes (EBIT) amounted to EUR 27.28 million in the period under review (same time period in the previous year: EUR 36.73 million). EBT totalled EUR 20.63 million (previous year: EUR 29.31 million).

Consolidated sales revenues rose from EUR 967.73 million in the first half of 2010 to EUR 1,193.75 million in the months from January to June of 2011.

The Steel and Metals Recycling segment generated turnover of EUR 887.47 million (previous year: EUR 698.21 million). Higher prices for steel scrap and non-ferrous metals drove up sales revenues.

Sales revenues in the Services segment were posted at EUR 246.46 million (previous year: EUR 209.47 million). In particular expanding business volumes in the areas of sales packaging and reusable transport boxes contributed to this result.

Sales in the Raw Materials Trading segment amounted to EUR 83.35 million (previous year: EUR 74.91 million).

Sales between segments of EUR 23.53 million (previous year: EUR 14.86 million) were consolidated.

## 2. Steel and Metals Recycling

The Steel and Metals Recycling segment continued to develop extremely favourably in the first six months of the current fiscal year. Progressive networking of operational sites in the Steel and Metals Recycling segment has led to improved margins and, therefore, earnings increases in the segment.

The sale of steel scrap has been characterised by ongoing high demand from European industry. The focus of the Interseroh Group was on further development of high-margin business along with stable quantities.

The Non-ferrous Metals division was influenced by high demand from Asian recyclers, especially for high-grade copper. This development was accompanied by copper prices above the level of the same period in the previous year. Aluminium prices, too, were above the level of the first six months of 2010. Optimised consolidation of quantities within the Group allowed for more efficient marketing both in Europe and Asia. Quantities in the stock and direct sales business remained at the level of the same period in the previous year.

The sale of alloyed scrap was satisfactory from January through April. In May and June the summer and repair-related shutdowns of steel plants entailed a tangible market cool-down, as expected. Declining export quantities added to pressure on prices. The success to date of the alloyed scrap department established in Dortmund at the end of 2009 has motivated Interseroh to build a second site in North Germany.

INTERSEROH Scrap and Metals Holding GmbH, Dortmund, acquired the remaining 51 percent of fm Beteiligungsgesellschaft mbH, Lübbenau, effective January 1, 2011.

Also as at January 1, 2011, INTERSEROH Scrap and Metals Holding GmbH raised its investment in Europe Metals B.V., Heeze, the Netherlands, from 60 to 100 percent.

## 3. Services

The Services segment evidenced increases in sales revenues in the first half of 2011 compared to the first half of 2010. This is due primarily to higher volumes in the area of sales packaging, reusable transport boxes and the Recycling Solutions Interseroh business unit, as well as expansions in the scope of consolidation. Compared to the first six months of the previous year, the segment's earnings receded, due primarily to developments in the market environment in the field of lightweight packaging (LVP) in the Dual System Interseroh business unit.

Interseroh joined an initiative of the National Association of German Waste Disposal, Water Management and Raw Materials Sectors (BDE) by signing a certificate to 'assure packaging disposal'. Under this agreement Interseroh commits to allowing an external auditor to check proper compliance with the packaging ordinance. The objective is to confirm compliance with the legal regulations by an external authority as well now, with a view to assuring customers with respect to legality. The accompanying audit process was introduced in the spring of 2011. This process includes, in particular, a careful analysis and documentation regarding correct adherence to regulatory statutes of the packaging ordinance as laid out by enforcement authorities.

In October of 2010 a new distribution channel was set up in response to customer wishes; Interseroh is able to offer them a holistic, individually conceptualized range of services. Business development was satisfactory during the first half of the year.

Sales in transport packaging recycling in which Interseroh continues to maintain market leadership have remained fairly constant. This business unit also undertook greater cross-selling for other business units in the months of January to June.

The innovative business fields of 'reusable transport cartons for fruit and vegetables', as well as recycled-resource, have developed well in the first half of 2011. The reusable transport box business was briefly negatively impacted in June due to the EHEC (enterohaemorrhagic E. coli) crisis. Consequences included higher costs for cleaning the boxes and reduced use of the boxes with slight sales losses. At the beginning of the third quarter, however, the market settled down again. The recycled-resource area is promising success. Interseroh has developed a new generation of plastic products in cooperation with companies in the plastics industry that consist fully of post-consumer material from the Dual System.

Sales of the INTERSEROH Pfand-System GmbH, Cologne, dropped in the first half of 2011 compared to the same period in 2010. This is due in great part to the fact that some major customers have performed tallying of disposable packaging in-house, which has resulted in falling tallying quantities in the deposit system. With a view to strengthening business development, a deposit tallying centre was opened for the Frankfurt region at the beginning of July 2011 in cooperation with a recycling company in Alzenau. The centre is equipped with two lines for the return, tallying and accounting for plastic bottles and cans from disposable packaging with deposits.

While in the first half of 2010 the business unit of Recycling Solutions Interseroh was characterised by a significant rise in contract volume, the focus in the first six months of the current fiscal year was on further process optimisation.

Interseroh's sales in e-scrap recycling rose compared to the first six months of last year. This is due to higher scrap proceeds. The number of contract partners fell moderately.

As anticipated, sales revenues decreased slightly for INTERSEROH Product Cycle GmbH, Cologne, which trades empty ink and toner cartridges, as the result of lower prices. Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden, recorded sales at the level of the same period in the previous year. The Company has built up a second business field by operating tally centres for the deposit business and washing centres for reusable transport boxes.

Business in the Austrian Interseroh subsidiary, EVA Erfassen und Verwerten von Altstoffen GmbH, Vienna, showed success in the first six months of 2011.
INTERSEROH zbiranje in predelava opadnih surovin d.o.o, Ljubljana, Slovenia, was consolidated on December 31, 2010. The earnings impact of the company is, therefore, being recorded for the first time in 2011. Interseroh offers a variety of take-back systems in Slovenia.

### 4. Raw Materials Trading

Sales in the Raw Materials Trading segment rose from January to June compared to the first half of 2010. An earnings drop, however, was brought about by less favourable arbitrage effects in recovered paper exports to Asia. Furthermore, deconsolidation profits positively impacted mid-year earnings in 2010.

Due to high demand from the European paper industry, prices rose to record highs from January to May. In June the anticipated correction followed. At the beginning of the year the Asian markets determined price developments, but, as of March, were no longer willing to follow European price developments.

Marketed tonnage of recovered paper was lower vis-à-vis the same period in the previous year as a result of a change in the scope of consolidation. Quantities in Asia rose.

Prices for foil dipped in the first half of 2011 compared to the first half of 2010. Strong domestic demand for PET resulted in price rises compared to the first six months of 2010. Interseroh raised its marketed tonnage of foil and PET. European collection activities in the Interseroh Group were further expanded and will be a decisive factor in volume growth in future.

Effective January 1, 2011, RDB plastics GmbH raised its share in ISR Interseroh Italia S.r.l., Genoa, Italy, from 50 to 100 percent.

The supply situation with regard to waste wood was good in the first six months of 2011 in response to the economy. This did, however, lead to falling recycling prices, so that increases in input prices – fees paid at wood sites upon delivery – were required. Demand for wood, both for material and thermal recycling purposes receded compared to the first six months of the previous year. Lower demand for material qualities was due to a reduction in capacity in the chip board industry. Fully stocked warehouses of thermal recyclers resulted in lower sales of wood for thermal recycling.

## C. Presentation and Explanation of the Results of Operations, Net Assets and Financial Position

### 1. Results of Operations

Consolidated earnings as at June 30, 2011, amounted to EUR 19.57 million, after EUR 21.48 million in the previous year. Sales rose by EUR 226.0 million (23.4%).

Quantities sold have gone down by 2.4 percent compared to the first six months of last year. Significant price rises, however, offset the drop in volume, especially for steel scrap, non-ferrous metals and paper.

Gross profit (sales revenues plus change in inventory minus cost of materials) was up EUR 6.09 million (3.5%) from EUR 174.48 million to EUR 180.57 million. The gross profit margin (gross profit in relation to sales) fell from 18.0 percent in the previous year to 15.1 percent in the year under review. The reason for this is that the per-ton margin did not rise to the same degree as the price per ton.

Other operating income remained almost the same compared to the same period in 2010. Increased liquidations of liabilities (+EUR 11.42 million), however, especially in the Services segment, are offset against EUR 11.16 million in deconsolidation effects from the first six months of the previous year, which did not apply in the first half of 2011.

Personnel expense more or less paralleled the rise in the number of employees.

Sales commissions in particular climbed in the case of other operating expenses (+ EUR 15.1 million). The rise in sales commissions is directly related to the expansion of business volume in the Services segment. Exchange rate losses are equivalent to exchange rate gains within other operating income; they arise from Steel and Metals Recycling sales to the US dollar zone.

Deferred tax claims and liabilities were liquidated in the context of the consolidated tax filing status with ALBA Group plc & Co. KG. Tax income of EUR 0.35 million resulted after netting. No more ongoing taxes are applicable to the Interseroh companies belonging to the consolidated tax group. Please refer to details in section 3 of the Notes for additional explanation.

## 2. Net Assets

Total assets grew by 12.8 percent since December 31, 2010, to EUR 740.32 million. This is due especially to developments in inventories and trade receivables on the assets side, as well as in trade payables on the liabilities side.

Inventories rose by more than one half since December 31, 2010. On the one hand this is due to quantity: Quantities rose by over 20 percent; in particular, work-in-process and merchandise were affected. On the other hand a price effect, resulting from higher market prices and a higher-value product mix, is apparent as well.

The increase in trade receivables by 22.0 percent is due to the rise in sales (23.4%). Trade receivables have grown correspondingly due to higher purchase prices.

In the case of the rise in other current assets, this is due in large part to higher advances paid in the Steel and Metals Recycling segment.

## 3. Financial Position

Financing Measures

The Interseroh Group's syndicated loan entered into in December of 2010 in the amount of EUR 130 million was unchanged as at June 30, 2011, and covered a fixed loan amount of EUR 80 million for refinancing, as well as a tranche for an additional EUR 50 million for financing general business activities, which, however, had not been drawn down by June 30, 2011. Both tranches carry variable interest rates based on EURIBOR plus a margin. The interest rate risk of the long-term loan for refinancing existing liabilities was hedged with the appropriate hedging instruments (interest rate swaps and interest rate caps).

Please refer to D.1. Events after the Balance Sheet Date regarding the transfer of the Interseroh loan agreement to ALBA Group’s financing.

Please refer to the consolidated notes as at December 31, 2010, under no. 38 for details on the Asset Backed Securities financing measure.

Cash and cash equivalents

Reduction in cash levels of EUR 25.44 million is mainly due to cash flow from operating activities of EUR -18.56 million. The change in net operating assets can be traced back primarily to higher inventories and receivables not fully offset by the rise in liabilities.

Transactions with owners of EUR 8 million relate to the payment of the purchase price for the acquisition of the remaining shares of Europe Metals B.V., Heeze, the Netherlands.

Please refer to the cash flow statement for additional information.

Investment

Investment in intangible assets and property, plant and equipment, excluding finance leasing, amounted to EUR 6.18 million during the period under review as opposed to EUR 4.57 million in the same period of the previous year.

## D. Additional Disclosures

### 1. Subsequent Events after the Balance Sheet Date

As a consequence of the profit and loss pooling agreement between the ALBA Group plc & Co. KG and INTERSEROH SE, the Interseroh syndicated loan agreement in the amount of EUR 130 million was absorbed in the syndicated loan agreement of the ALBA Group plc & Co. KG as at July 25, 2011, which in turn has been reduced due to cash inflows from the issue of an ALBA bond.

The existing loan of the Interseroh Group for refinancing existing liabilities in the amount of EUR 80 million was transferred to facilities of the ALBA loan agreement when Interseroh joined in the ALBA Group syndicated loan agreement. Financing of general business activities by means of drawing down credit facilities under the ALBA loan agreement is possible up to at least the same level as previously under the Interseroh syndicated loan agreement.

The securities and guarantees offered by Interseroh were incorporated in the agreement at the ALBA Group level. Interest is charged at the EURIBOR rate plus a margin. The interest rate risk for refinancing existing liabilities is hedged with the appropriate hedging instruments (interest rate swaps and interest rate caps).

INTERSEROH Scrap and Metals Holding GmbH, Dortmund, is taking over Elvira Westarp GmbH, Aschaffenburg, effective September 1, 2011. With this step Interseroh is expanding its portfolio in the field of collection, transport and recycling of steel and metal scrap and strengthening its site structure in the areas of Rhine-Main and Lower Franconia.

### 2. Board of Directors and Supervisory Board

Effective January 1, 2011, the Chairman of the Board of Directors, Dr. Axel Schweitzer, assumed responsibility for the Services and Raw Materials Trading segments. He will continue to be responsible for the Finance division as well. Joachim Wagner, member of INTERSEROH SE’s Board of Directors since August of 2010, has been responsible for the Steel and Metals Recycling segment during the period under review.

There were no personnel changes in the Company's Supervisory Board during the first half of 2011.

As part of the profit and loss pooling agreement between the ALBA Group plc & Co. KG and INTERSEROH SE, the latter's Management Committee was dissolved effective August 1, 2011.

## 3. Employees

In the first half of 2011 the Interseroh Group employed an average of 2,138 individuals, including trainees (previous year: 1,861).

## 4. Risk Management and Internal Control System

In principle INTERSEROH SE's Board of Directors is responsible for the scope and design of the monitoring systems instituted, such as the risk management system (RMS) and internal control system (ICS). The systems are adapted to the relevant company-specific conditions, centrally coordinated and reviewed on a regular basis.

Please refer to the 2010 annual report for details on the design of the RMS and ICS in the Interseroh Group.

During the first half of 2011 the Board of Directors took further steps to optimise risk management and additional organisational developments.

The internal control system as it relates to the Group's accounting system is presented in detail in the 2010 annual report. There have been no significant changes in the first half of 2011.

## 5. Environment and Sustainability

In February of 2011, together with the Ministry of the Environment, Interseroh and ALBA presented the results of a study commissioned with the Fraunhofer Institute UMSICHT, Oberhausen, regarding reductions in carbon emissions generated by the business activities of both groups of companies. The carbon emissions arising from a variety of material groups due to the collection, transport, treatment and recycling of the secondary resources collected by Interseroh and the reductions compared to carbon emissions from corresponding primary processes were elaborated. In 2009 the ALBA Group reduced carbon emissions in Germany by over six million tons with its business activities.

INTERSEROH Dienstleistungs GmbH, Cologne, its subsidiaries, Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden, INTERSEROH Pfand-System GmbH, INTERSEROH Pool-System GmbH, Cologne, INTERSEROH Product Cycle GmbH, and its affiliate INTERSEROH Management GmbH, Cologne, expanded their quality management system into an integrated management system. At the end of June 2011, the companies had their environmental management system certified according to ISO 14001 and their occupational health and safety management system according to OHSAS 18001. The sorting and treatment operations of INTERSEROH Product Cycle GmbH were certified, as were the administrative units.

## E. Anticipated Developments
## 1. Reports on Risks and Opportunities

Currently the probability of occurrence of risks identified in the past, which might jeopardize the Interseroh Group's existence, has not been detected in either the operational or non-operational area. Furthermore, no new risks that might jeopardize the Group's existence have been identified.

Below we explore only the changes in risk in the current fiscal year and new measures of risk protection. Please refer also to the risk and opportunities report in the 2010 annual report.

*Relationships with customers and suppliers*

Optimisation of centrally coordinated commercial credit insurance to avoid sales and income losses, as well as defaults on receivables, was carried on.

*Risks from financing and reorganisation*

Due to rolling the Interseroh syndicated loan agreement into the ALBA Group syndicated loan agreements, the same covenant criteria apply for the Interseroh Group as those associated with the syndicated loan at the ALBA Group level. If one or more covenant criteria are not complied with, there would also be consequences for Interseroh related to covenants associated with this agreement.

*Compliance*

Compliance risks arise from factors such as a failure to comply with different legal regulations and requirements, for instance in areas such as anti-corruption, anti-trust law, environmental protection and taxes and data protection. Interseroh has taken many steps to further minimise these risks.

The first half of 2011 was devoted to increasingly sensitising employees, particularly those in sales, in the areas of anti-trust law and anti-corruption. The first employees were able to be trained on-line by means of an e-learning tool utilised throughout the Group. On-site training measures started for management in the fourth quarter of 2010 in the aforementioned areas are to be completed in the third quarter of 2011.

*Market risks and external risks*

Expansion of our commitment in the Asian market implies location risks. These include above all difficulties in assessing market developments, the extensive formalities of Asian countries and an absence of sound legal protection.

Risks in the area of taxes were minimised additionally by introducing the reverse-charge procedure. The reverse-charge procedure is a sales-tax-related arrangement according to which not the performing entrepreneur (e.g. the supplier of steel scrap), but his client (in this case Interseroh) owes the sales tax.

*Industry-specific risks*

Steel and Metals Recycling

The risk of volatile raw materials prices, which impact the financial position and results of operations of the segment, are countered by active position management. Additional hedging options, such as commodity hedging for non-ferrous metal scrap on the London Metal Exchange, exchange rate hedging and price hedging for steel scrap are being developed further.

Services

The risk of receding license quantities in the overall market of dual systems was confirmed by the quantity reports of the first quarter of 2011, despite a slight rise in reported quantities compared to the final report in 2010. The focus of current discussions is above all on the arrangement for own collection for those subject to the packaging ordinance and accompanying payment obligations (ancillary charges).

A new risk was identified for INTERSEROH Pool GmbH with the EHEC crisis. During the crisis higher costs were incurred due to additional cleaning measures, and sales losses were experienced due to the reduced use of reusable transport boxes.

*Opportunities*

The profit and loss pooling agreement between INTERSEROH SE and the ALBA Group plc & Co. KG reinforces their position vis-à-vis competitors by consolidating the strengths of both corporate groups. Inter-company cooperation is evident along the entire value creation chain in the shape of cross-selling and cross-buying measures, for instance. The new organisational set-up of the ALBA Group supports this process.

## 2. Outlook
### a) General Economic Development

During the current half of 2011 economic experts are anticipating weaker growth in the global economy compared to the first six months. A cool-down in the US economy may be one troubling factor from the current perspective. Potential consequences of the financial crisis continue to harbour risks. Furthermore, several emerging countries have set the stage for restrictive economic policy. A global increase of circa 3.3 percent is expected.

Top economists are assuming GDP growth averaging 3.2 percent for Germany in 2011. In the second half of the year, they expect economic drivers to include growing private consumption expenditures, as well as investment in industry, due to rising employment and effective wages and improved profitability in companies.

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

## b) Developments in the Segments

*Steel and Metals Recycling*

Currency, logistics, steel and steel scrap markets are subject to a high degree of volatility expected to last through the end of the current fiscal year. As a result Interseroh continues to focus on creating a balanced relationship between European and international customers.

The use of arbitrage potential in marketing non-ferrous metals will be a major emphasis in future as well.

In the alloyed scrap division Interseroh expects a considerable rebound of the market after the summer recess of the steel plants.

The improved networking of sites, already successful to-date, will continue to be optimised.

Interseroh is anticipating sales increases vis-à-vis the previous year of approximately 25 percent during this fiscal year. This expectation is based on a volume at the previous year's level with continued high prices. As a result earnings before taxes will presumably grow more steeply than sales. Reasons for this include a focus on high-margin business.

*Services*

The Gesellschaft für Verpackungsmarktforschung (company for packaging market research) continues to note a considerable difference of several hundred thousand tons between lightweight packaging brought into the market versus those registered with systems providers and other authorised return systems. Due to the fact that Interseroh, and five further systems providers, have signed the BDE certificate and due to the accompanying audits, a clear, effective analysis and documentation on the part of the signatories are guaranteed. It is now urgently required that full enforcement on all levels takes hold in order to guarantee conduct in accordance with the law by those subject to the packaging ordinance.

Interseroh plans to review the economic effectiveness of existing customer relationships in the sales packaging domain in order to assure continued earnings capabilities in the current context.

The margins of the market leader, Interseroh, remain under pressure in transport packaging recycling.

The Recycling Solutions Interseroh business unit plans further growth in profitable business fields.

In the second half of the year INTERSEROH Pool-System GmbH expects a significant rise in the quantity of reusable transport boxes moved.

Current negotiations between INTERSEROH Pfand-System GmbH and a major customer with regard to continuation of agreements from October 1, 2011, onwards limit the reliability of a prognosis for business development in the second half of the year. The assumption is that the Company will not be able to continue operating all services in full during the fourth quarter and as a result sales losses are anticipated.

The national introduction of paint buckets produced from post-consumer materials from the yellow recycling bins under the direction of the recycled-resources division in a German do-it-yourself chain took place at the beginning of August 2011, replacing primary plastics to a great extent.

On the whole the Board of Directors is anticipating a sales growth percentage in the double-digits compared to 2010. Earnings before taxes will, however, be lower than the previous year due to margin pressures.

*Raw Materials Trading*

Stable recovered paper prices are anticipated during the summer months. Rising collection rates and weaker production growth in European industry do not rule out additional downward price corrections. Interseroh plans to restructure the collection organisation and the Asian sales line in order to optimise arbitrage opportunities.

In the area of plastics the first half of 2011 developed atypically compared to previous years in terms of both price and market. Volatility is steadily on the rise, which hampers the ability to make forecasts. The associated risks are controllable by means of close monitoring of the market and measures implemented as part of the risk management system.

Interseroh anticipates developments similar to the first half of 2011 for waste wood during the third quarter; in the fourth quarter, however, rising demand for waste wood for thermal recycling is expected. The reason for this assumption lies in the build-up of winter stocks.

For the current fiscal year, a rise in sales revenues of just 15 percent, with a small decline in earnings when adjusted for consolidation, is anticipated for the segment, based on volumes in excess of the previous year and persistently high price levels.

### c) Development of the Group

While as at December 31, 2010, the Board of Directors assumed sales growth of 5 percent for fiscal 2011 with even higher increases in earnings, the Group is now anticipating sales growth of more than 20 percent compared to fiscal 2010, due to the aforementioned market developments and high price levels. Earnings before taxes, however, will not increase to the same extent as sales.

Financing of the Interseroh Group is assured due to its incorporation in the syndicated loan agreement of the ALBA Group.

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2011

### Consolidated income statement
### for the period from January 1 to June 30, 2011

| | 1. half year 2011 EUR | 1. half year 2010 EUR |
|---|---|---|
| 1. Sales revenues | 1,193,752,917.62 | 967,731,162.42 |
| 2. Reduction / Increase in inventory of finished and work in progress | 8,402,765.48 | 19,961,139.68 |
| 3. Other operating income | 34,242,913.27 | 33,638,182.80 |
| 4. Cost of materials | 1,021,588,149.94 | 813,210,527.21 |
| 5. Personnel costs | 54,432,195.36 | 49,000,549.75 |
| 6. Depreciation on intangible assets and on property, plant and equipment | 9,981,671.13 | 11,270,348.65 |
| 7. Other operating expense | 123,113,100.69 | 111,122,842.91 |
| 8. Profit shares in associated companies, accounted for under the "at-equity" method | 547,654.78 | 1,194,432.42 |
| 9. Financial income | 1,465,915.26 | 212,935.16 |
| 10. Financial expenses | 8,671,148.13 | 8,821,756.82 |
| **11. Earnings before taxes** | **20,625,901.16** | **29,311,827.14** |
| 12. Income tax expense | 1,060,546.35 | 7,833,862.73 |
| **13. Consolidated earnings** | **19,565,354.81** | **21,477,964.41** |
| 14. Shares in income to be attributed to minority interests | 1,634,856.69 | 1,398,866.15 |
| 15. Shares in income attributable to shareholders | 17,930,498.12 | 20,079,098.26 |
| 16. Earnings per Share | 1.82 | 2.04 |

# INTERSEROH SE, Cologne

## Consolidated Balance Sheet as at June 30, 2011

**ASSETS**

| | 30.06.2011 | 31.12.2010 |
|---|---|---|
| | **EUR** | **EUR** |
| **Non-current assets** | | |
| Intangible assets | 132,685,732.29 | 128,780,828.63 |
| Property, plant and equipment | 92,084,461.09 | 91,308,982.94 |
| Financial assets accounted for under the at-equity method | 8,409,427.82 | 10,804,024.95 |
| Financial assets | 3,988,041.05 | 7,615,815.14 |
| Other receivables | 2,248,649.16 | 1,075,420.18 |
| Deferred tax assets | 6,050,258.77 | 9,993,366.97 |
| | **245,466,570.18** | **249,578,438.81** |
| **Current assets** | | |
| Inventories | 162,776,271.87 | 107,574,538.17 |
| Trade receivables | 240,160,205.62 | 197,828,934.18 |
| Financial assets | 8,860,902.84 | 6,760,997.53 |
| Other receivables | 39,617,204.92 | 28,722,964.67 |
| Income tax refund claims | 4,007,891.00 | 1,209,885.30 |
| Cash and cash equivalents | 39,425,846.40 | 64,871,846.07 |
| | **494,848,322.65** | **406,969,165.92** |
| | **740,314,892.83** | **656,547,604.73** |

**LIABILITIES**

| | 30.06.2011 | 30.06.2011 | 31.12.2010 | 31.12.2010 |
|---|---|---|---|---|
| | EUR | **EUR** | EUR | **EUR** |
| **Shareholders' equity** | | | | |
| Subscribed capital and reserves attributable to the parent company | | | | |
| Subscribed capital | 25,584,000.00 | | 25,584,000.00 | |
| Reserves | 171,455,915.10 | **197,039,915.10** | 158,698,523.83 | **184,282,523.83** |
| Minority interests in equity | | **7,300,803.91** | | **11,984,359.01** |
| | | **204,340,719.01** | | **196,266,882.84** |
| **Liabilities** | | | | |
| Non-current liabilities | | | | |
| Payments to employees under pension commitments | 19,153,378.32 | | 19,358,523.43 | |
| Other non-current provisions | 5,428,813.79 | | 5,268,708.66 | |
| Deferred tax liabilities | 4,275,033.57 | | 7,350,644.41 | |
| Financial liabilities | 90,354,530.07 | | 94,741,386.28 | |
| Trade liabilities | 346,812.05 | | 92,749.73 | |
| Other liabilities | 142,381.66 | **119,700,949.46** | 217,731.05 | **127,029,743.56** |
| Current liabilities | | | | |
| Provisions | 13,800,295.30 | | 8,831,792.09 | |
| Income tax liabilities | 5,829,169.04 | | 5,312,260.47 | |
| Financial liabilities | 64,165,379.35 | | 55,089,776.00 | |
| Trade liabilities | 282,570,202.18 | | 215,962,571.44 | |
| Other liabilities | 49,908,178.49 | **416,273,224.36** | 48,054,578.33 | **333,250,978.33** |
| | | **535,974,173.82** | | **460,280,721.89** |
| | | **740,314,892.83** | | **656,547,604.73** |

## INTERSEROH SE, Cologne

### Consolidated Cash Flow Statement
### from January 1 to June 30, 2011

| | 1. half year 2011 EUR million | 1. half year 2010 EUR million | 2010 EUR million | 1. half year 06.2011 EUR |
|---|---|---|---|---|
| Consolidated income | 19.57 | 21.48 | 34.07 | 19,565,355 |
| Income tax expense | 1.06 | 7.83 | 11.61 | 1,060,546 |
| Financial income | 7.21 | 8.61 | 16.98 | 7,205,233 |
| Shares in gain/loss of associated companies accounted for under the at-equity method | -0.55 | -0.59 | -0.08 | -547,655 |
| Consolidated EBIT | 27.29 | 37.33 | 62.58 | 27,283,479 |
| Amortisation/depreciation on intangible assets and property, plant and equipment | 9.98 | 11.27 | 24.20 | 9,981,671 |
| Gains from asset disposals | -0.57 | -1.52 | -2.07 | -573,102 |
| Changes in pension and other provisions | 4.68 | -4.79 | -5.73 | 4,682,430 |
| Changes in net operating assets | -52.52 | -78.89 | -29.32 | -52,511,637 |
| Interest payments | -2.63 | -7.53 | -14.62 | -2,632,496 |
| Income tax payments | -4.80 | -4.70 | -9.19 | -4,799,971 |
| **Cash flow from operating activity** | -18.57 | -48.83 | 25.85 | -18,569,626 |
| Payments for shares in companies | -1.19 | -0.31 | -4.24 | -1,185,147 |
| Cash acquired from the purchase of shares in companies | 4.50 | 0.00 | 2.96 | 4,496,578 |
| Payments received from the sale of shares in companies | 0.00 | 6.61 | 26.07 | |
| Cash paid out from the sale of shares | 0.00 | -5.97 | -6.70 | 0 |
| Payments received from the sale of assets | 1.38 | 5.52 | 8.91 | 1,383,009 |
| Investments in property, plant and equipment (not including finance leases | -5.69 | -4.25 | -10.58 | -5,693,755 |
| Other investment | -0.48 | -0.32 | -1.33 | -482,829 |
| **Cash flow from investment activity** | -1.48 | 1.28 | 15.09 | -1,482,144 |
| Assumption of financial debt | 8.29 | 140.95 | 129.28 | 8,292,316 |
| Repayment of financial debt | -2.23 | -142.80 | -190.51 | -2,232,650 |
| Repayment of financial lease liabilities | -0.99 | -1.67 | -2.80 | -993,897 |
| Transactions with owners | -8.00 | 0.00 | 0.00 | -8,000,000 |
| Dividends to shareholders of the parent company | -2.46 | -1.08 | -1.08 | -2,460,000 |
| **Cash flow from financing activity** | -5.39 | -4.60 | -65.11 | -5,394,231 |
| Changes in cash and cash equivalents | -25.44 | -52.15 | -24.17 | -25,446,001 |
| cash and cash equivalents at the beginning of the period | 64.87 | 89.04 | 89.04 | 64,871,846 |
| **Cash and cash equivalents at the end of the period** | 39.43 | 36.89 | 64.87 | 39,425,845 |

## INTERSEROH SE, Cologne

### Consolidated Statement of Changes in Equity in the period from January 1 until June 30, 2011

| | Parent company | | | | | | Minority share holders | Group equity |
|---|---|---|---|---|---|---|---|---|
| | | | | Cumulative other consolidated earnings | | | | |
| | Subscribed capital | Capital reserve | Earned Group Equity | Adjustment items from foreign currency conversion | Other non-cash trans-actions | Equity capital | Minority capital | |
| | EUR million | EUR million | EUR million | EUR million | EUR million | EUR million | EUR million | EUR million |
| As at 01.01.2010 | 25.58 | 38.61 | 104.98 | -0.92 | -19.21 | 149.04 | 9.77 | 158.81 |
| Dividends paid | | | -1.08 | | | -1.08 | | -1.08 |
| Changes in the scope of consolidation | | | | | | | -0.11 | -0.11 |
| Consolidated earnings | | | 20.08 | | | 20.08 | 1.40 | 21.48 |
| Results not recognised in income | | | 0.50 | -0.20 | 2.46 | 2.76 | -0.04 | 2.72 |
| Total consolidated earnings | | | | | | 22.84 | 1.36 | 24.20 |
| **As at 30.06.2010** | **25.58** | **38.61** | **124.48** | **-1.12** | **-16.75** | **170.80** | **11.02** | **181.82** |
| As at 01.01.2011 | 25.58 | 38.61 | 136.67 | -0.44 | -16.13 | 184.29 | 11.98 | 196.27 |
| Dividends paid | | | -2.46 | | | -2.46 | | -2.46 |
| Change due to raising of majority interest | | | | | -4.56 | -4.56 | -6.28 | -10.84 |
| Consolidated earnings | | | 17.92 | | | 17.92 | 1.64 | 19.56 |
| Amounts directly incorporated in equity | | | 1.84 | 0.01 | | 1.85 | -0.04 | 1.81 |
| Total consolidated earnings | --- | --- | --- | --- | --- | 19.77 | 1.60 | 21.37 |
| **As at 30.06.2011** | **25.58** | **38.61** | **153.97** | **-0.43** | **-20.69** | **197.04** | **7.30** | **204.34** |

# INTERSEROH SE, Cologne

## Exhibit of Income and Expense Recorded in Group Equity (Overall Group Result) for the period from January 1 to June 30, 2011

| | 1. half year 2011 EUR million | 1. half year 2010 EUR million |
|---|---|---|
| Changes in the fair value of derivatives used for hedging purposes (including deferred taxes) | 1.84 | 0.50 |
| Changes in adjustments items from currency conversion recorded in equity | 0.01 | -0.24 |
| Changes in minority interests due to currency conversion | -0.04 | 0.00 |
| Difference from consolidation measures recorded in equity | 0.00 | 2.46 |
| **Results not recognised in income** | **1.81** | **2.72** |
| of which attributable to minority interests | -0.04 | -0.04 |
| **Group result** | **19.57** | **21.48** |
| of which attributable to minority interests | 1.64 | 1.40 |
| **Overall Group result** | **21.38** | **24.20** |
| of which attributable to minority interests | 1.60 | 1.36 |
| of which attributable to INTERSEROH SE shareholders | 19.78 | 22.84 |

**Notes to the Interim Consolidated Financial Statements**
**for the period January 1 through June 30, 2011**

**INTERSEROH SE**
**Cologne**

1. Information on the Company

The Interseroh Group is one of the leading environmental services and raw materials providers in Europe. The Group's business activities are divided into the three segments of Steel and Metals Recycling, Services and Raw Materials Trading. Within the scope of its activities, Interseroh organises recycling processes as a service provider, and, as a supplier, delivers several million tons of secondary resources a year to the paper, steel, plastics, and derived timber product industries, as well as biomass power stations.

The interim consolidated financial statements covering the first six months of fiscal 2011 were released for publication upon resolution of the Board of Directors on August 10, 2011.

2. Accounting Policies

The interim financial statements for the period January 1 through June 30, 2011, are prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting".

The consolidated interim financial statements do not contain all information and notes required under IFRS for the consolidated financial statements at the end of the fiscal year and should be read in conjunction with the consolidated financial statements of December 31, 2010.

Accounting policies applied in preparing the interim consolidated financial statements reflect the methods used in the consolidated financial statements for the fiscal year ending December 31, 2010. This also applies to the principles and methods relating to the required assumptions and estimates in the interim financial statements.

All revisions of IFRS standards and interpretations to be used as of 2011 were taken into account in these consolidated interim financial statements. Modifications to the standards and interpretations did not impact the consolidated interim financial statements.

A detailed description of accounting principles used is contained in the notes to the consolidated financial statements dated December 31, 2010, and published in the 2010 annual report.

3. Effects of the profit and loss pooling agreement

INTERSEROH SE, as dependent company, and the ALBA Group plc & Co. KG, Berlin (ALBA KG), as controlling company, have entered into a profit and loss pooling agreement, which the INTERSEROH SE General Shareholders' Meeting approved on May 17, 2011. The agreement was entered into the commercial register on May 26, 2011.

By entering into this agreement an income and sales tax fiscal entity is created with retroactive effect to January 1, 2011, between INTERSEROH SE as subsidiary company and ALBA KG as controlling company.

As the result of the income tax fiscal entity all deferred tax assets and liabilities that relate to INTERSEROH SE and its subsidiaries were closed out as at June 30, 2011. This involved deferred tax assets of EUR 3.27 million, of which EUR 2.69 million were taken to income and EUR 0.58 million liquidated with no impact to income. EUR 3.04 million of deferred tax liabilities were liquidated and taken to income and EUR 0.10 million liquidated without impacting income.

Furthermore, it should be noted that INTERSEROH SE earnings under commercial law are transferred to ALBA KG at the end of each fiscal year. This transfer of earnings represents an appropriation of profits, which is booked only in the consolidated financial statements at the end of the year and is therefore not reflected in the consolidated interim financial statements. Notional income of INTERSEROH SE under commercial law, assuming earnings transfers during the year, was EUR 2.21 million as at June 30, 2011.

4. Scope of Consolidation

Below is a summary of the change in the scope of consolidation in the interim period under review.

| Number of companies | fully consolidated | valued at-equity | not included due to immateriality | | | Total |
|---|---|---|---|---|---|---|
| | | | Holding > 50% | Holding >= 20% <= 50% | Holding < 20% | |
| Balance 1.1. | 36 | 5 | 13 | 18 | 3 | 75 |
| Additions | 8 | | 5 | | | 13 |
| Disposals | 3 | 2 | 2 | 6 | | 13 |
| **Balance 31.12.** | **41** | **3** | **16** | **12** | **3** | **75** |

INTERSEROH Scrap and Metals Holding GmbH acquired the remaining shares of fm Beteiligungsgesellschaft mbH, Lübbenau, (fm) effective January 1, 2011. The fm group of companies includes the fully owned subsidiaries TVF Altwert GmbH, Lübbenau, Projektgesellschaft Nauen GmbH, Nauen, Brandenburgische Boden Gesellschaft für Grundstücksverwaltung und -verwertung mbH, Zossen, and ARG Abbruch und Rückbau GmbH, Lübbenau. These companies are all being fully consolidated since January 1, 2011. The total purchase price of EUR 3.24 million is composed of a fixed purchase price of EUR

1.95 million and variable purchase price components in the amount of EUR 1.29 million. The variable components represent an expectation value and depend on the results of the subsidiaries TVF Altwert GmbH and Brandenburgische Boden Gesellschaft für Grundstücksverwaltung und -verwertung mbH in 2010 and the following years. The fair value of the 49 percent investment held up to the time of acquisition amounted to EUR 2.84 million at that point in time. An extraordinary write-down of EUR 0.73 million was already undertaken in fiscal 2010 in order to adjust the book value of the investment to the purchase price for the remaining shares.

fm GmbH was merged into INTERSEROH Scrap and Metals Holding GmbH with retroactive effect to January 1, 2011, upon entry into the commercial register on February 4, 2011. The two remaining disposals of fully consolidated companies each relate to mergers internal to the Group.

Based on a contract dated February 7, 2011, RDB plastics GmbH, Aukrug, raised its shares in ISR Interseroh Italia S.r.l., Genoa, Italy, effective January 1, 2011, from 50 percent to 100 percent at a purchase price of EUR 0.23 million. The fair value derived from the purchase price for the remaining shares acquired in 2011 amounts to EUR 0.23 million at the time of acquisition.

profitara Deutschland GmbH, Cologne, (prof d) will be fully consolidated effective January 1, 2011.

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

| | fm | ISR | prof d | Total |
|---|---|---|---|---|
| | First-time inclusion in consolidation in each case | | | |
| | 100 % | 100 % | 100 % | |
| | EUR million | EUR million | EUR million | |
| Goodwill | 0.80 | 0.25 | 0.00 | 1.05 |
| Non-current assets | 2.87 | 0.06 | 0.00 | 2.92 |
| Current assets | 8.32 | 2.04 | 0.26 | 10.63 |
| Non-current liabilities | 0.95 | 0.02 | 0.00 | 0.97 |
| Current liabilities | 8.82 | 2.06 | 0.31 | 11.19 |
| | | | | |
| Fair value of receivables acquired | 5.12 | 1.56 | 0.01 | 6.69 |
| Gross amount of receivables acquired | 5.32 | 1.58 | 0.01 | 6.91 |
| | | | | |
| Sales revenues in the first half of 2011 | 13.88 | 3.26 | 3.98 | 7.24 |
| Profit in the first half of 2011 | 0.30 | 0.44 | 0.08 | 0.52 |

Sales revenues and profit refer to values in the individual financial statements on which the overall profit and loss statement is based. In the case of fm consolidation bookings from the capital consolidation with an impact on income are also included in profit.

## 5. Minority interests in equity

INTERSEROH Scrap and Metals Holding GmbH has acquired the remaining 40 percent share in Europe Metals B.V., Heeze, Netherlands, at a price of EUR 10.84 million effective January 1, 2011. The purchase price consists of a fixed component of EUR 8.00 million and a variable component of EUR 2.84 million.

## 6. Dividends paid out

In accordance with the resolution of the General Shareholders' Meeting on May 17, 2011, a dividend of EUR 0.25 per share (exclusively common shares) was paid to the shareholders for fiscal 2010 (a total of EUR 2.46 million). Furthermore, it was resolved that the remaining net income of EUR 0.35 million should be transferred to retained earnings.

## 7. Segments

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.

Segment revenues and earnings in the interim reporting period are shown as follows:

| | Steel and metals recycling | | Services | | Raw Materials Trading | | Cross-segment consolidations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 |
| | EUR million | | EUR million | | EUR million | | EUR million | | EUR million | |
| **Sales revenues** | | | | | | | | | | |
| External sales | 887.20 | 697.97 | 224.33 | 196.08 | 82.22 | 73.68 | 0.00 | 0.00 | 1,193.75 | 967.73 |
| Sales between the segments | 0.27 | 0.25 | 22.13 | 13.39 | 1.13 | 1.23 | -23.53 | -14.87 | 0.00 | 0.00 |
| | 887.47 | 698.22 | 246.46 | 209.47 | 83.35 | 74.91 | -23.53 | -14.87 | 1,193.75 | 967.73 |

| | Steel and metals recycling | | Services | | Raw Materials Trading | | Cross-segment consolidations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 | 1. hy 2011 | 1. hy 2010 |
| | EUR million | | EUR million | | EUR million | | EUR million | | EUR million | |
| **Segment earnings** | 21.30 | 16.90 | 5.00 | 14.67 | 1.58 | 6.37 | -0.05 | -0.02 | 27.83 | 37.92 |
| Shares in profit of associated companies accounted for under the at-equity method contained therein | 0.55 | 1.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.55 | 1.19 |
| **Segment EBIT** | 20.75 | 15.71 | 5.00 | 14.67 | 1.58 | 6.37 | -0.05 | -0.02 | 27.28 | 36.73 |
| included non-cash contributions: | | | | | | | | | | |
| - Depreciation on tangible assets and property, plant and equipment | | | | | | | | | | |
| scheduled | 7.03 | 6.80 | 1.95 | 2.27 | 1.00 | 2.20 | 0.00 | 0.00 | 9.98 | 11.27 |
| extraordinary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| - Transfers to provisions | 0.65 | 0.77 | 7.47 | 1.24 | 0.00 | 0.06 | 0.00 | 0.00 | 8.12 | 2.07 |
| - Liquidation of liabilities | 0.00 | 0.00 | 17.53 | 6.15 | 0.33 | 0.30 | 0.00 | 0.00 | 17.86 | 6.45 |
| - Transfers to bad debt allowances | 0.46 | 1.52 | 2.10 | 1.97 | 0.09 | 0.53 | -0.18 | 0.00 | 2.47 | 4.02 |
| Reconciliation: | | | | | | | | | | |
| Segment earnings | | | | | | | | | 27.83 | 37.92 |
| + Financial income | | | | | | | | | 1.47 | 0.21 |
| - Financial expenses | | | | | | | | | -8.67 | -8.82 |
| - Tax expenses | | | | | | | | | -1.06 | -7.83 |
| consolidated profit acc. to income statement | | | | | | | | | 19.57 | 21.48 |

Segment assets and segment liabilities have developed as follows compared to December 31, 2010:

| | Steel and metals recycling | | Services | | Raw Materials trading | | Cross-segment consolidations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06. 2011 | 31.12. 2010 | 30.06. 2011 | 31.12. 2010 | 30.06. 2011 | 31.12. 2010 | 30.06. 2011 | 31.12. 2010 | 30.06. 2011 | 31.12. 2010 |
| **Segment assets** | 533.51 | 431.75 | 153.43 | 177.31 | 58.94 | 52.45 | -28.48 | -30.54 | 717.40 | 630.97 |
| including: | | | | | | | | | | |
| - Interests in associated companies | 8.41 | 10.75 | 0.00 | 0.00 | 0.00 | 0.05 | 0.00 | 0.00 | 8.41 | 10.80 |
| Reconciliation: | | | | | | | | | | |
| Segment assets | | | | | | | | | 717.40 | 630.97 |
| + Long-term financial assets | | | | | | | | | 3.99 | 7.62 |
| + Deferred tax assets in accordance with IAS 12 | | | | | | | | | 6.05 | 9.99 |
| + Current financial assets | | | | | | | | | 8.86 | 6.76 |
| + Income tax refund claims in accordance with IAS 12, Income taxes | | | | | | | | | 4.01 | 1.21 |
| Consolidated assets according to the balance sheet | | | | | | | | | 740.31 | 656.55 |
| **Segment liabilities** | 206.22 | 142.02 | 179.86 | 176.61 | 24.70 | 20.68 | -39.44 | -41.52 | 371.34 | 297.79 |
| Reconciliation: | | | | | | | | | | |
| + Deferred tax liabilities in accordance with IAS 12 | | | | | | | | | 4.28 | 7.35 |
| + Non-current financial liabilities | | | | | | | | | 90.35 | 94.74 |
| + Tax liabilities in accordance with IAS 12, Income taxes | | | | | | | | | 5.83 | 5.31 |
| + Current financial liabilities | | | | | | | | | 64.17 | 55.09 |
| Consolidated liabilities according to the balance sheet | | | | | | | | | 535.97 | 460.28 |

## 8. Related party disclosures

There have been no significant changes with respect to related parties since December 31, 2010, except for the details in section 3. Please refer to the details provided in the 2010 annual report.

## 9. Events after the end of the interim reporting period

As a consequence of the profit and loss pooling agreement between the ALBA Group plc & Co. KG and INTERSEROH SE the Interseroh syndicated loan agreement in the amount of EUR 130 million was absorbed in the syndicated loan agreement of the ALBA Group plc & Co. KG as at July 25, 2011, which in turn has been reduced due to cash inflows from the issue of an ALBA bond.

The existing loan of the Interseroh Group for refinancing existing liabilities in the amount of EUR 80 million was transferred to facilities of the ALBA loan agreement when Interseroh joined in the ALBA Group syndicated loan agreement. Financing of general business activities by means of drawing down credit facilities under the ALBA loan agreement is possible up to at least the same level as previously under the Interseroh syndicated loan agreement.

The securities and guarantees offered by Interseroh were incorporated in the agreement at the ALBA Group level. Interest is charged at the EURIBOR rate plus a margin. The interest rate risk for refinancing existing liabilities is hedged with the appropriate hedging instruments (interest rate swaps and interest rate caps).

INTERSEROH Scrap and Metals Holding GmbH is taking over Elvira Westarp GmbH in Aschaffenburg effective September 1, 2011. With this step Interseroh is expanding its portfolio in the field of collection, transport and recycling of steel and metal scrap and strengthening its site structure in the areas of Rhine-Main and Lower Franconia. Since this takeover has not yet been closed, no further information can be made regarding this transaction. In particular, the purchase price will be calculated according to the conditions of the closing.

## 10. Audit review

The consolidated interim financial statements for the period January 1 to June 30, 2011, and the interim management report as at June 30, 2011, have neither been subject to audit review nor audited according to § 317 of the German Commercial Code (HGB).

## 11. Assurances of legal representatives

To the best of our knowledge we provide assurance that the consolidated interim statements prepared in accordance with applicable accounting principles for interim financial reporting represent a true and fair view of the Group's financial, earnings and liquidity position and that the interim Group management report presents the course of business, including business results and the situation of the Group, such that a true and fair view is conveyed and that significant risks and opportunities inherent in the anticipated development of the Group during the remaining fiscal year are described.

Cologne, August 10, 2011

INTERSEROH SE

The Board of Directors

Dr. Axel Schweitzer
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