



interseroh

2007 BUSINESS REPORT

The Interseroh Group stands for high-quality recycling and modern closed loop recycling management. Its tasks include the collection, transport, treatment and recycling of empty packaging, disused products and scrap metals in various European countries.

Interseroh thereby guarantees industry the procurement of valuable secondary raw materials, traded worldwide, for its production. In 2007 this amounted to circa 5.8 million tons of secondary raw materials.

KEY FIGURES

	2007*	2006	2005	2004	2003	2002
Group						
Consolidated sales in EUR million						
• Steel and metals recycling	1,219.1	898.7	698.2	810.5	510.5	418.6
• Services	330.5	191.6	248.7	229.7	226.2	235.6
• Raw materials trading	198.9	148.5				
	1,748.58	1,238.8	946.9	1,040.2	736.7	654.2
Earnings before taxes in EUR million	55.4	41.1	29.9	44.7	19.0	20.4
Net income in EUR million	35.4	25.9	19.0	29.6	8.9	11.4
Total assets in EUR million	658.0	446.0	317.7	311.5	253.9	249.7
Equity ratio ⁽¹⁾ in %	26.7	30.3	37.3	34.4	31.0	31.3
Return on equity ⁽²⁾ in %	20.2	19.1	16.0	27.6	11.3	14.4
Total return on capital ⁽³⁾ in %	10.3	10.4	10.7	16.0	8.7	9.7
Workforce (average)	1,606	1,380	1,301	1,254	1,285	1,360
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	0.86** +0.14 bonus	0.11	0.86	0.86	0.86	0.86

(1) Equity per balance sheet x 100/total assets

(2) Earnings after tax per income statement x 100/equity per balance sheet

(3) Earnings before interest and taxes per income statement x 100/total assets

* 2002-2003 financial statements according to HGB; 2004-2007 financial statements according to IFRS

** pending approval of the General Shareholders' Meeting on June 25, 2008

THE MANAGEMENT BOARD

Christian Rubach

is responsible for the steel and metals recycling segment and has been a member of the Management Board since August of 2000. An economist, from 1995 to 2000 he was the director of Krupp Hoesch-Rohstoff und Recycling GmbH (from 1998: Hansa Recycling GmbH)

Johannes-Jürgen Albus

has been Chairman of the Management Board since April of 2006 and Director of Finance since April of 2003. After a number of management positions both in Germany and abroad the business administration graduate was active in the Management Board of GAH Anlagentechnik AG starting in 1997, initially as Finance Director and starting in mid-2000 as Chairman of the Management Board and member of the Management Board of the Group controlling company Atel AG, Olten, Switzerland.

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 upper management.

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A GREETING FROM THE MANAGEMENT BOARD

Dear Shareholders,

A good 2006 was followed by a very good and successful 2007 for INTERSEROH AG. We are especially pleased, therefore, to be able to present you with the annual report of 2007, which shows the best financial statements in INTERSEROH AG's ten-year history on the stock exchange. This positive development will also be reflected in the dividends: The Management and Supervisory Boards intend to propose a dividend of EUR 0.86 plus a bonus of EUR 0.14 at the General Shareholders' Meeting on June 25, 2008, in Cologne.

The Interseroh Group grew significantly in the previous year, with sales in excess of EUR 1.7 billion and earnings before taxes of EUR 55.4 million. A series of successful acquisitions in the steel and metals recycling segment in Germany and the Netherlands, strong organic growth in the services segment and the ambitious global trading of secondary raw materials have characterised 2007 for Interseroh. Relatively high secondary raw materials prices were an important driving force as well.

Against the backdrop of considerable growth, we have decided to expand the reporting structure from two to three segments. This annual report, therefore, for the first time shows a breakdown into the segments of steel and metals recycling, services and raw materials trading.

Interseroh is today the leading provider of organisational solutions for materials flow management and one of the most important raw materials providers in Western Europe. Furthermore, Interseroh has taken an important step towards a physical presence outside of Europe by acquiring a majority interest in a metal scrap trading company registered in the Netherlands and Hong Kong and a minority interest in a steel and metals recycling company in the US.

Given the increasing globalisation of our business segments, Management and Supervisory Boards are endeavouring to transform INTERSEROH AG into a European corporation, a Societas Europaea. After agreement on this point by the General Shareholders' Meeting on June 25, 2008, the company will in future operate under the name INTERSEROH SE. This transformation will have no impact on the corporate structure, management organisation or registered headquarters of the Company and the administrative centre will remain in Cologne.

From here we manage the diverse activities of the Group in German and international closed loop recycling management. Whether it be the recycling of packaging or the recovery of waste products – value creation can only be successful if high-quality raw materials are produced and brought into the

global market by means of comprehensive organisation and efficient quality management. For, in contrast to natural resources, the raw materials sources of today are accessed not so much by the use of technology, as by a professional scrap collection structure and the organisation and coordination of services.

Thanks to the re-utilisation of disused products, materials cycles are closed to the extent possible and resources and energy savings achieved. This not only has a positive effect on Interseroh, but on the environment as well.

In order to critically review the processes of raw materials collection, treatment and trading in the Interseroh Group and at the same time trace the effects of secondary raw material usage on the environment, the renowned Fraunhofer Institute for Environmental, Safety and Energy Technology, UMSICHT, is conducting a study on our behalf on emissions of the so-called greenhouse gas CO₂ into the atmosphere: Initial results show that the secondary raw materials we trade compare very well to primary raw materials. For example, the CO₂ emissions into the atmosphere in the case of new production of steel or aluminium based on secondary raw materials is 50 percent - and in some cases over 90 percent - below that of primary raw materials extracted from ore.

In our view this is one encouraging sign that economic and environmental goals are definitely compatible. The increasing use of secondary raw materials indicates that economically optimised, target-orientated value creation chains can also be of benefit to the environment. For Interseroh economics and ecology are inextricably linked.

We intend to develop the Interseroh Group further along this path, by continuing to reinforce the consolidation of the steel and metals recycling markets and expanding the services and raw materials trading segments.

We hope that you find this annual report thought-provoking and extend our heartfelt thanks for your confidence in INTERSEROH AG.

Yours sincerely,

Johannes-Jürgen Albus
Chairman of the Management Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

This past fiscal year, 2007, 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 by-laws and have supervised the Company's strategic development as well as key individual measures in an advisory capacity.

The Company's Management Board has kept us informed in a timely and comprehensive fashion, by means of both written and oral reports, in particular regarding subjects concerning the Company's business situation and development, its business policy and profitability, as well as short-term and long-term corporate and financial planning. Sales and earnings of the Interseroh Group, as well as sales development in the Company's segments, were presented as part of quarterly reporting. The Chairman of the Supervisory Board was in regular contact with the Chairman of the Management Board outside the scope of committee meetings as well. This continuous contact allowed him to remain informed on current business developments and to explore important issues of business policy.

Main focus points

The Supervisory Board met four times during fiscal 2007. The reports of the Management Board were thoroughly discussed during these sessions; key individual measures and strategic issues were debated jointly with the Management Board.

Consultation on, and discussion of, the Company's strategic orientation were in the forefront, in addition to monitoring the Company's management. Key issues included the M&A projects, particularly in the steel and metals recycling segments, as well as regular reports on the implementation of growth strategy in the corporate divisions. In this regard we dealt in detail with the specifics of the Dual System Interseroh business field against the backdrop of the anticipated amendment to the Packaging Ordinance. 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. The planned transformation of INTERSEROH AG into a European corporation (Societas Europaea/SE) was also debated in depth. The Supervisory Board also conducted a self-assessment of its activities as part of these sessions.

Committees

In accordance with the German Corporate Governance Code, the Supervisory Board formed three committees:

The Presiding Committee consisted of four members until the end of the General Shareholders' Meeting on June 21, 2007. After the Supervisory Board was reduced in line with the resolution of the General Shareholders' Meeting from nine to six members, the Presiding Committee now only has three members. It is comprised of the Chairman of the Supervisory Board and his two deputies. During seven ordinary sessions, this committee dealt in particular with the Group's earnings situation, personnel issues, planned acquisitions, the planned transformation of INTERSEROH AG into a European corporation (SE), as well as with the preparation of Supervisory Board sessions and related agenda items.

The Audit Committee continues to be comprised of three members. It met three times during the year under review. 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.

The Personnel Committee handles matters related to remuneration and other personnel issues of the Management Board. Topics of this committee were handled during sessions of the Presiding Committee, since the same members sit on both committees.

Corporate Governance and Declaration of Compliance

The Supervisory Board also addressed the topic of corporate governance in 2007. Reference is made to the Corporate Governance Report included in the Management Report concerning details of corporate governance at INTERSEROH AG. During its session of December 5, 2007, the Supervisory Board discussed and adopted the joint management and Supervisory Board declaration of compliance with the German Corporate Governance Code for 2007. This declaration has been posted on the Company's website.

Individual and Consolidated Financial Statements, External Audit

The external audit firm appointed by the General Shareholders' Meeting, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Cologne, has audited the 2007 financial statements of INTERSEROH AG 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 AG'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.

All documentation related to the financial statements and the proposal for the appropriation of profits by the Management Board, as well as the KPMG audit reports, were presented to the Supervisory Board. We reviewed these documents and they were discussed in the session of March 26, 2008, in the presence of the external auditor, who reported on key audit findings. Previously the audit reports and financial statements had already been thoroughly discussed by the external auditor and the Company's management in the Audit Committee.

We have acknowledged and approved the reports of the external auditor. Even after the findings of our own review, we see no reason to raise any objections concerning the financial statements submitted. We have approved the individual and consolidated financial statements prepared, as well as the management reports, during our session on March 26, 2008 and approved the proposal on the appropriation of profits. INTERSEROH AG's financial statements are hereby ratified.

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. In our opinion, as well, the management system complies with legal requirements.

Membership of the Supervisory Board and Committees

On February 16, 2007, Mr. Bernd Aido left the Supervisory Board of INTERSEROH AG. The General Shareholders' Meeting of June 21, 2007, approved the recommendation of the administration to reduce the number of Supervisory Board members from nine to six. Dr. jur. Jürgen R. Neuhaus and Dr. Wolfgang Bosch left the Supervisory Board with effect from the end of the General Shareholders' Meeting. The remaining members were confirmed in their duties by the General Shareholders' Meeting. In a constituent session after the end of the General Shareholders' Meeting the members of the committee again elected Dr. Axel Schweitzer as Chairman and Messrs. Friedrich Carl Janssen and Hans-Jörg Vetter as Deputy Chairmen of the Supervisory Board.

The Supervisory Board wishes to thank those members who have departed for their valuable commitment, as well as their constructive support of the Company and the Management Board.

Messrs. Friedrich Carl Janssen and Hans-Jörg Vetter, in addition to the Chairman of the Supervisory Board, are members of the Presiding Committee and the Personnel Committee. The Audit Committee is comprised of Messrs. Joachim Edmund Hunold, Friedrich Merz and Dr. Eric Schweitzer.

Membership of the Management Board

No personnel changes occurred in the Management Board during the period under review.

The Supervisory Board wishes to thank the Management Board, as well as the employees of the Interseroh Group, for their work during fiscal 2007.

Cologne, March 2008

The Supervisory Board
Dr. Axel Schweitzer
Chairman

CONSOLIDATED MANAGEMENT REPORT OF THE INTERSEROH GROUP FOR FISCAL 2007

The Interseroh Group is one of the leading service 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 five and a half million tons of secondary raw materials a year. The business activities of the Interseroh Group are now divided into three segments – steel and metals recycling, services and raw materials trading.

The Share

Ongoing communication with financial markets in the form of road shows and individual discussions conducted by the Management Board and Investor Relations representatives both domestically and abroad was supplemented by setting up a Capital Market Day during the year under review. In September Interseroh again presented itself to private and institutional investors at the Internationale Anlegermesse (IAM) (International Investor Fair) in Düsseldorf.

Sustainable economic factors are an increasingly important component of capital market support and relationships. For the first time Interseroh took part in the Carbon Disclosure Project and commissioned a study in which CO₂ emissions arising from the collection, transport and recycling of Interseroh secondary raw materials are to be determined and savings vis-à-vis CO₂ emissions of relevant primary processes elaborated on. Results are expected in the middle of the current fiscal year. Moreover, data on various components of the sustainable economy were recorded in Interseroh Group data.

The ordinary General Shareholders' Meeting on June 21, 2007 voted to accept all agenda items with a large majority. The ordinary General Shareholders' Meeting for 2008 will be held in Cologne on 25 June.

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

Fiscal year: 31.12.

Shareholders subject to reporting requirements: Isabell Finance Vermögensverwaltungs GmbH & Co. KG (52.98 %)

Float: 47.02 %

Arithmetic par value: EUR 2.60

Shares: 9.84 million

Bloomberg code: ITS.ETR

Reuters code: INSG.de

ISIN: DE0006209901

German securities identification number: 620990

Proposal for the Appropriation of INTERSEROH AG Net Income

The Management and Supervisory Boards propose to the General Shareholders' Meeting that the net income of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen in the amount of EUR 9,840,000.00 for fiscal 2007 be used to pay a dividend of EUR 0.86 (prior year: EUR 0.11) and a bonus of EUR 0.14 per share certificate.

Corporate Governance Report

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

Shareholder rights, the quality of the Supervisory Board and the guarantee of reasonable transparency are all important components of a value-oriented corporate philosophy. To supplement these components and the overall internal organisational structure, including the Company's risk management, the German Corporate Governance Code (DCGK) was adopted on 26 February 2002; the Management Board and Supervisory Board overwhelmingly identify with its recommendations and ideas.

The goals of a good company constitution, to which the Supervisory Board and Management Board of INTERSEROH AG are committed, have been vigorously pursued 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.

Within the Interseroh Group, only INTERSEROH AG prepares a governance report. There is no such obligation for other companies in the Group. INTERSEROH AG has not devised any of its own corporate governance principles to supplement DCGK.

Shareholders and the General Shareholders' Meeting

Safeguarding shareholder rights and convening a General Shareholders' Meeting orientated towards the shareholders, with the option of permanent voting by proxy, as an annual forum for direct contact with the Management Board and Supervisory Board are enduring components of corporate management for Interseroh.

A broadcast transmission of the General Shareholders' Meeting via the Internet is currently not planned.

Management Board and Supervisory Board

The Management Board and Supervisory Board work together closely on an ongoing basis for the well-being of Interseroh. The full Supervisory Board, the Presiding Committee, the Personnel Committee and the Audit Committee meet regularly or 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.

The Supervisory Board also deliberates when necessary without the Management Board.

Compensation Report

Compensation of the Management Board

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

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

The non-performance-related components are fixed remuneration and fringe benefits, such as the use of a company car. The bonus is determined by the Supervisory Board on the basis of existing contracts. For all members of the Management Board it is based on the development in earnings of the individual segments and/or the Group overall.

Compensation paid to the active members of the Management Board in fiscal 2007 amounted to EUR 1,901,850 million (previous year: EUR 1,563,500). This amount contains a variable component of EUR 1,040,000 (previous year: EUR 640,000).

Remuneration of the Supervisory Board

In accordance with the modification of section 15, paragraph 1, of the INTERSERHOH AG by-laws resolved by the General Shareholders' Meeting held on June 21, 2007, the Chairman and the Deputy Chairman of the Supervisory Board receive net annual remuneration in the amount of EUR 45,000. Every other member of the Supervisory Board receives compensation of EUR 30,000 net per annum. If members of the Supervisory Board work in one or more committees without simultaneously being Chairman or Deputy 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. Compensation is payable at the end of the fiscal year. Until the modification of section 15, paragraph 1, of INTERSERHOH AG's by-laws on June 21, 2007, the previous compensation regulation applied, which stipulated that the Chairman and the Deputy Chairman would be compensated annually in the amount of EUR 15,000 net and all additional members of the Supervisory Board in the amount of EUR 10,000 net. A member of the Supervisory Board working in one or more committees without simultaneously being Chairman or Deputy Chairman of the Supervisory Board would receive further compensation of a single payment of EUR 2,500 net per annum to compensate for the work in one or more committees.

Thus, total compensation of the Supervisory Board in fiscal 2007 amounted to EUR 184,888.89 net, and can be broken down per individual member as shown in the table below:

NAME	Function	Compensation in euro (net)
Dr. Axel Schweitzer	Chairman of the Supervisory Board, Chairman of the Presiding Committee	31,291.67
Friedrich Carl Janssen	Deputy Chairman of the Supervisory Board, member of the Presiding Committee (also until June 21, 2007, member of the Audit Committee)	31,291.67
Hans-Jörg Vetter	Deputy Chairman of the Supervisory Board, Member of the Presiding Committee	31,291.67
Joachim Hunold	Member of the Supervisory Board, member of the Audit Committee since June 21, 2007	26,222.22
Friedrich Merz	Member of the Supervisory Board, member of the Audit Committee since June 21, 2007	26,222.22
Dr. Eric Schweitzer	Member of the Supervisory Board, Chairman of the Audit Committee since June 21, 2007	26,222.22
Bernd Aido (until February 15, 2007)	Member of the Supervisory Board, Member of the Audit Committee	1,597.22
Dr. Wolfgang Bosch (until June 21, 2007)	Member of the Supervisory Board	4,777.78
Dr. jur. Jürgen R. Neuhaus (until June 21, 2007)	Member of the Supervisory Board, Chairman of the Audit Committee until June 21, 2007	5,972.22
Total		184,888.89

The membership of the Presiding Committee is identical to the membership of the Personnel Committee.

No compensation or benefits were granted for personal services rendered outside the scope of the Supervisory Board, especially in return for consulting or mediation work.

The members of the Supervisory Board of INTERSEROH AG are not entitled to stock option programmes.

Transparency, Submission of Accounts and Auditing

In addition to the option of directly contacting the Company at any time, Interseroh also publishes information on important developments in the Group on the Internet at www.interseroh.com on an ongoing basis.

A presentation of the Company, as well as its annual reports, quarterly reports and information on certain services, are also available on the site 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). External audits are conducted by KPMG Deutsche Treuhand-Gesellschaft Wirtschaftsprüfungsgesellschaft in Cologne.

Ownership of the Company's shares, or related financial instruments, on the part of members of the Management and Supervisory Boards is detailed in the Notes. Dr. Axel Schweitzer, Berlin, and Dr. Eric Schweitzer, Berlin, have each indicated separately that their share of voting rights has exceeded the 50 percent threshold. According to the directors' dealings disclosures subsequently submitted by each separately, pursuant to section 22, paragraph 1, no. 1, of the Wertpapierhandelsgesetz (Securities Trading Act) a total of 52.98% of shares, and thus voting rights, out of 5,213,517 shares, held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG, are attributed to them.

Deviations

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

A. FRAMEWORK CONDITIONS

1. General Economic Development

During 2007, the year under review, the German economy grew robustly. This was due to favourable export surpluses generated by expansion in the global economy and investment in construction and equipment. Investment also benefited from the fact that projects were initiated earlier, due to less advantageous depreciation conditions that came into force at the beginning of 2008.

As anticipated, private consumption dropped at the beginning of the 2007, a belated consequence of very elevated demand prior to the rise in value added tax. Starting in the second quarter private households had a greater propensity for consumption, since disposable income increased as a result of improvements in the job market.

Economic growth in the Euro-zone developed similarly to that of the German economy. Gross domestic product rose in the region as well, primarily in the first and third quarter. A dynamic economy in Asian countries compensated for the slowdown in growth in the US brought about by turbulence in the financial markets. For the first time, economists described China and India as engines for global growth in this regard.

The year under review was a very good year for the Interseroh Group.

The high demand for scrap, and especially non-ferrous metal scrap, was reflected in prices significantly higher than the previous year's levels. Interseroh acquired additional sites during the period under review and considerably expanded its tonnage as a result. *The development in the steel and metals recycling segment is described in section B.2.*

Services launched in the market during 2006 brought about a rise in sales in the services segment. Above all, sales successes due to the acquisition of companies that market sales packaging have been gratifying. *Further details on the development of the services segment are to be found in section B.3.*

Traded tonnages of recovered paper and plastics rose. Volumes in the wood segment declined slightly due to events unrelated to the market. *Developments in the raw materials segment are presented in section B.4.*

2. Legal framework conditions

A number of regulatory specifications are of relevance to the business activities of the Interseroh companies in the services segment. The year under review was marked by the discussion concerning the fifth amendment of the Packaging Ordinance on assuring the disposal of household packaging via dual systems. The focus was the intention to clarify distinctly the definition of sales packaging originating from households and those originating from the commercial domain. This should facilitate a consistent approach to the abuse of systems by 'free-riders', who finance the return of their packaging either insufficiently or not at all. Outstanding discussion items among the responsible political entities delayed the amendment, anticipated by the middle of the year under review, until the current fiscal year. The fifth amendment of the Packaging Ordinance is expected to go into effect at the beginning of 2009.

B. COURSE OF BUSINESS

1. Sales Revenues and Earnings

2007 was an extremely successful fiscal year for the Interseroh Group. Consolidated group sales revenues amounted to EUR 1,748.51 million (previous year: EUR 1,238.78 million). EBT amounted to EUR 55.42 million (previous year: EUR 41.07 million) and EBIT to EUR 64.29 million (previous year: EUR 45.32 million).

The greatest share of consolidated sales, amounting to EUR 1,221.21 million (previous year: EUR 900.93 million) was contributed by the steel and metals recycling segment. EBT in this segment amounted to EUR 19.88 million (previous year: EUR 21.85 million) and EBIT to EUR 30.19 million (previous year: EUR 26.86 million).

The services segment generated sales revenues of EUR 365.86 million (previous year: EUR 224.99 million). EBT equalled EUR 36.58 million (previous year: EUR 15.48 million) and EBIT was EUR 33.38 million (previous year: EUR 14.02 million). Earnings from profit transfers from companies in the raw materials trading segment amounting to EUR 2.58 million (previous year: EUR 1.81 million) are included in the earnings of the services segment.

Sales in the raw materials trading segment amounted to EUR 201.74 million (previous year: EUR 150.90 million). EBT totalled EUR 5.43 million (previous year: EUR 3.16 million), while EBIT was EUR 7.30 million (previous year: EUR 4.13 million).

Sales between segments of EUR 40.30 million (previous year: EUR 38.04 million) were consolidated. Inter-segment consolidations of EBT and EBIT amounted to EUR -6.47 million (previous year: EUR 0.58 million) and EUR -6.58 million (previous year: EUR 0.31 million) respectively.

Consolidated net income for the year rose from EUR 25.89 million to EUR 35.38 million.

2. Steel and Metals Recycling

Interseroh continued to expand presence successfully

Prices for steel scrap climbed unrelentingly from January until April 2007. After a price decline in May they resumed their climb in June and July before falling again from August to November. During December prices remained relatively constant. Due to strong demand from steelworks, however, prices were above the previous year's levels on average. High demand levels were offset by increased supply of new scrap as a result of the healthy economic conditions in the processing industry.

The prices for non-ferrous metals rose until the middle of the year. After temporary price discounts in the second half of the year, however, they stabilised again.

The need for, and trading of, scrap has become global. Consequently the German and European markets are required to establish themselves organisationally and in terms of trading competence and infrastructure in such a way as to be able to supply German, European and global markets. Imports and exports, however, are coming under growing pressure due to a lower dollar exchange rate, significantly higher freight costs and the EU Waste Shipment Ordinance.

Interseroh ranks among the top 3 in German scrap processors, as well as in the top 3 in European non-ferrous scrap metal trading and recycling. Interseroh already boasts a network of approximately 50 steel and metals recycling sites in Germany, Poland and the Netherlands, as well as trading offices in Sweden and China.

Interseroh improved its value creation by means of investment in processing plants and its presence in Germany and access to scrap in Eastern Europe by acquiring new sites. Processing and transshipment of tonnages were further optimised as a result. When adjusted for expansion, recycled quantities were at the previous year's levels.

According to the strategic alliance agreed in April of 2007, Interseroh exercised the option to acquire a 25 percent shareholding in the US steel recycler and steel scrap trader, The ProTrade Group LLC, Hudson, Ohio. Interseroh has thus gained access to the largest steel scrap market in the world, the US.

Acquisition of holdings and cooperation

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

As of January 1, 2007, all shares of RuP Rohstoffhandelsgesellschaft mbH, Düsseldorf, were acquired.

Effective March 1, 2007, Interseroh purchased 85 percent of shares in Wagner Rohstoffe GmbH, Frankfurt am Main, and 53 percent of Müller-Rohstoffe GmbH, Gelnhausen. The remaining 47 percent of Müller Rohstoffe GmbH is held by Wagner Rohstoffe GmbH. Müller-Rohstoffe GmbH was merged with Wagner Rohstoffe GmbH. With the purchase of the steel and metals recycling company, E. Brenner Schrotthandel, Hanau, effective September 1, 2007, Wagner Rohstoffe GmbH reinforced its activities in the metropolitan area of Frankfurt.

The previous share of 50 percent in TOM Sp.z o.o. in Szczecin, Poland, was increased to 70 percent, effective January 1, 2007.

With a majority holding of 60 percent in the internationally active company Europe Metals B.V., Heeze near Eindhoven, the Netherlands, and Europe Metals Asia Ltd., based in Hong Kong, China, effective November 1, 2007, Interseroh advanced to become one of the European leaders in non-ferrous metal scrap trading and recycling.

Effective December 31, 2007, Interseroh acquired 25 percent of The ProTrade Group LLC, Hudson, Ohio, in the US. An agreement entered into in April of 2007 provides for an increase of the investment in the medium term to 75 percent. Property of the US company includes two other shredder sites in the mid-West, several supplier locations, and a number of trading offices in this region and on the East Coast.

The 50 percent share in HR Hüttenwerkentsorgung GmbH, Mülheim an der Ruhr, was augmented to 100 percent effective January 1, 2007.

SRH Rohstoffhandel GmbH, Siegen, was acquired on November 26, 2007.

INTERSEROH Nordmetall GmbH, Lübeck, was merged into INTERSEROH Hansa Rohstoffe GmbH, Essen.

3. Services: Sales Growth with Simultaneous Pressure on Profit Margins

Transport Packaging

Interseroh organises and coordinates the return of transport packaging for its contractual partners in industry: collection, transport, sorting and recovery. Quantities and sales reported in transport packaging recycling rose. Reasons for this growth lie in the new market participants, who have chosen Interseroh services, as well as the return of customers who had switched to other systems operators at the end of 2005. Margins continued to be under pressure, due to high market prices for recovered paper and used foil, as well as intense competition.

In a five-month work process, experts from the TÜV Rheinland Group comprehensively studied, tested and certified the systematic approach of the Interseroh return system for transport packaging and the Interseroh self-management waste disposal systems for sales packaging. Interseroh is thus the first systems provider to have certified service structures in these areas.

Commercial Sales Packaging

The Interseroh self-management waste disposal solution can be used wherever empty sales packaging occurs in the commercial sector. The Interseroh self-management waste disposal community is based on a system in which packaging material is collected from corresponding (branch-specific) collection points. Interseroh has been able to attract additional customers in the fiscal year just elapsed. Interest in this service rose as well due to the option of combining sales packaging recycling services in the commercial sector with the Interseroh service for the collection of household sales packaging.

Household Sales Packaging

2007 was the first year in which Interseroh was able to offer the Dual System Interseroh (DSI) for the collection and recycling of household sales packaging nation-wide throughout the period under review. Numerous new customers were gained.

A successful indirect sales channel has been opened, in addition to direct sales, in the area of sales packaging recycling.

The sales packaging market was characterised by massive competition with corresponding pressure on prices and margins. The discussion on the Package Ordinance amendment, not fully resolved by the end of the fiscal year, provoked great uncertainty.

The assumption is that an effective tool to combat systems abuse has been created by the amendment to the Package Ordinance, the effects of which will only be fully experienced starting in 2009. At the same time it is probable that the market participants will continue to exploit the latitude that prevails until the amendment becomes effective. This will have a corresponding impact on prices and margins.

Full Service

Full service encompasses the complete spectrum of store and warehouse disposal, as well as recovery of materials extracted. Individual concepts are developed in line with customer wishes. Competition continued to be extremely intense in this market due to new providers in 2007 as well. The loss of orders from major customers was offset only in part by attracting new customers. Branch store and central warehouse disposals were both expanded in the past fiscal year.

Deposit System

In May of 2006 the so-called stand-alone solutions for the return of one-way packaging subject to deposit were abolished. Since then Interseroh has been rendering the tallying services for bottles and cans now required for customers in twelve counting centres and is trading the secondary raw materials obtained as a result (PET, glass, aluminium and tin foil). The counting centres are certified according to the specifications of the Deutsche Pfandsystem GmbH.

After high start-up costs in the partial fiscal year 2006, business stabilised during the year under review and generated a profit. Certain logistical services require further optimisation, because they are not yet covering their costs.

Waste Electrical and Electronic Equipment

Interseroh organises the return and recovery of waste electrical and electronic equipment for several hundred manufacturers in accordance with waste electrical equipment legislation and has expanded the service to include registration during the year under review. Both the number of contractual partners and sales were increased. Competition in this market again continued to be acute. Higher raw materials prices had a positive impact.

Niche Businesses and Low-Volume Logistics

Repasack GmbH for the return and recovery of used paper bags showed an increase in contracted quantities compared to the previous year. New customers have been attracted primarily from abroad.

The number of used ink and toner cartridges from printers, copiers and fax machines collected rose during 2007, as did the number of disused mobile phones. Trading of mobile phones as well as of empty modules resulted in higher sales.

Central and Eastern Europe

Interseroh plans to develop a larger, international raw materials base. This is also a necessary consequence of the concentration of raw materials customers and rising demand in terms of supply quantities and quality. New collection markets for secondary raw materials include the new EU member states of Central and Eastern Europe. Interseroh is, therefore, constructing across-the-board take-back systems in these countries. After establishing INTERSEROH Hungary Ltd., Budapest, Hungary, during the year under review, Interseroh is now represented in Hungary, Croatia, Poland and Slovenia. In Slovenia Interseroh has, after successfully implementing take-back for commercial packaging, become established in the recycling of disused electrical and electronics appliances and household packaging.

These fledgling businesses of the Interseroh Group are being specifically monitored and controlled by the Management Board.

Restructuring and Founding Companies

In order to optimise internal processes INTERSEROH Dienstleistungs GmbH (ISD INTERSEROH Dienstleistungs GmbH until July 16, 2007) was restructured in the middle of 2007. The hitherto functional organisational structure was replaced by a business unit organisational structure. Operational IT structures that had become obsolete were abolished at the same time. Adjustments will be finalised by the end of the current fiscal year.

Activities of the Grüne Umwelt-Box (GUB) for the collection of emptied modules and disused mobile phones were incorporated in its own company effective January 1, 2007 – the INTERSEROH Product Cycle GmbH. The newly established GmbH is the subsidiary of INTERSEROH Dienstleistungs GmbH.

4. Raw Materials Trading: Successfully Europeanised

High world-wide demand for secondary raw materials is resulting in rapid globalisation of the materials flows. The raw materials activities of Interseroh were accordingly consolidated into ISR INTERSEROH Rohstoffe GmbH in 2005. The Interseroh strategy paid off: tonnage of paper and plastics traded rose. Meanwhile only 25 percent of tonnage stems from the services business, 75 percent of the volume consists of freely traded goods. Coordinated logistics and trading activities by dint of consistent quantity consolidation have led to increased earnings. Combining Interseroh quantity flows in Europe facilitates Europe-wide agreements with customers on an ever more frequent basis.

Recovered paper

Prices for recovered paper climbed steeply throughout Europe in the first half of 2007. Requirements from Asia, in particular, influenced the price rise, in addition to stable demand from European paper factories. High demand from Southeast Asia at the beginning of the year was slowed by considerable increases in the cost of sea freight during the second half of the year. Mid-year the lack of clarity concerning export possibilities for recovered paper on top of the Europe-wide implementation of the EU Waste Shipment Ordinance sparked confusion in the market. Price development varied between domestic and export prices in European countries, although prices are becoming increasingly level throughout Europe.

The loss of a major order with minimum margins in the full services business and the related tonnage of traded recovered paper quantities in Germany were compensated to a great extent. Tonnage of kraft paper bags sold hovered at the same level of the previous year.

Recovered paper volumes in France remained stable when compared to 2006. Relationships with French wholesale chains developed positively. Moreover, Interseroh has managed to obtain longer-term new contracts in the area of high-quality recovered paper from the printing industry.

The collection markets of Belgium/the Netherlands/Luxembourg are characterised by strong expansion, particularly as regards local collection. Both tonnage traded and the supplier base were significantly expanded.

The requirements of Italian recovered paper factories in the middle of the year were elevated to such an extent that domestic prices were higher than export prices. Interseroh Italia, therefore, expanded its customer portfolio – which until that point focussed on trading channels to the Far East – by adding customers from the Italian paper industry.

Waste wood

Dwindling receipts, required to be paid to the wood site upon delivery of the material, and rising trading proceeds continued to impact price developments in the waste wood sector in 2007. The demand for waste wood for thermal recycling increased further due to extra capacity from newly activated biomass thermal power stations and greater availability of existing nuclear power station capacity.

During the first half of the year high sales of derived timber products due to the economic upswing resulted in continuing high requirements for various grades of waste woods. Sales tonnage of waste wood rose during the first half of the year rose over the comparable period in the prior year. Demand for waste wood for material recycling dropped in the second half of the year.

The acceptance capacity of the biomass power station in Lünen, which is lowered due to major technical problems and supplied exclusively by the wood site NRW, Lünen location, was not completely offset by positive volume growth in other companies. The result was a slump in traded tonnage compared to 2006. Due to continued technical problems in the biomass thermal power station and the consequent expectation of losses at the Lünen site, Interseroh severed its connection with these activities at the end of 2007. Activities at the Wuppertal site are being continued in a separate company with the previous joint venture partner of the wood site NRW.

On October 11, 2007, INTERSEROH Holzhandel GmbH, together with a regional waste disposal company, founded INTERSEROH Holzkontor Leipzig GmbH & Co. KG. As is the case with all wood sites established with waste disposal partners, Interseroh holdings represent 51 percent of the joint venture.

The wood sites Saarland, Munich and Stuttgart founded in 2006, as well the Leipzig wood site, are not yet included in the consolidated financial statements.

Waste plastic

Prices for waste plastic continued to move at a relatively stable level during the period under review. There were significantly stronger market disturbances than for recovered paper in the summer of 2007, triggered by the new EU Waste Shipment Ordinance and thereby a possible import suspension to China. Prices responded with sharp volatility in the short term.

Sales tonnage of waste plastic rose. By trading volumes from the Group's own deposit counting centres, Interseroh expanded its position as one of the leading market participants in the PET area. The EPS (expanded polystyrene, styropor) processing facility was able to achieve high capacities in the manufacture of polystyrene regranulate. It was gratifying that all types showed either increased or stable growth.

Secondary raw materials 2007/2006	2007	2006
	Total volume in t	Total volume in t
Steel scrap	3,266,900	2,959,600
Scrap metal	288,300	195,100
Rec. paper (inc. kraft paper bags)	1,306,900	1,198,900
Waste wood	668,600	727,300
Plastics	161,700	143,600
Compounds	2,700	20,700
Other secondary raw materials	76,100	45,800

5. Investment

Current investment for the fiscal year totalled EUR 24.09 million (previous year: EUR 36.84 million) and chiefly related to additions to property, plant and equipment of EUR 17.05 million (previous year: EUR 33.17 million), in particular land and buildings in the amount of EUR 2.29 million, technical equipment and machinery of EUR 6.89 million, other facilities, fittings and equipment of EUR 6.31 million, as well as plant under construction of EUR 1.56 million.

Additions in the area of intangible assets of EUR 5.87 primarily reflected software at EUR 4.49 million.

Investment in long-term financial assets totalled EUR 1.17 million in the year under review. This includes acquisition costs of EUR 0.57 million for Group companies not included in the consolidation as at December 31, 2007. It also encompasses additions in the area of other holdings and loans to associated companies totalling EUR 0.60 million.

EUR 12.07 million of current investment related to the steel and metals recycling segment. Additions to intangible assets of EUR 1.20 pertained in particular to the acquisition of concessions or industrial property rights in the amount of EUR 0.96 million. A total of EUR 10.07 million was invested in property, plant and equipment, EUR 1.78 million of which was in land and buildings, EUR 3.37 million in technical equipment and machinery as well as EUR 3.44 million in other facilities, fittings and equipment. EUR 1.48 million was invested in plants under construction. Additions in the area of long-term financial assets of EUR 0.80 million mainly reflected additions to other holdings in the amount of EUR 0.41 million.

EUR 8.17 million of current investment was spent in the services segment. EUR 3.30 million of the EUR 3.35 million invested in intangible assets was due to the implementation of new software. A total of EUR 2.24 million was invested in property, plant and equipment. Additions to property, plant and equipment included EUR 0.49 million for technical equipment and machinery and EUR 1.74 million for other facilities, fittings and equipment. Additions to long-term financial assets of EUR 2.58 million related primarily to loans to companies in the raw materials trading segment of EUR 2.39 million.

EUR 6.24 million of current investment was spent in the raw materials trading segment. EUR 1.07 million of the EUR 1.28 million invested in intangible assets was due to the implementation of new software. A total of EUR 4.74 million was invested in property, plant and equipment. Additions in the realm of property, plant and equipment were due primarily to technical equipment and machinery in the amount of EUR 3.03 million and other facilities, fittings and equipment in the amount of EUR 1.13 million.

6. Financing Measures

The overwhelming majority of current payment transactions and current account balances for major domestic Interseroh companies are concentrated in three banks operating throughout Europe. The relevant accounts are included in a cash pooling arrangement. The former Hansa companies are in their own cash pooling system, which is operated by the same banks as that of INTERSEROH AG. The security for the cash pooling credit line is provided by INTERSEROH AG.

Bank liabilities rose by EUR 88.67 million to EUR 139.39 million and cash and cash equivalents by EUR 109.18 million to EUR 139.10 million during the year under review. Net debt to banks in the Group was thereby reduced by a total of EUR 0.29 million. This is primarily the result of liquidity inflows from the sale of operational receivables under the asset-backed securities programme.

With equity of EUR 175.51 million, the group's equity ratio is 26.67 percent (previous year: 30.34%)

7. Total Return on Capital Employed as Management Instrument

The Management Board of INTERSEROH AG stipulates the strategy for the corporate divisions and the Group's subsidiaries and manages their business. 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 subsidiary 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 the weighted capital costs on the valuation date. Together with a required minimum return and a minimum amortisation period, the cash values achieved by every single investment should secure and expand the total return on capital employed of the group.

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

8. Employees and Social Responsibility

Workforce Grows

The average size of the Interseroh Group's workforce during the year was 1,606 (previous year: 1,380).

On average 982 people were employed in the steel and metals recycling segment in the fiscal year (previous year: 774), comprising 364 white-collar workers (previous year: 277) and 618 industrial workers (previous year: 497).

In the services business segment the number of employees on average rose from 334 to 345. The number of white-collar employees was 316 (previous year: 298) and of industrial workers 29 (previous year: 36).

An average of 279 people was employed in the raw materials trading segment (previous year: 272), comprising 142 white-collar workers (previous year: 142) and 137 industrial workers (previous year: 130).

Focus on continued education and advancement

During the year under review Interseroh instituted individual coaching for the first time, designed to support management staff in the resolution of current problems or to prepare them for future tasks as required.

Interseroh stepped up its involvement in universities, offered internship jobs and provided topics for diploma theses. Contact between Interseroh and management succession staff should be established prior to completion of the latter's studies.

During fiscal 2007 Interseroh also offered employees opportunities for continuing education in IT, specialist and personal development seminars.

Corporate Citizenship Activities extended

Corporate citizenship activities have occupied a permanent place in the different companies of the Interseroh Group for many years, were extended during the year under review and range from corporate giving (ethically motivated donations without self-interest) to corporate volunteering (charitable worker commitment). The Ministry for Generations, Family, Women and Integration of the state of Nordrhein-Westfalen (North Rhine Westphalia) awarded INTERSEROH Dienstleistungs GmbH a distinction on December 12, 2007, in connection with projects undertaken as part of its sponsorship of a children's home in Cologne over many years.

www.interseroh.com, Press, Corporate Citizenship

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

1. Results of Operations

	2007		2006		Change	
	EUR million	%	EUR million	%	EUR million	%
Sales revenues	1,1748.51	100.1	1,238.78	99.5	509.73	41.1
Inventory change	-1.80	-0.1	6.71	0.5	-8.51	-126.8
Total performance	1,746.71	100.0	1,245.49	100.0	501.22	40.2
Cost of materials	-1,498.44	-85.8	-1,052.70	-84.5	-445.74	42.3
Gross profit	248.27	14.2	192.79	15.5	55.48	28.8
Other operating income	15.82	0.9	4.37	0.4	11.45	262.0
Operating income	264.09	15.1	197.16	15.9	66.93	33.9
Personnel costs	-82.13	-4.7	-73.70	-5.8	-9.43	13.0
Scheduled depreciation	-17.73	-1.0	-12.92	-1.0	-4.81	37.2
Operating and administrative expenses	-58.51	-3.3	-40.32	-3.2	-18.19	45.1
Selling expenses	-42.43	-2.4	-34.08	-2.7	-8.35	24.5
Non profit-related taxes	-1.73	-0.1	-1.50	-0.1	-0.23	15.3
	-202.53	-11.5	-161.52	-12.7	-41.01	24.4
Operating result	61.56	3.6	35.64	3.2	25.91	72.7
Investment result	1.23	0.1	2.01	0.2	-0.78	-38.8
Interest result	-8.87	-0.5	-4.25	-0.4	-4.62	108.7
Other financial result	0.25	0.0	0.16	0.0	0.09	56.3
Result from ordinary operations	54.17	3.2	33.56	3.0	20.61	61.4
Extraordinary depreciation	-1.50		-0.64		-0.86	134.4
Results relating to other periods	2.75		8.15		-5.41	-66.4
Earnings before taxes	55.42		41.07		14.36	35.0
Taxes on income	-20.04		-15.18		-4.86	32.0
Consolidated results	35.38		25.89		9.49	36.7
of which:						
Income/losses to be attributed to minority interests	1.60		0.82		0.79	96.3
Income to be attributed to the shareholders of the parent company	33.78		25.07		8.71	34.7

Sales revenues rose by 41.1 percentage points (EUR 509.73 million) compared to the previous year. This rise in sales is chiefly the result of higher prices and volumes in the steel and metals recycling segments, as well as in raw materials trading, and the expansion into new business fields in the services segment as compared to the previous year.

The increase in **other operating revenue** by EUR 11.45 million to EUR 15.82 million is mainly the result of the asset-backed securities programme launched in 2007. The default reserve no longer required as a result of the deposits received is taken to income and reported as other operating revenue in the amount of EUR 6.55 million.

Personnel costs increased by 13.0 percentage points (EUR 9.43 million) compared to the previous year. This can be traced back in the main to the rise in the number of employees from an average of 1,380 in the previous year to 1,606. This increase of 226 employees includes 177 individuals employed in companies that were included in the consolidated financial statements for the first time in 2007.

Higher **operating and administrative expenses** are largely the result of the addition to the default reserve for asset-backed securities (EUR 7.23 million) and increased legal and consulting costs (+EUR 5.13 million) related to the acquisitions undertaken as well as IT projects.

Higher **selling expenses** of EUR 8.35 million go hand-in-hand with the expansion of business activities. Costs of goods delivery, for instance, were up EUR 3.89 million. However, this rise of 24.5 percent was significantly smaller than the growth in sales.

(Negative) **interest income** doubled to EUR -8.87 million. This is explained by the financial debt that has been assumed primarily to finance corporate acquisitions, including a promissory note bond for a total of EUR 80.00 million, which on its own has incurred interest expense of EUR 2.91 million during 2007.

The positive **results relating to other periods** are primarily made up of revenues from the liquidation of provisions and bad debt allowances on the one hand and of expenses related to allocations to bad debt allowances, especially receivables from associated companies not included in the consolidated financial statements, on the other.

Taxes on income rose by an absolute sum of EUR 4.86 million due to increased pre-tax earnings compared to the previous year. The tax rate decreased, by 1.0 percent, to 36.0 percent.

2. Net Assets

Assets	31.12.2007		31.12.2006		Change	
	EUR million	%	EUR million	%	EUR million	%
Intangible assets	79.01	12.0	26.59	6.0	52.42	197.1
Property, plant and equipment	100.16	15.2	81.87	18.3	18.29	22.3
Holdings recognised at equity	7.62	1.2	7.48	1.7	0.14	1.9
Financial assets	6.11	0.9	4.17	0.9	1.94	46.5
Other receivables	2.15	0.3	0.31	0.1	1.84	593.5
Deferred tax claims	4.28	0.7	6.65	1.5	-2.37	-35.6
Non-current assets	199.33	30.3	127.07	28.5	72.26	56.9
Inventories	65.62	10.0	44.24	9.9	21.38	48.3
Trade receivables	191.98	29.1	188.46	42.3	3.52	1.9
Financial assets	12.84	2.0	2.43	0.5	10.41	428.4
Other receivables	43.19	6.6	39.98	9.0	3.21	8.0
Current income tax claims	5.98	0.9	13.91	3.1	-7.93	-57.0
Liquid assets	139.10	21.1	29.91	6.7	109.19	365.1
Current assets	458.71	69.7	318.93	71.5	139.79	43.8
	658.04	100.0	445.99	100.0	212.05	47.5

	31.12.2007		31.12.2006		Change	
Liabilities	EUR million	%	EUR million	%	EUR million	%
Subscribed capital	25.58	3.9	25.58	5.7	0.00	0.0
Reserves	141.09	21.4	107.74	24.2	33.35	31.0
Portion of equity attributable to the shareholders of INTERSEROH AG	166.67	35.3	133.32	29.9	33.35	25.0
Minority interests	8.84	1.3	2.00	0.4	6.83	341.5
Shareholders' equity	175.51	26.6	135.32	30.3	40.18	29.7
Provisions for pensions	20.27	3.1	20.02	4.5	0.25	1.2
Other long-term provisions	4.20	0.6	5.41	1.2	-1.20	-22.2
Deferred tax liabilities	7.60	1.2	5.72	1.3	1.88	32.9
Financial liabilities	118.83	18.1	38.88	8.7	79.95	205.6
Other long-term liabilities	0.04	0.0	0.05	0.0	-0.01	-20.0
Non-current liabilities	150.94	23.0	70.08	15.7	80.87	115.4
Provisions	6.92	1.1	4.63	1.0	2.29	49.5
Current income tax liabilities	20.93	3.2	8.55	1.9	12.38	144.8
Financial liabilities	71.13	10.8	20.83	4.7	50.30	241.5
Trade payables	179.84	27.3	151.80	34.1	28.03	18.5
Other current liabilities	52.77	8.0	54.78	12.4	-2.01	-3.7
Current liabilities	331.59	50.4	240.59	54.1	91.00	37.8
	658.04	100.0	445.99	100.0	212.05	47.5

The Group's **total assets** rose by EUR 212.05 million (47.5%) to EUR 658.04 million in 2007.

The increase in **long-term assets** by EUR 72.26 million is for the most part due to higher intangible assets (EUR 52.42 million) from goodwill identified during the course of corporate acquisitions of EUR 48.34 million.

Short-term assets have risen, in particular due to the growth in cash and cash equivalents of EUR 109.19 million, to EUR 458.71 million. In this connection reference should be made to the consolidated cash flow statement.

The **equity ratio** in the Group has decreased vis-à-vis 2006 (30.3%) by 3.6 percentage points to 26.7 percent owing to the considerable increase in total assets. The main reason for this is the jump in cash and cash equivalents.

The increase in **long-term debt** resulted primarily from new bank loans and promissory note bonds.

Higher **short-term debt** can be traced back chiefly to elevated financial liabilities (EUR 37.24 million of payments received under the asset-backed securities programme, which are owed to the contractual partner, were reported for the first time as at the balance sheet date), as well as increased trade payables brought about by the rise in sales in the Group's segments.

Trade payables are also higher, because a widening gap between lower licence volumes and constant disposal costs due to the abuse of the dual system by free-riders during 2007. For this reason a provision for uncertain liabilities vis-à-vis waste disposal companies has been created and allocated to trade payables. The precise amount of the corresponding obligation will only be known after the final report on volume of all systems operators in March of the following year by means of publication via the clearing centre.

Other liabilities are primarily made up of liabilities from the deposit business.

3. Key Consolidated Indicators in %

		in	2007	2006
Balance Sheet Ratios	Contents			
• Fixed asset intensity	Property plant and equipment according to balance sheet x 100/Total assets	%	15.2	18.4
• Inventory turnover	Sales revenues according to income statement/inventory according to balance sheet		26.6	28.0
• Receivables turnover	Sales revenues according to income statement/trade receivables according to balance sheet		9.1	6.6
• Equity ratio	Shareholders' equity according to balance sheet x 100/Total assets	%	26.7	30.3
Key success indicators	Contents			
• Return on sales	Earnings before interest and taxes according to income statement x 100/sales revenues according to income statement	%	3.9	3.7
• Return on equity	Earnings after taxes according to income statement x 100/equity according to balance sheet	%	20.2	19.1
• Return on capital employed	Earnings before interest and taxes according to income statement x 100/total assets	%	10.3	10.4
• Return on investment (ROI)	Operating result according to earnings position x 100/(assets ./ financial assets)	%	9.5	8.2
• Intensity of materials	Cost of materials according to income statement x 100/total operating performance according to income statement	%	85.8	84.5
• Intensity of personnel	Personnel costs according to income statement x 100/total operating performance according to income statement	%	4.7	5.8
• Financial result ratio	(Investment, interest and other financial results) according to income statement x 100/earning before taxes according to income statement	%	-13.3	-5.1

D. ADDITIONAL DISCLOSURES

1. Events of Special Importance after the Balance Sheet Date

There were no events of special importance that occurred after the balance sheet date.

2. Risk Management Report

The US subprime crisis has resulted in considerable uncertainties in the global financial system. It has been caused by the international marketing of securitised, high-risk and ultimately non-performing individual loans from real estate financing to investors in banking and other sectors. The crisis has had a particularly negative impact on the inter-bank credit market. Responding to the risk aversion that has arisen among banks, central banks have generated high liquidity levels in the money markets in order to support the functioning and stability of the banking system.

Interseroh has not made any investments in asset categories in the subprime environment. Interseroh is subject to the turbulences of the credit market only to a very minimal extent due to its risk-oriented policy of continuously sufficient liquidity levels and its contractual agreements under the ABS programme.

Interseroh's risk strategy calls for avoiding, hedging or insuring specific risks. These risks are operational, original 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 risk management system in order to provide necessary and successful support to the entrepreneurial segments of the Interseroh Group was again the goal and responsibility of INTERSEROH AG's Management Board and the segment directors in fiscal 2007. 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

Developments in secondary raw materials prices have been determined by scarce natural resources. Due to the steep rise in economic growth, Asia, and especially China, also had a voracious appetite for raw materials of every type in the year under review. Risks to stable development in the current and next fiscal year are perceived above all in the decline in growth in the US triggered by the real estate crisis. This could cool down the world economy.

Further details on risks and opportunities in the services business, as well as in secondary raw materials trading, can be found in the segment report, as well as the section on “Anticipated Developments” (section E).

Risk Management System

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

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

Interseroh is exposed to risks from original financial instruments that may have an effect on accounts in the balance sheet and the profit and loss statement. Hedging transactions (derivative instruments) are used to counter default risks in current accounts, against price change risks and liquidity risks, particularly due to exchange rate and interest rate fluctuations. Hedging contracts are used only to hedge cash flows and always relate to a specific underlying transaction. Hedging instruments are not permitted for trading or speculation purposes in the Interseroh Group.

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

Credit risk

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

Price change risk

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

Exchange rate risk

Hedging of underlying transactions in foreign currencies through forward exchange contracts is required for companies in the Interseroh Group starting at transactions with a counter-value of EUR 25,000.

Liquidity risk

Sufficient liquidity, even in the event of fluctuations in payment flows and working capital requirements, is guaranteed in the Interseroh Group by short-term investments, as well as by needs-orientated facilities from Interseroh banking partners.

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

Risks that may jeopardise existence (principal risks) 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 managers also use for their assessments. Together with their assessment of the principal risks, managers were also asked to name and assess any new risks they had identified. No new risks were named.

The probability of occurrence of the principal risks in the assessment period 2007 is seen as higher in two of the eight risk categories compared to 2006 and exceeds the “low” category in two cases. They relate to increasing competitive pressure, as well as investment and financing risks, in the services and raw materials trading segments. The risk of negative influences on earnings and market share continues to exist in the services sector due to restructuring in the waste management industry. In relation to the steel and metals recycling segment, as well as other raw materials traded by Interseroh, the risk of a market imbalance is growing due to the consolidation tendencies on the part of the customers in parallel with increasing competition in the procurement markets.

The assessment for Interseroh activities in France, once again improved, concerns mainly the investment and financing risks.

Managers estimate the effects of risk as slightly higher than the previous year in four cases. Risks assessed as higher are perceived as stemming from the sales area, from the integration of acquisitions, from planned acquisitions and from their financing.

The overall risk assessment range – moderate – remains the same. This estimate has not changed fundamentally since 1999, and therefore there is again no reason to implement short-term measures.

Risk Inventory at Segment Level

The risk inventory per segment has been updated. Individual risks have been assigned probabilities of occurrence, potential effects on the earnings situation were estimated and appropriate measures initiated. From the Group's point of view, the analysis revealed the following risk issues:

- adverse effects on earnings and market share in the services segment due to a rise in users who are utilising service systems without a licensing agreement
- pressure on margins in the services segment
- upcoming changes in the relevant legal framework in the area of packaging disposal and deposits on disposable packaging, as well as in jurisprudence
- obsolete IT structures, which are to be replaced in the current fiscal year
- increased competition in the steel and metals recycling segment as a result of large mergers
- warehousing risks related to scrap in the event of sudden sharp price drops
- excessive dependence on suppliers in individual cases

In the course of the discussion on 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 jeopardise the very existence of the company are not apparent at the moment.

3. Disclosures under Takeover Law

The subscribed capital of INTERSEROH AG 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 has exceeded the 50 percent threshold. According to the directors' dealings disclosures subsequently submitted by each separately, pursuant to

section 22, paragraph 1, no. 1, of the Wertpapierhandelsgesetz (Securities Trading Act) a total of 52.98% of shares, and thus voting rights, out of 5,213,517 shares, held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG, are attributed to them. 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. The Supervisory Board is authorised to adopt amendments to the by-laws that are of an editorial nature only.

On June 21, 2007, the General Shareholders' Meeting authorised the Management Board, effective for 18 months starting June 22, 2007, i.e. until December 21, 2008, to acquire the Company's own shares (treasury stock) representing a maximum proportional amount of capital stock of EUR 2,558,400.00. 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. In the event that shares are sold against cash by means other than via the stock exchange or an offering to shareholders, the authorisation to exclude subscription rights applies only on the condition that the treasury stock sold under exclusion of subscription rights – in total and in conjunction with other shares issued in connection with a capital increase or from authorised capital in accordance with section

186, paragraph 3, clause 4 German Companies Act – may not exceed 10 percent of capital stock per fiscal year at the time the authorisation has gone into effect and 10 percent of capital stock at the time at which this authorisation has been exercised.

There are no agreements in INTERSEROH AG 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 AG 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 working of the market. Interseroh does not engage in research and development in the normal sense.

In the summer of 2007 Interseroh commissioned the Fraunhofer Institut UMSICHT, Oberhausen, to undertake a CO₂ study for the Interseroh Group. CO₂ emissions arising from the secondary raw materials handled by Interseroh during collection, transport, preparation and recovery for various materials were observed and savings compared to CO₂ emissions from primary processes worked out. Results should be obtained in mid-2008.

5. Branch Offices

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

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

E. ANTICIPATED DEVELOPMENTS

1. General Economic Development

Forecasts of the overall economy assume a global slowdown in the pace of expansion during the current fiscal year. Exports are, therefore, likely to contribute less to German growth than hitherto. Turbulence in the US mortgage lending markets, with adverse effects on the US economy and the dollar exchange rate, is primarily responsible for this weakening. Economists are counting on domestic demand, and specifically private consumption, in addition to the stabilising effect of economic growth in Asia. The reason for the rise in private consumption is higher salaries and pensions and the continued, albeit slower, drop in the unemployment rate resulting in higher disposable income. It is, however, possible that the fear of inflation due to rising prices of some foods, as well as of petroleum products, will depress the purchasing mood of the German population. Corporate investment is likely to lose its impetus during the current year, a result of purchases brought forward into 2007, as well as deteriorating financing conditions due to higher risk premiums in consequence of financial market turbulence. The impact of this turbulence on the global economy is not foreseeable at present.

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

2. Steel and Metals Recycling

Experts anticipate that the world-wide boom in the steel industry will continue and with it the high level of demand for steel scrap. Analysts are also confident of a fundamentally strong demand for metals. Growth in the steel and metals area is being driven in particular by the rapidly developing countries of China, India, Russia and Brazil. Furthermore, major steel manufacturers in Germany and Europe have announced that they will be expanding their electric steel plant capacity. Such plants need scrap for steel production.

The existing scrap collection structure and modern processing capacity in this segment provide Interseroh with solid conditions for future profitable growth. The Interseroh Management Board is planning continued expansion of its presence in Germany, as well as the acquisition of suitable sites and the opening of additional trading offices in neighbouring countries. Moreover, the intention is to build up a position in the world's largest steel scrap market with the holding in the US company, The ProTrade Group LLC, Hudson, Ohio.

Risks are to be found in the weak dollar, rising freight costs, as well as the newly constructed processing capacities in Germany requiring large quantities of scrap.

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

3. Services

Transport Packaging

Interseroh is expecting a slight decline in volume and sales in transport packaging recycling in the current fiscal year, due to intense competition.

Commercial Sales Packaging/Household Sales Packaging

The market will be characterised by cut-throat competition during this fiscal year. Despite the aggressive and at times significant price competition of several competitors with market share ramifications, Interseroh will continue to pursue its highly effective and profitable strategy in this business segment. Accordingly, a reduced market share of Interseroh services is expected.

Full Service

It is Interseroh's goal to acquire new major customers, thereby generating additional sales. The target group is being expanded to production companies with nation-wide production sites.

Deposit system

Specific logistics services in the deposit system require further optimisation, as they do not yet cover their costs. Risks exist in the possibility that food retailers may have to install more of their own take-back machines in stores than originally planned. This would result in declining volumes at the Interseroh collection and counting points. An additional potential risk is that major customers may switch to the competition.

Waste Electrical and Electronic Equipment

Strong competition in this segment continues to generate pressure on margins. Interseroh is expecting a moderate increase in the number of contractual partners with approximately the same sales figures.

Niche Businesses and Low-Volume Logistics

Repasack GmbH wants to augment the number of contracts by means of acquisition measures. The risk of losing licence volumes exists primarily due to the potential replacement of paper bags by other packaging types.

Existing systems for collecting empty ink and toner cartridges are to be expanded. Additional collection systems are being planned both on the German and the European level. Risks arise in trading business denominated in US dollars in the face of the Euro that continues to appreciate. Potential risks also exist in the use of new technologies in the printing field. One focus during the current fiscal year is the expansion of mobile phone collection systems.

Central and Eastern Europe

Interseroh, in addition to building and stabilising its services in Croatia, Poland, Slovenia and Hungary is exploring the possibility of entering the market in additional Eastern European countries.

4. Raw Materials Trading

Recovered paper

Continued high demand from Chinese paper factories is anticipated. Interseroh intends to increase the tonnages traded. As the professionalism of the industry is enhanced, this will entail stable to slightly declining margins.

Waste wood

The demand of biomass power stations for the primary fuel waste wood will remain at a high level. Furthermore, Interseroh anticipates the increasing use of waste wood in the derived timber industry.

Interseroh plans to participate significantly in the development of the waste wood business. Additional wood sites will be established to this end and investments made in treatment technology in order to safeguard the high quality demands of material and thermal recycling.

Waste plastic

It is Interseroh's goal to develop additional procurement markets, also in Europe, and to reinforce the expansion of the internal European sales opportunities into Asia via established direct marketing channels.

The risk of price volatility continues to pertain to secondary raw materials trade.

5. Environmental protection

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

6. Change in Form of the Public Limited Company

It is the intention of the Management Board and Supervisory Board to propose to the general shareholders' meeting on June 25, 2008 that INTERSEROH AG be transformed into a European company (Societas Europaea/SE). The Company's registered headquarters and administrative centre would remain in Cologne.

The Management Board is aiming at further strengthening the Interseroh Group in the European market. Once the conversion of the legal form has taken place, the European orientation of the Company will be clarified to the public. The legal form of a Societas Europaea simplifies cross-border mergers and acquisitions. A uniform legal form designation for the various companies of the Group will also become an option, with the potential for savings in administration and legal consulting costs.

This conversion will, according to the plan of the Management Board and Supervisory Board, have no influence on INTERSEROH AG's corporate structure or management organisation.

Cologne, February 2008

INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen

The Management Board

Johannes-Jürgen Albusm, Christian Rubach, Roland Stroese

CONSOLIDATED BALANCE SHEET

as at December 31, 2007

ASSETS	Note No.	31.12.2007 EUR	31.12.2006 EUR
Non-current assets			
Intangible assets	(12)	79,010,538.06	26,588,718.50
Property, plant and equipment	(13)	100,162,171.80	81,869,952.31
Financial assets accounted for under the at-equity method	(14)	7,619,876.28	7,483,752.54
Financial assets	(15)	6,112,525.22	4,167,014.50
Other receivables	(19)	2,149,129.99	303,559.74
Deferred tax claims according to IAS 12	(16)	4,278,520.86	6,652,656.93
		199,332,762.21	127,065,654.52
Current assets			
Inventories	(17)	65,623,927.94	44,240,844.39
Trade receivables	(18)	191,982,026.00	188,459,623.36
Financial assets	(15)	12,835,690.90	2,431,944.65
Other receivables	(19)	43,185,653.77	39,977,588.77
Tax refund claims according to IAS 12, Income taxes	(16)	5,982,860.55	13,907,083.57
Cash and cash equivalents	(20)	139,097,609.57	29,911,875.80
	(17)	458,707,768.73	318,928,960.54
		458,707,768.73	318,928,960.54

LIABILITIES	Note No.	31.12.2007 EUR	31.12.2007 EUR	31.12.2006 EUR	31.12.2006 EUR
Shareholders' equity					
Subscribed capital and reserves attributable to the parent company					
Subscribed capital	(21)	25,584,000.00		25,584,000.00	
Reserves	(22)	141,090,676.21	166,674,676.21	107,736,898.88	133,320,898.88
Minority interests in equity			8,836,421.62		1,997,211.47
			175,511,097.83		135,318,110.35
Liabilities					
Non-current liabilities					
Payments to employees under pension commitments	(23)	20,274,805.16		20,024,715.00	
Other non-current provisions	(24)	4,199,739.86		5,414,229.68	
Deferred tax liabilities according to IAS 12	(16)	7,595,577.68		5,721,369.84	
Financial liabilities	(25)	118,832,223.51		38,878,960.34	
Other liabilities	(27)	44,008.23	150,946,354.44	48,997.16	70,088,272.02
Current liabilities					
Provisions	(24)	6,916,076.41		4,632,140.53	
Tax liabilities according to IAS 12. Income taxes	(16)	20,927,809.29		8,545,112.27	
Financial liabilities	(25)	71,134,874.06		20,834,696.06	
Trade payables	(26)	179,835,500.54		151,796,998.99	
Other liabilities	(27)	52,768,818.37	331,583,078.67	54,779,284.84	240,588,232.69
			482,529,433.11		310,676,504.71
			658,040,530.94		445,994,615.06

CONSOLIDATED INCOME STATEMENT

for the period January 1 to December 31 2007

	Note No.	2007 EUR	2006 EUR
1. Sales revenues	(1)	1,748,510,164.83	1,238,784,444.08
2. Decrease (prior year. increase) in inventory of finished goods and work in progress	(2)	-1,799,349.59	6,707,067.69
3. Other operating income	(3)	34,202,469.70	20,032,162.22
4. Cost of materials	(4)	1,498,444,665.78	1,052,699,305.00
5. Personnel costs	(5)	82,125,227.64	72,699,721.17
6. Amortisation/depreciation on intangible assets and property. plant and equipment	(6)	17,796,868.31	13,557,702.84
7. Other operating expense	(7)	118,306,639.29	83,407,863.91
8. Profit shares in associated companies accounted for under the at-equity method	(8)	1,064,323.91	1,867,850.10
9. Financial income	(8)	4,105,469.72	1,215,583.64
10. Financial expense	(8)	13,986,714.06	5,176,946.16
11. Earnings before tax		55,422,963.49	41,065,568.65
12. Tax expense	(9)	20,039,647.95	15,175,073.10
13. Consolidated earnings		35,383,315.54	25,890,495.55
14. of which income attributable to shareholders of	(10)	1,601,682.24	818,669.90
15. Undiluted earnings per share from the net income from continuing business operations attributable to common shareholders ¹⁾		33,781,633.30	25,071,825.65
16. Sales revenues	(11)	3.43	2.55

¹⁾ Dilution effects do not apply.

CONSOLIDATED NOTES FOR THE FISCAL YEAR 2007

INTERSEROH

Aktiengesellschaft zur Verwertung von Sekundärrohstoffen

Explanation of the Principles and Methods Applied for the Consolidated Financial Statements

I. General Information

The Interseroh Group is one of the leading service and raw materials groups 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 delivers as a supplier more than five million tons of secondary raw materials a year to the paper, steel, plastics, and derived timber product industries, as well as biomass power stations.

As a company listed on the stock exchange, INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, (hereinafter called "INTERSEROH AG" or "parent company") must, according to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 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 fiscal 2005 according to the International Financial Reporting Standards (IFRS) adopted by the European Union (EU); the IFRS consolidated opening balance was prepared on 1 January 2004 (date of the changeover to IFRS according to IFRS 1, First-time Application 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) adopted by the EU and the interpretations of the International Accounting Standards Board (IASB) in London. They comply with the directives of the European Union on consolidated accounts (Directive 83/349/EEC) and comprise the annual financial statements of INTERSEROH AG and its subsidiaries.

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

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

The consolidated financial statements are prepared in Euro. 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.

No events 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 February 22, 2008 (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).

II. Scope of Consolidation

Apart from INTERSEROH AG, the consolidated financial statements as of the balance sheet date also include a total of 29 domestic and nine foreign subsidiaries by way of full consolidation. The fully consolidated companies fulfil the requirement that INTERSEROH AG 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.

Number of companies	Fully consolidated	Valued at equity	Not included due to immateriality			Total
			Holdings > 50%	Holdings >20% <= 50%	Holdings < 20%	
Balance 1.1.	30	5	19	17	9	80
Additions	10	2	9	1	2	24
Disposals	-2	-2	-3	-3	0	-10
Balance 31.12.	38	5	25	15	11	94

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

Company	Reason
Additions (fully consolidated)	
TOM Sp. z o.o., Szczecin, Poland	Acquisition (additional 20%, currently 70%)
RuP Rohstoffhandelsgesellschaft mbH, Düsseldorf incl. Wirtz-Trading GmbH, Düsseldorf	Acquisition (100%) (merged 2007 with RuP)
Wagner Rohstoffe GmbH, Frankfurt a. M. incl. Müller-Rohstoffe GmbH, Gelnhausen	Acquisition (85%) (merged 2007 with Wagner)
HR Hüttenwerkentsorgung GmbH, Mülheim a.d. Ruhr	Acquisition (additional 50%, currently 100%)
INTERSEROH Hansa Finance GmbH, Dortmund	Start up of business activities
INTERSEROH Product Cycle GmbH, Cologne	Start up of business activities
Europe Metals B.V., Heeze, the Netherlands	Acquisition (60%)
Europe Metals Asia Ltd, Kowloon, Hong Kong, China	Acquisition (60%)
INTERSEROH USA Inc., Atlanta, USA	Acquisition (100%)
INTERSEROH Holzkontor Wuppertal GmbH, Wuppertal	Acquisition (51%)
Disposals (fully consolidated)	
INTERSEROH Nordmetall GmbH, Lübeck	Merger into another fully consolidated company
INTERSEROH Holzkontor NRW GmbH, Cologne	Sale
Additions (at equity)	
TOM II Sp. z o.o., Szczecin, Poland	Acquisition of a majority interest in the parent company
The ProTrade Group LLC, Hudson, Ohio, USA	Acquisition (25%)

Furthermore, an already fully consolidated subsidiary acquired the business operations of the sole proprietorship E. Brenner Schrotthandlung, Hanau.

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.

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:

	Wagner Purchase 85% EUR million	EM BV Purchase 60% EUR million	RuP Purchase 100% EUR million	other
Goodwill from initial consolidation	25.90	11.58	5.86	4.65
Goodwill from asset deal				0.12
Non-current assets	2.48	1.43	12.46	7.14
Current assets	14.58	15.84	1.65	10.19
Non-current liabilities	0.78	0.31	4.52	3.63
Current liabilities	13.64	13.24	1.33	7.92

In the context of purchase price allocation in addition to goodwill identified (refer to note (12)), adjustments of acquired assets to the fair market value were undertaken only for RuP Rohstoffhandelsgesellschaft mbH and Wagner Rohstoffe GmbH and only in the case of property, plant and equipment (refer to note (13)).

The companies listed contributed to consolidated earnings as follows:

Company	Date of initial consolidation	Earnings contribution in consolidated financial statements 2007 EUR million
TOM Sp. z o.o., Szczecin, Poland	01.01.2007	1.27
RuP Rohstoffhandelsgesellschaft mbH, Düsseldorf	01.01.2007	0.34
Wagner Rohstoffe GmbH, Frankfurt a. M.	01.03.2007	3.17
HR Hüttenwerkentsorgung GmbH, Mülheim a.d. Ruhr	01.01.2007	-0.01
INTERSEROH Hansa Finance GmbH, Dortmund	01.01.2007	0.31
INTERSEROH Product Cycle GmbH, Cologne	01.01.2007	0.02
Europe Metals B.V., Heeze, the Netherlands	01.01.2007	-0.07
Europe Metals Asia Ltd, Kowloon, Hong Kong, China	01.01.2007	0.12
INTERSEROH USA Inc., Atlanta, USA	31.12.2007	0.00
INTERSEROH Holzkontor Wuppertal GmbH, Wuppertal	Establishment	0.00

Had all the companies listed already been included in the consolidated financial statements as at January 1, 2007, sales and earnings would have been higher by EUR 170.00 million and EUR 1.00 million, respectively, according to management estimates.

The consolidated financial statements of INTERSEROH AG include – as in the previous year – three domestic companies (previous year: four) and two foreign companies (previous year: one) at equity.

The following changes took place:

Company	Reason
Additions (at equity)	
TOM II Sp. z o.o., Szczecin, Poland	Acquisition of a majority interest in the parent company
The ProTrade Group LLC, Hudson, Ohio, USA	Acquisition (25%)
Disposals (at equity)	
TOM Sp. z o.o., Szczecin, Poland	Both after transition: to full consolidation
HR Hüttenwerkentsorgung GmbH, Mülheim a.d. Ruhr	

The consolidated companies included by way of full consolidation or at equity are indicated in the list of shareholdings attached to these Notes. 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.

III. Consolidation Principles

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

Consolidation of capital is performed pursuant to IAS 27 (Consolidated and Separate Financial Statements), in conjunction with IFRS 3 (Business Combinations), 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 AG exercises a significant influence – usually based on an interest of between 20 and 50 percent – are valued according to the equity method and consequently shown with their proportionate equity.

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.

IV. Currency Conversions

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

	Closing date rate		Average rate	
	2007	2006	2007	2006
EUR 1				
Poland PLN	3.5928	3.8565	3.7901	3.9055
Sweden SEK	9.4350	9.0521	9.2502	9.2583
USA USD	1.4716			

Currency conversion for the financial statements of the subsidiary in Hong Kong included in the consolidation for the first time was not required, since its functional currency is the Euro and the company's financial statements are prepared in Euro. Since the US subsidiary was included in the consolidated financial statements on December 31, 2007, for the first time, the conversion was effected at the rate applicable on the balance sheet date.

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

V. Accounting and Valuation 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 not yet been any changes to the accounting and valuation methods applied at the IFRS opening date (1 January 2004). Starting in 2007 advance payments on intangible assets, property, plant and equipment and inventory are no longer reported under these balance sheet accounts, but under other current assets. These reporting changes have 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 resulting from first-time application of, or changes to, a standard or interpretation (IFRS/IAS) had to be made in fiscal 2007.

According 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 not yet mandatory have been applied in these consolidated financial statements. This applies especially to the following standards and interpretations:

a) adopted by the EU:

- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions

b) not yet adopted by the EU:

- IAS 1 – Presentation of Financial Statements: A Revised Presentation
- IFRS 8 – Operating Segments
- IAS 23 – Borrowing Costs (revised)
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 – IAS 19: The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 11 deals with the issue of how Group-wide share-based remuneration is to be accounted for, what effects the exchange of employees within the Group have and how equity-based remuneration is to be treated in the event a company awards its treasury stock or must acquire these shares from third parties or the shares are to be provided by a shareholder. IFRIC 11 is to be applied for the first time for fiscal years starting on or after March 1, 2007. Earlier application is recommended.

IFRIC 11 is not expected to impact future consolidated financial statements of INTERSEROH AG.

IFRS 8, to be applied for the first time for fiscal 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 fiscal 2009.

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 fiscal 2009 and will result in a change in valuation methods in the Interseroh Group. The financial impact is currently viewed as straightforward. Implementation, however, is not anticipated to occur prior to fiscal 2009.

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 fiscal 2009.

Interseroh does not anticipate any effects from the first-time application of IFRIC 13, as well as IFRIC 12 and 14, both mandatory starting in 2008, on future consolidated financial statements.

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.

The consolidated financial statements were prepared on the basis of historical acquisition and production costs except for derivative financial instruments, which are valued at their fair value.

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 according 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.

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 fiscal year. Interest on debt capital as interpreted in IAS 23 (Borrowing Costs) is not capitalised. According to the component approach it can be considered appropriate, under certain conditions, to 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.

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

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 410)	< 1 year	100.00

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.

Holdings recognised at equity are initially recorded at acquisition cost and updated using the equity method. If, in the course of initial consolidation of these holdings, hidden reserves or liabilities have been uncovered, they are – taking into consideration any write-offs under the criteria already mentioned – also contained in this balance sheet item.

At Interseroh holdings and securities are qualified as “available-for-sale” in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Other financial assets, both current and non-current, are classified as “Loans and Receivables” and valued at updated acquisition cost, with the exception of financial derivatives. Loans with little or no interest are accounted for at present value.

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

Trade receivables are classified as “Loans and Receivables” as are those financial assets reported under **other receivables** in accordance with IAS 39 and recorded at the cost of acquisition. Where there are doubts concerning full collectibility, receivables from customers 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.

Deferred tax claims and liabilities are calculated according to IAS 12 (Income Taxes). Deferred taxes are calculated based on the one hand on timing differences between the valuations of assets and liabilities in the balance sheets for commercial and for tax purposes and from consolidation processes and, on the other hand, on realisable loss carry-forwards. Tax rates anticipated in the individual countries at the time of realisation are used as the basis for calculation. These rates are based on the legal regulations valid or adopted as at the balance sheet date. For companies registered in Germany the municipal trade tax assessment rate applicable to the individual company is used as a basis. After the changes effected under the corporate tax reform legislation of 2008, the corporate tax rate is 15.00 percent, the solidarity surcharge on the corporate tax remains at 5.50 percent and the average municipal trade tax is 15.75 percent. The overall tax rate for the computation of deferred taxes for domestic companies will thus be from 28.43 to 32.00 percent depending on the municipal trade tax assessment rate applied. For consolidation processes the income tax rates anticipated for INTERSEROH AG of 31.575 percent (previously 39.90 percent) are uniformly applied. Income tax rates applied to foreign companies vary from 17.50 to 37.00 percent.

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

In accordance with the criteria under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), and where applicable also in accordance with IAS 19 (Employee Benefits), provisions are formed for uncertain liabilities, in the event that it appears probable in each case that performance of a current obligation will result in a direct outflow of resources embodying future economic benefits and the value of this obligation or performance amount can be measured reliably, including in the form of estimates. All known uncertain liabilities and risks concerning the past fiscal year are taken into consideration in the performance amount with the highest probability of occurrence. If the expected 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.

Financial debt, trade payables and other liabilities are to be recorded at their updated acquisition cost in accordance with IAS 39, using the effective interest rate method, if applicable, provided they do not involve financial derivatives. Financial liabilities from financial lease agreements are entered as liabilities at the present value of future lease instalments.

Derivative financial instruments are used exclusively to reduce risks. They are used within the framework of the Group's respective foreign currency regulations.

All financial derivatives are reported at acquisition cost at the time of initial valuation and at fair value on subsequent valuations in accordance with IAS 39 and shown under "other receivables" or "other liabilities" as appropriate.

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.

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.

Sales revenues are recognised at the time of the passage of risk in the case of supplies or at the time of rendering of the service in the case of services, deducting all taxes and revenue reductions that may apply.

Interest income is recorded using the effective interest rate method, **compensation fees** as appropriate to the period in concordance with the specifications of the underlying contract and **dividends** at the point in time when a legal claim to payment arises. This occurs at that point in time at which it becomes probable that the economic benefit from the transaction will flow to the company and the amount of revenues can be reliably ascertained.

Review of Recoverability using Impairment Tests

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). Based on economic interdependencies, Interseroh has identified the segments of services, raw materials trading and steel and metals recycling as independent cash generating units. Due to their business activities and the development of the business field of raw materials trading into an autonomous segment during 2007 the previous segment of services and raw materials trading of 2007 was divided into a services segment and a raw materials trading segment in contrast to the previous year. It was only during the course of 2007 that the volume in the business area of raw materials trading increased significantly with third parties and thus correspondingly decreased the previous dependence on the services segment significantly, so that separate presentation of the business fields as independent segments is appropriate.

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.

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 planned EBIT of the respective segment in accordance with the three-year plan approved by the Management Board. They are adjusted by non-cash income and expenses, investment payments and changes in net current assets. For the following years a constant result is assumed and also discounted on the basis of average planned EBIT.

The plans are based on the assumption that, against the background of positive domestic demand, growth of up to 2.5 percent will be achieved in real terms. Moreover, a price increase of 1.5 percent was assumed for 2008. During 2008, furthermore, the corporate tax reform act 2008 is being implemented in Germany, the effects of which will include a reduction in corporate tax.

A price basis at the level of June/July 2007 was used for planning in the steel and metals recycling segment.

For the services segment further positive effects are anticipated in the industries affected due to stable economic conditions. The level of August 2007 was taken as price basis.

The same expectations apply to the business field of raw materials trading, which has established itself as an autonomous segment during the previous year.

The interest rates applied (between 8.06 and 8.45 percent) are 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.

Use of Assumptions, Estimates and Exercise of Judgment by Management

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.

These assumptions and estimates relate in particular to

- information on the effects of the corporate acquisitions on Group sales and earnings upon inclusion in the consolidation as early as January 1, 2007 (refer to II.)
- standard determination of terms of useful life throughout the Group (see above)
- parameters for performing the impairment tests, including the definition of cash generating units (CGU) (see above)
- criteria for assessing lease agreements as financial lease subject to reporting according to IFRS (refer to disclosures (12), (13), (25))
- realisable nature of future tax relief (refer to note (16))
- estimates of recoverability of doubtful accounts or calculation of bad debt allowances required (refer to note (18))
- parameters for calculating payments to employees under pension commitments (refer to note (23))
- measurement of provisions (refer to note (24))
- determination of liabilities under repayment obligations under industry agreements and for subsequent waste disposal obligations (see below and note (26))

Changes are recognised against income when more information has come to light.

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.

According to the Packaging Ordinance manufacturers who put packaging material 'in circulation' upon delivery of their goods assume an obligation for the return of this material. Interseroh assumes this obligation and during the year issues manufacturers with interim invoices based on the volumes planned or reported by the manufacturers. Volumes actually put into circulation on which the final settlement is based are to be reported and evidenced in the form of certificates issued by auditors. The majority of certificates provided by the auditors are only submitted in the 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 business unit Dual System Interseroh (DSI) an amount of EUR 23.66 million was recorded under trade payables for outstanding invoices from waste disposal companies for 2007. The reason for recording this liability is the trend noted during the year under review 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 provision was computed based on the waste disposal expense as at the balance sheet date of December 31, 2007, 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.

At this time several companies in the Interseroh Group are undergoing a tax audit, the results of which cannot yet be fully assessed with certainty. While in the opinion of management sufficient provisions have been created for all risks, one cannot completely exclude the possibility that additional claims will be imposed by the tax authorities.

The effects of future changes in the assumptions and estimates indicated above cannot be reliably assessed and presented. Each balance sheet date, however, evidences better knowledge as reflected in the valuation methods applied. Actual values can differ in individual cases from the assumptions and estimates made.

NOTES ON THE INCOME STATEMENT

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

(1) Sales revenues

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

	2007 EUR million	2006 EUR million
Goods - stock business	672.08	514.07
Goods - sales business	737.13	526.01
Services	337.57	198.04
Other	1.73	0.66
	1,748.51	1,238.78

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

(2) Increase/Decrease in inventories of finished goods and work in progress

	Inventories		Inventory change	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Work in progress	13.14	12.55	0.59	3.92
Finished goods	8.94	10.12	-1.18	1.74
			-0.59	5.66
Changes due to changes in the scope of consolidation			-1.21	1.05
			-1.80	6.71

(3) Other operating income

	2007 EUR million	2006 EUR million
Refund of default reserve for asset-backed securities	6.55	0.00
Income from the liquidation of provisions	3.84	3.20
Income from the reversal of liabilities	8.57	7.62
Income from the disposal of assets	1.80	1.01
Exchange rate gains	1.87	0.38
Insurance compensation	2.23	0.98
Income from the liquidation of specific bad debt allowances	2.17	1.99
Rental income	0.65	0.63
Other	6.52	4.22
	34.20	20.03

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.

Reference is made to the detail in section V (here: Use of Assumptions, Estimates and Exercise of Judgment by Management).

(4) Cost of materials

	2007 EUR million	2006 EUR million
Purchased raw materials and merchandise, less cash discounts	1,162.16	844.34
Expenses for waste disposal services and other disposal and recycling costs	264.18	147.48
Storage and freight costs	43.27	35.96
Energy costs	12.69	9.16
Counting services deposit packaging	5.01	3.01
Other services purchased	11.13	12.75
	1,498.44	1,052.70

(5) Personnel costs

	2007 EUR million	2006 EUR million
Wages and salaries	68.59	60.10
Employee share of statutory pension insurance	5.05	2.54
Other social security contributions	7.84	9.29
Expenses for pensions and other benefits	0.65	0.77
	82.13	72.70

(6) Amortisation and depreciation on intangible assets and property, plant and equipment

	2007 EUR million	2006 EUR million
Scheduled depreciation		
Intangible assets	1.51	1.42
Property, plant and equipment	16.21	11.50
	17.72	12.92
Extraordinary depreciation		
Intangible assets	0.08	0.44
Property, plant and equipment	0.00	0.20
	0.08	0.64
	17.80	13.56

Extraordinary write-offs relate to software in the deposit area that can no longer be used due to a change in the database.

(7) Other operating expenses

	2007 EUR million	2006 EUR million
Operating and administrative expenses		
Maintenance costs	10.77	10.35
Rents and other premises costs	8.16	6.61
Legal, consulting and audit costs	12.05	6.92
Addition to the default reserve for asset-backed securities	7.23	0.00
Insurance policies	4.57	4.23
External data processing costs	2.42	1.65
Leasing expense	2.09	1.86
Telephone, postage, Internet	1.63	1.72
Other tax expenses	1.73	1.50
Incidental monetary transaction costs	1.23	0.50
Other operating and administrative expenses	8.37	6.48
	60.25	41.82
Selling expenses		
Costs of goods delivery	20.86	16.97
Advertising and travelling expenses	11.12	9.25
Temporary personnel leasing	8.90	9.93
Other selling expenses	1.55	0.93
	42.43	34.08
Expenses from other periods/ non-cash expenses		
Allowances for doubtful accounts	13.04	5.33
Losses from disposals of assets	0.56	0.12
Transfers to provisions for restructuring	0.00	0.24
Other expenses related to other periods	2.03	1.82
	15.63	7.51
	118.31	83.41

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.

(8) Financial and Investment Income

	2007 EUR million	2006 EUR million
Profit shares from associated companies accounted for under the at-equity method		
Eisen-und Stein-Gesellschaft mbH & Co.	0.35	0.36
Mineralmahlwerk Westerwald Horn GmbH & Co.	0.28	0.25
Jade-Entsorgung GmbH	0.24	0.19
TOM II Sp. z o.o., Szczecin, Poland	0.19	-
TOM Sp. z o.o., Szczecin, Poland	-	0.51
HR Hüttenwerkentsorgung GmbH	-	0.56
	1.06	1.87
Financial income		
Income from other holdings	0.16	0.14
Income from long-term loans	0.25	0.16
Other interest and similar income	3.69	0.92
	4.10	1.22
Financial expenses		
Interest expense on the promissory note bond	-2.91	0.00
Transaction costs for asset-backed securities	-1.60	0.00
Insurance costs for asset-backed securities	-0.09	0.00
Impairment losses on non-current financial assets	-1.42	-0.01
Interest portion of transfers to pension provisions	-1.06	-0.99
Interest portion of lease instalments under finance leases	-0.20	-0.18
Bank interest and other costs	-6.70	-4.00
	-13.98	-5.18
	-8.82	-2.09

Further details on interest expense related to the promissory note bond can be found under note (25).

Write-downs 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 shares in or loans to associated companies not included in the consolidated financial statements of EUR 0.21 million and EUR 0.92 million respectively, as well as other investments of EUR 0.29 million (in the previous year only shares in companies not included in the consolidated statements).

(9) Tax expense

Income taxes paid or owed in individual countries, as well as deferred tax liabilities, are reported as tax expenses. The main German companies in the Interseroh Group are, through 2007, subject to an average municipal trade tax rate of 18.37 percent of profit before income tax. The corporate tax rate is 25 percent plus a solidarity surcharge on corporate taxes of 5.50 percent. The total tax rate is 39.90 percent. Deferred taxes on loss carry-forwards are calculated taking into account restrictions currently in force in Germany on offsetting tax losses in subsequent periods.

Calculation of deferred taxes 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. Starting in 2008 the underlying tax rates used in Germany will change to 15.00 percent in the case of corporate tax (the solidarity surcharge on corporate tax of 5.50 percent remains at the same level) and to an average of 15.75 percent in the case of municipal trade tax. The overall tax rate as of 2008 will, therefore, be 31.575 percent. These financial statements take into account the new tax rates for the first time in computing deferred taxes. The change in the tax rate results in one-time income in the amount of EUR 1.06 million, which is recognised immediately as income.

We refer to note (16) for further detail on the accounting changes related to income tax.

The calculation of foreign income tax is based on applicable laws and regulations in the individual countries. Income tax rates applied to foreign companies vary from 17.50 to 37.00 percent.

	2007 EUR million	2006 EUR million
Taxes paid or due		
for the current year	20.52	13.62
for previous years	-0.10	-0.57
	20.42	13.05
Deferred taxes		
on temporary differences	-0.49	2.00
on change in loss carry-forwards	0.11	0.13
	-0.38	2.13
	20.04	15.18

During the year under review income of EUR 1.56 million can be attributed to foreign subsidiaries (previous year: expense of EUR 0.18 million). Income in 2007 is primarily the result of payment of a tax refund claim regarding previous years in France.

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

	2007	2007	2006	2006
	EUR million	EUR million	EUR million	EUR million
Earnings before taxes		55.42		41.07
Expected Income tax expense (39.90%)		22.11		16.39
Effects of lower national tax rates	-0.78		-0,36	
Effects of changes in tax rates	-1.06		0.00	
Deferred taxes on earnings of foreign subsidiaries not taken into account	-0.46		0.65	
Tax-exempt earnings from holdings, incl. income from at-equity valuation	-0.08		-0.22	
Deferred taxes previously not taken into account on tax loss carry-forwards	-1.90		-1.72	
Value adjustments to tax loss carry-forwards	0.44		0.02	
Changes in non-capitalised deferred taxes on temporary differences from foreign subsidiaries	0.14		-0.55	
Tax expenses and income related to other periods	-0.03		0.14	
Non tax-deductible operating expenses	1.16		0.81	
Other permanent differences	0.50		0.00	
Other variances	0.00	-2.07	0.02	-1.21
Actual income tax expense		20.04		15.18

(10) Income/loss to be attributed to minority interests

The profit/loss for other shareholders of EUR 1.60 million (previous year: EUR 0.82 million) concerns profit shares of EUR 1.96 million (previous year: EUR 1.04 million) and loss shares of EUR 0.36 million (previous year: EUR 0.22 million).

(11) 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 AG shareholders of EUR 33.78 million (previous year: EUR 25.07 million) and an unchanged number of issued shares of 9,840,000, this results in an earnings per share of EUR 3.43 (previous year: EUR 2.55).

NOTES ON THE BALANCE SHEET

(12) Intangible assets

	Good will EUR million	Other intangible assets EUR million	Total EUR million
Acquisition/Production costs			
As of 01.01.06	20.92	6.82	27.74
Additions from changes in the scope of consolidation	2.56	0.02	2.58
Additions	0.34	2.42	2.76
Disposals	0.00	-0.90	-0.90
As of 31.12.06	23.82	8.36	32.18
Value adjustments			
As of 01.01.06	0.00	3.77	3.77
Scheduled additions	0.00	1.42	1.42
Extraordinary additions	0.00	0.44	0.44
Disposals	0.00	-0.04	-0.04
As of 31.12.06	0.00	5.59	5.59
Carrying values			
As of 01.01.06	20.92	3.05	23.97
As of 31.12.06	23.82	2.77	26.59
Acquisition/Production costs			
As of 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 of 31.12.07	72.16	13.65	85.81
Value adjustments			
As of 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 of 31.12.07	0.00	6.80	6.80
Carrying values			
As of 01.01.07	23.82	2.77	26.59
As of 31.12.07	72.16	6.85	79.01

The goodwill reported in the consolidated financial statements consists of residual carrying values of goodwill from the initial consolidation of subsidiaries at the amount of EUR 65.20 million (previous year: EUR 17.08 million), as well as the goodwill taken over from the individual financial statements at the amount of EUR 6.96 million (previous year: EUR 6.74 million).

Goodwill arising from the initial consolidation of the additions listed under “II. 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 Europe Metals B.V., Heeze, the Netherlands, of EUR 11.58 million is qualified as provisional. During the current fiscal 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.

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:

	2007	2006
	EUR million	EUR million
Steel and Metals Recycling	68.77	20.51
Services	1.00	0.95
Raw Materials Trading	2.39	2.36
	72.16	23.82

Other intangible assets contain intangible assets with a residual carrying value of EUR 0.38 million (previous year: EUR 0.46 million) that are to be capitalised under finance leases. As in the previous year, there were no additions in this segment in fiscal 2007. Amortisation on these assets amounted to EUR 0.09 million (previous year: EUR 0.09 million).

Extraordinary write-offs on intangible assets (software) were undertaken at the amount of EUR 0.08 million (previous year: EUR 0.44 million) during the fiscal year just elapsed. All amortisation on intangible assets is included in the income statement item “Amortisation and depreciation on intangible assets and property, plant and equipment”.

Except in the case of leased assets, there are no restrictions on the intangible assets in terms of ownership or disposal or acquisition obligations.

(13) Property, plant and equipment

	Land and buildings EUR million	Technical equipment & machinery EUR million	Fittings and equipment EUR million	Construction in progress EUR million	Total EUR million
Acquisition/Production costs					
As of 01.01.06	66.68	81.74	49.22	7.76	205.13
Additions from changes in the scope of consolidation	0.00	1.21	0.21	0.00	1.42
Additions	9.02	7.83	6.11	10.22	33.18
Disposals	-3.19	-2.96	-3.84	-0.15	-10.14
Reclassifications	5.76	9.53	-2.70	-12.59	0.00
As of 31.12.06	78.27	97.08	49.00	5.24	229.59
Value adjustments					
As of 01.01.06	35.12	70.64	38.91	0.23	144.90
Additions from changes in the scope of consolidation	0.00	0.09	0.03	0.00	0.12
Scheduled additions	2.24	5.09	4.17	0.00	11.50
Extraordinary additions	0.00	0.00	0.00	0.20	0.20
Write-ups	-0.04	0.00	0.00	0.00	-0.04
Disposals	-2.89	-2.71	-3.36	0.00	-8.96
Reclassifications	0.99	0.14	-1.13	0.00	0.00
As of 31.12.06	35.42	73.25	38.62	0.43	147.72
Carrying values					
As of 01.01.06	31.56	10.83	10.31	7.53	60.23
As of 31.12.06	42.85	23.83	10.38	4.81	81.87
Acquisition/Production costs					
As of 01.01.07	78.27	97.08	49.00	5.24	229.59
Currency translation	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 of 31.12.07	93.49	114.10	56.26	2.57	266.42
Value adjustments					
As of 01.01.07	35.42	73.25	38.62	0.43	147.72
Currency translation	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 of 31.12.07	38.89	83.61	43.33	0.43	166.26
Carrying values					
As of 01.01.07	42.85	23.83	10.38	4.81	81.87
As of 31.12.07	54.60	30.49	12.93	2.14	100.16

Property, plant and equipment includes assets at the amount of EUR 3.84 million (previous year: EUR 2.61 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 (25) 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 2.59 million and EUR 1.22 million respectively (previous year: EUR 1.73 million and EUR 0.84 million respectively).

Under leased and capitalised assets objects of property, plant and equipment additions of EUR 3.62 million have resulted from initial consolidations in the year under review and other additions of EUR 1.11 million (previous year: EUR 0.00 million each), as well as depreciation at the amount of EUR 1.71 million (previous year: EUR 1.18 million). Furthermore, in the course of the initial consolidation of RuP Rohstoffhandelsgesellschaft mbH and Wagner Rohstoffe GmbH, adjustments to property, plant and equipment to fair market value were made at the amount of EUR 4.17 million and EUR 0.50 million respectively, in each case with respect to land and buildings.

No extraordinary write-offs against property, plant and equipment were recorded in the previous fiscal year (previous year: EUR 0.20 million). All depreciation on property, plant and equipment is shown in the income statement item "Amortisation and depreciation on intangible assets and property, plant and equipment".

Asset items in property, plant and equipment – land and buildings, as well as vehicles and machinery assigned as collateral – with a total residual carrying value of EUR 6.34 million (previous year: EUR 4.66 million), serve as security for liabilities valued at a total of EUR 3.46 million (previous year: EUR 5.16 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.

(14) Financial assets accounted for under the equity method

The following holdings are/were valued using the “at-equity method” in Interseroh’s consolidated financial statements:

	Country	Shareholding		Carrying value	
		2007	2006	31.12.2007 EUR million	31.12.2006 EUR million
Eisen-und Stein Horn KG	Germany	50.00%	50.00%	2.20	2.05
Mineralmahlwerk Westerwald GmbH	Germany	50.00%	50.00%	1.23	1.13
TOM II Sp. z o.o.	Poland	31.36%	-	0.45	-
The ProTrade Group LLC	USA	25.00%	-	3.55	-
Jade-Entsorgung GmbH	Germany	24.90%	24.90%	0.19	0.14
TOM Sp. z o.o.	Poland	70.00%	50.00%	-	3.62
HR Hüttenwerkentsorgung GmbH	Germany	100.00%	50.00%	-	0.54
				7.62	7.48

All companies **accounted for using the equity method** can be allocated to the steel and me-tals recycling segment.

Carrying values mentioned contain hidden reserves in property, plant and equipment with residual carrying values totalling EUR 0.37 million (previous year: EUR 0.38 million) uncovered in the course of the initial consolidation of Eisen- und Stein Horn KG and Jade-Entsorgung GmbH. Furthermore, the initial consolidation of The ProTrade Group LLC, acquired and included for the first time on December 31, 2007, resulted in a difference on the asset side of EUR 2.34 million. During the current fiscal year more comprehensive reviews will be undertaken in order to identify all assets, liabilities and contingent liabilities that can be separately valued. This could affect the shares in earnings from associated companies to be recorded in subsequent years.

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

	Total assets	Equity capital	Sales revenues	Net income for the period
	EUR million	EUR million	EUR million	EUR million
2007				
Eisen-und Stein Horn KG	12.65	4.06	12.20	0.79
Mineralmahlwerk Westerwald GmbH	9.44	2.46	16.89	0.56
TOM II Sp. z o.o.	2.60	1.42	20.73	0.62
The ProTrade Group LLC	24.67	4.85	0.72	1.92
Jade-Entsorgung GmbH		financial statements 2007 yet not available		
2006				
Eisen-und Stein Horn KG	12.46	3.65	11.31	0.77
Mineralmahlwerk Westerwald GmbH	8.86	2.25	14.95	0.50
Jade-Entsorgung GmbH	2.38	1.56	10.16	0.97

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

The share in earnings that the companies mentioned have contributed to consolidated earnings can be found under note (8).

(15) Financial assets

	2007 EUR million	2006 EUR million
Non-current		
Interests in associated companies	1.43	0.68
Other holdings	0.51	0.37
Loans	3.29	2.86
Securities	0.02	0.02
Financial derivatives	0.67	0.03
Other	0.19	0.21
	6.11	4.17
Current		
Loans	6.09	1.10
Receivables from asset-backed securities	5.42	0.00
Interest-bearing receivables from minority shareholders	0.90	0.84
Receivables from factoring business	0.00	0.49
Financial derivatives	0.15	0.00
Other	0.28	0.00
	12.84	2.43

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 20 percent. Impairment losses totalling EUR 0.50 million (previous year: EUR 0.01 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.

The loans reported reflect loans to unconsolidated associated companies at the amount of EUR 1.81 million (previous year: EUR 0.99 million) and to companies not associated with the Group at the amount of EUR 7.56 million (previous year: EUR 2.97 million). Write-downs on loans and securities of EUR 0.93 million (previous year: 0) were recorded.

Reference is made to note (34) regarding receivables under asset-backed securities.

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.

Regarding information on financial derivatives, reference is made to notes (32) and (33).

(16) Income tax assets and liabilities according to IAS 12

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

	2007 EUR million	2006 EUR million
Deferred tax claims	4.28	6.65
Tax refund claims	5.98	13.91
Deferred tax liabilities	-7.60	-5.72
Tax liabilities	-20.93	-8.55
	-18.27	6.29

Furthermore, a tax asset under French law at the amount of EUR 1.23 million (previous year: EUR 0.04 million) is reported under non-current other receivables (refer to note (19)).

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

	deferred taxes 2007		deferred taxes 2006	
	assets EUR million	liabilities EUR million	assets EUR million	liabilities EUR million
Goodwill	1.28	0.73	2.77	0.66
Other intangible assets	0.00	0.26	0.00	0.19
Property, plant and equipment	0.56	5.84	0.86	2.46
Financial assets	0.08	0.25	0.12	0.69
Inventories	0.29	0.72	0.00	0.39
Provisions for pensions	1.30	0.00	1.85	0.00
Other provisions	1.60	0.21	1.88	0.36
Financial liabilities	1.91	2.79	1.37	3.74
Loss carry-forwards for tax purposes	0.46	0.00	0.57	0.00
	7.48	10.80	9.42	8.49
Netting	-3.20	-3.20	-2.77	-2.77
	4.28	7.60	6.65	5.72

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

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

Of existing tax loss carry-forwards amounting to EUR 24.01 million (previous year: EUR 32.76 million) and timing differences, deferred tax assets totalling EUR 4.57 million (previous year: EUR 10.74 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 0.67 million (previous year: EUR 0.00 million) in foreign income tax claims and EUR 0.22 million (previous year: EUR 0.07 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:

	2007		2006	
	EUR million	EUR million	EUR million	EUR million
Deferred tax claims 01.01.	6.65		5.79	
Deferred tax liabilities 01.01.	-5.72	0.93	-2.87	2.92
Deferred tax claims 31.12.	4.28		6.65	
Deferred tax liabilities 31.12.	-7.60	-3.32	-5.72	0.93
Change in balance		-4.25		-1.99
Additions from changes in the scope of consolidation		4.53		-0.14
Changes not recognised in income		0.10		0.00
Deferred tax income according to income statement		0.38		-2.13

We refer to explanations regarding tax expenses under note (9) in this respect.

(17) Inventories

	2007 EUR million	2006 EUR million
Raw materials and supplies	1.71	1.60
Work in progress	13.14	12.61
Finished goods	8.94	10.43
Merchandise	41.83	19.60
	65.62	44.24

Of the inventories shown on the closing date, EUR 7.76 million (previous year: EUR 7.86 million) were accounted for at their net selling value.

Value adjustments on inventories amounted to EUR 1.80 million (previous year: EUR 1.90 million) in the fiscal year.

(18) Trade receivables

	2007 EUR million	2006 EUR million
Receivables from		
Third parties	204.01	193.40
Less doubtful accounts	-12.41	-5.25
	191.60	188.15
 Affiliated companies	 0.16	 0.12
Associated companies	0.01	0.00
Holdings	0.21	0.19
	191.98	188.46

All trade receivables shown are due within a year.

There are no restrictions on trade receivables in terms of ownership and disposal. In the previous year receivables of EUR 10.14 million served as security for liabilities valued at EUR 2.40 million on December 31, 2006, under a global assignment. These liabilities were repaid during 2007.

(19) Other receivables

	2007 EUR million	2006 EUR million
Deposit receivables	27.55	30.01
Advances to suppliers	8.89	3.30
Tax refund claims	3.50	2.54
Creditors on the debit side	1.57	1.10
Security deposits	0.71	0.46
Other	3.11	2.87
	45.33	40.28

Deposit receivables and liabilities (refer to note (27)) reported 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 named contain the following sums that can only be realised after a year has elapsed:

	2007 EUR million	2006 EUR million
Security deposits	0.37	0.19
Advances to suppliers	0.33	0.00
Income tax claim under French law	1.23	0.04
Receivables from insurance companies and other compensation claims	0.01	0.01
Other	0.21	0.06
	2.15	0.30

(20) Cash and cash equivalents

	2007 EUR million	2006 EUR million
Deposits with banks		
• Sight deposits and fixed deposits	138.64	29.31
Cash on hand	0.42	0.22
Cheques	0.04	0.38
	139.10	29.91

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

(21) Subscribed capital

INTERSEROH AG'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.

According to the German Corporation Act, the distributable dividend is determined according to the net income reflected in the annual financial statements of INTERSEROH AG prepared according to the regulations of the German Commercial Code.

A dividend of EUR 0.11 was paid per share for fiscal 2006 (EUR 1.08 million in all). The dividend proposed for fiscal 2007 is EUR 0.86 (previous year: EUR 0.11) plus a bonus of EUR 0.14 per share (a total of EUR 9.84 million). The amount of the dividend for 2007 depends on approval by the shareholders at the General Shareholders' Meeting on June 25, 2008 and has not been reflected in the consolidated financial statements as a liability.

(22) Reserves

	2007 EUR million	2006 EUR million
Capital reserve	38.61	38.61
Consolidated earnings	121.04	88.12
Other non-cash transactions	-19.21	-19.21
Adjustment items from currency conversion	0.65	0.22
	141.09	107.74

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

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

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

The adjustment items from currency conversion relate to the annual financial statements of the at-equity valued holding TOM Sp. z o.o. prepared in Polish zloty and the annual financial statements of INTERSEROH RSH Sweden AB prepared in Swedish krona.

In addition to the adjustment item from currency conversion, an amount of EUR 0.23 million (previous year: EUR 0.02 million) was transferred to reserves without impacting income from the valuation of financial derivatives (cash flow hedges) taking into account deferred taxes.

(23) Payments to employees under pension commitments

The pension provision for the company pension scheme was calculated based on actuarial values according to the projected unit credit method prescribed in IAS 19 (Employee Benefits). Under the projected unit credit method the net present value of claims takes 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 corridor, allocated over the average remaining service periods of the entitled employees and recorded as income or expense. The share of interest on the transfers to provisions contained in 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 category “unfunded” plan.

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.

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

	31.12.2007	31.12.2006
Interest rate for accounting purposes	5.50%	4.50%
Salary trend	2.50%	2.50%
Pension adjustment	1.75%	1.75%
Increase in contribution assessment ceiling for statutory pension insurance	2.50%	3.00%
Adjustment of group contributions to Essener Verband	1.75%	1.50%
Expected return from plan assets	5.50%	6.00%

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

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

	31.12.2007		31.12.2006	
Change rate per year	Men	Women	Men	Women
Age to				
• 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 of 01.01.2006	0.06	21.22	21.28
Periodic net costs from pension commitments (fixed benefit plan)	0.13	1.26	1.39
Employer contributions to plan assets	-0.20	0.00	-0.20
Employee contributions to plan assets	0.01	0.00	0.01
Direct benefit payments by the company	0.00	-1.22	-1.22
As of 31.12.06	0.00	21.26	21.26
As of 01.01.07	0.00	21.26	21.26
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 of 31.12.07	0.03	21.61	21.64

The present value of pension entitlements has changed as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
As of 01.01.2006	1.27	24.15	25.42
Current expenses for pension benefits	0.10	0.18	0.28
Interest expenses	0.05	1.00	1.05
Actuarial loss	0.05	-0.72	-0.67
Benefit payments (payments from plan assets and by the company)	-0.03	-1.22	-1.25
As of 31.12.06	1.44	23.39	24.83
As of 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 of 31.12.07	1.38	20.78	22.16

Payments anticipated for 2008 amount to EUR 1.37 million (previous year: EUR 1.24 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
2006			
Interest expenses	0.06	1.00	1.06
Expected profits from plan assets	-0.07	0.00	-0.07
Current expenses for pension claims	0.10	0.18	0.28
Adjustment of actuarial net (gain)/loss	0.01	0.08	0.09
Amortisation of actuarial gains and losses	0.04	0.00	0.04
Periodic net costs from pension commitments			
• fixed benefit plan	0.14	1.26	1.40
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
Immediate adjustment due to maximum ceiling	0.16	0.00	0.16
Periodic net costs from pension commitments			
• fixed benefit plan	0.16	1.21	1.37

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 01.01.2006	1.13	0.00	1.13
Gains from plan assets			
a. Expected profits from plan assets	0.07	0.00	0.07
b. Actuarial gain/(loss)	-0.03	0.00	-0.03
Employer contributions to plan assets	0.20	0.00	0.20
Benefit payments (payments from plan assets)	-0.03	0.00	-0.03
Market value of plan assets as at 31.12.06	1.34	0.00	1.34
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 assets	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

The total present value of pension entitlements and market value of plan assets amounted to EUR 22.28 million (EUR 24.09 million) and EUR 0.93 million (EUR 0.99 million) respectively as at January 1, 2004 (December 31, 2004).

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 01.01.06	0.10	2.93	3.03
Actuarial (gain)/loss in the period			
a. Net present value determined	0.05	-0.72	-0.67
b. Plan assets	0.03	0.00	0.03
Adjustment from actuarial net gain/(loss)	-0.02	-0.08	-0.10
Unrecognised actuarial (gain)/loss as at 31.12.06	0.16	2.13	2.29
Unrecognised actuarial (gain)/loss as at 01.01.07	0.16	2.13	2.29
Actuarial (gain)/loss in the period			
a. Net present value determined	-0.13	-2.93	-3.06
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	0.09	-0.83	-0.74

(24) Provisions

	Balance 01.01.2007 EUR million	Change in scope of Consoli- dation EUR million	Utilisation EUR million	Liquidation EUR million	Transfer EUR million	Balance 31.12.2007 EUR million
Lawsuits	1.63	-0.01	0.34	1.16	1.27	1.39
Obligation to return prop. to original cond.	2.38	0.00	0.00	0.01	0.15	2.52
Restructuring	0.70	0.00	0.02	0.61	0.00	0.07
Pending transactions	1.45	0.00	0.40	1.05	2.95	2.95
Financial derivatives	0.00	0.00	0.00	0.00	0.31	0.31
Anniversary obligations	0.56	0.00	0.09	0.06	0.12	0.53
Other	2.09	-0.01	0.48	0.95	1.32	1.97
	8.81	-0.02	1.33	3.84	6.12	9.74

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

	Balance 31.12.2007	Balance 31.12.2006
	EUR million	EUR million
Pending transactions	2.95	0.00
Lawsuits	1.38	1.61
Restructuring	0.07	0.70
Other	1.15	1.08
	5.55	3.39

The current share of provisions for pensions (prospective pension payments in the upcoming fiscal year) is reported in the balance sheet under current provisions at EUR 1.37 million (previous year: EUR 1.24 million), so that the total amount of the balance sheet item "Provisions" in current liabilities amounts to EUR 6.92 million (previous year: EUR 4.63 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 company's own legal department and 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 2008 or further extensions to the existing agreements have not been agreed, will become due between January 01, 2009 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 0.04 million) as at the balance sheet date.

Provisions for **restructuring** include anticipated expenditures in connection with planned restructuring measures in one foreign subsidiary.

The provision for anticipated losses from **pending transactions** relates to "Full Service" agreements, as well as a DSI customer contract. The operating losses, calculated based on full costs, for the upcoming fiscal year are provided for in line with the term of the underlying contracts.

(25) Financial liabilities

As of 31.12.07	of which with a remaining term of			
	Total EUR million	up to 1 year EUR million	over 1 year, up to 5 EUR million	up to 5 years EUR million
Liabilities (to / from)				
• Banks	139.39	25.72	112.33	1.34
• Asset-backed securities	37.24	37.24	0.00	0.00
• Finance leases	3.78	1.44	2.34	0.00
• Other	9.56	6.74	2.75	0.07
	189.97	71.14	117.42	1.41

As of 31.12.06	of which with a remaining term of			
	Total EUR million	up to 1 year EUR million	over 1 year, up to 5 EUR million	up to 5 years EUR million
Liabilities (to / from)				
• Banks	50.71	16.41	32.83	1.47
• Asset-backed securities	0.00	0.00	0.00	0.00
• Finance leases	3.06	1.06	2.00	0.00
• Other	5.94	3.36	1.20	1.38
	59.71	20.83	36.03	2.85

Interseroh generally does not provide security for **liabilities to banks**. Secured loans do exist in exceptional cases. These loans are valued at EUR 12.78 million (previous year: EUR 7.56 million) as at the balance sheet date, of which EUR 2.83 million (previous year: EUR 3.10 million) is secured by land charges. The interest rates for medium and long-term liabilities range between 3.20 percent and 5.80 percent. Terms end between January 30, 2008 and May 31, 2012.

In particular in order to finance the corporate mergers, one of the consolidated companies took out several promissory note bonds totalling EUR 80 million on April 18, 2007. The loans are not collateralised and can be broken down as follows with respect to interest rates and terms:

	Term	Amount
	Years	31.12.2007
		EUR million
5.035 % (fixed)	3	9.75
6-month-EURIBOR + 0.775 %	3	40.50
5.035 % (fixed)	5	6.25
6-month-EURIBOR + 0.875 %	5	23.50
		80.00

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 liabilities at nominal value (refer to note (34)).

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 instalments		of which interest portion		of which repayment portion	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
within a year	1.57	1.17	0.13	0.10	1.44	1.07
between 1 and 5 years	2.56	2.19	0.22	0.19	2.34	2.00
in over five years	0.00	0.00	0.00	0.00	0.00	0.00
	4.13	3.36	0.35	0.29	3.78	3.07

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 0.04 million (previous year: EUR 0.04 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.

(26) Trade payables

Liabilities to	2007 EUR million	2006 EUR million
Third parties	178.86	151.66
Affiliated companies	0.03	0.04
Associated companies	0.09	0.07
Holdings	0.86	0.02
	179.84	151.79

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 66.33 million (previous year: EUR 49.22 million) and liabilities in connection with concluded contracts that basically involve repayment obligations to manufacturers and waste disposal obligations at EUR 17.31 million (previous year: EUR 11.44 million).

(27) Other liabilities

As of 31.12.07	Total EUR million	of which with a remaining term of		
		up to 1 year EUR million	over 1 year. up to 5 EUR million	up to 5 years EUR million
Liabilities (to / from)				
• Deposit liabilities	23.62	23.62	0.00	0.00
• Employees	9.44	9.44	0.00	0.00
• Other taxes	5.65	5.65	0.00	0.00
• Ancillary personnel costs	1.98	1.98	0.00	0.00
• Other	12.12	12.08	0.02	0.02
	52.81	52.77	0.02	0.02
of which with a remaining term of				
As of 31.12.06	Total EUR million	up to 1 year EUR million	over 1 year. up to 5 EUR million	up to 5 years EUR million
Liabilities (to / from)				
• Deposit liabilities	32.99	32.99	0.00	0.00
• Employees	7.30	7.29	0.01	0.00
• Other taxes	3.04	3.04	0.00	0.00
• Ancillary personnel costs	1.71	1.71	0.00	0.00
• Other	9.79	9.75	0.04	0.00
	54.83	54.78	0.05	0.00

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

The explanations in note (19) 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 vacation and overtime.

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

Of the other liabilities, EUR 0.01 million (previous year: EUR 0.01 million) concern liabilities to associated companies.

OTHER NOTES AND INFORMATION

(28) 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 current 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 current operating activity, because they in the first instance serve to finance current operating activity. Dividend receipts are also included in cash flow from current operating activity. They represent dividend payments by associated companies accounted for according to the equity method.

Consolidated earnings increased by EUR 9.49 million (EUR 14.35 million before income tax) compared to the previous year. The fact that cash flow from operating activity is EUR 90.29 million above the previous year's level is due to the large release of funds from net operating assets. This is influenced, in particular, by the sale of trade receivables under the asset-backed securities programme (refer to note (34)).

The depreciation/appreciation of non-current assets of EUR 18.58 million contains write-ups and write-downs on non-current financial assets (EUR 1.27 million) and on companies valued at equity (EUR – 0.49 million), in addition to write-downs of intangible assets and property, plant and equipment (EUR 17.8 million).

Net cash flow after the deduction of disbursements related to interest and income taxes developed accordingly, with income tax payments, despite the considerably improved consolidated earnings before taxes, dropping significantly due to large refunds from previous years. As a result net cash flow rose by EUR 92.90 million compared to the previous year.

The outflow of funds in the field of investment activity in the year under review was more than double that of the previous year at EUR 82.23 million (previous year: EUR 36.95 million; 2005: EUR 20.98 million). Substantial investments in consolidated companies are responsible for this increase, since in the previous year greater weight was clearly placed on internal growth (investment in non-current assets).

Acquisition costs for consolidated companies and other business units were incurred at the amount of EUR 69.03 million (Wagner EUR 28.55 million, EM BV EUR 15.30 million, RuP EUR 14.09 million, others EUR 11.09 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. The full names of the companies mentioned can be found in the table under II. Scope of Consolidation.

Cash flow from financing activity shows an inflow of funds totalling EUR 66.60 million (previous year: EUR 5.46 million) in the year under review. Inflows arise from the assumption of financial liabilities (in particular promissory note bonds, refer to note (25)). Net borrowing from financial debt amounted to EUR 68.56 million (previous year: EUR 14.48 million).

During the year under review cash and cash equivalents rose by EUR 109.19 million (previous year: EUR 0.43 million).

(29) Description of 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 AG is assigned fully to the services segment.

The segments can be presented as follows for the past fiscal year:

	Steel and Metals Recycling		Services		Raw Materials Trading	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Sales revenues						
External sales	1,219.13	898.66	330.53	191.59	198.85	148.53
Sales between the segments	2.08	2.27	35.33	33.40	2.89	2.37
	1,221.21	900.93	365.86	224.99	201.74	150.90

	cross-segment consolidations		Group	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Sales revenues				
External sales	0.00	0.00	1,748.51	1,238.78
Sales between the segments	-40.30	-38.04	0.00	0.00
	-40.30	-38.04	1,748.51	1,238.78

	Steel and Metals Recycling		Services		Raw Materials Trading	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Segment result	30.03	26.87	31.65	4.47	7.51	3.97
including:						
• cross-segment merger losses	0.00	0.00	0.00	9.38	0.00	0.00
• Amortisation/depreciation on intangible assets and property, plant and equipment scheduled	10.99	6.55	3.00	2.92	3.72	3.45
extraordinary	0.00	0.00	0.08	0.64	0.00	0.00
Reconciliation:						
Segment earnings						
+ Financial income						
- Financial expenses						
- Tax expenses						
Consolidated earnings according to income statement						
Segment assets	352.82	241.52	215.28	120.37	78.40	72.57
including:						
- Interests in associated companies	7.62	7.48	0.00	0.00	0.00	0.00
Reconciliation:						
Segment assets						
+ Non-current financial assets						
+ Deferred tax claims according to IAS 12						
+ Current financial assets						
+ Tax refund claims in accordance with IAS 12, Income taxes						
Consolidated assets in accordance with the balance sheet						
Segment liabilities	97.10	87.16	137.27	123.42	43.82	38.15
Reconciliation:						
+ Deferred tax liabilities according to IAS 12						
+ Non-current financial liabilities						
+ Tax liabilities in accordance with IAS 12, Income taxes						
+ Current financial liabilities						
Consolidated liabilities according to the balance sheet						
Investment in non-current assets (property, plant and equipment and intangible assets)	11.27	21.84	5.59	7.91	6.02	6.01

	cross-segment consolidations		Group	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Segment result	-3.89	9.72	65.30	45.03
including:				
• cross-segment merger losses	0.00	-9.38	0.00	0.00
• Amortisation/depreciation on intangible assets and property, plant and equipment scheduled	0.00	0.00	17.71	12.92
extraordinary	0.00	0.00	0.08	0.64
Reconciliation:				
Segment earnings			65.30	45.03
+ Financial income			4.11	1.22
- Financial expenses			-13.99	-5.18
- Tax expenses			-20.04	-15.18
Consolidated earnings according to income statement			35.38	25.89
Segment assets	-17.67	-15.63	628.83	418.83
including:				
- Interests in associated companies	0.00	0.00	7.62	7.48
Reconciliation:				
Segment assets			628.83	418.83
+ Non-current financial assets			6.11	4.17
+ Deferred tax claims according to IAS 12			4.28	6.65
+ Current financial assets			12.84	2.43
+ Tax refund claims in accordance with IAS 12, Income taxes			5.98	13.91
Consolidated assets in accordance with the balance sheet			658.04	445.99
Segment liabilities	-14.15	-12.04	264.04	236.69
Reconciliation:				
+ Deferred tax liabilities according to IAS 12			7.60	5.72
+ Non-current financial liabilities			118.83	38.88
+ Tax liabilities in accordance with IAS 12, Income taxes			20.93	8.55
+ Current financial liabilities			71.13	20.83
Consolidated liabilities according to the balance sheet			482.53	310.67
Investment in non-current assets (property, plant and equipment and intangible assets)	0.04	0.00	22.92	35.76

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

	Steel and Metals Recycling		Services		Raw Materials Trading	
	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million	2007 EUR million	2006 EUR million
Germany						
a) Sales revenues (external sales)	709.99	546.79	315.01	175.02	84.08	80.32
b) Assets	297.36	233.68	212.26	117.85	25.26	32.49
c) Investment in non-current assets (property, plant and equipment and intangible assets)	7.45	21.64	5.55	7.83	2.15	4.47
Other EU countries						
a) Sales revenues (external sales)	456.35	313.00	14.45	11.61	62.20	49.97
b) Assets	49.44	7.84	3.02	2.52	53.14	40.08
c) Investment in non-current assets (property, plant and equipment and intangible assets)	3.82	0.20	0.04	0.08	3.87	1.54
Non-EU countries						
a) Sales revenues (external sales)	52.79	38.87	1.07	4.96	52.57	18.24
b) Assets	6.69	0.00	0.00	0.00	0.00	0.00
c) Investment in non-current assets (property, plant and equipment and intangible assets)	0.00	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).

(30) Contingent liabilities

Contingent liability under joint and several liability for guarantees and cash advances

The group has obligations totalling EUR 0.35 million (previous year: EUR 5.81 million) from surety and guarantee agreements and provision of securities for non-group liabilities.

(31) Other financial obligations

Apart from the finance lease agreements already described as financial liabilities, 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 8.74 million (previous year: EUR 7.61 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:

	2007 EUR million	2006 EUR million
within a year	8.96	8.27
between 1 and 5 years	16.67	19.24
in over five years	14.69	12.51
	40.32	40.02

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

	2007 EUR million	2006 EUR million
within a year	5.39	2.61
between 1 and 5 years	0.43	1.50
in over five years	0.00	0.00
	5.82	4.11

These figures, in particular, include an amount of EUR 3.92 million for future payments in connection with the replacement of former IT structures.

(32) Management of financial risks

In accordance with IFRS 7 reporting should clearly show the impact of financial instruments on a company's financial position and results of operations. The aim is also to present the risks of the financial instruments, and the mitigation of these risks, in structured fashion.

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

	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
31.12.2007						
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 receivables and loans	26.52	26.52	26.52	26.52		
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						
Forward exchange transactions	0.15	0.15			0.15	0.15
Interest rate swaps	0.67	0.67			0.67	0.67
	360.48	360.48	359.66	359.66	0.82	0.82
Liabilities						
Liabilities	375.23	375.23	375.23	375.23		
Held for trading						
Derivatives						
Interest rate swaps	0.31	0.31			0.31	0.31
	375.54	375.54	375.23	375.23	0.31	0.31

	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
31.12.2007						
Assets						
Loans and receivables						
Cash and cash equivalents	29.91	29.91	29.91	29.91		
Trade receivables	188.49	188.49	188.49	188.49		
Other receivables and loans	9.93	9.93	9.93	9.93		
Available for sale						
Holdings	1.05	1.05	1.05	1.05		
Securities	0.02	0.02	0.02	0.02		
Held for trading						
Derivatives						
Forward exchange transactions	0.01	0.01			0.01	0.01
Interest rate swaps	0.03	0.03			0.03	0.03
	229.44	229.44	229.40	229.40	0.04	0.04
Liabilities						
Liabilities	214.00	214.00	214.00	214.00	0.00	0.00

The financial instruments, shown as loans and receivables, are valued at updated acquisition costs, since there is no transparent market for fair value assessment.

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

Category according to IAS 39	from subsequent valuation							Net earnings 2006 EUR million
	Interest EUR million	Dividends EUR million	At Fair Value EUR million	Currency translation EUR million	Value adjustment EUR million	Reversal of impairment losses EUR million	Disposals EUR million	
Loans and receivables	3.94	0.00	0.00	0.00	-14.19	2.62	-0.14	-7.76
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 measured at amortised acquisition cost	-9.89	0.00	0.00	0.00	0.00	0.00	0.00	-9.89
	-5.92	0.16	0.00	-0.13	-14.69	2.77	-0.14	-17.94

Category according to IAS 39	from subsequent valuation							Net earnings 2006 EUR million
	Interest EUR million	Dividends EUR million	At Fair Value EUR million	Currency translation EUR million	Value adjustment EUR million	Reversal of impairment losses EUR million	Disposals EUR million	
Loans and receivables	1.08	0.00	0.00	0.00	-5.49	2.11	-0.26	-2.57
Financial assets available for sale	0.00	0.14	0.00	0.00	-0.01	0.00	0.00	0.13
Financial instruments held for trading	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
Financial liabilities measured at amortised acquisition cost	-3.05	0.00	0.00	0.00	0.00	0.00	0.00	-3.05
	-1.98	0.14	0.00	0.00	-5.50	2.11	-0.26	-5.49

The value adjustment account reflects additions to loans and receivables at the amount of EUR 12.21 million (previous year: EUR 5.13 million), which have not directly impaired the carrying value of the financial instruments concerned. The reversal of impairment loss account relates only to reductions in the corresponding value adjustments.

Interest income from loans and receivables shows interest income from impaired financial receivables at the amount of EUR 0.04 million.

Exchange 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 1.30 million (previous year: EUR - 0.28 million).

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 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 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.

Analysis of contracted maturities for financial liabilities:

	Total carrying value EUR million	Gross inflows/ outflows EUR million	up to 30 days EUR million	from 31 days to 180 days EUR million	from 181 days to 1 year EUR million	from 1 to 5 years EUR million	over 5 years EUR million
31.12.2007							
Financial liabilities	195.40	213.76	39.18	12.76	29.08	130.90	1.84
Trade liabilities	179.83	179.83	108.71	16.06	55.06	0.00	0.00
Derivatives	0.31	0.31	0.00	0.00	0.00	0.31	0.00
	375.54	393.90	147.89	28.82	84.14	131.21	1.84
31.12.2006							
Financial liabilities	62.22	69.50	4.92	4.26	12.55	43.35	4.42
Trade liabilities	151.78	151.78	108.20	11.94	31.64	0.00	0.00
Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	214.00	221.28	113.12	16.20	44.19	43.35	4.42

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 did not arise.

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.

Interseroh conducted a sensitivity analysis on the significant foreign currency transactions still outstanding at the balance sheet date. This required that accounts be created from netted asset and liability accounts; they were then valued at the rate prevailing on the balance sheet date and, in two further steps, translated again at a Euro rate that showed an appreciation or depreciation, respectively, of 10 percent.

If the Euro rate had been 10 percent lower than it was at the balance sheet date, an impact on earnings in the amount of EUR -0.60 million (previous year: EUR -0.12 million) would have occurred. If the rate had been 10 percent higher than at the balance sheet date, earnings would have been EUR 0.50 million higher (previous year: EUR 0.09 million).

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 purchase 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.

Current financial liabilities to banks totalled EUR 25.72 million on the balance sheet date. An increase in short-term interest rates for terms of up to twelve months of 0.5 percent a year applies, exposing Interseroh to an earnings risk of EUR 0.13 million. The EONIA (Euro Over Night Index Average) for December 31, 2007, was published at 3.916 percent.

Maturities of financial instruments – not including cash and cash equivalents – are displayed in the following table:

	Total carrying value	of which: on the balance sheet date neither impaired nor overdue	of which: as at the balance sheet date neither impaired and overdue according to the following stages in time			
	EUR million	EUR million	Less than 10 days EUR million	Between 11 and 30 days EUR million	Between 31 days and 1 year EUR million	More than 1 year EUR million
31.12.2007						
Trade receivables	191.98	135.94	21.14	19.12	14.02	1.76
Financial receivables	28.58	25.78	0.01	0.74	1.97	0.08
Derivatives	0.82	0.82	0.00	0.00	0.00	0.00
	221.38	162.54	21.15	19.86	15.99	1.84
31.12.2006						
Trade receivables	188.49	146.51	22.14	11.61	7.17	1.06
Financial receivables	11.00	8.92	0.08	0.05	1.90	0.05
Derivatives	0.04	0.04	0.00	0.00	0.00	0.00
	199.53	155.47	22.22	11.66	9.07	1.11

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.

The maximum default risk for financial assets is shown below:

Carrying value as equivalent to the maximum default risk	2007 EUR million	2006 EUR million
Trade receivables	191.98	188.49
Other financial receivables	28.58	11.00
Derivatives	0.82	0.04
Liquid assets	139.10	29.91

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.

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 AG 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 10.0 percent. ROA for the fiscal year amounts to 10.33 percent (previous year: 10.37 percent).

The General Shareholders' Meeting of 2007 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 21, 2008, 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 fiscal year.

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

Neither the Company nor its subsidiaries have a need for external equity.

(33) Derivative financial instruments

Exchange rate risks

In a forward exchange transaction a specific exchange rate is specified for a specific point in time in the future at the time that the underlying transaction is entered into. 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.

Forward exchange transactions are valued at fair value. "Normal" purchases and sales of financial assets are recorded according to the accounting method on the day of performance pursuant to IAS 39. The aim of the use of derivative financial instruments is mainly to eliminate the impact of changes in the exchange rate on operational business.

As of the balance sheet date the Interseroh Group had forward exchange transactions for the hedging of trade accounts 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 39.34 million US dollars (previous year: 1.16 million US dollars) – which is equivalent to EUR 26.73 million (previous year: EUR 0.89 million) at a market value of EUR 0.15 million (previous year: EUR 0.01 million).

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. Profits and losses from the development of the market values of the fair value hedges are taken into account directly in the income statement, since the results of the hedge and of the underlying transaction are recognised against income.

No default risk arises from exchange rate risks, provided that the underlying transaction goes according to plan.

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

Interest rate risks

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

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 3.92 and 4.57 percent. At the balance sheet date a net fair value for derivatives at the amount of EUR 0.36 million (previous year: EUR 0.03 million) arose, reported under non-current financial assets of EUR 0.67 million and non-current provisions of EUR 0.31 million.

	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	Total 31.12.2007 EUR million
Secured loan amount	19.50	21.00	20.00	12.50	11.00	50.00	134.00
Fair Value	0.08	0.08	0.39	0.07	0.05	-0.31	0.36
Maturity	18.04.2010	19.04.2010	27.10.2011	18.04.2012	18.04.2012	30.08.2012	
Fixed interest rate	4.370%	4.370%	3.915%	4.400%	4.400%	4.570%	

These valuations reflect the estimates of market conditions by the bank partners at the balance sheet date. They were calculated using accepted mathematical approaches and 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.

(34) Asset-backed securities

During the past fiscal year, companies in the steel and metals recycling segment have 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 according 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, 2007, a total volume of EUR 82.08 million in trade receivables has been sold to the SPV. 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 6.55 million. Between the sales date preceding the balance sheet date and December 31, collections of 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 5.42 million have been recorded.

(35) Related party disclosures

Two members of the Supervisory Board indirectly held shares exceeding one percent of the shares issued by the company as of December 31, 2007 (refer to note (42)).

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 members of the Supervisory Board of INTERSEROH AG. 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.

In the past fiscal year legal transactions were undertaken with companies with connections to members of the Supervisory Board; they were integrated in the income statement of the Interseroh Group as follows:

Type of business event	2007 EUR million	2006 EUR million
Purchase of goods	6.13	5.41
Sale of goods	13.71	2.69
Purchased services	22.67	5.00
Liquid Services rendered	0.98	0.16
Other operating income	0.17	0.00
Other operating expense	0.07	0.00
Interest income	0.03	0.01
Interest expense	0.00	0.01

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

Outstanding balances	31.12.2007 EUR million	31.12.2006 EUR million
Receivables (in words from trade)	1.43	0.07
Liabilities (in words from trade)	3.09	1.08
Other receivables (in words from Cash-Pool)	0.05	0.84
Other liabilities	0.02	0.00

No additional securities and/or guarantees have been granted.

Provisions for doubtful accounts were not created in view of outstanding balances.

During fiscal 2007 no expense for uncollectible or doubtful accounts was recorded vis-à-vis companies that are connected to members of the Supervisory Board.

Companies of the Interseroh Group did not participate in any transactions in favour of the Management Board or INTERSEROH AG 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 AG with the appropriate "fairness opinion" of an independent auditor. The Management Board is required to submit the business transaction 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.

In connection with the preparation of the disclosures on related parties and against the backdrop of the increase in the share in capital stock of INTERSEROH AG held by Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, to 52.98 percent that occurred during the year under review, a check was performed as to whether a relationship of dependence exists as set forth in section 312 of the German Corporation Act and whether the conditions for preparation of a dependence report are met.

INTERSEROH AG's Management Board, based on a legal opinion commissioned, has come to the conclusion that, as at December 31, 2007, no relationship of dependence existed according to section 312 of the German Corporation Act either to the direct shareholder, Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, nor to its shareholders.

Conditions for the preparation of a report of dependence pursuant to section 312 of the German Corporation Act, therefore, do not apply. Consequently, as before, no report of dependence was prepared for fiscal 2007.

The shareholdings of all other members of the Supervisory Board and Management Board as of December 31, 2007 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.

(36) Management Board and Supervisory Board

Management Board

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

- Johannes-Jürgen Albus, Cologne (Chairman)
- Christian Rubach, Düsseldorf
- Roland Stroese, Cologne

Total compensation of the INTERSEROH AG Management Board was EUR 1.90 million (previous year: EUR 1.56 million). This sum contains a variable component of EUR 1.04 million (previous year: EUR 0.64 million). Provisions of EUR 0.38 million (previous year: EUR 0.28 million) were reported for pension commitments to Management Board members.

Former members of the Management Board received no remuneration during the fiscal year (previous year: EUR 0.90 million). A total of EUR 0.12 million (previous year: EUR 0.15 million) has been provided for pension obligations for former Management Board members.

The profession exercised by the members of the Management Board consists of the Company's management and representation.

Supervisory Board

The following individuals were members of the Company's Supervisory Board during the past financial year:

Supervisory Board Member (Profession)	Member in Committees of the Supervisory Board of INTERSEROH AG	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. Axel Schweitzer , Berlin Chairman (Member of the Management Board of ALBA AG, Berlin)	Personnel Committee	ALBA BERLIN Basketballteam GmbH (Chairman)	
Mr. Friedrich Carl Janssen , Cologne Vice Chairman (Banker, Co-owner Bankhaus Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg)	Personnel Committee (until June 21, 2007 also member of the Audit Committee)	AXA Service AG, Cologne Content Management AG, Cologne Deutsche Hypothekenbank AG, Hanover gardeur AG, Mönchengladbach (Chairman)	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* SALOMON Oppenheim GmbH, Cologne* (Advisory Committee) Sal. Oppenheim Alternative Investments GmbH, Cologne* (Advisory Committee) Sal. Oppenheim Investments GmbH, Cologne* (Advisory Committee) Sal. Oppenheim jr. & Cie. Corporate Finance (Switzerland) AG, Zurich* (Vice President of the Board of Directors) Services Généraux de Gestion S.A., Luxembourg* (Board of Directors) SOAR European Equity Fund plc, Dublin* (Supervisory Committee)

* Group mandate

Supervisory Board Member (Profession)	Member in Committees of the Supervisory Board of INTERSEROH AG	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
Herr Hans-Jörg Vetter , Königstein, Taunus Deputy Chairman (Chairman of the Board of Landesbank Berlin AG / Landesbank Berlin Holding AG)	Personnel Committee	Berlin-Hannoversche Hypothesenbank AG, Berlin (Chairman)	DekaBank Deutsche Girozentrale, Frankfurt a.M. (Board of Directors) GfBI Gesellschaft für Beteiligungen u. Immobilien mbH, Berlin (Chairman)
Mr. Joachim Edmund Hunold , Düsseldorf (Chairman of the Management Board of AIR BERLIN PLC & Co. Luftverkehrs KG)	(member of the Audit Committee since June 21, 2007)	Belair Airlines AG, Optikon, Switzerland* (Board of Directors) dba Luftfahrtgesellschaft mbH, Munich* (Chairman) LTU Lufttransport-Unternehmen GmbH, Düsseldorf* (Chairman) Neue Dorint GmbH, Cologne	BVG Berliner Verkehrsbetriebe, Berlin (Corporation under public law)
Mr. Friedrich Merz , Arnsberg (Attorney, Law Firm Mayer Brown LLP, Berlin/Frankfurt)	(member of the Audit Committee since June 21, 2007)	AXA Versicherung AG, Cologne DBV-Winterthur Versicherungen, 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)
Dr. Eric Schweitzer , Berlin (Member of the Management Board of ALBA AG)	(since June 21, 2007 Chairman of the Audit Committee)		
Mr. Bernd Aido , Lübeck (until February 15, 2007) (Management consultant, Ziems & Partner, Cologne)	Audit Committee	Joh. Friedrich Behrens AG, Ahrensburg (Chairman)	Pfefferwerk Foundation, Berlin (Chairman of the Foundation Board)

* Group mandate

Supervisory Board Member (Profession)	Member in Committees of the Supervisory Board of INTERSEROH AG	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. Wolfgang Bosch, Neu-Anspach (until June 21, 2007) (Attorney, Law Firm of Gleiss Lutz Attorneys, Frankfurt a.M.)		Allweiler AG, Radolfzell	
Dr. jur. Jürgen R. Neuhaus, Cologne (until June 21, 2007) (Attorney)	Personnel Committee (until June 21, 2007 Chairman of the Audit Committee)	Eisen- und Hüttenwerke AG, Cologne UNIPLAN International GmbH & Co. KG, Kerpen	

* Group mandate

Members of the Supervisory Board received total compensation of EUR 0.19 million (previous year: EUR 0.11 million) in the period from January 1 to December 31, 2007.

No loans to members of the Management Board or Supervisory Board existed as of December 31, 2007. No loans were repaid during the year under review.

The share of all Supervisory Board members in the total holdings of INTERSEROH AG amounted to 52.98 percent as of the balance sheet date of December 31, 2007.

(37) Workforce

The average number of employees is reflected below:

	2007 EUR million	2006 EUR million
Salaried employees	822	716
Industrial workers	784	664
	1,606	1,380

Part-time workers were converted to full time.

(38) Auditors' fee

The audit fee recorded as expense in the fiscal year in accordance with section 319, paragraph 1, clause 1, 2 of the German Commercial Code amounts to EUR 1.28 million (previous year: EUR 0.85 million). EUR 0.90 million (previous year: EUR 0.64 million) is attributable to the year-end audit, EUR 0.22 million (previous year: EUR 0.09 million) to tax consulting services and EUR 0.16 million (previous year: EUR 0.11 million) to other services.

(39) Events after the balance sheet date

On January 1, 2008, 100 percent of the shares in Rohstoffe Kohler GmbH, Germersheim, was acquired.

Separate Notes and Information According to Section 315 a of the German Commercial Code

(40) Corporate governance according to section 161 of the Corporation Act

The Management Board and Supervisory Board of INTERSEROH AG issued their annual declaration on the recommendations of the "Government Commission on the German Corporate Governance Code" in December 2007 and posted it on the company's website (www.interseroh.com, Investor Relations, Corporate Governance), thereby affording permanent access to the Company's shareholders.

(41) Information according to the Securities Trading Act

Notices in accordance with the Securities Trading Act were published in the electronic Bundesanzeiger (Federal Gazette) as follows in 2007:

1. Isabell Finance Beteiligungs GmbH, Berlin, issued us with the following notice pursuant to section 21, paragraph 1, of the Securities Trading Act on July 23, 2007:

"We, Isabell Finance Beteiligungs GmbH, Berlin, wish to inform you in accordance with section 21, paragraph 1, of the Securities Trading Act, that our share in the voting rights of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, exceeded the 50% threshold on July 17, 2007, and on this day totalled 50.036% (4,923,517 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 Aktiengesellschaft zur Verwertung von Sekundärrohstoffen is 3% or more in each case: Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin."

2. Dr. Eric Schweitzer, Berlin, Germany, issued us with the following notice pursuant to section 21, paragraph 1, of the Securities Trading Act on July 23, 2007:

"I hereby inform you in accordance with section 21, paragraph 1, of the Securities Trading Act, that my share in the voting rights of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, exceeded the 50% threshold on July 17, 2007, and on this day totalled 50.036% (4,923,517 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 Aktiengesellschaft zur Verwertung von Sekundärrohstoffen is 3% or more in each case (starting with the lowest company): Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin; Isabell Finance Beteiligungs GmbH, Berlin.“

3. Dr. Axel Schweitzer, Berlin, Germany, issued us with the following notice pursuant to section 21, paragraph 1, of the Securities Trading Act on July 23, 2007:

“I hereby inform you in accordance with section 21, paragraph 1, of the Securities Trading Act, that my share in the voting rights of INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, exceeded the 50% threshold on July 17, 2007, and on this day totalled 50.036% (4,923,517 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 Aktiengesellschaft zur Verwertung von Sekundärrohstoffen is 3% or more in each case (starting with the lowest company): Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin; Isabell Finance Beteiligungs GmbH, Berlin.“

(42) Exemption option according 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
- INTERSEROH Holzkontor Worms GmbH, Worms
- Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden

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

Cologne, February 22, 2008

INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen

The Management Board

Johannes-Jürgen Albus

Christian Rubach

Roland Stroese

**Consolidated Statement of Changes in Equity in the period from
01 January, 2006, until December 31, 2007**

Parent company					
Note no.	Sub- scribed capital	Capital reserve	Earned consoli- dated equity*	Accumulated other consolidated earnings	
				Adjustment item from foreign currency translation	Other non-cash trans- actions*
EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Balance as at 01.01.06	25.58	38.61	71.57	0.12	-19.21
Dividends paid (21)			-8.46		
Changes in the scope of consolidation II.			-0.07		
Consolidated earnings (10), (11)			25.07		
Amounts recorded directly in equity (21)			0.01	0.10	
Total consolidated earnings					
Balance as at 31.12.2006	25.58	38.61	88.12	0.22	-19.21
Balance as at 01.01.2007	25.58	38.61	88.12	0.22	-19.21
Issue of shares					
Dividends paid (21)			-1.08		
Changes in the scope of consolidation II.					
Consolidated earnings (10), (11)			33.78		
Amounts recorded directly in equity (21)			0.22	0.43	
Total consolidated earnings					
Balance as at 31.12.2007	25.58	38.61	121.04	0.65	-19.21

* These amounts were adjusted as at 01.01.2006 due to improved knowledge.
No change in equity took place in total.

	Parent company	Minority shareholders	Consolidated equity
	Equity	Minority capital	
	EUR million	EUR million	EUR million
Balance as at 01.01.06	116.67	1.78	118.45
Dividends paid	-8.46	-0.56	-9.02
Changes in the scope of consolidation	-0.07	-0.04	-0.11
Consolidated earnings	25.07	0.82	25.89
Amounts recorded directly in equity	0.11	0.00	0.11
Total consolidated earnings	25.18	0.82	26.00
Balance as at 31.12.2006	133.32	2.00	135.32
Balance as at 01.01.2007	133.32	2.00	135.32
Issue of 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
Amounts recorded directly in equity	0.65	0.20	0.85
Total consolidated earnings	34.43	1.80	36.23
Balance as at 31.12.2007	166.67	8.84	175.51

Consolidated Cash Flow Statement

	2007 EUR million	2006 EUR million
Consolidated earnings	35.38	25.89
+ Tax expense	20.04	15.18
+/- Interest expense	12.56	5.17
+/- Write-downs/write-ups of non-current assets	18.58	12.68
+/- Increase/decrease in non-current provisions	-0.96	1.89
+/- Changes in net operating assets	44.94	-20.56
Cash flow from operating activity	130.54	40.25
+ Receipts from interest	3.32	0.67
- Payments for interest	-7.05	-2.71
+ Receipts from dividends	0.55	0.69
- Payments for income tax	-2.54	-6.98
Net cash flow from operating activity	124.82	31.92
+ Receipts from disposals of non-current assets	3.94	3.82
- Payments for investment in consolidated companies and other business units	-63.26	-3.84
- Payments for investment in associated companies	-3.55	0.00
- Payments for investment in non-current assets (excluding finance leases)	-19.36	-36.93
Cash flow from investment activity	-82.23	-36.95
- Payments to company owners	-1.08	-8.46
- Payments to minority shareholders	-0.95	-0.56
+ Receipts from minority shareholders	0.07	0.00
+ Receipts from assuming financial debt	94.83	37.98
- Payments for the repayment of financial debt	-26.27	-23.50
Cash flow from financing activity	66.60	5.46
Cash changes in cash and cash equivalents	109.19	0.43
+ Cash and cash equivalents at the start of the period	29.91	29.48
Cash and cash equivalents at the end of the period	139.10	29.91

List of key shareholdings

INTERSEROH AG owns the following significant direct and indirect holdings as at the balance sheet date:

a) Fully consolidated companies	Registered headquarters	(Group) share %
INTERSEROH Dienstleistungs GmbH	Cologne	100
EVA Erfassen und Verwerten von Altstoffen GmbH	Vienna, Austria	100
INTERSEROH Holzhandel GmbH	Cologne	100
INTERSEROH Holzkontor Worms GmbH	Worms	100
INTERSEROH Holzkontor Berlin GmbH	Berlin	51
INTERSEROH Holzkontor Wuppertal GmbH	Wuppertal	51
INTERSEROH Holzkontor OWL GmbH	Porta Westfalica	51
Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH	Wiesbaden	100
INTERSEROH Pfand-System GmbH	Cologne	100
INTERSEROH Product Cycle GmbH	Cologne	100
ISR INTERSEROH Rohstoffe GmbH	Cologne	100
INDO CHINA EUROPE BVBA	Vorselaar, Belgium	80
INTERSEROH France S.A.S.	Pantin, France	100
INTERSEROH Hansa Recycling GmbH	Dortmund	100
INTERSEROH ERC Eisenmetall Rohstoff Celler GmbH	Dortmund	100
INTERSEROH Evert Heeren GmbH	Leer	100
Groninger VOP Recycling B.V.	Groningen, Netherlands	100
INTERSEROH Franken Rohstoff GmbH	Sennfeld	100
INTERSEROH Hansa Rohstoffe GmbH	Essen	100
INTERSEROH Rhein-Neckar Rohstoff GmbH	Mannheim	100
INTERSEROH Jade-Stahl GmbH	Wilhelmshaven	100
INTERSEROH BW Rohstoff und Recycling GmbH	Suttgart	100
INTERSEROH Neckar-Schrott GmbH	Horb	51
INTERSEROH SEROG GmbH	Bous	100
INTERSEROH Erwin Meyer Metallrecycling GmbH	Bremen	100
RHS Rohstoffhandel GmbH	Stuttgart	70
INTERSEROH-Metallaufbereitung Rostock GmbH	Rostock	100
INTERSEROH Scrap and Metals Trading GmbH	Cologne	100
INTERSEROH RSH Sweden AB	Göteborg, Sweden	100
INTERSEROH Hansa Finance GmbH	Dortmund	100
HR Hüttenwerkentsorgung GmbH	Mülheim a.d. Ruhr	100
RuP Rohstoffhandelsgesellschaft mit beschränkter Haftung	Düsseldorf	100
Wagner Rohstoffe GmbH	Frankfurt a.M.	85
TOM Sp. z o.o.	Szczecin, Poland	70
Europe Metals B.V.	Heeze, Netherlands	60
Europe Metals Asia Ltd, Kowloon	Kowloon, Hong Kong, China	60
INTERSEROH USA Inc.	Atlanta, USA	100

b) Associated companies (valued under the at-equity method)	Registered headquarters	(Group) share %
Eisen-und-Stein-Gesellschaft mbH & Co.	Siegen	50.00
Mineralmahlwerk Westerwald Horn GmbH & Co. KG	Weitefeld	50.00
TOM II Sp. z o.o.	Szczecin, Poland	31.36
The ProTrade Group LLC	Hudson, Ohio. USA	25.00
Jade-Entsorgung GmbH	Rostock	24.90
c) Companies not included in consolidation	Registered headquarters	(Group) share %
INTERSEROH-BELGIQUE S.A.	Raeren, Belgium	100
PADEC N.V.	Deerlijk, Belgium	100
INTERSEROH zbiranje in predelava odpadnih surovin d.o.o.	Begunje, Slovenia	100
INTERSEROH Kunststoffaufbereitungs GmbH	Aschersleben	100
INTERSEROH Pool-System GmbH	Cologne	100
ISR INTERSEROH ITALIA S.R.L.	Venice, Italy	50
LoongIn GmbH	Cologne	50
Shanghai Huabao-LoongIn Resources Recycling Co., Ltd.	Shanghai/China	35

Imprint

INTERSEROH Aktiengesellschaft
zur Verwertung von Sekundärrohstoffen

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