

Interim Report as of June 30, 2009

Klöckner & Co Group – Key Figures

Income statement		Q2 2009	Q2 2008 ^{*)}	HY1 2009	HY1 2008 ^{*)}
Sales	€ million	959	1,922	2,054	3,582
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	- 31	212	- 163	321
Earnings before interest and taxes (EBIT)	€ million	- 48	197	- 197	290
Earnings before taxes (EBT)	€ million	- 63	180	- 228	257
Earnings after taxes (EAT)	€ million	- 47	126	- 175	178
Earnings per share (basic)	€	-1.04	2.63	- 3.74	3.72
Earnings per share (diluted)	€	- 0.85	2.48	- 3.28	3.54
Cash flow statement				HY1 2009	HY1 2008 ^{*)}
Cash flow from operating activities	€ million			468	3
Cash flow from investing activities	€ million			- 2	- 274
Balance sheet				June 30, 2009	Dec. 31, 2008 ^{*)}
Working capital ^{**)}	€ million			779	1,407
Net financial debt	€ million			118	571
Equity	€ million			938	1,081
Balance sheet total	€ million			2,759	3,084
Key figures		Q2 2009	Q2 2008	HY1 2009	HY1 2008
Sales volume	to '000	1,053	1,755	2,121	3,475
Employees at end of period				June 30, 2009	Dec. 31, 2008
				9,500	10,282

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

^{**)} Working capital = inventories plus trade receivables less trade payables

Interim Management Report

Klöckner & Co Group experiences significant drop in earnings during first half of 2009, but continues debt-reduction effort; improvement expected in second half of year

Overview

- Sales volume, sales and earnings in the first half of 2009 well below previous year's level, but significant improvement in operating result during the second quarter of 2009
- High cash flow from operating activities
- Financing restructured and an additional convertible bond issued
- Cost-cutting and capacity-reducing measures successfully further implemented
- Significant improvement expected in the second half of the year assuming stabilization of demand after largely completed destocking along the value chain, bottoming of prices and cost savings

In a difficult macroeconomic environment, Klöckner & Co used the first half of 2009 to rigorously pursue the implementation of measures to cut costs and to release working capital initiated in the fourth quarter of 2008, adding further measures in March 2009.

As a result, operating expenses were lowered, inventories and net working capital were reduced and the capital released was used to markedly reduce net financial debt. This proves the stability of our business model that produces considerably strong cash flows in downturns through systematic management of net working capital.

The restructuring of the Company's financing was successfully completed and an additional convertible bond was issued, giving the Group even more financial strength to face a longer-lasting crisis.

Operating result significantly negative in the first half of 2009; stabilization in the second quarter

During the first half of 2009, the steep drop in sales volume and earnings that began during the fourth quarter of the past fiscal year remained at the low level at the end of 2008. Even though earnings remained negative in the second quarter, a significant improvement was nevertheless achieved over the first quarter's result. The improvement was achieved in particular by stabilizing sales prices and cost savings resulting from the Company's action programs.

The key results of the first half of 2009 were:

- A drop in sales volume, also resulting from divestments, of 38.9% to 2.1 million tons compared to the first half of 2008
- Sales totaling about €2.1 billion, approximately 42.7% below previous year's level
- Operating losses (EBITDA) of –€163 million and a net loss of –€175 million, however significant improvement in earnings during the second quarter resulting in operating losses of –€31 million
- Earnings per share of –€3.74 compared to +€3.72 in the first half of 2008
- Considerable improvement in cash flow from operating activities to €468 million
- Further reduction of net financial debt from €571 million at the end of 2008 to €118 million as of June 30, 2009

In response to the economic crisis, risk limiting initiatives were implemented in the fourth quarter of 2008 and were extended in March 2009. The Group's workforce has been reduced by 9.3% since October 2008 and net financial debt was reduced by €453 million to €118 million, i.e. a reduction of 79.3% since the end of 2008, largely as a result of strict working capital management in the first half of the year. Cash generated by the release of working capital resulted in a significant improvement in cash flow from operating activities of €468 million compared to €3 million in the previous year's period.

The initiated measures, however, could only partially offset the negative impact created by the development of sales volume and sales. As a result, an EBITDA of –€163 million was posted in the first half of the year.

Economic environment: Steel sector continues to suffer steep drops in demand

During the first half of 2009, economic trends worsened significantly compared with the previous year's period – with a particularly strong dip in the first quarter of 2009. The downward pressure that the financial crisis imposed on real markets stabilized, however, in the second quarter of 2009 at nearly the same low level as in the first quarter.

In the first half of 2009, according to aggregated third party estimates the European gross domestic product (GDP) will be approximately 5% below prior year's level. The U.S. GDP declined by 3.6%. Negative trends, however, eased considerably in both Europe and the U.S. during the second quarter.

In Europe and North America industrial production, an important economic indicator for steel demand, fell in line with economic output.

During the first six months of 2009, demand for steel products was significantly below the previous year's level. During the second quarter, it remained at roughly the same low level as in the first quarter in the Company's relevant markets. According to estimates of the European Association of Metal Distributors (Dismet), demand in the entire European market fell by about 36% in the first quarter year on year. Based on the association's assumptions, the downward momentum eased slightly in the second quarter with a drop of about 34% year on year. The trend in the U.S., however, was the opposite. The Metal Service Centers Institute estimated that demand plunged 41.8% during the first quarter compared with the same period last year. This decrease became even steeper in the second quarter at 45.9% year on year.

In addition to real steel consumption, the reason for the continuing weakness in sales volume was destocking along the entire value chain. This process is now believed to have been largely completed both in Europe and the U.S.

The destocking effect impacted especially sales volumes to the machinery and mechanical engineering sector. Unlike the construction industry, this sector maintains large inventories. Overall, all customer sectors have been struck by the strong drop in demand. The European steel association Eurofer expects demand for steel products in Europe to fall 33% during the year of 2009. It also forecasts real steel consumption to decline by –18%. This shows that steel consumers satisfied their needs largely from own inventories during the first half of the year. The estimates made by Eurofer focus to a significant degree on consumption in the automotive industry. It should be noted that Klöckner & Co is less exposed to this sector than the entire market and the outlook for this segment is considered to be weaker. For the core customer sectors of the Klöckner & Co Group – the construction industry as well as machinery and mechanical engineering – Eurofer is forecasting drops in steel consumption of 8.1% and 20.8%, respectively, for 2009.

The prices for steel products, already well below last year's levels, remained under pressure at the beginning of the second quarter of 2009 despite deep cuts in production. In the further course of the quarter stabilization could be noted. Several producers have announced price increases that will take effect in the upcoming months. In connection with large production cuts and destocking, this resulted in bottoming out prices and further on led to price increases.

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Faced with persistently weak demand, production capacities remained low during the first half of the year. With a bottom deemed to have been reached, firmer prices and stabilizing demand have most recently provided a foundation for initial capacity increases. According to the World Steel Association, the world steel production dropped by 21.3% in the first half of 2009. In contrast, steel production in China rose slightly above the previous year's level. Excluding the impact of China's stable production, global production dropped about 35.0%. The World Steel Association also reported steel production in Europe and North America during the first half of 2009 to be well below the previous year's level with decreases of 43.2% and 48.5% respectively. However, during the second quarter, it climbed month by month from the production volumes recorded in the first quarter of 2009. The utilization level of steel mills excluding those in China is currently estimated to be between 55% and 60%.

Business associations continuously revised forecasts downward for total economic growth in 2009 during the first half of the year. Even though forecasts have improved somewhat in recent weeks, the International Monetary Fund still expects the Eurozone and the U.S. economies to contract by 4.8% and 2.6% respectively during this fiscal year.

Results of operations, financial position and net assets

Sales volume, sales and earnings well below previous year's levels

During the first six months of fiscal year 2009, sales volume of the Klöckner & Co Group totaled 2.1 million tons, a drop of 38.9% from the previous year. This decrease was the result of the adverse macroeconomic conditions and the disposal of the Canadian subsidiary Namasco Ltd. in July 2008. Excluding Namasco Ltd., the decrease in sales volume amounted to 33.0%. The year on year drop in sales volume amounted to 32.5% in Europe and 54.0% in North America. Adjusted for the sale of Namasco Ltd., sales volume in North America fell by 34.4%. Total Group sales amounted to about €2.1 billion in the first half of the year. Including the effects of divestments in 2008, sales were 42.7% below the previous year's level.

At €239 million, the Group's gross profit was 70.2% lower than in the first half of 2008. This decrease was caused by negative price and volume effects. The gross profit margin declined as well, falling from 22.4% to 11.6%. It rebounded during the second quarter, climbing from 7.1% in the first quarter to 16.8%. EBITDA was negative at –€163 million for the first half of 2009.

After a negative EBITDA of –€132 million in the first quarter, the operating loss improved considerably to –€31 million in the second quarter benefiting from cost-cutting measures and a stabilization of sales prices. This also required lower price-related inventory allowances than in the first quarter. The allowances are now largely back to the year-end 2008 levels.

During the second quarter, earnings in Europe were significantly better than in North America. In Europe, EBITDA totaled –€90.2 million during the first half of the year compared with +€234.4 million for the same period last year. During the second quarter, however, this downward trend reversed, producing a positive EBITDA of €2.6 million. In North America, EBITDA totaled –€56.3 million during the first half of 2009 compared with +€92.9 million in the same period last year. During the second quarter, it improved only slightly, rising from –€30.9 million in the first quarter to –€25.4 million.

EBIT and Group income before taxes totaled –€197 million and –€228 million respectively during the first half of the year, reflecting the trend for EBITDA. Also included herein are net proceeds of €4 million from the adjustment of provisions and the reimbursement claim against former shareholders arising out of the French antitrust case KDI due to the agreed payment plan. The financial result was –€31 million, roughly the level of the first half of 2008. The significant reduction of net financial debt is not yet reflected in interest income as a result of non-recurring charges of approximately €8 million resulting from the restructuring of financing as discussed in the following section. After consideration of tax benefits, the consolidated net loss in the first half of the year totaled –€175 million (previous year: consolidated net income of +€178 million). Basic earnings per share totaled –€3.74 compared with +€3.72 in the previous year.

Restructuring of financing and issuance of another convertible bond

The optimization of the financing structure was successfully completed in May with the restructuring of the syndicated loan and the European ABS program. While loan covenants were previously linked to performance indicators, they are now balance-sheet based. The new covenants are tailored much better to the Group's business model and are considerably more robust during economic downturns.

Under the new covenants, net financial debt may not exceed equity by more than 1.5 times. Furthermore, equity must total at least €500 million, and a certain level of receivables and inventories must be available.

On June 9, 2009, an additional convertible bond with a volume of €97.9 million, a maturity of five years and a coupon of 6% was issued to institutional investors. The bond, which is convertible into shares of Klöckner & Co SE, was issued by Klöckner & Co Financial Services S.A., a wholly owned Luxembourg subsidiary of Klöckner & Co SE. It is guaranteed by Klöckner & Co SE. The conversion price is €21.06, a premium of 35% above the reference price of €15.60 at the time of issuance. Klöckner & Co intends to use the issue proceeds for general business purposes and to continue its planned expansion at a later stage.

Klöckner & Co now has €1.6 billion facilities that are largely free of performance-based covenants. The core elements of financing continue to be the ABS programs in Europe and the U.S. (€505 million), the syndicated loan (€300 million), bilateral lines of credit (about €400 million) and the convertible bonds (a total of €423 million).

Net working capital and debt cut significantly; solid equity position despite high half-year losses

The balance-sheet structure is characterized by a significant decrease in net working capital and a further expansion of liquidity reserves because the current use of financing instruments limits the potential for a further reduction of gross financial debt. Net working capital totaled €778 million, considerably below the level of €1,407 million at the end of fiscal year 2008. Cash generated by the release of net working capital and the proceeds from the issuance of the convertible bond further expanded the liquidity position to €616 million (+107.5%). Net financial debt was further reduced from €571 million on December 31, 2008, to €118 million at the end of the first half of 2009.

Despite the losses recorded during the first half of the year, the equity ratio amounted to about 34% as of June 30, 2009, compared with 35% at the end of fiscal year 2008. This serves as a testimony to the Group's solid financial position. The equity ratio would total 44% if liquid funds could be used to reduce financial liabilities.

Immediate action programs in response to the crisis

Klöckner & Co initiated comprehensive cost-cutting measures in response to the emerging crisis as early as October 2008. Additional initiatives were implemented in March 2009 to counter further worsening sales volume. To safeguard liquidity, acquisitions were temporarily suspended. Inventories were massively reduced and therewith net working capital was lowered.

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As a result, net financial debt declined significantly from the end of 2008. Furthermore, the investment budget for 2009 was reduced to a minimum, and cost saving measures were introduced to address all types of costs. Since the introduction of the measures in October 2008, the Company reduced staff by 1,300 employees, including temporary workers, and issued layoff notifications. As a result of the program, the Company's workforce, which totaled 9,500 people at the end of the first half of 2009, will be reduced by about 1,500 employees.

Following the immediate steps to adjust capacities and to protect liquidity, further measures were introduced at the beginning of the third quarter. These actions are more focused on the market and the expansion of Klöckner & Co's market position. The key points include operating issues such as product portfolio, customer segmentation and value added services. The aim is to use the structural changes created by the crisis as an opportunity to further expand the Company's market position against competitors.

Subsequent events

No significant events have occurred since the conclusion of the reporting period.

Risk and opportunity management

Reporting on key opportunities and risks within the Group was continued during the first half of 2009. The heart of this risk and opportunity monitoring system within the Klöckner & Co Group is the quarterly risk and opportunity report. In addition to the intense monitoring of customer receivables, liquidity control through working capital management remained a top priority.

Current assessment of risks and opportunities

The Management Board remains confident that all risks requiring recognition in the accounts are covered by sufficient provisions at the level of Group subsidiaries and of the holding company and/or by third-party guarantees.

Furthermore, there is a risk that the destocking in customer sectors will slow because steel consumption is lower than anticipated and that demand would not revive this year. A brief recovery of demand triggered by destocking could result in short-term delivery bottlenecks and could therefore lead to higher prices. In response, producers could reactivate excess amounts of idled production capacity and create new pressure on prices arising from excessive over-supplies. Without a revival of demand, the economic outlook could become more pessimistic than previously expected, possibly triggering impairment losses. Should the Company's immediate actions not be implemented quickly

enough in order to offset some of the falling sales volume, this could also have a negative impact on earnings. Meanwhile, consolidation and market shake-out trends will create opportunities during the crisis. As a result of the early response to the crisis, there is the chance of having a competitive advantage in the market.

In summary, the Management Board has determined that the systems for managing opportunities and risks at the Klöckner & Co Group function well and that all known accounting risks have been adequately addressed. In addition, the necessary measures to cushion looming market risks have been initiated. The Group does not expect to encounter any liquidity problems as a result of its current financing structure and the measures that have already been taken, particularly the restructuring of the credit facilities and the issuance of the new convertible bond. General market risks and specific risks affecting the steel market cannot be precisely gauged at this time. Specific risks that could endanger the Company's future as a going concern have not been identified.

Forecast

In consideration of the results for the first half of the year, the outlook for the full fiscal year of 2009 cannot be quantified yet as a result of continued economic uncertainties. All important customer sectors in the core markets of Klöckner & Co are characterized still by decreases in sales volumes and orders. Destocking in the U.S. and Europe is deemed to be largely completed. Consequently, demand should be at least at the level of real steel consumption following the traditionally slow summer months of July and August. A recovery in steel consumption is yet to become apparent, even though many early indicators point to a slight recovery. After prices for long products stabilized at the beginning of the quarter, prices for flat products became firmer during the final weeks of the second quarter. During the second half of 2009, we expect earnings to significantly improve as a result of the bottoming-out prices and volumes as well as of the cost-cutting measures. However, this reversal will be unable to offset the negative result from the first half of the year. Despite the difficult market situation, Klöckner & Co considers itself well positioned, thanks to the measures implemented and to the restructured financing, which includes facilities of €1.6 billion that are largely free of performance-based covenants. After lowering net financial debt to about €118 million at the end of June, Klöckner & Co should be in a position to even manage a longer-lasting crisis and to significantly cushion its impact. This additional financial flexibility also supports Klöckner & Co to continue with its acquisition strategy at a given time in order to exploit the consolidation opportunities emerging during the crisis.

Klöckner & Co share

Key data about the Klöckner & Co share

ISIN DE000KC01000 – German Securities Code (WKN) KCO 100

Stock exchange symbol: KCO

Bloomberg: KCO GR

Reuters XETRA: KCOGn.DE

MDAX® listing: since January 29, 2007

Key data about the Klöckner & Co share

		2nd quarter	2nd quarter
Number of shares	in shares	46,500,000	46,500,000
Closing price (XETRA, close)	€	15.14	36.38
Market capitalization	€million	704	1,692
High (XETRA, close)	€	16.30	40.50
Low (XETRA, close)	€	7.36	33.67
Average daily trading volume	in shares	723,919	647,814

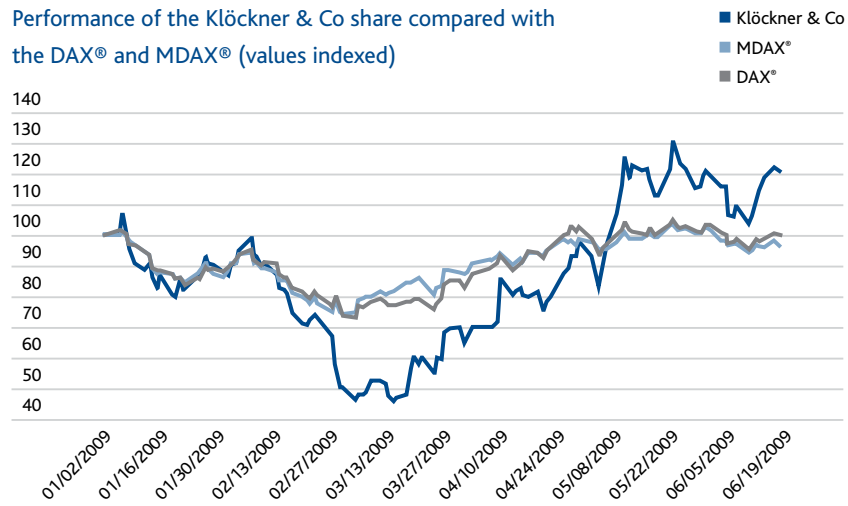
Stock price recovers slightly

As the first quarter drew to a close, economic expectations improved somewhat, prompting a recovery among steel-sector stocks. As an early-cyclical, high-beta stock, the Klöckner & Co share reacts usually strongly to the slight improvement in the macroeconomic outlook. The capital market also appears to be rewarding the steps taken to lower capacity and costs as well as to restructure the Company's financing. At the end of the first half of 2009, the Klöckner & Co share was trading at €15.14, an increase of about 23% from its closing price in 2008. The MDAX® rose about 3% compared with its closing level at the end of 2008, while the DAX® was virtually unchanged during this period.

Second convertible bond successfully issued

In June 2009, Klöckner & Co SE successfully placed a convertible bond of €97.9 million with a five-year maturity and a denomination of €50,000 per bond. As intended, the subscribers were solely institutional investors. The bond has a coupon of 6.0% p.a. and is traded on the Open Market of the Frankfurt Stock Exchange (ISIN DE000A1AHTR5). The conversion price was set at €21.06.

Performance of the Klöckner & Co share compared with the DAX® and MDAX® (values indexed)



Coverage by analysts further expanded

During the second quarter, the interest of capital-market participants in Klöckner & Co continued unabated. From April to June 2009, 35 reports and evaluations were issued. The coverage by analysts was expanded with the inclusion of the financial services firm Morgan Stanley. As a result, the number of Klöckner & Co analysts rose to 18 banks and securities firms at the end of the second quarter. Since the beginning of 2009, 79 research reports have been issued. At the end of the first half of 2009, 12 firms rated the Klöckner & Co share as a "buy," three as a "hold" and three as a "sell."

During the first six months of the year, a variety of individual meetings were held. During nine roadshows organized inside and outside Germany, representatives met with interested capital-market participants and informed them about Klöckner & Co. Against the backdrop of current economic conditions, the restructuring of financing at Klöckner & Co SE and the sustainable earnings power of the steel-distribution business model were particular topics of discussion with investors and analysts.

You will find comprehensive information about the Klöckner & Co share, publications and company dates on our Web site, www.kloeckner.de/ir. A special Klöckner & Co newsletter delivered by e-mail also serves as a source of timely information by providing the latest press material and company news reports. You are welcome to subscribe to the newsletter at ir@kloeckner.de.

The Investor Relations team looks forward to receiving your questions and suggestions.

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Klöckner & Co SE
 Consolidated statement of income
 for the six-month period ending June 30, 2009

(€ thousand)	HY1 2009	HY1 2008 ^{*)}	Q2 2009	Q2 2008 ^{*)}
Sales	2,054,094	3,581,998	958,848	1,922,275
Other operating income	25,353	20,533	11,212	9,301
Change in inventory	- 11,085	- 2,612	6,329	1,326
Own work capitalized	0	23	0	21
Cost of materials	- 1,804,058	- 2,776,904	- 804,266	- 1,461,425
Personnel expenses	- 228,298	- 264,166	- 106,322	- 137,525
Depreciation, amortization and impairments	- 34,494	- 30,848	- 16,896	- 14,952
Other operating expenses	- 198,586	- 237,562	- 96,855	- 121,725
Operating result	- 197,074	290,462	- 47,950	197,296
Finance income	3,925	2,357	1,822	763
Finance expenses	- 35,316	- 36,232	- 17,206	- 17,583
Financial result	- 31,391	- 33,875	- 15,384	- 16,820
Income before taxes	- 228,465	256,587	- 63,334	180,476
Income taxes	53,656	- 78,728	15,845	- 54,958
Net income	- 174,809	177,859	- 47,489	125,518
thereof attributable to				
- shareholders of Klöckner & Co SE	- 173,936	173,010	- 48,248	122,270
- minority interests	- 873	4,849	759	3,248
Earnings per share				
- basic	- 3.74	3.72	- 1.04	2.63
- diluted	- 3.28	3.54	- 0.85	2.48

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14
 (see Note 2 to the interim financial statements).

Klöckner & Co SE

Statement of comprehensive income for the six-month period ending June 30, 2009

(€ thousand)	HY1 2009	HY1 2008 ^{*)}	Q2 2009	Q2 2008 ^{*)}
Net income	- 174,809	177,859	- 47,489	125,518
Income/expenses directly recognized in equity				
Foreign currency translation	- 6,115	-17,760	- 19,690	- 3,087
Gain (+)/loss (-) from cash flow hedges	15,048	12,922	25,742	7,398
Related income tax	- 3,484	- 646	- 3,385	- 2,334
Other comprehensive income	5,449	- 5,484	2,667	1,977
Total comprehensive income	- 169,360	172,375	- 44,822	127,495
thereof attributable to				
- shareholders of Klöckner & Co SE	- 168,496	167,526	- 45,588	123,969
- minority interests	- 864	4,849	766	3,526

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

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Klöckner & Co SE

Consolidated balance sheet as of June 30, 2009

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ASSETS

(€ thousand)	June 30, 2009	Dec. 31, 2008 ^{*)}	January 1, 2008 ^{*)}
Non-current assets			
Intangible assets	222,060	235,931	197,581
Property, plant and equipment	464,854	479,421	482,138
Investment property	13,154	13,188	0
Financial assets	2,141	2,364	2,661
Other assets	27,909	34,332	27,377
Deferred tax assets	45,206	46,491	33,336
Total non-current assets	775,324	811,727	743,093
Current assets			
Inventories	604,328	1,000,612	955,644
Trade receivables	591,145	798,618	929,964
Current income tax receivable	44,993	29,388	6,572
Other assets	122,583	141,845	86,367
Liquid funds	615,534	296,636	153,558
<i>thereof cash and cash equivalents</i>	614,814	293,531	153,558
<i>thereof restricted cash</i>	720	3,105	0
Assets held for sale	4,866	4,942	98,596
Total current assets	1,983,449	2,272,041	2,230,701
Total assets	2,758,773	3,083,768	2,973,794

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

EQUITY AND LIABILITIES

(€ thousand)	June 30, 2009	Dec. 31, 2008 ^{*)}	January 1, 2008 ^{*)}
Equity			
Subscribed capital	116,250	116,250	116,250
Capital reserves	286,509	260,496	260,496
Retained earnings	534,355	708,272	418,263
Accumulated other comprehensive income	- 10,224	- 15,664	- 28,332
Equity attributable to shareholders of Klöckner & Co SE	926,890	1,069,354	766,677
Minority interests	11,163	11,998	84,283
Total equity	938,053	1,081,352	850,960
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	183,375	180,095	188,457
Other provisions	178,074	36,924	59,151
Income tax liabilities	84	50	92
Financial liabilities	626,128	813,000	813,076
Other liabilities	39,234	59,634	8,962
Deferred tax liabilities	81,183	86,873	83,969
Total non-current liabilities	1,108,078	1,176,576	1,153,707
Current liabilities			
Other provisions	115,172	284,766	144,355
Income tax liabilities	7,375	19,139	18,223
Financial liabilities	99,701	48,112	72,644
Trade payables	416,556	392,183	609,863
Other liabilities	73,838	81,640	91,748
Liabilities associated with assets held for sale	0	0	32,294
Total current liabilities	712,642	825,840	969,127
Total liabilities	1,820,720	2,002,416	2,122,834
Total equity and liabilities	2,758,773	3,083,768	2,973,794

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

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Klöckner & Co SE

Consolidated statement of cash flows

for the period from January 1 to June 30, 2009

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(€ thousand)	HY1 2009	HY1 2008 ^{*)}
Income before taxes	- 228,465	256,587
Financial result	31,391	33,875
Depreciation and amortization	34,494	30,848
Other non-cash income and expenses	- 3,986	- 1,342
Gain on disposal of non-current assets	- 3,881	- 2,688
Operating cash flow	- 170,447	317,280
Changes in provisions	- 26,069	35,910
Changes in other assets and liabilities		
Inventories	404,148	- 224,196
Trade receivables	213,718	- 296,817
Other assets	39,075	- 73,332
Trade payables	21,663	247,098
Other liabilities	- 24,369	37,875
Income taxes paid	10,108	- 40,543
Cash flow from operating activities	467,827	3,275
Proceeds from the sale of non-current assets and assets held for sale	5,629	7,952
Payments for intangible assets, property, plant and equipment	- 9,865	- 21,933
Acquisition of subsidiaries	0	- 259,667
Margin deposits for derivative transactions	2,385	0
Cash flow from investing activities	- 1,851	- 273,648
Equity component of convertible bond	26,013	0
Dividends paid to		
Shareholders of Klöckner & Co SE	0	- 37,200
Minority interests	0	- 993
Borrowings	113,944	345,915
Repayment of financial liabilities	- 262,725	- 49,670
Interest paid	- 25,535	- 19,437
Interest received	3,567	3,183
Cash flow from financing activities	- 144,736	241,798
Changes in cash and cash equivalents	321,240	- 28,575
Effect of foreign exchange rates on cash and cash equivalents	43	- 1,246
Cash and cash equivalents at the beginning of the period	293,531	153,558
Cash and cash equivalents at the end of the period	614,814	123,737

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

Klöckner & Co SE

Summary of changes in equity

	Subscribed capital Klöckner & Co SE	Capital reserves Klöckner & Co SE	Retained earnings	Accumulated other comprehensive income		Equity attributable to shareholders of Klöckner & Co SE	Minority interests	Total
				Currency translation adjustment	Fair value adjustments of financial instruments			
(€ thousand)								
Balance as of January 1, 2008 as previously reported	116,250	260,496	412,227	- 27,737	- 595	760,641	84,283	844,924
Initial application of IFRIC 14*)			6,036			6,036		6,036
Balance as of January 1, 2008 as restated for effects of IFRIC 14	116,250	260,496	418,263	- 27,737	- 595	766,677	84,283	850,960
Income/expenses directly recognized in equity								
Foreign currency translation				- 17,760		- 17,760		- 17,760
Gain/loss from cash flow hedges					12,922	12,922		12,922
Related income tax				3,322	- 3,968	- 646		- 646
Net income			173,010			173,010	4,849	177,859
Comprehensive income						167,526		
Acquisition of minority interests			- 71,233			- 71,233	- 55,422	- 126,655
Business combinations							4,050	4,050
Dividends			- 37,200			- 37,200	- 993	- 38,193
Balance as of June 30, 2008 as restated for effects of IFRIC 14	116,250	260,496	482,840	- 42,175	8,359	825,770	36,767	862,537
Balance as of January 1, 2009	116,250	260,496	708,272	15,289	- 30,953	1,069,354	11,998	1,081,352
Income/expenses directly recognized in equity								
Foreign currency translation				- 6,124		- 6,124	9	- 6,115
Gain/loss from cash flow hedges					15,048	15,048		15,048
Related income tax				1,135	- 4,619	- 3,484		- 3,484
Net income			- 173,936			- 173,936	- 873	- 174,809
Comprehensive income						- 168,496		
Acquisition of minority interests			19			19	- 21	- 2
Change in scope of consolidation							50	50
Equity component of convertible bond		26,013				26,013		26,013
Balance as of June 30, 2009	116,250	286,509	534,355	10,300	- 20,524	926,890	11,163	938,053

*) See Note 2 to the interim financial statements

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Selected explanatory notes on the interim consolidated financial statements of Klöckner & Co SE for the six-month period ended June 30, 2009

(1) Basis of presentation

The interim consolidated financial statements of Klöckner & Co SE, for the six-month period ended June 30, 2009, were prepared in accordance with International Financial Reporting Standard (IFRS) and the respective interpretations issued by the International Accounting Standard Board (IASB) as adopted for use within the EU.

The interim financial statements were reviewed by an independent auditor.

Except for the application of new standards as discussed in Note 2, the accounting policies applied for the interim financial statements are consistent with those used for the consolidated financial statements of Klöckner & Co SE as of December 31, 2008 as supplemented by the regulations of IAS 34 (Interim Financial Reporting). A detailed description of those policies is provided in the notes to the consolidated financial statements on pages 81 to 91 of the 2008 Annual Report. Foreign exchange gains and losses resulting from financing transactions including fair value changes of derivative financial instruments for which no hedge accounting is applied are, however, presented net in other operating income. In the first half of 2009 expenses of €11,7 million were off-set against corresponding exchange gains.

The preparation of the interim consolidated financial statements for the period ended June 30, 2009 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. No significant changes were made to such estimates as compared to the period ended December 31, 2008.

In the opinion of the Management Board, the interim consolidated financial statements reflect all adjustments deemed necessary to provide a true and fair view of the results. Results for the period ended June 30, 2009 are not necessarily indicative of future results.

The interim consolidated financial statements for the six-month period ended June 30, 2009 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on August 13, 2009. Unless otherwise indicated, all amounts are stated in million euros (€ million). Deviations to the unrounded figures may arise.

(2) New standards and interpretations

In 2009 the Group initially applied IAS 1 rev. 2008 (Presentation of Financial Statements), IFRS 8 (Operating Segments) and the interpretation IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction).

Under IFRS 8 operating segments are based on the internal reporting organization ("Management Approach"). The initial application did not result in changes in the segmentation of the Group.

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus of a pension plan that can be recognized as an asset. The initial application resulted in adjustments to the asset recognized for the Swiss pension plans. In accordance with the transition provisions the application has been made retrospectively. The comparative amounts for 2008 have been restated as follows:

(in € thousand)	As previously reported	Initial application of IFRIC 14	As restated
Balances January 1, 2008			
Excess of pension assets and Swiss employer contribution reserves over pension obligations	5,349	7,641	12,990
Deferred tax liabilities	82,364	1,605	83,969
Equity attributable to shareholders of Klöckner & Co SE	760,641	6,036	766,677
Balances June 30, 2008			
Excess of pension assets and Swiss employer contribution reserves over pension obligations	4,630	8,001	12,631
Deferred tax liabilities	82,753	1,680	84,433
Equity attributable to shareholders of Klöckner & Co SE	819,449	6,321	825,770
Personnel expenses	264,292	- 126	264,166
Income taxes	78,701	27	78,728
Net income attributable to shareholders of Klöckner & Co SE	172,911	99	173,010
Earnings per share (€/share)			
- basic	3.72	0.00	3.72
- diluted	3.54	0.00	3.54
Balances December 31, 2008			
Excess of pension assets and Swiss employer contribution reserves over pension obligations	4,804	8,787	13,591
Deferred tax liabilities	85,028	1,845	86,873
Equity attributable to shareholders of Klöckner & Co SE	1,062,412	6,942	1,069,354
Personnel expenses	546,272	- 255	546,017
Income taxes	79,254	54	79,308
Net income attributable to shareholders of Klöckner & Co SE	398.134	201	398.335
Earnings per share (€/share)			
- basic	8.56	0.00	8.56
- diluted	8.11	0.00	8.11

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The initial application of the interpretation resulted in an increase of non-current assets and total assets of €8,001 thousand for the comparative amounts as of June 30, 2008 to €793,736 thousand and €3,620,190 thousand, respectively. Total equity including minority interests increased by €6,321 thousand to €862,537 thousand and non-current liabilities were adjusted by €1,680 thousand to €1,377,374 thousand.

On April 16, 2009 the IASB issued the Annual Improvements 2007–2009. The Annual Improvements will modify ten IFRS and two IFRIC interpretations. The majority of the changes require initial application in fiscal year starting on or after January 1, 2010. Klöckner & Co is currently assessing potential implications of the initial application of the pronouncements on its consolidated financial statements.

(3) Share based payment

In light of the initiated transition for the Chair of the Management Board the existing virtual stock option programs for the Management Board were modified and now cover a total of 848,700 virtual stock options (December 31, 2008: 858,000 virtual stock options). The maximum exercise gain is limited in accordance with section 4.2.3 of the German Corporate Governance Code.

In addition to the virtual stock option program of the Management Board, 108,000 virtual stock options for the year 2009 were granted to certain members of the senior management throughout the Group in the first quarter. The exercise conditions are largely identical to the Management Board of Klöckner & Co SE program.

During the first six months of 2009 no virtual stock options were exercised.

The pro-rata provision for share based payments to the Management Board and senior management amounts to €3.7 million with total expense recognized in the first six months of €1.4 million.

To limit expenses and cash flows for the granted and approved further grants of virtual stock options until and including financial year 2011 the Group entered into certain derivative financial instruments in January 2008. The instruments are accounted for at fair value through profit or loss in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). The fair value changes of these instruments amounts to €1.9 million and were off-set against personnel expenses in the first six months of 2009.

Net income recognized in the first half year of 2009 for share based payments and changes in the respective fair values of the derivate financial instruments amounts to €0.5 million (first half year 2008: €4.7 million) and is largely attributable to the segment Headquarters/Consolidation.

(4) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. Potential dilutive shares of the convertible bonds have been included in the computation of diluted earnings per share.

		HY1 2009	HY1 2008 ^{*)}
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	- 173,936	173,010
Weighted average number of shares	(thousands of shares)	46,500	46,500
Basic earnings per share	(€/share)	- 3.74	3.72
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	- 173,936	173,010
Interest expense on convertible bonds (net of tax)	(€ thousand)	6,465	5,834
Net income used to determine diluted earnings per share	(€ thousand)	- 167,471	178,844
Weighted average number of shares	(thousands of shares)	46,500	46,500
Dilutive potential shares from convertible bonds	(thousands of shares)	4,590	4,025
Weighted average number of shares for diluted earnings per share	(thousands of shares)	51,090	50,525
Diluted earnings per share	(€/share)	- 3.28	3.54

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements).

(5) Inventories

(in € million)	June 30, 2009	Dec. 31, 2008
Raw materials and supplies	17.3	30.8
Work in progress	2.2	7.3
Finished goods and merchandise	584.8	948.4
Advance payments	0.0	14.1
Inventories	604.3	1,000.6

Allowances for write-downs to net realizable value as of June 30, 2009 amount to €104.8 million (December 31, 2008: €102.5 million).

(6) Shareholders' equity

By resolution of the Annual General Meeting on May 26, 2009 Klöckner & Co's share capital was conditionally increased up to €11,625,000 through the issue of up to 4,650,000 newly registered non-par value shares which are entitled to profits from the beginning of the business year in which they are issued.

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The conditional capital serves to grant subscription and/or conversion rights to the holders of option bonds and/or convertible bonds that are issued by Klöckner & Co SE or a Group company in accordance with the authority of the Annual General Meeting.

(7) Provisions for French antitrust fine

With respect to the French antitrust fine of €169.3 million imposed in 2008, Klöckner & Co reached an agreement with the French Treasury for a multi-year payment plan that provides for installments of €10.0 million, €15.0 million, €25.0 million, €30.0 million and €20.0 million in the years 2009 through 2013, with any remainder due upon final judgment. The adjustments to provision and the related indemnity claim against former shareholders of €4.1 million have been included in other operating income. Notwithstanding the payment plan Klöckner & Co is pursuing the appeal process with the aim to significantly reducing the initial fine.

(8) Financial Liabilities

(in € million)	June 30, 2009	December 31, 2008
Non-current financial liabilities		
Bonds	352.4	276.2
Liabilities due to banks	240.4	317.9
Liabilities under ABS programs	25.3	210.0
Finance lease liabilities	8.0	8.9
	626.1	813.0
Current financial liabilities		
Bonds	4.9	2.1
Liabilities due to banks	48.6	43.0
Liabilities under ABS programs	43.5	0.5
Finance lease liabilities	2.7	2.5
	99.7	48.1
Financial liabilities as per consolidated financial statements	725.8	861.1

Net financial debt developed as follows:

(in € million)	June 30, 2009	December 31, 2008
Financial liabilities as per consolidated financial statements	725.8	861.1
Transaction costs	7.6	6.3
Gross financial liabilities	733.4	867.4
Liquid funds	- 615.5	- 296.6
Net financial debt Klöckner & Co Group	117.9	570.8

Convertible Bond

On June 9, 2009 Klöckner & Co issued via its wholly-owned Luxembourg subsidiary, Klöckner & Co Financial Services S.A. a senior unsecured convertible bond with a nominal value of €97.9 million. Payments under the bond are guaranteed by Klöckner & Co SE. The bond which is convertible into existing or new shares of Klöckner & Co SE has a maturity of five years and a coupon of 6.0%. The conversion price has been set at €21.06 (i.e. a 35% premium over the share price at closing). The bond cannot be called by the issuer for the first three years, and are callable thereafter if the stock exchange price of Klöckner & Co's shares (over certain periods) exceeds 130% of the conversion price.

Klöckner & Co intends to use the proceeds from the sale of the convertible bond for general corporate purposes and to continue its stated external expansion at a later stage.

The convertible bond is bifurcated into an equity and liability component. €26.0 million of the proceeds are attributable to the equity component and have been recorded in capital reserves, net of transaction costs.

Multi-currency revolving credit facility and European ABS program

During the second quarter of 2009 the terms and conditions for the syndicated multi-currency revolving credit facility and the European ABS facility were renegotiated. Performance covenants were replaced with balance sheet related covenants.

As part of the renegotiation the volume of the multi-currency revolving credit facility was reduced from €600 million to €300 million. The term of the facility remains unchanged.

Under the revised terms gearing (i.e. net financial debt divided by consolidated shareholders' equity) may not exceed 150% and consolidated shareholders' equity may not decrease below €500 million. Violation of such financial covenants would not automatically result in an event of default but would require repayment of all outstanding amounts. Subsequent drawings would then be available when the covenants are again met.

Expenses incurred in regard to the restructuring of the facilities amounted to €7.7 million and are presented in the financial result.

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(9) Segment reporting

	North America		Europe		Headquarters/ Consolidation		Total	
(in € million)	2009	2008	2009	2008 ^{*)}	2009	2008	2009	2008 ^{*)}
Segment sales	373.3	700.3	1,680.8	2,881.7	0.0	0.0	2,054.1	3,582.0
EBITDA (Segment result)	- 56.3	92.9	- 90.2	234.4	- 16.1	- 6.0	- 162.6	321.3
EBIT	- 69.4	84.9	- 110.0	214.0	- 17.7	- 8.6	- 197.1	290.3
Net working capital as of June 30, 2009 (December 31, 2008)	93.6	279.6	685.5	1,109.8	- 0.2	17.6	778.9	1,407.0
Employees as of June 30, 2009 (December 31, 2008)	1,245	1,409	8,046	8,696	209	177	9,500	10,282

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements).

Duisburg, August 13, 2009

Klöckner & Co SE
Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Duisburg, August 13, 2009

Klöckner & Co SE
Management Board

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Review report

To Klöckner & Co SE

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, the income statement, cash flow statement, statement of recognized income and expenses, statement of changes in equity and selected explanatory notes – together with the interim group management report of the Klöckner & Co SE, Duisburg, for the period from January 1 to June 30, 2009 that are part of semi annual financial report according to § 37w WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additionally observed the International Standard on Review Engagements “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Cologne, August 13, 2009

KPMG Hartkopf + Rentrop Treuhand KG
Wirtschaftsprüfungsgesellschaft

Philippi
Wirtschaftsprüfer

Michels-Scholz
Wirtschaftsprüfer

Financial Calendar

October 5–6, 2009	Capital Market Days
November 13, 2009	Q3 interim report 2009
March 9, 2010	Annual statement 2009 Financial statement press conference Analyst conference
May 12, 2010	Q1 interim report 2010
May 26, 2010	Annual General Meeting 2010 Düsseldorf
August 11, 2010	Q2 interim report 2010
November 10, 2010	Q3 interim report 2010

Subject to subsequent changes

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Disclaimer

This Report (particularly the "Forecast" section) contains forward-looking statements that reflect the current views of the Klöckner & Co SE management with respect to future events. They are generally identified by the words "expect", "anticipate", "assume", "intend", "estimate", "target", "aim", "plan", "will", "endeavor", "outlook" and comparable expressions and include generally any information that relates to expectations or targets for economic conditions, sales or other performance measures.

Forward-looking statements are based on current plans, estimates and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Klöckner & Co's control. Among the relevant factors are the impact of important strategic and operating initiatives, including the acquisition or disposal of companies.

If these or other risks or uncertainties materialize, or if the assumptions underlying any of the statements prove incorrect, Klöckner & Co's actual results may be materially different from those stated or implied by such statements. Klöckner & Co SE can offer no assurance that its expectations or targets will be achieved.

Without prejudice to existing obligations under capital market law, Klöckner & Co SE does not assume any obligation to update forward-looking statements to take information or future events into account or otherwise.

In addition to the figures prepared in line with IFRS, Klöckner & Co SE presents non-GAAP financial performance measures, e.g. EBITDA, EBIT, net working capital and net financial debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP measures are not subject to IFRS or to other generally accepted accounting principles. Other companies may define these terms in different ways.

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