ANNUAL REPORT 2014

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Group's Key Figures

Group	2014	2013	2012	2011	2010	2009
Consolidated sales revenue in EUR million						
Steel and metal recycling	1,245.3	1,396.7	1,605.9	1,744.5	1,384.2**)	832.5
Services	322.1	307.7	321.0	466.2	448.0**)	287.8
Raw materials trading (company sold on 1/10/2011)	-	-	-	127.8	139.0	146.3
	1,567.4	**1,704.4**	**1,926.9**	**2,210.7*)**	**1,832.2**)**	**1,266.6**
EBITDA (earnings before interest, taxes, depreciation and amortisation) in EUR million	**33.7**	**26.2**	**68.1**[5]	**77.0**	**86.6**	**46.8**
EBT (earnings before taxes) in EUR million	**-34.4**	**-42.1**	**37.8**[5]	**40.4*)**	**42.0**)**	**3.8**
Consolidated earnings in EUR million	**-39.9**	**-43.6**	**33.4**[5]	**37.2**	**34.1**	**0.9**
Total assets in EUR million	**466.1**	**485.0**	**571.9**	**655.1**	**656.5**	**659.5**
Equity ratio[1] in %	**28.7**	**30.1**	**31.9**[5]	**28.3**	**30.0**	**24.1**
Return on equity[2] in %	**-29.8**	**-29.8**	**18.3**[5]	**20.1**	**17.4**	**0.6**
Return on capital employed[3] in %	**-4.8**	**-5.3**	**8.8**	**8.8**	**9.5**	**3.4**
Number of employees (average)	**1,691**	**1,857**	**1,910**	**1,959**	**1,774**	**1,836**
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 EUR	**3.25**[4]	**3.25**[4]	**3.25**[4]	**3.25**[4]	**0.25**	**0.11**

1 Equity according to balance sheet x 100 / total assets
2 Earnings after taxes according to income statement x 100/equity according to balance sheets
3 Earnings before taxes, interest and shares in associated companies according to income statement x 100/total assets
4 Based on the control and profit transfer agreement concluded between ALBA Group plc & Co. KG and INTERSEROH SE, compensation (guaranteed dividend) is paid on the first banking day after the General Shareholders' Meeting after the 2012 financial year
5 Adjustment due to the amended IAS 19

The companies of the raw materials segment were sold effective October 1, 2011. The figures marked *) are composed exclusively of continuing business – steel and metals recycling and services. The comparative 2010 values marked **) were modified appropriately.

Sales of the raw materials trading segment for 2010 and from January 1 to September 30, 2011 were thus presented previous to consolidation and are not included in consolidated sales.

Contents

Mission Statement

Our philosophy is based on closing loops - yesterday, today and in the future

As a part of the ALBA Group these are things we can do better than ever before, as the ALBA Group now covers the entire process chain of German Urban Mining, and is playing a leading role in supplying the industry with raw materials. The ALBA Group is one of the top corporate groups in the sector both in Europe and the world.

Our tasks in the ALBA Group are the organisation of sustainable and future-oriented recycling solutions and the supplying of steel works, smelters and foundries with high quality scrap materials.

Administrative Board

Dr. Axel Schweitzer
has been **Chairman of the Administrative Board** of ALBA SE since July 16, 2013. From 2008 until the Company changed to the monistic system, Schweitzer was Chairman of the Board of Directors of ALBA SE and furthermore responsible for the Finances remit. After studying industrial engineering, Schweitzer worked in Switzerland during the years that he was pursuing his doctorate, before becoming a member of the ALBA Group's Board of Directors, a family-managed recycling company with international operations, which he also co-owns. Schweitzer also chaired the ALBA SE Supervisory Board from 2005 to 2008.

Rob Nansink
has been a **member of the Administrative Board and Executive Director** of ALBA SE since July 16, 2013. He has been Director of the Trading remit since January 2013. Before joining ALBA SE in 2007, Rob Nansink founded the Dutch company Europe Metals B.V. in the Netherlands in 1990, and along with companies in the Netherlands and Hong Kong, turned it into one of the biggest exporters of non-ferrous metals in Europe. Europe Metals is now a wholly owned subsidiary of ALBA SE.

Martin Becker-Rethmann
has been a **member of the Administrative Board** of ALBA SE since July 16, 2013. After studying industrial economics, Martin worked at IBM Germany GmbH and Treuhandanstalt Berlin. In 1994 he joined the ALBA Group, where among others he worked as the Director of a range of ALBA subsidiary companies, before being appointed to the Board of the ALBA Group in August 2009.

Patricia Hauswald
has been a **member of the Administrative Board** of ALBA SE since June 3, 2014. After studying business management and specialising in auditing and tax management, she initially worked for Price Waterhouse Wirtschaftsprüfungsgesellschaft. Subsequently, she assumed responsibility for group accounting and taxes of a group of companies quoted in the SDAX, before she joined ALBA group of companies and headed the Accounting & Tax remit in 2006. Patricia Hauswald has been working for the tax advisors and auditors of Wagemann + Partner PartG mbB, Berlin since 2010.

Eric Mendel
has been a **member of the Administrative Board** of ALBA SE since July 16, 2013. After studying industrial engineering, Eric initially worked for a top management consultancy, advising a wide range of large and medium sized companies. He then worked as an interim manager and director in the mobile telecoms and software sector before joining the executive board of a medium sized company in the construction industry as CFO in early 2002. From 2006 until June 2013, Eric Mendel was Chairman of the Board of Directors of INTERSEROH Dienstleistung GmbH as well as being Chief Representative of ALBA SE. He was been a member of the ALBA Group Board of Directors from August 2010 to August 2014. Eric Mendel has been executive director and CFO of EQOS Energie Holding S.à.r.l. since September 2014.

Discussion with Dr. Axel Schweitzer, Chairman of the Administrative Board of ALBA SE

In the 2014 financial reports you communicated that earnings before taxes (EBT) were positive in both segments. At the end of the year, you report a negative EBT in the steel and metals recycling segment. Has the decision to network this segment with the waste and recycling segment of ALBA Group not been as successful as originally expected?

Axel Schweitzer: Quite to the contrary. While the conditions in the steel and metals recycling segment have been very challenging again in 2014, this segment is in the black, as can be seen in figures shown under earnings before interest, taxes, depreciation and amortisation (EBITDA). The reason for the negative EBT was a necessary amortisation of goodwill.

These were necessary as our company is listed at the stock exchange and therefore obliged to test goodwill for impairment in accordance with the International Financial Reporting Standards. This test resulted in amortisation of EUR 38.3 million caused by the difficult market situation. In addition, we incurred expenses totalling EUR 7.0 million for valuation adjustments on goodwill, property, plant and equipment and accounts receivable due to the portfolio optimisation which we are still conducting. Furthermore, we continue our reorganisation and efficiency enhancing programme which we started in 2013. This resulted in more restructuring expenses, EUR 2.7 million thereof under personnel costs and EUR 2.7 million under other material costs. On the other hand, we were able to reverse provisions and liabilities of EUR 1.7 million which had been created for restructuring purposes in the previous year.

The steel production grew last year. Why was the situation so difficult in the market for steel and waste metal?

Axel Schweitzer: Compared to 2013, the world-wide steel production grew by a little more than one percent in the past year. However, utilisation of production capacities fell on a worldwide basis from 78.4 percent to 76.7 percent. The electric steel production which is decisive for our steel and waste metal segment fell in Germany by 2.9 percent compared to the year before. Iron ore prices decreased by almost 40 percent in 2014. As a result, steel scraps were replaces by the primary raw material iron ore in steel production. This, in turn, put pressure on the price of waste steel. And Europe battled, as a whole, with over-capacities which also pushed scrap prices down.

The steel industry has been in a crisis for a while. What have you done to stop this downward trend?

Axel Schweitzer: Over the past two years, we have used the challenging situation on the raw material markets as a chance for reorienting us at an early time. By combining the steel and metals recycling segment with the waste and recycling business of ALBA Group, we create a new industry standard. It is little sensible to prepare and sell scraps in one location and to recycle and market paper in a neighbouring town. A bank, for instance, does not sell credits in one building and savings bonds in an office three blocks down. We are now able to offer our customers the services of both business segments through our sales department. This optimises our sales and saves costs.

How much was the service segment affected by the crisis of the dual systems?

Axel Schweitzer: At the beginning of the financial year 2014, we still expected a slight rise of the market share. But in 2014, sales in the business with sales packaging remained on the level of 2013. It was for that reason that the market share of the Dual System Interseroh remained on the previous year's value of 7.6 %. The loopholes in the *Verpackungsverordnung* [German Packaging Ordinance] resulted in a constantly falling total number of licenses which hit rock bottom in 2014.

Given the lack of predictability regarding the regulatory service sector, we wish to broaden our position with more concepts for avoiding waste, sustainable production solutions and second-life models for consumer products and to be at the forefront of a development which focuses on a sustainable use of resources. The strategic orientation is based on our vision of a future without waste.

This is also the headline of the present business report. But what does it mean in detail for the service division?

Axel Schweitzer: We wish to expand Interseroh to a brand in Germany and Europe which supports the abandonment of a throwaway society. In a world with a constantly growing need for raw materials, it is necessary to create new models for handling products and waste. The service division has therefore been put on four newly defined pillars. These pillars which are managed in the form of business centres are ReUse, ReDuce, ReCycle and ReThink. Our former business activities were integrated in these business centres. So, we still take care of our former material flows, will expand them but also consider material flows that no-one has thought yet.

We believe that a future without waste is possible and that the vision to do away with all waste incineration plants until 2030 can become a reality.

We heard some news recently that you have abandoned some of your locations. What is still in the pipeline?

Axel Schweitzer: We will continue to optimise our portfolio of holdings also in 2015. And we already announced that about a year ago. In the combined steel and metals recycling business and the recycling and waste business of ALBA Group, we will further increase our real net output ratio and focus more on those areas in which we can gain new raw materials thanks to the combination of the waste and steel and metal recycling activities by using technology and innovation.

The reorganisation of the company with a simultaneous expansion of the business activities requires great efforts. Is that at all possible?

Axel Schweitzer: Yes, it is. And we have shown that it works. The most important factor is to remain open at all times, to recognise changes in the market at an early time and to react accordingly. At the precise moment when we stop changing, we will stand still. Successful brands have one thing in common – their courage to chronic change. Only those who change, remain at the forefront. In the course of the past four and a half decades, ALBA Group has undergone constant changes. Until recently, we have been in a situation in which we encountered limits in our markets – mainly caused by the structure we had at the time. But we have repositioned ourselves in order to overcome these limits.

The situation of the Dual Systems has not exactly been easy in the past year. Are we currently on a good path?

Axel Schweitzer: The results of the current reports allow us to conclude that the downward trend which prevailed over the past years regarding the total number of licenses has stopped. In the reports of 2015, the total number of licenses regarding the types of materials lightweight packaging (LVP) and cardboard, paper/carton (PPK) significantly exceed the values reported in the first quarters of 2014 and 2013. There is, however, a great lack of transparency regarding companies that use broker companies: the dual systems do not know whether these brokers have actually reported their quantities in full.

Some people still see chances for a so-called “creative” licensing of packaging, despite the prohibition of self-takeback systems and the restrictions regarding industry solutions. What is your opinion on the situation?

Axel Schweitzer: The new legal framework is absolutely clearly defined. But, it now depends on the behaviour of all parties involved whether the new Packaging Ordinance will have the necessary steering effect: i.e. on the behaviour of those parties who are obliged, on the systems, and on the waste management, but last but not least on a proactively working practical implementation. The Dual Systems Joint Office has already intensively dealt with a number of issues and resolved on very reasonable measures in many instances.

Considering the most recent quantity reports: what is still missing – mainly in the LVP – to achieve a condition which you would call “ideal”, meaning completely and correctly licensed.

Axel Schweitzer: If you take the number of licenses placed on the market as the basis and mainly the numbers we have known in the market from past experience, the number should be at least 1.4 to 1.5 million tonnes per year. Whether this number can be reached already in 2015 depends largely on the controls and sanctions. Those who work honestly must no longer lose out.

Policymakers are working at full pressure on an act on recyclable material. You have always said that no such act is necessary in Germany. Do you still stand by that opinion?

Axel Schweitzer: The answer is absolutely yes. We do not need a new act to introduce a recycling bin. Based on the applicable Packaging Ordinance, the bin has already been introduced for more than twelve million households and further municipalities will follow.

If such an act were to be introduced. What are subjects that must absolutely be regulated in your opinion?

Axel Schweitzer: An act would only be sensible if it approached an expansion of the product responsibility – beyond packaging. The actual problem in the Dual System is a lack of controls whether the Packaging Ordinance is actually abided by or not. That will change automatically when the Ordinance is transformed to an act.

What changes will arise for ALBA SE in 2015?

Axel Schweitzer: We will continue on our path in the current financial year. At the same time, we will continue optimising our portfolio, pursue the reorganisation to further increase our real net output ratio and our sales offensive and we will adjust our structures at the same time.

Our industry, the Green Economy, is a future-oriented field and the need for raw materials and recycling is growing on a world-wide basis. That opens our company up for great chances and also holds challenges.

We have a clear goal: ALBA Group, of which ALBA SE is an important part, is the only company covering the entire value added chain, from licensing via collection and treatment of waste to manufacturing products made of recycled material. We wish to consolidate and further expand this position.

You have not yet mentioned the most important message of the past weeks, even though it does not directly relate to ALBA SE, but to the Holding ALBA Group. What does the search for an investor mean for shareholders of ALBA SE?

Axel Schweitzer: It will have no effect on the shareholders of ALBA SE. They will still receive the guaranteed dividend of EUR 3.94 gross per ALBA SE share, on the basis of the control and profit transfer agreement with ALBA Group.

When taking a look at the price development after the publication of that message, the stock exchange seems to honour our message that we are searching for an investor.

Report of the Administrative Board 2014

Dear Shareholders,

During the 2014 financial year the Administrative Board carefully and regularly monitored the executive management of the Executive Directors pursuant to the laws and statutes of the Company, and provided advisory support for both the strategic further development and key individual measures upon the basis of the guidelines specified regarding the Company activities. The Administrative Board realised the management tasks assigned to it according to the laws and statutes.

In the year under review, the Administrative Board convened at five ordinary meetings and discussed the Company's and the segments' economic situation, as well as the ongoing strategic and personnel alignment of the Company, the relevant plans and the risk situation. The discussions of the Administrative Board was based on regular written and oral reports from the Executive Directors, which the latter provided in good time and in adequate depth, especially with regard to business policy and corporate planning, the Group’s situation, including its on-going strategic development and its locations, as well as the profitability and progress of the business. In addition, the Administrative Board passed two round robin resolutions. Furthermore, the Chairman of the Administrative Board and two more members of the Administrative Board were in constant contact with the Executive Directors and were informed of all key developments and pending decisions. Important decisions were presented to the Administrative Board for agreement, which was then also granted after reviews and assessments had been undertaken. Based on the reports provided by the Executive Directors, the Administrative Board monitored, and provided advice on, the Executive Director’s management activities in line with the tasks assigned to the latter by law and by ALBA SE’s statutes. This monitoring function on the part of the Administrative Board focused in particular on issues of legality, propriety, expedience and profitability. On the one hand, the Administrative Board monitored the activities already undertaken by the Executive Directors. On the other, the Administrative Board intensively discussed future-oriented business decisions and forecast scenarios with the Executive Directors based on its reports and review and in consideration of the relevant specific business documents and submissions.

Main focus points of the activity of the Administrative Board

During the ordinary meetings of the Administrative Board, it not only discussed the ongoing business development and prepared the managing reports, it also dealt with numerous individual issues which the Administrative Board discussed at length with the Executive Directors.

The main focus points were the strategic orientation of ALBA SE and its affiliated subsidiaries, the approval of the Company's annual and consolidated financial statements, the agenda of the for the ordinary General Shareholders' Meeting with the suggested resolutions, a test of the efficiency of the activities of the Administrative Board, the approval of the Compliance Statement under the German Corporate Governance Code and the consent to the amendment of the credit agreement of ALBA Group plc & Co. KG under which ALBA SE acts as guarantor and warrantor.

Administrative Board Committees

To comply with the recommendations of the Corporate Governance Code, the Administrative Board established four committees that mainly undertake advisory or preparatory functions for the resolutions in the Administrative Board’s plenary sessions:

The Presiding Committee consisted in the year under review of the Chairman of the Administrative Board, Dr. Axel Schweitzer, and Mr Joachim Wagner (until April 30, 2014) and of Ms Patricia Hauswald (from August 19, 2014) The Presiding Committee prepares the meetings of the Administrative Board. The Presiding Committee met once during the reporting period.

The Nominating Committee also consisted of the Chairman of the Administrative Board, Dr. Axel Schweitzer, and Mr Joachim Wagner (until April 30, 2014) and Ms Patricia Hauswald (form August 19, 2014) during the year under review. The Nominating Committee convened once during the reporting period on the occasion of Ms Hauswald being elected member of the Administrative Board.

The Audit Committee initially consisted of two members in the year under review, with Mr Martin Becker-Rethmann and Mr Eric Oliver Mendel. With effect from August 19, 2014, Ms Patricia Hauswald who was newly elected as member of the Board of Directors is now member and Chairwoman of the Audit Committee. The Audit Committee is, in particular, responsible for questions concerning the accounting and the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal revision, the compliance as well as the statutory audit. The Audit Committee met four times during the reporting period.

The Personnel Committee consisted of the Chairman of the Administrative Board, Dr. Axel Schweitzer and of Ms Patricia Hauswald (from August 19, 2014). The Personnel Committee met twice during the reporting period.

Corporate Governance and Declaration of Compliance

During the year under review, the Administrative Board also discussed Corporate Governance, particularly the changes to the German Code of Corporate Governance.

The Executive Directors report about corporate governance in the Corporate Governance report, as part of the management report to the Administrative Board. The company meets the requirements of the German Corporate Governance Code with few exceptions. Please refer to the Corporate Governance report for the specific details.

During its session on August 19, 2014, the Administrative Board adopted the declaration of compliance with the German Corporate Governance Code for 2014 paying particular consideration to the special attributes of the monistic system. This declaration has been posted and published on the Company's website.

In line with the principles of good corporate governance, Dr. Axel Schweitzer and Dr. Eric Schweitzer did not take part in any of the consultations and resolutions of the Administrative Board or its committees affecting the relationships between ALBA SE and its affiliated subsidiaries with companies in which Dr. Axel Schweitzer and Dr. Eric Schweitzer hold a direct or indirect interest.

Individual and Consolidated Financial Statements, External Audit of the Consolidated Financial Statements

The external audit firm of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, appointed by the General Shareholders' Meeting as auditor, audited ALBA SE's 2014 financial statements and the consolidated financial statements prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union and in accordance with the additional regulations that apply under commercial law in accordance with section 315a of the German Commercial Code, including its management reports and book-keeping and in each case provided an unqualified audit opinion.

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

The Audit Committee and the Administrative Board discussed the financial statements documentation and audit reports in detail in its sessions on April 14, 2015. The auditor participated in these meetings, reported on the key findings of his audit and was available for additional questions and information. After reviewing and discussing the annual financial statements, the consolidated financial statements and the management reports, the Administrative Board agreed with the findings of the audit. No objections are to be raised after the final examination by the Administrative Board. In accordance with the recommendations of its Audit Committee, the Administrative Board endorsed the annual financial statements and consolidated financial statements prepared by the Executive Directors. The annual financial statements are thereby 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. It is also the opinion of the Administrative Board that the risk management system meets the statutory requirements.

Appointments and Changes to the Administrative Board and Executive Directors

Since July 16, 2013, ALBA SE has been controlled and managed by an Administrative Board. The members of the Administrative Board are as follows: Chairman Dr. Axel Schweitzer, CEO and member of the Board of Directors of the ALBA Group plc & Co. KG, Berlin, Martin Becker-Rethmann, member of the Board of Directors of the ALBA Group plc & Co. KG, Eric Oliver Mendel, member of the Board of Directors of the ALBA Group plc & Co. KG until August 31, 2014 and now managing director and CFO of EQOS Energie Holding S.à.r.l., Patricia Hauswald, tax advisor with Wagemann + Partner PartG mbB, Berlin, since June 3, 2014 and Robert Nansink. Mr Joachim Wagner who has been a member of the Board of Directors of ALBA Group plc & Co. KG until April 30, 2014, has been a member of the Board in the reporting period from January 1, 2015 to April 30, 2014. The Administrative Board appointed Mr Wagner and Mr Nansink as Executive Directors with Mr Wagner as Spokesman. Mr Wagner retired as Executive Director on April 30, 2014.

The Administrative Board thanks the Executive Directors and the employees of ALBA SE and its associated subsidiary companies for their hard work in 2014.

Cologne, April 2015

The Administrative Board
Dr. Axel Schweitzer
Chairman

The Share

Share information

Security type: Domestic share, bearer share
Quoted: Regulated markets in Frankfurt, Düsseldorf; over-the-counter market Stuttgart, Munich, Hamburg and Berlin-Bremen
End of financial year: 31 Dec.
Shareholders subject to reporting requirements: ALBA Group plc & Co. KG, Berlin

Voting rights of the ALBA Group plc & Co. KG, Berlin, are to be attributed to Dr. Axel Schweitzer and Dr. Eric Schweitzer in accordance with Section 22, paragraph 1, clause 1 (1) of the *Wertpapierhandelsgesetz* [German Securities Trading Act] via ALBA Finance plc & Co. KGaA, ALBA Finance Holding plc, ALBA Group Europe plc, Alpsee Ltd. and Eibsee Ltd., each with statutory headquarters in London, UK, and administrative headquarters in Berlin. On December 31, 2014, these voting rights arose from 9,083,405 shares (92.311 %).

Float: 7.689 percent
Arithmetic par value: EUR 2.60
Shares: 9.84 million
Ticker symbol: ABA
Bloomberg code: ABA:GR
Reuters code ABAG.de
ISIN: DE0006209901
German securities identification number: 620990

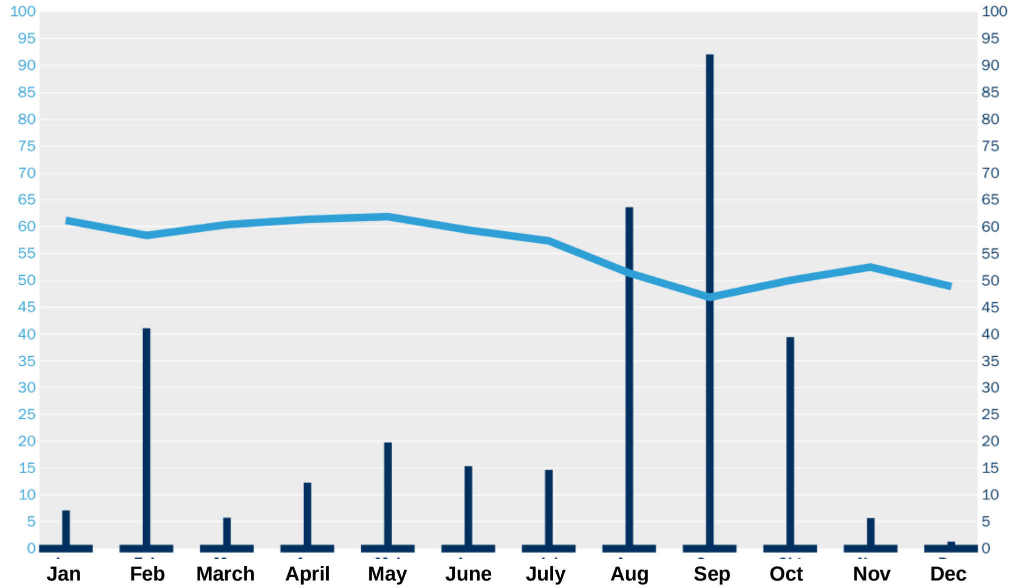
ALBA SE vs. DAX. Indexed stock comparison, 2014

After a successful stock market year 2013, the markets were unable to continue this positive trend and consolidated, initially, on a high level. At the end of March, the worsening Ukraine crisis and the figures reported by the German economy which were weaker for the first time in some time, resulted in insecurities among investors. The, the decrease in the base rate in May encouraged a positive sentiment at the stock markets, before the insecurity among market participants increased again in the third quarter so that the share prices lost the profits they had gained before. In addition to the geopolitical crises, the muted economic outlook at the beginning of autumn and raw material prices in a sharp slide as well as Ebola put extra burdens on the markets. After positive economic data reported by the USA had once again a positive impact in December, the stock markets lost part of their profits at the end of the year based on a dramatic drop of the oil price and a still falling Euro price. At the end of the year, the DAX only has a plus of 2.65 %.

Share price and sales statistics 2014

Share Price Data 2014	Frank-furt
Opening share price 1st day of trading (€)	61.49
Closing price on last day of trading (€)	49.00
Performance (%)	-20.31
Highest variable price (€)	63.00
Lowest variable price (€)	45.00
Fluctuation (%)	33.33

Closing price and sales of the ALBA SE share, 2014



Closing price Frankfurt in EUR
Sales in Frankfurt in thousand pieces

When the Frankfurt stock exchange opened on January 2, 2014, ALBA SE's share stood at EUR 61.49. Subsequently, the price moved almost sideways until May and reached its highest variable price in May at EUR 63.00.

In late summer, the price fell, despite positive mid-year results of ALBA SE, and followed the downward trend of the DAX which was under high pressure in autumn with minus 16 percent and reached its bottom in October with EUR 45.00. During this period, many investors considered to reduce their holdings quickly and without losses. Based on the control and profit transfer agreement with ALBA Group plc & Co. KG enabling external shareholders to sell ALBA Group's shares at a fixed price of EUR 46.48, external shareholders reduced their shares in ALBA SE. ALBA SE's price improved in late autumn and partly exceeded a price of EUR 56 in November.

The share of ALBA SE has been trading in XETRA since 17 November 2014. The opening price was EUR 50.50, it rose to EUR 55.00 and closed at EUR 52.16 at the end of the year. Trading at the Frankfurt stock exchange reduced accordingly. The share closed at EUR 49.00.

Appropriation of the Profits of ALBA SE

According to clause 3.1 of the control and profit transfer agreement with ALBA Group plc & Co. KG, ALBA SE transfers all its profits to ALBA Group plc & Co. KG pursuant to the legal regulations. Pursuant to clause 4.1 of the control and profit transfer agreement, ALBA Group plc & Co. KG is obligated to assume the losses of ALBA SE.

ALBA Group plc & Co. KG guarantees the external shareholders of ALBA SE a regular monetary payment, the so-called equalisation payment, for the term of the contract. The equalisation payment amounts to EUR 3.94 gross per ALBA SE share for each full financial year minus corporate taxes plus a solidarity surcharge according to the rate applicable to these taxes for the relevant financial year.

Accordingly, the external shareholders receive EUR 3.25 net per share for 2014.

Group Management Report

for the financial year from January 1, 2014 to December 31, 2014

A. Basis of the Group

ALBA SE and its associated subsidiary companies are included in the consolidated financial statement of ALBA Group plc & Co. KG (ALBA Group KG). At the level of the ALBA Group KG and its associated subsidiary companies (ALBA Group), central divisions are also incorporated, such as Treasury, Taxes and Corporate Communications. Their tasks and services also stretch to include ALBA SE and its associated subsidiary companies.

A control and profit transfer agreement has been established between ALBA SE (previously INTERSEROH SE) and the ALBA Group KG. According to this agreement, the ALBA Group KG is required, at the request of any external shareholder of ALBA SE, to acquire its bearer shares with a notional share in capital stock of EUR 2.60 per share for a cash compensation of EUR 46.38 for each ALBA SE share (cash compensation offer).

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

A legal challenge under the German Award Proceedings Act regarding the level of the cash compensation and equalisation payment is pending at the District Court in Cologne. The District Court elucidated the assertions of the petitioner and the respondent (ALBA Group KG) in the legal challenge in initial oral proceedings on April 20, 2012. Subsequently on June 15, 2012, it decided to commission a new expert opinion that is to undertake an independent calculation of the Company's value "taking into account to the extent appropriate the declarations submitted in this respect" by mid 2014. Subsequent to conflict of interest by an applicant and its dismissal by the court, the expert started his work at the end of 2013. It is to be expected that the District Court will take a first instance decision during the 2015 financial year.

A.1. Business Activities and Organisational Structure

ALBA SE leads a group of nationally and internationally active companies.

The companies in the steel and metals recycling segment manage the collection, preparation and marketing as well as the commercial trading of all types of metals, particularly steel and metal waste.

The tasks of the companies in the services segment consist of the conceptualisation and realisation of the gathering, recovery and loop systems for used packaging and products. ALBA SE is also assigned to this segment.

In the year under review, ALBA SE continued optimising its portfolio of holdings:

INTERSEROH Jade Stahl GmbH, Wilhelmshaven merged with ALBA Metall Ost GmbH, Rostock, and the latter’s name was changed to ALBA Metall Nord GmbH, Rostock. INTERSEROH Hansa Finance GmbH, Dortmund, was merged with ALBA Scrap and Metals Holding GmbH, Dortmund.

Before the backdrop of a radically changing European stainless steel industry the operations of INTERSEROH Stainless Steel GmbH, in Dortmund, were brought to an end on 28 February 2014 and the company merged with ALBA Scrap and Metals Holding GmbH, Dortmund.

36 subsidiaries of ALBA SE were fully consolidated as of 31 December 2014. For a complete list of the subsidiaries, associated companies and other participations, please refer to Note 5 (Scope of Consolidation).

The portfolio optimisation will continue in the current financial year. The location of Aschaffenburg which belongs to ALBA Metall Süd Rhein-Main GmbH has been sold. Furthermore, the Hanover location of ALBA Metall Nord GmbH and the Freiburg location of ALBA Metall Süd, Mannheim were sold.

Before the backdrop of the strategic new orientation, ALBA SE Group intends to discontinue the steel and metal recycling activities in the USA in the Balkans and in Poland.

A.2. Products and Services

Steel and metals recycling segment

The companies in the steel and metals recycling segment of ALBA SE collect old and new waste which they then prepare, supplying steelworks, foundries and metal works with ferrous and non-ferrous metals. Fe (ferrous) means all iron or steel waste, and NF or non-ferrous means all metal waste which is not iron. In addition to the material attributes, the main difference between the two fractions is to be found in their different value, which is clearly higher with the NF metals. The preparation of production, commercial and consumer waste into high quality shredder, mixed, and packaged scrap for international sale takes place in industrial systems and using modern separating techniques.
With the steel and metals recycling segment, the ALBA SE Group is ranked in the top three German scrap processing firms and also plays a leading role in the European exports of NF metal waste to Asia.

This segment has a network of approximately 100 steel and metals recycling sites in Germany, Poland, the USA, the Netherlands and China (including locations of associated companies).

Services segment

Under the umbrella of the ALBA Group, the Interseroh brand stands for the organisation of environmental services and recycling solutions. As systems providers, INTERSEROH Dienstleistungs GmbH, Cologne (ISD), and its subsidiary companies offer recovery and collection systems for packaging and used products.

In the second half of 2014, ALBA Group reoriented the service segment under its core brand Interseroh. Strategy and operative measures were linked to enable a faster reaction to customer wishes and market needs. It was for that reason that the four business centres were created under ISD's management which are ReCycle, ReDuce, ReThink and ReUse.

The existing service offer in this segment is divided in the business centres indicated below:

The **ReCycle** business centre includes the recovery of transport packaging, the recovery of sales packaging, the recovery of paper sacks, other recovery and licensing systems as well as recycled-resource.

In accordance with the German Packaging Ordinance, ISD organises the recovery of transport packaging from trade and commercial operations. It engages third parties to organise the collection, transport, sorting and treatment of packaging. Interseroh operates recovery solutions for transport packaging in about 20 industries.

The German Packaging Ordinance requires distributing companies to recover their sales packaging from the private end consumers and to recycle it via a dual system. If the sales packaging is demonstrably collected at collection points comparable to private households (gastronomy, administration, educational, healthcare and care organisations etc.) it can alternatively also be brought into the so-called sector solutions. With the business unit for the dual Interseroh/sector solution system Interseroh, ISD offers the collection, transport, sorting and preparation of sales packaging which accrues in private households and at collection points comparable to private households.

The company REPASACK Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden, guarantees the proper recovery and recycling of paper bags from industry and commerce in terms of the German Packaging Ordinance – including the cleaning and preparation of the material at its own plant in Oberhausen.

ISD organises the recovery and recycling of waste electrical and electronic equipment for manufacturers in accordance with the *Elektrogesetz* [German Electrical and Electronic Equipment Act]. The service provider prepares all the legally required documentation and supports its customers in the areas of registration, reporting, guarantees and trusteeships. ISD also operates a collection system for lighting in the industrial, retail and commercial spheres. All of the LED modules, fluorescent tubes and energy saving lights are collected at the collection points are sent for recycling.

With recycled-resource Interseroh has developed an innovative procedure with which the recyclate compounds recythen and procyclen are produced from old plastics according to individual customer specifications. These then become new packaging and products. Thanks to an ultramodern sorting technique combined with the latest processing technology, in this way the compounds gain a consistent quality and can be used as a 100% substitute for new products

All activities in the field of returnable packaging pooling and deposit solutions for one-way packaging were assigned to the **ReDuce** business centre.

With the returnable packaging pooling system, avoiding waste is the top priority. Returnable transport packaging is managed by Interseroh in an innovative loop system along the supply chain from the producer to the store. Here, the boxes used in a logistics loop are also used for sales of fruit and vegetables in 1,800 branches of a major food discounter, for example. In order to maintain the hygiene standards after the sale of the produce, all the boxes are cleaned in washing centres operated by the company; boxes that do not comply with the supply chain standard are repaired. Any returnable transport packaging which cannot be repaired is used to manufacture new boxes in a closed recycling loop. The INTERSEROH Pool-System GmbH, Cologne, optimises the pool stocks by synchronising collections from the retail market on a national basis, by means of international deliveries to the fruit and vegetable retail network, and by means of central washing capacities. The business unit received certification for the system according to DIN EN ISO 22000:2005 (food safety) as the first provider of pooling services

In the scope of the recovery of one-way packaging with cash deposits, INTERSEROH Pfand-System GmbH, Cologne, provides the requisite tallying services for bottles and tins at ten tallying centres across the nation, carries out the required gathering of the collected one-way packaging from the collection points and provides the deposit clearing related to reclaiming the deposit money expended, which involves the settlement between the point that collects the deposit and the recovery point, or the point that pays out the deposit. Furthermore, the Company markets the raw materials extracted in the process (PET, glass, aluminium and tin).

The **ReThink** business centre includes the Recycling Solutions Interseroh (RSI) service. It covers the entire range of management of waste collection from branches, warehouses and production locations and the recycling and marketing of the raw materials gained. RSI's business field creates individual concepts according to the customer's wishes. In addition, RSI offers services of the infrastructural facility management (winter services, upkeep of green/grey areas) in food retail.

The **ReUse** centre is responsible for the collection and sorting of ink and toner cartridges. The company INTERSEROH Product Cycle GmbH, Cologne, collects and sorts empty ink and toner cartridges from printers, copiers and fax machines and markets them to so-called re-fillers for refilling.

A **Regional Centre** has been established in addition to these business centres. It is an important driver in the internationalisation of the services offered by the four business centres, but also for country-specific innovations and product developments. ISD operates its own companies in recycling markets in Central and Eastern Europe. These include, inter alia, Austria, Slovenia, Poland and Croatia. Interseroh offers waste recovery from branches and central warehouses as well as several collection systems, for example for transport packaging, sales packaging or e-waste.

In relation to their business volume, the fields of transport packaging, sales packaging and recycling solution Interseroh are of high importance.

A.3. Steering System

Different key figures in the ALBA SE Group are used for the steering of the overall group, the segments as well as their business activities. Sales revenues, EBITDA, EBT as well as investments are defined as being the Group's key steering variables. For the steel and metals recycling segment, the ferrous and non-ferrous metals volumes are also relevant; and for the services segment, the market share of the Interseroh Dual System business unit in the sales packaging market.

These figures are presented to the ALBA Group KG’s Board of Directors on a monthly basis and to the Administrative Board of ALBA SE on a quarterly basis.

Control parameters

Sales revenues

The sales revenues of the ALBA SE Group consist of the proceeds from the provision of services and the proceeds from the sale of goods, less sales deductions.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

With this figure the ALBA SE Group measures the efficiency and earning power of the operational business. This figure is determined as follows: sales revenues plus changes in inventories, plus capitalised assets and other operating income, less other company expenses and other taxes as well as material costs and personnel expenses.

EBT (Earnings Before Taxes)

This figure provides information about the overall profitability of the ALBA SE Group. The EBT is calculated by deducting the amortisations and depreciations from the EBITDA and adding the financial and investments earnings.

Investments

The absolute size of the investments shows the non-current commitment of financial resources in fixed assets without finance leasing. The targeted use of the financial resources takes the priority in the case of investment decisions.

Volumes of ferrous/non-ferrous metals

The volumes of Fe and NF metals directly influence the sales revenues via the price factor. Due to the high degree of market transparency, the prices of ferrous and non-ferrous metals represent a variable that cannot be influenced. The volumes accordingly serve as a performance indicator.

Market share of the Interseroh Dual System

The market share of the operator of a dual system is measured on the basis of the volumes reported by the dual systems to the clearing house divided by the total volume, and therefore determines the individual proportion of the cost to be carried which arises in the overall market of the dual systems. The key fraction for the ALBA SE Group is that of light packaging.

B. Economic Report

B.1. Sector-Related Framework Conditions

Steel and metals recycling segment

In 2014, the steel industry found itself in a sustained period of difficulty regarding growth and in structural terms. Global production of crude steel recorded a minor increase of just over 1 % in comparison with the previous year, and of only 0.7 % in Germany. Production of electrical steel, of key importance in the segment, fell in comparison with 2013 by 2.9 %.

This fall in production was caused by the prices of iron ore, which fell by almost 40 % since the start of the year, which meant that the production focused on classic steel production using iron ore. In addition to this, overcapacity in the steel market had a negative influence on the development of the price of scrap steel. According to the data from the Economic Association for Steel the average price level of leading scrap type 2 in Germany during the year under review was EUR 271.67 per tonne. The comparable value for the previous year totalled EUR 292.50 per tonne.

At the international level, limited demand from Asia caused an oversupply of scrap steel, with falling prices and lower margins.

The market for non-ferrous metals also proved to be tough on the purchasing side due to a low availability of volumes.

The average yearly price of copper totalled EUR 5.192 per tonne, compared with EUR 5.515 per tonne in 2013 and thus fell by 6.0 %. This was caused by subdued demand from China. The aluminium market benefited primarily from the positive development in the automotive industry. With an average yearly price of EUR 1.416 per tonne, the price of aluminium was almost 1.9 % higher than the average value in the previous year of EUR 1,390 per tonne.

And with an average yearly price of EUR 12.757 per tonne, the price of nickel was almost 12.6 % higher than the comparative value in 2013 of EUR 11.331 per tonne.

Services segment

This segment was characterised by a high intensity of competition, with price reductions and high pressure on margins.

Before a background of low licence volumes, the market for sales packaging has historically been influenced by the funding gaps in the dual system and the efforts to close them. Due, among others, to inappropriate self take-back models and sector solutions, the funding gap has led to a situation in which a constant collection volume from the Yellow Bins/Bags has faced an ever falling volume of licensed packaging, the recycling costs of which the manufacturers and distributors had to cover. Instead of the normal notification of the volumes to the clearing points, in order to close this gap, the market shares according to the cost of the individual dual system operators were determined and codified for the whole of the year 2014. The funding gaps which then remained open were closed by several major trading companies in order to maintain the solution, as organised by the private sector.

The year 2014 also saw numerous customers investing in machines such as presses and shredders and taking on recycling services of their own avail. This led to a fall in the service volume in some divisions of the recycling market.

The development of scrap paper and plastic prices has a direct influence on the business performance of ISD via the marketing revenues of the individual services. Depending on the type, the prices for the cardboard/paper/carton fraction in the year under review were around 6.7 to 8.8 % lower than in 2013. While the prices of pet in 2014 were, on average, 35.3 % lower than the prices in 2013, the prices of the sheet-plastic, depending on the type either remained approximately the same as the previous year’s levels or were up to 4.2 % higher than the comparable prices in 2013.

B.2. Changes to the Legal Framework Conditions

On June 5, 2014, the German Federal Parliament passed the seventh amendment of the Packaging Ordinance in order to close loopholes in the ordinance which had resulted in funding gaps in the dual system. The amendment also included the complete abolition of the self take-back system, substantially tightening up the requirements of the sector solutions. The Federal Upper House also passed the amendment at its meeting on July 11, 2014. The abolition of the self take-back system entered into force at the start of October 2014, and the other changes, on January 1, 2015.

On 27 June 2014, in its final reading, the German Federal Parliament agreed to reform the German Renewable Energy Act (EEG). The Federal Upper House raised no objections to this at its meeting on July 11, 2014. In the scope of the special equalisation scheme for the reduction of the EEG reallocation charge, express consideration of recycling was taken for the first time. The amendment entered into effect on August 1, 2014.

B.3. Course of Business

Over the course of the last financial year, the companies in the ALBA SE group continued to face difficult prevailing conditions in their corresponding markets. The management team continued with the reorganisation and efficiency enhancing programme in the steel and metals recycling segment which began in 2013. In the year under review, due to cost reduction measures, the closer networking of the segment with ALBA Group's recycling and waste management business, as well as the portfolio optimisation, it proved possible to achieve some initial successes.

B.3.1. Steel and Metals Recycling

Due to the prevailing conditions in the 2014 financial year detailed under B1, the waste and metals recycling segment found itself in a persistently difficult market environment.

For the ferrous volumes, a marginal increase had been expected compared to the previous year, and sales of NF volumes were forecast to be at the previous year's level. In the ferrous segment 2,351 tonnes (previous year: 2,510 tonnes) were traded which is below the level of the year before. NF volumes were declining as well and stood at 361 tonnes (previous year: 385 tonnes) which is below the previous year's and the budgeted level. Reasons were a scarcity of material and still weak demand, in particular in the Asian market. Adjusted by effects arising from the portfolio optimisation in the financial years 2013 and 2014, the ferrous volumes amounted to 2,329 tonnes (previous year: 2,284 tonnes) and the NF volumes to 361 tonnes (previous year: 346 tonnes) and thus slightly above the previous year's level.

In 2014, prices for Fe were below the prices in the previous year. Prices for NF metals were above those of the year before, apart from the copper price. However, the buyer's side was here affected by a scarcity of the material. The volume and the price effect resulted in a sales decline by EUR 151.3 (10.8 %) to EUR 1,245.7 in the financial year 2014, instead of the moderate sales increase which had been planned compared to 2013.

The reorganisation and efficiency enhancing program which started in the 2013 financial year led to more restructuring expenses in 2014. These amount to EUR 3.7 million (previous year: EUR 12.1 million) and comprise EUR 2.7 million each for measures to reduce the number of personnel and of material costs. Contrary to that, restructuring-related provisions and liabilities totalling EUR 1.7 million which had been created in the year before could be reversed. In addition, expenses totalling EUR 7.0 million arose for valuation adjustments on goodwill, property plant and equipment and accounts receivable in the context of the further planning of the portfolio optimisation.

Starting from an EBITDA of EUR -0.5 million in the previous year, an extraordinary increase was expected here. While an extraordinary increase has been achieved in view of an EBITDA of EUR 9.1 million, it still is below the expected value due to the difficult conditions and the resulting volume and price effects as well as restructuring expenses. The EBITDA would have stood at EUR 15.7 million and thus by EUR 3.2 (25.6 %) above the previous year's EBITDA of EUR 12.5 million adjusted by expenses from restructuring and portfolio optimisation, had no restructuring expenses arisen and no portfolio optimisation taken place.

An extraordinary increase was also forecast for the EBT. The previous year's EBT of EUR -66.7 million compares to an EBT of EUR -54.8 million of the year under review. The fact that the planned EBT has not been achieved is attributable not only to the effects described above but mainly to additional impairments of goodwill in the amount of EUR 38.3 million (previous year: EUR 34.6 million).

If the EBT of the 2013 and 2014 financial years were to be adjusted by effects from restructuring expenses, portfolio optimisation and impairment, it would increase for 2014 from EUR -13.2 million to EUR -5.8 million.

A slight increase had been planned for investments in 2014. With an investment volume of EUR 6.4 million (previous year: EUR 9.0 million), the actual value does not significantly deviate from the planned value.

B.3.2. Services

The transport packaging division demonstrated a marginal increase in turnover compared with the previous year despite intensive competition.

In sales packaging business, turnover in 2014 remained around the same level as the previous year. For this reason the market share in the Interseroh dual system remained at the previous year's value of 7.6 %. At the start of the 2014 financial year, it was assumed that there would be a slight increase in market share in the sales packaging division on the basis of the efforts to increase turnover.

The Interseroh Recycling Solutions (RSI) service also achieved a level of sales approximate to the previous year's level, as an extension of the contract portfolio in the facility management division failed to occur, and the sales in the seasonal winter services business did not increase due to the mild winter.

In the services segment, we had planned a slight increase of the sales revenues compared to the year before. In the year under review, sales revenues increased by EUR 9.0 million to EUR 324.0 million, inter alia, due to the expansion of the business activities of two subsidiaries of the Regional Centre, but they still fell short of expectations.

Despite the very high intensity of competition, both the EBITDA and the EBT did not fall as strongly as suspected at the beginning of the 2014 financial year. Main reason here are business model-related effects from other accounting periods which arose in the operating system business. However, EBITDA and EBT which stood at EUR 24.6 million (previous year: EUR 26.6 million) and EUR 20.4 million (previous year: EUR 24.5 million), respectively, are still below the previous year's values.

A slight decrease had been planned regarding investments at the beginning of 2014. With an investment volume of EUR 2.1 million (previous year: EUR 2.0 million) the actual value was not significantly below the planned value.

B.4. Situation

B.4.1. Earnings Situation

Instead of the moderate increase that was forecast in comparison to the previous year, sales revenues fell in the 2014 financial year by EUR 137.0 million (-8.0 %) to EUR 1,567.4 million (previous year: EUR 1,704.4 million). This was primarily due to the continuously subdued levels of demand in the steel and metal recycling segment, mainly on the Asian market, and prices which had fallen again compared to the year before. In the services segment, sales revenue remained almost unchanged in relation to total sales.

Material costs fell by 8.0 % compared to the previous year, in line with the sales development.

Other operating income decreased by EUR 5.9 million (8.4 %) to EUR 64.4 million. Earnings due to refunds from the ABS programme which amounted to EUR 5.7 million in the year before, have been eliminated in full, as the company now uses factoring. In addition, earnings from the reversal of provisions and liabilities fell by EUR 5.9 million, and earnings from IT services, by EUR 2.2 million. However, earnings from exchange rate differences rose by EUR 2.8

million and earnings from charging on costs of personnel leasing to companies of ALBA Group KG were up by EUR 2.8 million.

The reorganisation and efficiency enhancing program which had been started in the previous year, continued in 2014. It resulted in more restructuring expenses in the year under review, EUR 2.7 million (previous year: EUR 4.9 million) of which due to personnel expenses and EUR 2.7 million (previous year: EUR 5.1 million) of which due to other material costs. Restructuring-related provisions and liabilities of EUR 1.7 million, however, which had been created in the previous year, were reversed. Furthermore, EUR 7.0 million result from the still planned portfolio optimisation, EUR 2.9 million thereof arose under other operating expenses and EUR 4.1 million under depreciation and amortisation.

Adjusted by the relevant effects, personnel costs fell by EUR 9.1 million (10.0 %) and thus reflect the average number of personnel which was down by 9.0 %.

Other operating expenses fell, on an adjusted basis, by EUR 12.3 million (7.4 %). Contributing factors to this figure were, for example, sales expenses (outbound cargo, transport and warehouse costs, advertising and travel expenses) which were lower by EUR 3.0 million and operating expenses which were down by EUR 3.3 million (rents and other room costs, servicing costs, car costs). This positive development was also attributable to the fact that allocations to the ABS failure reserve totalling EUR 4.9 million have been eliminated and to lower impairments on and the derecognition of accounts receivable (EUR 3.0 million).

The increase of the EBITDA by EUR 7.5 million (28.6 %) to EUR 33.7 million fell short of expectations. An extraordinary increase of that figure had still been forecast at the beginning of the year under review. The positive effects from the reorganisation and efficiency enhancing program conducted in the steel and metals recycling segment and the business model-related effects from the operating system business which arose in other periods were only partly able to compensate the effects arising from the difficult economic conditions and the new restructuring expenses and expenses relating to the portfolio optimisation in the steel and metals recycling segment.

Compared to the previous year, the negative EBT could be reduced by EUR 7.7 million to EUR -34.4 million. It thus fell short of the extraordinary improvement which had been expected at the beginning of 2014. Not only the matters described above, but further impairments on goodwill in the amount of EUR 38.3 million in the steel and metals recycling segment led to this additional negative effect.

B.4.2 Assets Situation

In comparison with December 31, 2013, the balance sheet total fell by EUR 18.9 million (3.9 %) to EUR 466.1 million.

EUR 46.5 million of the non-current and current assets were transferred to the item “assets belonging to an asset group classified as held for sale”. EUR 17.9 million thereof is attributable to non-current and EUR 28.6 million to current assets. These are assets which ALBA SE Group plans to sell.

In line with the asset side, EUR 11.4 million of the liabilities were transferred from current liabilities to the item “Liabilities belonging to a group of liabilities classified as held for sale”.

Non-current assets are not only affected by the transfer but also by the impairment of goodwill totalling EUR 38.3 million under intangible assets.

Current trade accounts receivable rose, adjusted by the transfer effects, by EUR 11.5 million, contingent upon the reporting date.

The transfer-adjusted increase in other current accounts receivable by EUR 18.9 million is based on the increase of receivables due from ALBA Group KG under the profit transfer agreement. While the receivables amounted to EUR 3.5 million in the year before, they stood at EUR 32.6 million on the reporting date. However, down-payments made could be reduced by EUR 1.9 million.

Equity fell by 8.4 % to EUR 133.8 million which is primarily attributable to negative consolidated earnings.

Trade accounts payable fell by EUR 14.7 million, adjusted by transfers.

B.4.3. Financial Situation

Financial Management

Via the ALBA Group KG, the ALBA SE Group is incorporated in a group-wide liquidity management system, as well as a central financial management. The key goal of the financial management is to ensure the liquidity of the ALBA SE Group to guarantee financial solvency at all times. To this end, ALBA SE and its affiliated subsidiary companies participate in the ALBA Group KG cash pooling procedure. The liquid assets are brought together on a group-wide basis, monitored and invested according to principles.

ALBA SE group is included in ALBA Group KG's syndicated loan agreement which was concluded in 2012 and has been adjusted over time according to size and other supplementary conditions. The increase of the credit line had become necessary not only due to the economic conditions but also due to the contractual duty to provide the shares of shareholders of ALBA SE to ALBA Group KG. Moreover, the additional facility will be able to cover more potential provisions of shares and the incorporation of credit lines which have formerly been available outside of the syndicated loan. The agreement has a term until October 26, 2017. The financing of the general business activities is guaranteed by this loan agreement via the provision of credit.

In the scope of the syndicated loan agreement, on the side of the ALBA SE group there are collateral and guarantees in the form of the cession of receivables, the assignment of current assets as securities, property charges, and the pledging of business shares. Credit agreements on the level of ALBA Group (covenants) which are associated with the syndicated loan were also fulfilled in the financial year. The interest payments on the syndicated loan occur on the basis of the EURIBOR rate plus a margin. The receivables and liabilities from the cash pooling have fixed rates of interest.

ALBA SE and/or its subsidiary companies also have further lines of credit totalling EUR 23.0 million at the reporting date which are used to finance the capital requirements. Interest is paid on the credit lines on the basis of interbank rates (EURIBOR, WIBOR) plus fixed margins.

Further information on the management of the credit, liquidity, interest and currency risks is provided available under E. Opportunities and Risk report and number 37 in the notes.

To acquire liquid assets for the financing of the operational business activities, ALBA Group has been participating in the factoring program of ALBA Group. In this context, certain German companies of ALBA Group (seller of receivables) sell trade accounts receivables to a factoring company on the basis of a uniform receivables purchasing contract. The purchase price of the receivables corresponds with their nominal amount less the interest, factoring fee and security deposits. The factoring fee serves the purpose of covering the credit risk of the receivables sold. A security totalling 10 % of the nominal sum of the receivable is also retained from the purchase price for the sold receivables, which is to cover the verity risk. The particular advantages of the factoring are an improved liquidity as well as the transfer of the receivables default risk pertaining to the sold receivables to the factor. On December 29, 2014 a receivables portfolio with a nominal value of EUR 54.6 million was sold of which EUR 48.0 million were not yet settled by December 31, 2014.

In the cash flow statement, the cash and cash equivalents includes liquid assets as shown on the balance sheet totalling EUR 6.6 million (previous year: EUR 14.6 million) as well as the cash pool balance with the ALBA Group KG of EUR 47.4 million (previous year EUR 45.3 m) and the balance of cash and cash equivalents and cash pooling agreements of the selling group so that the balance of cash and cash equivalents at the end of the reporting period amounts to EUR 54.9 million (previous year: EUR 59.9 m). The balances in the cash and cash equivalents are only subject to negligible value fluctuation risks.

The development of the cash flow is detailed under number 34 in the consolidated notes.

Investments

Investments in intangible assets and property, plant and equipment without finance leasing totalled EUR 8.5 million in the reporting period, after EUR 11.1 million in the previous year. Of these, the services segment accounted for EUR

2.1 million (previous year: EUR 2.0 million), and the steel and metals recycling segment for EUR 6.4 million (previous year: EUR 9.1 million).

Please refer to the details in the consolidated notes under numbers 5 (b), 18 and 19 with regard to the apportionment on the individual sub-items of the investments made.

B.5. Overall Statement on the Economic Position of the ALBA SE group

The 2014 financial year was characterised by a continuous pressure on the prices, by over-capacities and low levels of demand which resulted in lower margins in the steel and metals recycling segment.

In the services segment, the higher intensity of competition with price discounts also caused a strong pressure on margins.

The earnings situation has been affected very strongly by the pressure on margins, the poor market situation in the steel and metals recycling segment and, in particular, by the necessary impairments on goodwill.

C. Events after the Balance Sheet Date

Against the backdrop of the portfolio optimisation, the Aschaffenburg location which belonged to ALBA Metall Süd Rhein-Main GmbH was sold on January 15, 2015. In addition, the Hanover location of ALBA Metall Nord GmbH and the Freiburg location of ALBA Metall Süd GmbH were sold with effect from February 1, 2015, as well.

D. Declaration of the Management

Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act

ALBA SE has observed the German Corporate Governance Code (DCGK) since its introduction in 2002. The Administrative Board and the Executive Directors pledge that they identify with the recommendations and suggestions of the code. Instances in which the Group has deviated from the recommendations of the DCGK are stated in the declarations of compliance by the Administrative Board of ALBA SE. These declarations can be found on the Internet under: http://www.alba-se.com, Investor Relations, ALBA SE Shareholders, Corporate Governance, Declarations of Compliance.

Declaration of Compliance 2014

The Administrative Board made the following declaration of compliance in August 2014:

The Administrative Board declares that it has adhered to the recommendations of the government commission for the German Corporate Governance code since September 29, 2004 with the exceptions stated in the corresponding declarations of compliance.

ALBA SE will correspond with all the recommendations of the government commission for the German Corporate Governance Code in its version dating from May 13, 2013, in consideration of the attributes of the monistic system of ALBA SE stated under clause 1, with the exceptions stated under clause 2.

1. Deviations due to the attributes of the monistic system

Pursuant to article 43 - 45 of the German SE Regulation (SE-VO) in connection with sections 20 et. seq. of the German SE Implementing Act (SEAG), the monistic system means that the executive management of ALBA SE is realised by a uniform management body, the Administrative Board. The Administrative Board leads the Company, determines the basic regulations regarding its activities and monitors their implementation by the Executive Directors. The

Executive Directors guide the business of the Company, represent the Company judicially and extra-judicially and are bound by the instructions of the Administrative Board.

In principle, ALBA SE only relates the regulations of the code applicable to the Supervisory Board to the Administrative Board of ALBA SE, and those relating to the Board of Directors, to its Executive Directors. In view of the legal configuration of the monistic system, the following exceptions apply to this:

– Deviating from clause 2.2.1 p. 1 of the code, the Administrative Board must provide the annual financial statements and consolidated financial statements to the General Shareholders' Meeting, section 48, para. 2, p. 2 SEAG.

– Deviating from clauses 2.3.1 p. 1 and 3.7 para 3 of the code, the Administrative Board is responsible for calling the General Shareholders' Meeting, section 48 and 22 p. 2 SEAG.

– The tasks of the Board of Directors contained in the code in clauses 4.1.1 (management of the Company) 4.1.2 in conjunction with 3.2 half sentence 1 (development of the strategic alignment of the Company) are to be completed by the Administrative Board, section 22 para. 1 SEAG.

– The responsibilities of the Board of Directors contained in the code in clauses 2.3.2 p. 2 (proxy bound by instructions) 3.7 para. 1 (position regarding a takeover bid) and para. 2 (conduct in the event of a takeover bid) as well as 3.10 (corporate governance report), 4.1.3 (compliance) and 4.1.4 (risk management and controlling) are to be completed by the Administrative Board, section 22 para. 6 SEAG.

– Deviating from clauses 5.1.2 p. 5 and 6 of the code, the Executive Directors are not subject to any fixed or maximum permitted term of appointment, section 40, para 1, p. 1 SEAG.

– Deviating from clauses 5.4.2 and 5.4.4 of the code, members of the Administrative Board can be appointed Executive Directors if a majority of the Administrative Board consists of non-executive members, section 40, para 1, p. 2 SEAG.

2. Exceptions from the code recommendations

– **From item 2.3.1 (absentee voting)**: Absentee voting is not possible at ALBA SE's General Shareholders' Meetings. Since the ALBA SE statutes do not authorise absentee voting, this recommendation is not applicable to ALBA SE.

– **From item 4.2.3 (remuneration of Executive Directors):** The remuneration of the Executive Directors of ALBA SE is not based on a multi-year assessment basis, but on two components: fixed annual remuneration and variable participation. The Executive Directors are closely connected with the company and have integrated their businesses into ALBA SE. Given these special circumstances, no additional financial incentive for an interest in long-term corporate development needs to be provided.

– **From clauses 4.2.4 and 4.2.5 (disclosure of the remuneration of the Executive Directors):** In accordance with the authorisation of the General Shareholders' Meeting on July 13, 2012 pursuant to sections 238 para. 5 and 314 para. 2, p. 2. of the German Commercial Code, the individual remuneration of the Executive Directors will not be published until the end of the authorisation. The authorisation applies to the Executive Directors and they will adhere to the authorisation if they prepare the annual financial statements and consolidated financial statements.

– **From item 5.1.2 (appointment of the Executive Directors):** The Executive Directors of ALBA SE are not subject to any specific or maximum duration of appointment. No age limit is specified for Executive Directors. The selection of new Executive Directors takes place on the basis of their qualification. No quota for women has been planned for that reason.

– **From item 5.4.1 (goal setting of the Administrative Board):** Since the Administrative Board is not permitted to specify the election of Administrative Board members by the shareholders, it uses goals for nominations as reflected in the German Corporate Governance Code; these are reported on in the course of a nomination. At the same time, the Administrative Board wishes to make clear that no suggestions will be submitted or withheld because a candidate does or does not, respectively, possess a specific diversity attribute.

– **From item 5.4.2 (composition of the Administrative Board):** Of the five members of the Administrative Board, three of its members are also members of the Board of Directors of the ALBA Group plc & Co. KG, Berlin. In terms of the composition of the Administrative Board, professional consultancy services and monitoring of management are the key factors. Administrative Board members can be suitable for these functions, even if they do not meet the independence criteria as set forth in item 5.4.2 of the German Corporate Governance Code.

– **From item 5.4.6 (remuneration of members of the Administrative Board):** Members of the Administrative Board are paid for their services and monitoring activities. Members of the Administrative Board receive no performance-oriented remuneration in addition to the fixed remuneration for their duties. There are no plans to introduce variable remuneration, since it is the Company's belief that such remuneration does not significantly improve the incentive of the Executive Directors to monitor the management. The members of the Administrative Board, who are also Executive Directors, receive their remuneration as Executive Directors, to which their remuneration as members of the Administrative Board is charged.

– **From item 7.1.2 (publication of consolidated financial statements):** The controlling ALBA Group plc & Co. KG has an obligation to publish its consolidated financial statements for the financing banks and bond investors within 120 days of the end of the financial year, based on regulations under financing agreements and the bonds it has issued. In order to facilitate the respective preparation of the consolidated statements of ALBA SE and the ALBA Group plc & Co. KG, and thus their simultaneous publication, it makes sense for the publication dates to coincide and to allow public access to the consolidated ALBA SE financial statements within 120 days of the end of the financial year as well.

Corporate Governance Practices

Good corporate governance, as understood by ALBA SE's Administrative Board, encompasses all principles for responsible, transparent and value-oriented corporate management. The objective of good corporate governance is to send a message of reliability by impeccable activities, to sustainably secure the confidence of shareholders, business partners, staff and the general public and to permanently influence the intrinsic value of the Company positively.

The Company is managed by the Administrative Board ("monistic system") which determines the basic principles of the business activities and monitors their implementation by the Executive Directors.

The goals of a sound corporate constitution, to which the Administrative Board and the Executive Directors of ALBA SE are obligated, will be consistently pursued. They are codified to a large part in applicable laws, the Company's statutes, the rules of procedure and internal guidelines. The documents required for employees are available in the Intranet at any time.

ALBA SE undertook comprehensive measures in 2014 with a view to strengthening the awareness of employees and those of affiliated subsidiaries in terms of how to behave as entrepreneurs in competition. Appropriate training measures were implemented to this end.

Furthermore, a proper level of risk management is an integral component of good corporate governance for ALBA SE. The Company-wide risk management system, consisting of the identification, analysis, control and monitoring of risk, has also been applied in the year under review. In this way, ALBA SE can assure a risk management that will continue to be commensurate with the planned growth.

Steering instruments

In the scope of the planning of the ALBA Group, the Administrative Board of ALBA SE specifies the strategy for the subsidiary companies affiliated with it and steers their business in the scope of the existing legal possibilities. The steering system is detailed under A.3.

Transparency

The Company informs shareholders, analysts and the general public regarding business developments, as well as the net assets, financial position and earnings situation of ALBA SE and its associated subsidiaries four times a year. The dates can be found in the financial calendar on the internet.

ALBA SE provides information to the capital markets as a listed company in accordance with all statutory requirements and is also represented on the German stock exchange.

Shares in the Company and related financial instruments owned by members of the Board of Directors and the Administrative Board are listed in the Notes. In total, 92.311 % of shares and thereby voting rights from 9,083,405 shares were attributable to Dr. Axel Schweitzer and Dr. Eric Schweitzer, according to Section 22, paragraph 1, clause 1, no. 1 of the *WpHG* [Securities Trading Act]; they are held directly by ALBA Group plc & Co. KG.

Description of the Working Method of the Administrative Board and Executive Directors

The Administrative Board and the Executive Directors continuously work together closely for the well-being of ALBA SE and its associated subsidiaries. The Administrative Board has enacted rules of procedure for the Executive Directors and the Administrative Board.

Administrative Board

According to the statutes, the Administrative Board has at least three members. The members of the Administrative Board are appointed at the General Shareholders' Meeting.

In the reporting period, the Administrative Board had the following members:

– Dr. Axel Schweitzer (Chairman);
– Martin Becker-Rethmann (Representative Chairman);
– Eric Oliver Mendel (Representative Chairman);
– Patricia Hauswald (since June 3, 2014);
– Joachim Wagner (also Spokesman for the Executive Directors at until April 30, 2014);
– Rob Nansink (Executive Director at the same time).

The term of office of every member of the Administrative Board who is appointed ends with the termination of the General Shareholders' Meeting, which decides on the discharge for the financial year ending on December 31, 2016, but on May 27, 2017 at the latest. Members of the Administrative Board can be reappointed.

The Administrative Board meets at least once every three months. In the reporting period, the Administrative Board met five times.

To ensure the realisation of its tasks the Administrative Board has established differing committees – the Presiding Committee, the Nominating Committee, the Audit Committee and the Personnel Committee – and is regularly informed of their work.

In the reporting period, the Presiding Committee consisted of Dr. Axel Schweitzer (Chairman of the Administrative Board) and Mr Joachim Wagner until April 30, 2014. Ms Patricia Hauswald, who was newly elected member of the Administrative Board, was elected member of the Presiding Committee with effect from August 19, 2014. The Presiding Committee prepares the meetings of the Administrative Board. The Presiding Committee also deals with issues that might require immediate action on the part of the Executive Directors, with the approval of the full Administrative Board taking place at a later stage. In certain cases, decision-making authority can be transferred to the Presiding Committee by the full Administrative Board.

In the reporting period the Nominating Committee also consisted of the Chairman of the Administrative Board, Dr. Axel Schweitzer, and of Mr Joachim Wagner, until April 30, 2014. Ms Patricia Hauswald, who was newly elected member of the Administrative Board, was elected member of the Nominating Committee with effect from August 19, 2014. The Nominating Committee suggests suitable candidates for election to the Administrative Board to the General Shareholders' Meeting, if a new and/or subsequent election is pending at a General Shareholders' Meeting as per the timetable or because a member of the Administrative Board leaves their post.

In the reporting period the Audit Committee initially consisted of two members, with Mr Martin Becker-Rethmann and Mr Eric Oliver Mendel. Ms Patricia Hauswald, who was newly elected member of the Administrative Board, was elected member of the Audit Committee and became its Chairwoman with effect from August 19, 2014. The Audit Committee has consisted of three members since that time.

According to the regulations in the rules of procedure for the Administrative Board, the Audit Committee also includes three members of the Administrative Board who are chosen by the Administrative Board, the majority of whom is not Executive Directors at the same time. Furthermore, one of the members of the Audit Committee is to be chosen as Chairman of the committee by the Administrative Board. The Chairman of the Audit Committee may not be an Executive Director of the Company, and should be knowledgeable regarding the areas of finance, accounting and auditing. The Chairman of the Audit Committee should also be independent and not a former member of the Company's Board of Directors.

The Audit Committee’s special task is to prepare negotiations and resolutions for the Administrative Board regarding questions on accounting and risk management, the requisite independence of the auditor, the award of the audit assignment to the auditor, the determination of the audit focus and the fee agreement with the auditor. It manages and monitors the compliance regulations that have been implemented in the Company.

In the reporting period, the Personnel Committee initially consisted only of Dr. Axel Schweitzer. Ms Patricia Hauswald, who was newly elected member of the Administrative Board, was elected member of the Personnel Committee with effect from August 19, 2014. The Personnel Committee has consisted of two members since that time. The Personnel Committee prepares the personnel-related decisions of the Administrative Board.

Executive Directors

The members of the Administrative Board Mr Joachim Wagner (Spokesman of the Executive Directors) and Mr Rob Nansink were appointed Executive Directors. When Mr Joachim Wagner resigned his office as member of the Administrative Board on 30 April 2014, Mr Joachim Wagner also retired as Executive Director. Since then, Mr Rob Nansink is the sole Executive Director. The Executive Directors guide the business of the Company in compliance with the care of a diligent and conscientious executive manager according to the legal regulations, the statutes, the rules of procedure enacted for them, the instructions of the Administrative Board and their employment contracts. They represent the Company externally.

Remuneration system

Administrative Board

Pursuant to clause 12, paragraph 1 of the statues of ALBA SE in the version dating from May 28, 2013, the Chairman and Representative Chairman of the Administrative Board receive a remuneration of EUR 45,000 net per annum. Every other member of the Administrative Board receives compensation of EUR 30,000 net per annum. If a member of the Administrative Board worked on one or more committees without at the same time functioning as Chairman or Representative Chairman of the Administrative Board, they receive additional compensation of a single payment of EUR 10,000 net per annum to compensate them for their work in one or several committees. The remuneration is payable at the end of the financial year. Please refer to the F.2. Compensation Report for information on the remuneration of the Administrative Board in 2014.

Executive Directors

The annual compensation of the Executive Directors is made up of a non-performance-related component and a performance-related bonus. There are no further components, such as e.g. stock option plans. The non-performance-related components consist of fixed remuneration and fringe benefits. The bonus is determined by the Personnel Committee of the Administrative Board on the basis of existing contracts.

On June 13, 2012, the General Shareholders' Meeting resolved to apply the exemption from the obligation to disclose the remuneration of the Board of Directors on an itemised basis in accordance with section 286, paragraph 5, of the German Commercial Code. The company also applies this exemption to the disclosure of the compensation received by the Executive Directors. Please refer to the F.2. Compensation Report for information on the remuneration in 2014.

E. Report on Risks and Opportunities

E.1. Opportunities Report

E.1.1. Opportunities Management

The ALBA SE group operates in a dynamic market environment in which new opportunities arise on a continuous basis. Recognising these and making use of them - at the same time as avoiding unnecessary risks - is a key factor for ensuring the sustainable growth of the ALBA SE group.

In the scope of the opportunities management, analyses of the market and competition are carried out and environmental scenarios are evaluated. The ALBA SE group also focuses on the alignment of the product portfolio, the structural costs as well as the potential success factors in the industry.

The ALBA SE group has solid managerial structures. These ensure that opportunities are assessed and pursued on the basis of their potential, the necessary investment and their risk profile. If opportunities are likely to come about, the ALBA SE group has already considered them in its business plans. The following section therefore focuses on future trends or events which may lead to a positive deviation for the ALBA SE group as regards the outlook for the year 2015.

E.1.2. Opportunities

Steel and metals recycling

Opportunities are seen to exist in the progressing operational merging of the steel and metals recycling segment of ALBA SE with the waste operations and trading segment of the ALBA Group and in the continuing portfolio optimisation. As these two segments grow together to become the waste & metals segment, synergies arise for example in the form of a coordinated uniform sales strategy. And due to the still closer connection on a management and staff level, we are able to offer disposal services as a one-stop shop. With this approach, the Group sets a new industry standard.

ALBA SE created a new strategic position in the international trade in Fe wastes. The conclusion of a cooperation agreement between ALBA Scrap Trading BV, Groningen/Netherlands, and a partner who is active on an international level should significantly improve the access to the Turkish market in future. ALBA SE sees high potential for expanding its sales quantities and thus to increase its inventory-to-sales ratio at the deep sea terminal in Amsterdam.

Services

ALBA SE's managements views the possibilities for stabilising the Interseroh Dual System business area to lie, in particular, in active association work, in informing any and all of the appropriate economic associations and political interest groups, as well as the amendment of the German Packaging Ordinance. The stabilisation measures especially include the reduction of possible instances of de-registration for dual systems and consequentially a possible increase in proceeds and a distribution of the costs on the basis of causal allocation.

Risks continue to exist in the trading of secondary raw materials, but there are also opportunities due to volatile prices. Significant price increases for paper, cardboard and carton and plastics represent an opportunity for the services segment.

The management views growth opportunities in the services segment to primarily exist in the combination of solution approaches as a systems service provider for product, recyclable materials and logistics cycles, as well as in innovation management. The customer will be offered a comprehensive, individually designed service offering via a sales offering that has been developed further.

To recognise trends and developments in the relevant markets at an early stage, wide-ranging market, customer and competitive analyses will be carried out in the segment. The final results and findings will be used on a targeted basis for the development and sale of products and projects. The positive experience from the recent years' product upgrades are also being systematically included in a segment-wide programme. The innovation management division has also been strengthened in terms of its organisation and personnel.

The further expansion of services, and therefore an increase in market share in the recycling markets in Central and Eastern Europe, will also offer additional opportunities over the medium term.

E.2. Risk Report

E.2.1. Risk Management System

Principles

As a company in the recycling industry with international operations, ALBA SE and its associated subsidiaries are exposed to numerous risks, as well as a variety of opportunities. The concept of 'risk' includes events and developments inside and outside the Company that might have a negative impact on its net assets, financial position and earnings situation within a specified period of time.

The goal is not to avoid all 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. Managing these risks is a prerequisite for the Company's success, taking into account limitations on the willingness to take risks. Entrepreneurial risks are entered into only if they can be quantified and if the associated opportunities lead to the expectation of a commensurate increase in value.

Risk Management

Risk and opportunity management in the ALBA SE group is geared to securing the continued existence of the Company and to guaranteeing a long-term increase in corporate value.

A management and control system with a uniform risk management system has been established in the ALBA Group, in which the ALBA SE group is integrated, for the purpose of early identification, assessment and management of relevant risks and opportunities.

The core factors in risk management consist of strategic and operational corporate planning, internal reporting, the internal control and compliance system, treasury management and the early risk identification system. Strategic corporate planning should guarantee that long-term risks and opportunities can be identified early on, so as to be able to respond with appropriate structural measures. The internal reporting system is designed to assure that at all corporate levels, current and relevant information concerning the development of fundamental risks and the effectiveness of risk limitation measures is provided. The focus of the internal control system is on monitoring and controlling the risks. The compliance system is tasked with supporting the management team in identifying and responding to risks related to compliance topics early on.

Treasury

As a component of risk management, treasury management is responsible for recording, analysing, quantifying and monitoring financial risks. Identified risks are managed, for instance, by establishing debtor and creditor limits and by using derivative financial instruments. Derivative financial instruments are used only for hedging purposes, inter alia, against default risks, price change risks and currency risks. Only those instruments that can be modelled, assessed and monitored and the accounting treatment of which is clear may be utilised. Treasury reporting ensures that future liquidity developments and financial risk positions can be identified early on.

Early Identification of Risk

The ALBA SE group’s early risk identification system is a comprehensible system that encompasses all corporate activities and includes systematic and ongoing procedures based on the following process elements: the identification, assessment, documentation and communication of risks, as well as monitoring these process elements. It extends through and integrates all operating units of the fully consolidated companies. Each segment management team is responsible for assuring a fully functioning and efficient early risk identification system. The ALBA SE management team bears overall responsibility for the Group-wide early risk identification process and establishes risk policy principles. The operational early risk identification tasks are undertaken by the legal units, segments and central functions.

As part of the risk management system, the early risk identification system functions as an instrument for identifying, assessing and communicating entrepreneurial risks so as to take appropriate risk management measures. The early identification system is decentralised and binding for all fully consolidated companies and central divisions.

The identification and assessment of risks takes place on a regular and decentralised basis in the companies and the responsible central divisions of the ALBA Group. Identified risks are assessed for likelihood of occurrence and potential loss level. As part of the early risk identification system, those risks that exceed the established threshold values for likelihood of occurrence and potential loss level are monitored. Regardless thereof, all risks that jeopardise the Group's existence are always to be taken into account.

Risks identified in the individual companies are aggregated at the segment level. Risk reports from segments and central divisions are integrated on a quarterly basis in risk reporting to the management team. The risk reporting takes place in standardised form throughout the defined reporting structure. This ensures a regular monitoring and the follow-up of risks. Ad-hoc reporting is obligatory in the case of risks that arise suddenly, are serious or jeopardise the Company's existence.

The coordination and specifications of the conceptual framework of the early risk identification system are centralised.

Additional workshops are designed to improve the risk reporting process and to sensitise employees in risk management.

The early risk identification system is reviewed regularly in the course of internal and external audits according to statutory regulations to establish the effectiveness of early identification of risks that may jeopardise the Company's existence.

Even an appropriate and fully functioning early risk identification or risk management system cannot guarantee absolute certainty with regard to the completeness of identified risks and the effectiveness of management instruments utilised.

Compliance

Violations in compliance may lead to penalties, sanctions, damage compensation payments, reduction in profits, exclusion from certain businesses and the loss of licences and concessions or other sanctions of a sensitive nature. Such violations damage the ALBA SE group's reputation and can also have adverse effects on the awarding of contracts by customers in both the public and private sector. There may also be a negative impact on the capability of finding new business partners.

In order to counter these risks, ALBA SE group introduced the Compliance Programme of ALBA Group in 2009. The Compliance Programme has been regularly reviewed and further developed in the interim.

The management team and employees are regularly familiarised with the newest compliance requirements through the e-learning programme initiated throughout the Company in 2011. This should ensure that compliance risks are identified early on and appropriate measures taken. Compliance with all applicable legal framework conditions and internal guidelines is obligatory. Actions designed to override the competition in favour of the ALBA SE group or in favour of a third party shall not be tolerated.

Responsibility for compliance is allocated to all central divisions and segment management for the purpose of division of labour. The manager of the central legal department of the ALBA Group reports directly to the management team, also on compliance matters. The legal and internal audit divisions, in particular, take care of compliance audits that are independent of events, as well as fundamental questions and investigations in cases of suspicion. Both divisions are additionally involved in consulting the segments and group companies, as well as in performing and organising on-site training. This consultation is reinforced by lawyers in individual subsidiaries by means of targeted consulting on site and with a particular understanding of the local circumstances and business models.

E.2.2. The Internal Control System in Relation to Group Accounting

The Administrative Board of the ALBA SE group views the internal control system, based on the accounting process, and all such structures, measures and control processes, as a system aimed at ensuring reliable financial reporting in accordance with statutory regulations and International Financial Reporting Standards (IFRS).

Key characteristics of the Company's internal control system with regard to accounting include Group-wide uniform accounting guidelines and processes, IT security guidelines and regulations, and organisational principles and flows. Centralised and decentralised training ensures that those who take part in the accounting process possess the relevant knowledge.

Control mechanisms are subject to an ongoing optimisation process. In addition, various control principles, such as segregation of duties and consistent adherence to the principle of the 4-eyes principle, are incorporated in the accounting process with respect to certain risks. Regardless of the scope and orientation of the control structures and processes that have been instituted, there are limits to the internal control system, since it must be adapted to changing demands and framework conditions on an ongoing basis. At least once a year, for instance, a revision of the organisational guidelines takes place as part of this adaptation process.

Standard consolidation software is used to generate the consolidated financial statements. The major portion of ledger accounts information of the companies included is imported into the consolidation software from the relevant bookkeeping systems via an interface after the cut-off date. The data of the individual financial statements undergo automated and manual plausibility verification processes.

As part of the consolidation work, consolidation software displays the current status of each type of consolidation (capital, income and expense, liabilities, etc.) separately for each company via a traffic light system. As a rule, continuation of consolidation work is only possible, if the system has not detected any errors in the previous step. Once the consolidation work has been completed, a variety of plausibility tests are performed with the consolidated figures generated. Finally, the figures are analysed and commented upon. In order to prepare the Group management report, the required information is sought in writing from the segments and central divisions, summarised and presented to those individuals who are responsible for review. The Group management report is then presented to the Administrative Board. The companies compile further information for the creation of the consolidated notes directly in the consolidation software. The entire consolidated financial statements is presented to the Administrative Board and approved by the latter after review.

E.3. Risk Assessment

To determine which risks pose the greatest risk to the secure existence of the ALBA SE group, the risks are classified according to their estimated likelihood of occurring and their effects and in relation to the business goals, as being 'high', 'medium', and 'low'. The scales for the measurement of these two indicators are shown in the following tables.

Risk class	Description	Likelihood of occurring
1	< 5 %	very unlikely
2	5 % - < 10 %	unlikely
3	10 % - < 50 %	possible
4	50 % - < 70 %	likely
5	70 % - 90 %	very likely

According to this classification, a very unlikely risk is defined as being one that only occurs under exceptional circumstances; a very likely risk as one whose occurrence is to be expected within the next two years.

Degree of the effect	Definition of the negative effect on the business activities, the financial and earnings situation and the cash flow.
A	< 1 %
B	1 % – < 5 %
C	5 % - < 20 %
D	20 % - < 50 %
E	> 50 %

The consolidated equity of ALBA SE group was used as a reference value for the degree of the effect. In contrast to the sales revenue or earnings values, this value is only subject to minor fluctuations due to the control and profit transfer agreement.

According to its likelihood of occurring and its effects in relation to the Company standing, the business activities, the financial and earnings situation and the cash flow of the ALBA SE group, the risks are classified as 'high', 'medium' or 'low'.

Likelihood of occurring

1	L	L	L	L	M
2	L	L	L	M	M
3	L	L	M	M	H
4	L	M	M	H	H
5	L	M	H	H	H
	A	B	C	D	E
	Effects				

L = low risk
M = medium risk
H= high risk

E.4. Risks

The risk factors concerning the ALBA SE group are listed below. In the following descriptions they are aggregated more strongly than when used for the purpose of internal control. The classification occurs on the basis of the internal risk management reporting system. Unless stated otherwise, all of the risks relate to both segments of the ALBA SE to a varying degree.

Finances

Through including ALBA SE group in the ALBA Group syndicated loan agreement, the covenants associated with the syndicated loan at the level of the ALBA Group also apply for the ALBA SE group.

ALBA Group is undergoing a comprehensive restructuring process. The measures necessary for that process have been prepared, in detail, jointly with a management consultancy company. The Group has created the necessary structures to successfully implement the package of measures and has already achieved some of the first important milestones. The package of measures has been agreed with the lending banks and is also part of the loan agreement in addition to the customary credit agreements. Any failure to comply with one or several of these measures might be a ground for termination under certain preconditions. In this case, the conclusion of a new and sufficient financing would be necessary to secure the continued existence of the company.

The company started a process for raising equity. And although this process has not yet been completed, it is recognisable that potential investors show a clear interest and that it will be possible to complete the measure within the planned period.

This risk is classified as being a medium risk.

A liquidity risk results from fluctuations in cash flows. To ensure the ability to pay and the requirement for financing in the companies, the ALBA SE group is integrated in the ALBA Group cash pooling. In the scope of the daily financial planning the liquid assets are managed according to requirements. To cover the requirements for financing, in addition to specific non-current credits and credit lines, the ALBA SE group is also included in the ALBA Group's syndicated loan agreement. The factoring programme additionally simplifies the procurement of current liquid assets for the financing of the operational business activities. ALBA Group is responsible for refinancing these credit facilities. This risk is classified as being a medium risk.

Tax risks arise especially in connection with ongoing and still pending tax audits. These risks are evaluated early on and taken into account appropriately in a systematic process, which defensively assesses tax refund claims or creates provisions. This risk is classified as being a medium risk.

IT systems

The ALBA SE group's business processes are primarily IT-assisted. Maintaining flawless business operations therefore requires an efficient and uninterrupted operation of data processing systems.

Systems availability represents a central risk. In particular, business operations are significantly disturbed if systems failure affects the general ledgers or sub-ledgers. With measures such as the use of UPS equipment (equipment for uninterrupted power supply) and emergency power aggregates, continuous business operation can be guaranteed. This risk is classified as being a low risk.

The loss of data represents a significant economic risk and can occur in various ways: operator error, software errors or hardware defects. Daily back-up of all productive systems and data is performed consistently as a measure against potential data loss. Proper retrieval capabilities are checked by means of regular data recovery tests. This risk is classified as being a low risk.

Segments

Steel and metals recycling

The steel and metals recycling segment depends to a great extent on the economic developments on the national and international markets for steel and non-ferrous metals. Forecasts for the upcoming financial year all report a growth which depends, in particular on the Chinese market. This market has been characterised by over-capacities of the steel industry in the past financial year, with the consequence that it was predominantly Chinese steel that entered the world market. That limited ALBA SE's sales options for ferrous scrap, mainly in Turkey as that market was provided with cost-effective Chinese steel and as Turkish steel production declined accordingly.

Due to the high asset intensity at the locations there is a risk of overcapacity during periods of economic stagnation, especially if the effective productivity of the generator sets cannot be guaranteed due to a lack of incoming volumes, meaning it is impossible to cover the fixed costs. This risk actively monitored and mitigated by the monitoring of the volume flows, as well as by the upstream position management at the level of the segments.

The depreciation risks in the inventory valuation which are caused by price fluctuations are monitored on a monthly basis. This risk is additionally mitigated by specifying maximum positions and by a working capital management.

Another significant factor influencing the sales quantities of ALBA SE is that Chinese steel plants substitute ferrous metal scraps by iron ore. Iron ore prices have constantly been falling in the past financial year and stood at the lowest level for five years at the end of the reporting year. This factor inhibited the entire trade with ferrous scrap as the iron ore price has an indirect effect on the steel scrap prices. This risk would continue to apply, should prices for iron ore remain on that low level or drop further.

Impairment risks remain based on the strained economic situation. If, despite expectations, no recovery of the economy arises, the forecast results might be endangered.

Overall, these economic risks are classified as being medium risks.

ALBA SE's locations active in the steel and metals segment have all been certified as specialist disposal operations. Annual audits ensure that the approval situations reflect a true image of the actual situation. New or changed licenses might, however, be subject to conditions imposed by the authorities which may then result in unplanned investment expenses.

The transitional period for implementing the European Industrial Emissions Directive (IED) which took effect on a European level to German legislation ended on July 7, 2015. ALBA SE welcomes the implementation and the associated legal certainty in relation to several central legal standards for plant approval and plant operation. In ALBA SE group, this affects generally all shredder plants and those plants which store or process larger quantities of so-called hazardous wastes (e.g. batteries or electronic scrap). The new legal requirements which might then be made to the plant operations could result in the necessity for subsequent investments. The risk is classified as being a medium risk.

The steel and metals recycling industry is characterised by processing bulky and heavy material and a high utilisation and maintenance intensity of existing handling devices and units. The economic challenges faced in the past years increased the risk that plants become obsolete. This results in higher expenses for maintenance or the compensation of plant failures. The risk is counteracted by an ongoing monitoring of the investment planning and an optimisation of the investment activities in line with demand. The risk is classified as being a low risk.

Services

The services segment is highly dependent on regulatory guidelines. Changes to these regulatory guidelines bring both opportunities and risks. In this context the segment aims to develop additional system services which are not regulated by legislation.

The seventh amendment of the Packaging Ordinance created a clear legal framework. It will now depend on the behaviour of all persons involved whether the new Packaging Ordinance will have the necessary steering effect. In 2014, significant efforts were necessary to stabilise the market. The essential support of renowned trading houses enabled the creation of solution. Despite the amendment of the Packaging Ordinance and the further limitation of exemption matters, the Interseroh Dual System and other dual systems are still subject to the risk of improperly reported volumes, cancellations of packaging quantities by competitors and thus of over-proportional costs. While the risk reduced compared to 2014, it is still possible that competitors become insolvent and market pressure might rise again. The management team also sees risks in a lacking enforcement of the provisions set forth in the Packaging Ordinance. This risk is classified as being a medium risk.

The development of the prices of waste paper and plastics influences the marketing revenues within the services segment. In the trading of raw materials, there is a potential risk due to a large drop in the raw materials prices. This risk is classified as being a low risk.

The services segment is characterised by a diversified product portfolio. However, the core markets still experience a high intensity of competition which also puts noticeable pressure on the margin. This segment continues to invest in business development to mitigate this risk with new services and products. This risk is classified as being a medium risk.

E.5. Overall Risk Profile

The ALBA SE group aggregates all reported risks according to the early identification of risks guideline. In comparison with the previous year, there are only negligible changes regarding the scope of the risks and the risk evaluation.

The risks described above do not constitute a threat to the existence of the ALBA SE group, either individually or in whole under the assumption that the agreements and commitments under the credit agreements are complied with.

F. Further Information

F.1. Administrative Board

Mr Joachim Wagner resigned from the Administrative Board of ALBA SE with effect from April 30, 2014. On June 3, the General Shareholders' Meeting of ALBA SE elected Ms Patricia Hauswald as member of the Administrative Board. She follows Mr Dr. Werner Holzmayer who had resigned from his office with effect from October 31, 2013.

F.2. Remuneration Report

Remuneration of the Administrative Board

Provisions for the remuneration of the Administrative Board were created to the amount of EUR 0.1 million for the 2014 reporting period. Reference is made to the notes for individually rendered services outside the scope of the Administrative Board, in particular consulting work. The addition to the occupational pension for former members of the Board of Directors and Administrative Board totalled EUR 0.0 million (previous year: EUR 0.1 million). Pension payments totalling EUR 0.4 million (previous year: EUR 0.0 million) were paid to former members of the Board of Directors and Administrative Board. In total EUR 1.1 million was deferred for pension obligations towards former members of the Board of Directors and Administrative Board and their surviving dependants (previous year: EUR 1.5 million).

The Administrative Board is paid for its work at the end of the financial year. The Executive Directors receive monthly compensation, however.

As at the balance sheet date of December 31, 2014, a direct stake in the total capital of ALBA SE totalling 92.311 % of shares, and thereby voting rights from 9,083,405 shares, were attributable to Dr. Axel Schweitzer.

Name	Position	Remu-neration
		in EUR, net
Dr. Axel Schweitzer	Chairman of the Administrative Board	45,000.00
Martin Becker-Rethmann	Representative Chairman of the Administrative Board	45,000.00
Eric Oliver Mendel	Representative Chairman of the Administrative Board	45,000.00
Patricia Hauswald	Member of the Administrative Board	18,333.33
Joachim Wagner	Member of the Administrative Board, Executive Director (also Spokesman for the executive team)	0.00
Rob Nansink	Member of the Administrative Board, Executive Director	0.00
Total		**153,333.33**

Remuneration of Executive Directors

The annual compensation of the Executive Directors is made up of a non-performance-related component and a performance-related bonus. There are no further components, such as stock option plans. The non-performance-related components consist of the fixed remuneration and fringe benefits such as a company car. The bonus is determined by the Administrative Board on the basis of the existing contracts.

Remuneration paid to the Executive Directors in the 2014 financial year amounted to EUR 1.4 million. This amount contains a variable remuneration component of EUR 0.1 million. EUR 0.5 million of the total amount relates to retired Executive Directors for subsequent years.

Total remuneration for the individual Executive Directors is determined by the Personnel Committee of the Administrative Board, including any Group payments, based on a performance assessment. The criteria for the suitability of the compensation consist of the individual Board of Directors member's tasks, their personal performance, the economic situation, the success and future prospects of the Company, as well as the customary remuneration in the comparator environment and the remuneration structure that applies elsewhere in ALBA SE group.

F.3. Employees and Social Responsibility

Number of employees

The average size of the ALBA SE group's workforce during the year was 1,691 (previous year: 1,857) and was thus by almost 9 % below the previous year's level.

On average 1,083 people were employed in the steel and metals recycling segment in the financial year (previous year: 1,287), of whom 418 (previous year: 463) were white collar employees and 664 (previous year: 824) blue collar employees.

On average 609 people were employed in the area of services (previous year: 570). The number of employees totalled 495 (previous year: 470), the number of blue collar employees totalled 113 (previous year: 100).

Recruiting young talent

Systematic recruitment, training and retention of young talents represent both key success factors and at the same time a challenge. Therefore, ALBA SE assigns a high priority to assuring the recruitment of young talent. The Company counteracts the threats arising from a shortage in skilled employees and promotes qualified young talents by further developing its existing and by newly creating young talent program. It is of great importance to ALBA SE that it sparks the interest of talented young people, attracts them as employees and retains them in the Company. To this end ALBA SE has cooperated in the year under review with different schools and was represented at the most important school and university fairs.

In 2014, ALBA SE trained, once again, 56 trainees and students from cooperative education universities in a variety of professions. ALBA SE offers the trainees and students a variety of different prospects. Especially high performing school students have the option of obtaining a further qualification or studies. They will be accompanied and supported by the Company. The best among them receive a scholarship and participate in additional training. ALBA SE's training programs were also further expanded by including trainee programs conducted in other European countries. All trainees conduct their training according to an understandable, individual learning and development plan. It also promotes a stronger exchange between the trainees. Joint trainee share points enable this constant communication.

Personnel development

The accumulation and consolidation of competencies among staff and executive personnel are core themes in strategic company management. Training and continuing education are thus central matters in ALBA SE. In this context, different topics were initiated and continued in 2014. Examples of these topics are set out below:

- The services segment of ALBA Group started a pilot project for a systematic onboard program for employees and executive personnel which is thus also applied in ISD and its subsidiaries. This IT-based program optimises a structured and targeted induction. In addition, the newly implemented introduction event “Welcome Day” supports new employees and executive personnel when they enter the company.

- The MORE Value strategy implemented in ALBA Group's services segment which is also applicable to ISD and its subsidiaries, requires new or expanded competencies among staff members and executives. Therefore, a segment-specific talent program was developed in addition to a management development. The program started with 18 talents in 2014.

- The networking of the steel and metals recycling segment with the waste management and recycling segment of ALBA Group was supported by the targeted development of sales employees or purchasers and traders, respectively. An analysis of the location was performed in the context of a potential assessment centre and this analysis has been used as a basis to prepare individual development plans.

In addition, internal trainers have undergone training, and systematic product training sessions were held in different regions.

Corporate citizenship activities

The social image of the Group, which is furthermore documented in a mission statement, is linked to the ALBA SE group's entrepreneurial activities. In accordance with the mission statement “We actively assume ecological and social responsibility”, corporate citizenship activities have also occupied a permanent position in various companies of the ALBA SE group and range from corporate giving (ethically motivated donations without self-interest) to corporate volunteering (charitable employee commitment). The ALBA SE group's services and products relieve an environmental burden and thus assure a better living environment for succeeding generations. This sustainability and future orientation is also reflected in the volunteer projects: the focus of corporate citizenship activities is on charitable commitments that help children. In this area, ISD has been supporting KidS, the orphanages of the city of Cologne, for over eleven years and is thus improving the living situations of children directly. The Group's regular activities also include bone marrow donor typing for the *Deutsche Knochenmark-Spenderdatei* (DKMS - bone marrow donor registry), supporting children in hospital or in the Peace Village in Oberhausen and a give-blood event together with the German Red Cross has been held since 2013.

F.4. Information relevant to Takeovers required by Section 315, Paragraph 4 of the HGB

The subscribed capital of ALBA SE of EUR 25,584,000.00 is divided into 9,840,000 individual share certificates of no par value with an arithmetic nominal value of EUR 2.60 each. The company’s shares are bearer shares. Every share grants one vote in the General Shareholders’ Meeting. The Executive Directors are not aware of any restrictions pertaining to voting rights or the assignment of shares. On December 31, 2014, a total of 92.311 % of shares and thereby voting rights from 9,083,405 shares were attributable to Dr. Axel Schweitzer, Berlin, and Dr. Eric Schweitzer, Berlin, according to Section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act; they are held directly by ALBA Group plc & Co. KG. The ALBA Group KG as controlling company and ALBA SE as controlled company entered into a control and profit transfer agreement in 2011, which became effective once entered into the commercial register on May 26, 2011. 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.

Since July 16, 2013 onwards, ALBA SE has had a monistic executive management and control structure. The company’s executive bodies are the Administrative Board and the General Shareholders' Meeting. The Administrative Board leads the Company, determines the basic regulations regarding its activities and monitors their implementation. The members of the Administrative Board are appointed at the General Shareholders’ Meeting. Reference is made to the applicable legal regulations of clause 40 SEAG as regards the naming and dismissal of Executive Directors. Furthermore, clause 13, no 1. of the statutes of ALBA SE states that the Administrative Board appoints one or several Executive Directors. The Administrative Board monitors the Executive Directors.

Amendments to the statutes are resolved by the General Shareholders’ Meeting. General Shareholders’ Meetings’ resolutions are taken by simple majority of the votes submitted, unless the statutes or mandatory legal provisions require a larger majority of votes. Amendments to the statutes require, provided not countermanded by law, a majority of two thirds of the votes submitted or, in the event that at least half of capital stock is represented, a simple majority of votes submitted. The Administrative Board is authorised to adopt amendments to the statutes that are merely editorial in nature.

The General Shareholders' Meeting authorised the Board of Directors on June 29, 2010, effective June 30, 2010, to acquire treasury stock during a period of five years, i.e. until June 29, 2015, to a maximum pro-rated amount of EUR 2,558,400.00 of capital stock attributable to these shares and to rescind the authorisations that had existed hitherto in this respect. With the changeover to the monistic system, this authorisation also applies in full to the Administrative Board. Moreover, subsequent to the resolution of the General Shareholders' Meeting of June 29, 2010, the Administrative Board was authorised to sell the treasury stock acquired, excluding the shareholder's subscription right, 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 Administrative Board is authorised, 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 the subscription right, 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 *AktG* [German Stock Corporation Act].

In the event that shares are sold for cash in a manner other than via the stock exchange or an offering to shareholders, the authorisation to exclude subscription rights applies only to the extent that the treasury shares sold with the exclusion of subscription rights may not exceed 10 % of capital stock and in fact neither 10 % of the capital stock existing at the time the authorisation is granted nor 10 % of the capital stock existing at the time that the authorisation to exclude subscription rights is utilised. The upper limit of 10 % of the capital stock is reduced by the proportional share of capital stock attributable to those shares issued or sold during the term of this authorisation with the exclusion of subscription rights in accordance with Section 186, paragraph 3, clause 4 of the German Stock Corporation Act. The upper limit of 10 % of capital stock, moreover, is reduced by the proportional share of capital stock that relates to those shares that are issued in order to service bonds with option or conversion rights and/or duties, provided that such bonds are issued during the term of the authorisation with the exclusion of subscription rights under (appropriate) application of section 186, paragraph 3, clause 4 of the German Stock Corporation Act.

The Administrative Board of ALBA SE had not made any use of such authorisations in the year under review. No agreement exists with ALBA SE subject to the condition that a change in control would be brought about as the result of a takeover bid. Likewise, no compensation agreements with the members of the Administrative Board, the Executive Directors or workforce exist in ALBA SE in the event of a takeover bid.

F.5. Research and Development

Due to the fields of activity it is involved in, the ALBA SE group places a great deal of importance on innovation and further development of sustainable business models. The Group does not regularly engage in research and development in the customary sense.

A new generation of plastic products was developed, however, in cooperation with companies in the plastics industry that consist fully of post-consumer material from the dual system. With its recythen and procyclen program, ALBA SE group offers industrial customers high quality recycling plastics for the production of new products and packaging. Customised recycled compounds were developed in the year under review in accordance with individual requirements received from customers.

F.6. Environment and Sustainability

Environment and sustainability play a central role in ALBA SE group.

In the past financial year, ALBA Group commissioned a new study for all its affiliated companies, also including the ALBA SE group, from Fraunhofer Institute for Environmental, Safety and Energy Technology, UMSICHT, Oberhausen. The result: ALBA Group’s cycle management comprising approx. 6.2 million tonnes of reusable material saved approximately 51 million tons of primary raw materials – that is a quantity corresponding to the worldwide annual demand for aluminium.

For several years, Fraunhofer UMSICHT has researched the effects that the ALBA Group's recycling activities have on the environment. Initially, the experts determined mainly the quantity of greenhouse gases saved as a result of the cycle management. In the current study, they took a step further and disclosed, for the first time, the full scope of the protection of resources enabled by ALBA Group’s recycling activities.

On June 5, 2014, Interseroh published an update of the sustainability report for the year 2013. Interseroh defined measurable goals for a sustainable development as part of its sustainability strategy in the fields of activity of customers, material flows, supplier standards, ecological footprint, compliance, staff and social commitment. The reporting comprises not only the service business of Interseroh, but also the segments of sorting for light-weight packaging and facility management of ALBA Group.

In the first half of 2014, the integrated management system (ISO 9001:2008, ISO 14001:2009, BS OHSAS 18001:2007) of ISD and its German subsidiaries, INTERSEROH Austria GmbH, Vienna/Austria, as well as the sister company INTERSEROH Management GmbH, Cologne, has been confirmed in the context of a re-certification in which no discrepancies of any type were found by the certification board ZER-QMS, as was the certification of INTERSEROH Pool-System GmbH in accordance with ISO 22000.

Environmental management measures led to considerable energy savings, through a changeover of the hall lighting to LED technology at INTERSEROH Pool System GmbH. The same lighting was installed in one third of the office rooms of INTERSEROH Austria GmbH. A video conference system installed at the Cologne and Berlin locations replaced presence meetings by telephone conferences, mainly in ISD’s sales department. That saves a higher number of business-related travels.

G. Outlook Report

G.1. Development of the Segments

The assessment of the development of the segments of ALBA SE is based on the current expectations and assumptions regarding the effects of future events and economic conditions on the operationally active companies.

In contrast to manufacturing companies, details regarding the number of orders in companies in the recycling sector are not representative. This also applies to the ALBA SE subsidiary companies.

In the steel and metals recycling segment, contracts are concluded and fulfilled on a short term basis depending on the requirements of steelworks, smelters and foundries. The stock turnover ratio in the warehouses is correspondingly high. This enables the Company to counteract potential price drops.

In the services segment, contracts lasting one year and contracts lasting several years are concluded. These are regularly extended in accordance with the prevailing market conditions.

Steel and metals recycling segment

Expectations for the steel industry are subdued on an international level for the current financial year. In view of a weaker growth in demand in China and the ongoing geopolitical tensions, worldwide consumption will only rise by about 2 % in 2015, according to information provided by the World Steel Association. The

European Steel Association Eurofer forecast an increase of the European steel demand by 2.6 %. It also said that the industry would continue to battle with overcapacities in Europe.

Given the outlook for the economic situation in the steel industry, it seems improbable that raw steel prices will increase. Prices for iron ore will probably remain on a low level even in 2015.

A moderate increase in demand is forecast for trade in non-ferrous metals for the first quarter of 2015. The development during the second half year will depend strongly on the forecast economic growth in China. And the development of the geopolitical tensions will have an effect on the demand for NF metals as well.

Despite further portfolio optimisation, the management team expects for 2015 to see negligible decreases in volumes of ferrous and only slight decreases in volumes for non-ferrous metals. Sales revenues are expected to remain at the previous year's level. The forecasts predict an exceptional increase in the EBITDA and the EBT. This is especially due to positive effects from the restructuring measures which started in the 2013 financial year and continued in 2014. Furthermore it is assumed that the impairments and restructuring expenses accrued in the year under review will not occur again, at least not at the same level. Shifts in the financial structure will ensure that planned investments for non-current assets fall significantly, and planned investments will, as a whole, be slightly below the previous year's level.

Services segment

The services segment will continue to be characterised by a still intensive competition during the current financial year. Initial volume reports of dual system operators during the ongoing financial year show that the volume of licensed packaging rises as a consequence of the amendment of the Packaging Ordinance. Therefore, one can currently expect that improper licenses will decline and that market volumes will stabilise. It is also expected that the amendment of the Ordinance will increase the customer's readiness to change their dual system. The management team does, however, not expect significant changes in comparison to the year before regarding the economic development and the development of the marketing prices for the cardboard/paper/carton and plastics remits.

In 2015, the services segment is expecting a clear increase in sales revenues. It is planned to expand the business with existing customers, to enhance the facility management in the field of RSI services and, in particular, to expand the national and international packaging recycling. The planned market share of DSI will clearly rise. The increase will, in particular, be a consequence of the planned increase in volumes and sales in this field, caused by the acquisition of customers who are willing to change their system. Despite the planned clear increase in sales, the management team expects significant declines in EBITDA and EBT. This development is primarily caused by the continued increasing pressure on margins as well as the lacking effects arising from the business model based on other periods in the operating system business compared to the year before. Investment activities will remain at the previous year's level in this segment.

G.2. Development of the Group

The management team expects the ALBA SE group to record a moderate increase in sales revenue in 2015. In comparison to 2014, the EBITDA will see a slight increase, while EBT will improve exceptionally compared to 2014. This is mainly due to recurring impairments in the steel and metals recycling segment which will not be of the same magnitude as those in the year under review. A strong fall in investments is expected in comparison to the 2014 financial year.

The integration of the financing in ALBA Group ensures that ALBA SE group will have the cash it requires also in future.

Cologne, April 12, 2015

ALBA SE
Executive Director
Rob Nansink

Consolidated Financial Statements

for the 2014 Financial Year

Consolidated Balance Sheet as at December 31, 2014

Assets	Note no.	Dec. 31, 2014 EUR	Dec. 31, 2013 EUR
Non-current assets			
Intangible assets	18	35,945,259.18	79,882,695.97
Property, plant and equipment	19	50,404,138.11	68,972,984.59
Financial assets accounted for under the at-equity method	20	4.00	3,574,726.94
Financial assets	21	2,678,107.40	3,962,144.71
Other receivables	25	385,572.12	1,744,013.65
Deferred tax assets	22	5,093,196.80	5,580,403.15
		94,506,277.61	**163,716,969.01**
Current assets			
Inventories	23	60,465,522.84	68,170,358.89
Trade receivables	24	139,531,785.17	135,636,637.38
Financial assets	21	54,773,886.87	55,140,910.48
Other receivables	25	60,382,375.11	46,727,101.78
Income tax refund claims	22	3,315,431.90	1,000,933.29
Cash and cash equivalents	26	6,620,721.76	14,593,057.47
Assets allocated to a disposal group classified as held for sale	27	46,499,089.18	0.00
		371,588,812.83	**321,268,999.29**
		466,095,090.44	**484,985,968.30**

Liabilities	Note no.	Dec. 31, 2014 EUR	Dec. 31, 2013 EUR
Equity			
Subscribed capital and reserves attributable to the shareholders of the parent company			
Subscribed capital	28	25,584,000.00	25,584,000.00
Reserves	29	101,383,104.23	111,621,916.17
		126,967,104.23	**137,205,916.17**
Minority interests in equity		**6,784,578.18**	**8,822,279.67**
		133,751,682.41	**146,028,195.84**
Liabilities			
Non-current liabilities			
Payments to employees under pension commitments	30	20,762,924.90	17,166,915.79
Other non-current provisions	31	4,000,180.05	3,897,146.17
Deferred tax liabilities	22	3,998,535.68	3,568,057.75
Financial liabilities	32	5,051,188.25	7,099,056.50
Trade accounts payable	33	0.00	166,242.50
Other liabilities	34	683,593.69	945,139.28
		34,496,422.57	**32,842,557.99**
Current liabilities			
Provisions	31	15,629,543.42	16,200,915.69
Income tax liabilities	22	8,547,663.75	7,804,379.46
Financial liabilities	32	43,959,452.03	47,237,585.09
Trade accounts payable	33	165,563,547.38	183,642,111.92
Other liabilities	34	52,741,056.41	51,230,222.31
Liabilities allocated to a disposal group	27	11,405,722.47	0.00
		297,846,985.46	**306,115,214.47**
		332,343,408.03	**338,957,772.46**
		466,095,090.44	**484,985,968.30**

Consolidated Income Statement
for the period from January 1 to December 31, 2014

	Note no.	2014 EUR	2013 EUR
1. Sales revenues	7	1,567,448,768.34	1,704,390,128.27
2. Reduction / increase in inventory of finished and work in progress	8	3,898,473.05	-2,987,224.05
3. Other operating income	9	64,459,751.22	70,339,048.69
4. Material costs	10	1,354,037,673.53	1,471,978,796.97
5. Personnel costs	11	89,239,747.58	100,984,667.29
6. Amortisation of intangible assets and depreciation of property, plant and equipment	12	56,132,047.65	51,690,286.89
7. Other operating expenses	13	158,856,359.36	172,591,556.53
8. Other income from investments	14	-166,910.66	-85,127.92
9. Income from holdings accounted for under the “at-equity” method	14	154,243.77	-5,309,309.93
10. Financial income	14	4,668,462.75	4,681,745.23
11. Financial expenses	14	16,567,980.62	15,883,256.46
12. Earnings before taxes		**-34,371,020.27**	**-42,099,304.16**
13. Income tax expense	15	5,547,999.23	1,482,622.46
14. Income after taxes		**-39,919,019.50**	**-43,581,926.62**
15. thereof shares in income attributable to minority interests	16	-1,785,829.79	-14,393.99
16. thereof shares in income attributable to shareholders of the parent company		-38,133,189.71	-43,567,532.63
17. Earnings per share	17	-3.88	-4.43

Statement of Income and Expense recorded in Consolidated Equity (overall consolidated earnings) for the Period from January 1 to December 31, 2014

	Note no.	2014 EUR million	2013 EUR million
Consolidated earnings		**-39.9**	**-43.6**
of which attributable to minority interests	16	-1.8	0.0
Amounts which will not be reclassified in the income statement in future periods			
Actuarial gains and losses from defined benefit plans	29	-3.9	2.0
Amounts which may be reclassified in the income statement in future periods			
Changes in the fair value of derivatives used for hedging purposes (including deferred taxes)	28, 37	0.1	0.0
Changes in adjustment items from currency conversion	3b, 28	-0.8	-0.3
Changes in adjustment items from currency conversion of at equity companies		0.0	-0.1
Results not recognised in income		**-4.6**	**1.6**
of which attributable to minority interests		-0.1	-0.1
Overall consolidated earnings		**-44.5**	**-42.0**
of which attributable to minority interests		-1.9	-0.1
of which attributable to ALBA SE shareholders		-42.6	-41.9

Consolidated Statement of Changes in Equity for the Period from January 1 to December 31, 2014

										Minority share-holders	Consoli-dated equity
				Parent company							
				Cumulative other consolidated earnings							
		Subscribed capital	Capital reserve	Generated consolidated equity	Adjustment item from foreign currency conversion	Actuarial gains and losses	Fair value of derivates used for hedging purposes	Other non-cash trans-actions	Equity	Minority capital	
	Note no.	EUR million	EUR million	EUR million	EUR million	EUR million		EUR million	EUR million	EUR million	EUR million
as at Dec. 31, 2012		25.6	38.6	132.3	-0.7	-8.2[1]	0.0	-12.0	175.6	6.8	182.4
Reclassifications				-14.7			2.7	12.0	0.0		
as at Dec. 31, 2012		25.6	38.6	117.6	-0.7	-8.2	2.7	0.0	175.6	6.8	182.4
Dividends paid										-0.3	-0.3
Changes in the scope of consolidation				-1.7		1.7				2.4	2.4
Capital transaction with changes in the share of holdings											
Other changes											
Consolidated earnings				-43.6					-43.6		-43.6
Amounts directly recorded in equity	28				-0.3	2.0			1.7	-0.1	1.6
Overall consolidated earnings									-41.9	-0.1	-42.0
Loss assumption by ALBA Group plc & Co. KG				3.5					3.5		3.5
as at Dec. 31, 2013		**25.6**	**38.6**	**75.8**	**-1.0**	**-4.5**	**2.7**	**0.0**	**137.2**	**8.8**	**146.0**

Consolidated Statement of Changes in Equity for the Period from January 1 to December 31, 2014

		Parent company							Minority shareholders		Consolidated equity
					Cumulative other consolidated earnings						
		Subscribed capital	Capital reserve	Generated consolidated equity	Adjustment item from foreign currency conversion	Actuarial gains and losses	Fair value of derivates used for hedging purposes	Other non-cash trans-actions	Equity	Minority capital	
	Note no.	EUR million	EUR million	EUR million	EUR million	EUR million		EUR million	EUR million	EUR million	EUR million
as at Dec. 31, 2013		25.6	38.6	75.8	-1.0	-4.5	2.7	0.0	137.2	8.8	146.0
Dividends paid										-0.1	-0.1
Changes in the scope of consolidation				-0.2					-0.2		-0.2
Capital transaction with changes in the share of holdings											
Other changes											
Consolidated earnings				-38.1					-38.1	-1.8	-39.9
Amounts directly recorded in equity	28				-0.7	-3.9	0.1		-4.5	-0.1	-4.6
Overall consolidated earnings									-42.6	-1.9	-44.5
Loss assumption by ALBA Group plc & Co. KG				32.6					32.6		32.6
as at Dec. 31, 2014		**25.6**	**38.6**	**70.1**	**-1.7**	**-8.4**	**2.8**	**0.0**	**127.0**	**6.9**	**133.8**

Consolidated Cash Flow Statement
for the Period from January 1 to December 31, 2014

		2014	2013
	Note no.	EUR million	EUR million
Consolidated earnings		-39.9	-43.6
Income tax expense	15	5.5	1.5
Income from investments	14	0.0	5.3
Financial result	14	12.0	11.2
Amortisation of intangible assets and depreciations of property, plant and equipment	12, 18, 19	56.1	51.8
Consolidated EBITDA		**33.7**	**26.2**
Gains from disposals of assets	9, 13	-1.6	-0.9
Changes in pension and other provisions	29, 31	-0.8	-5.9
Changes in net operating assets		-20.4	33.0
Interest payments		-8.4	-10.2
Income tax payments		-4.5	-2.6
Cash flow from operational activity		**-2.0**	**39.6**
Company acquisition	5	0.0	-2.4
Company disposals	5	0.0	11.9
Payments received from the sale of assets	5	2.8	5.3
Investments in property, plant and equipment (not including finance leases)	19	-7.7	-6.0
Other investments	18	-0.8	-2.0
Cash flow from investment activity	35	**-5.7**	**6.8**

	Note no.	2014 EUR million	2013 EUR million
Raising of financial liabilities	32	1.5	16.2
Repayment of financial liabilities	32	-0.4	-4.5
Repayment of finance lease liabilities		-1.8	-1.7
Dividends to minority shareholders		-0.1	-0.3
Profit transfer to the ALBA Group plc & Co. KG		3.5	-35.3
Cash flow from financing activity	**35**	**2.7**	**-25.6**
Cash-effective changes in cash and cash equivalents		-5.0	20.8
Cash and cash equivalents at the start of the period		59.9	39.1
Cash and cash equivalents at the end of the period	26	**54.9**	**59.9**

Explanation of cash and cash equivalents at the end of the period	2014 EUR million	2013 EUR million
Cash and cash equivalents as disclosed in the balance sheet	6.6	14.6
Cash and cash equivalents allocated to a disposal group	6.0	0.0
Cash pooling	47.4	45.3
Cash pooling allocated to a disposal group	-5.1	0.0
	54.9	**59.9**

Consolidated Notes for the 2014 Financial Year

1. General Information

ALBA SE is based in Cologne. Its business address is: Stollwerckstraße 9a, 51149 Cologne. The consolidated financial statements for 2014 cover the Company, its subsidiaries and the holdings in associated companies (jointly referred to as the "ALBA SE group").

The ALBA SE group is one of the leading environmental services and raw materials providers in Europe. As service provider, the ALBA SE group organises recycling processes and, as supplier to steel works, smelters and foundries, supplies the processing industries. The ALBA SE group's business operations are divided into two segments - steel and metals recycling and services.

According to the control and profit transfer agreement with ALBA Group plc & Co. KG (hereinafter: ALBA Group KG), the latter guarantees external shareholders of ALBA SE a recurrent payment, a so-called equalisation payment, for the term of the agreement, for each full financial year in the gross amount of EUR 3.94 per ALBA SE share, minus corporate taxes and a solidarity surcharge according to the rate applicable to these taxes for the relevant financial year.

The companies included in the consolidated financial statements can be found in the listing of shareholdings (refer to Note 6). The listing also includes subsidiaries and associated companies not included due to their minor significance.

2. Accounting Principles

(a) Underlying accounting regulations

As a company listed on the stock exchange, ALBA SE, Cologne (hereinafter referred to as "ALBA SE" or "parent company") must, according to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council dated 19 July 2002 regarding the application of international accounting standards (Official Journal of the European Communities No. L 243, p. 1), prepare its consolidated financial statements starting from the 2005 financial year according to the International Financial Reporting Standards (IFRS) adopted by the European Union (EU). The IFRS consolidated opening balance was prepared on January 1, 2004 (date of the changeover to IFRS according to IFRS 1, First-time Adoption of International Financial Reporting Standards).

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

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

The consolidated financial statements for the 2014 financial year were approved by the Executive Director of the Administrative Board on April 12, 2015.

Please refer to Note 44 regarding any events of importance to the assessment of the assets, financial and earnings position and the payment flows of ALBA SE Group that occurred after the reporting date and until April 12, 2015 (date of approval of the consolidated financial statements by the Executive Directors of the Administrative Board).

(b) Measurement of assets and liabilities

The consolidated financial statements are prepared on the basis of historical costs of acquisition and production, except in the case of derivative financial instruments and those that are classified as “available for sale”. These categories of instruments are measured at fair value.

(c) Functional and presentation currency

The consolidated financial statements are prepared in Euro, the Company's functional currency. Amounts are – with the exception of the consolidated balance sheet and consolidated income statement – disclosed in millions of Euro rounded to one decimal place. Rounding differences occur in isolated cases in comparison to the unrounded amounts.

(d) Use of management assumptions and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires discretionary decisions, estimates and assumptions on the part of the management which relate to the use of accounting methods and the amounts reported under assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously under review. Revisions of accounting-related estimates are recorded in the period in which the estimates are revised and in all relevant future periods.

Information regarding important discretionary decisions in applying accounting methods that significantly influence the amounts recorded in the consolidated financial statements is included in the information in the notes below:

► Note 3 (f): criteria for assessing lease relationships as financial leases subject to reporting pursuant to IFRS;
► Note 3 (n), 22: realisable nature of future tax relieves.

Information on assumptions and uncertainties in estimates that can bring about considerable risk that a major adjustment may become necessary within the next financial year are included in the information on the notes below:

► Note 3 (d), (e): standard determination of terms of useful life throughout the Group;
► Note 3 (g): valuation of inventories;
► Note 3 (h), 18: parameters for performing the impairment tests, including the definition of cash generating units (CGU);
► Notes 21, 24, 25: estimate of recoverability of doubtful receivables and/or calculation of necessary value adjustments;
► Note 27: estimate that the sale will be effected within the next 12 months and that the fair values of the assets and liabilities are in line with the discounted cash flows;
► Note 29: parameters for calculating payments to employees under pension commitments;
► Note 30: recognition and measurement of provisions;
► Note 32: determination of liabilities under repayment obligations relating to industry agreements and for subsequent waste disposal obligations.

3. Accounting Methods

The annual financial statements of the fully consolidated companies which are included herein 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 its subsidiaries.

Under the control and profit transfer agreement with ALBA Group KG, ALBA SE transfers all of its profits to the controlling company pursuant to commercial law.

In the consolidated financial statements the profit transfer is not reported as expense in the income statement as in the ALBA SE's individual financial statements under commercial law, but as the appropriation of profits (refer to consolidated statement of changes in equity). In the event of an assumption of loss, the procedure is followed mutatis mutandis.

In order to enhance clarity, individual items are summarised both in the income statement and the balance sheet, which are explained in the Notes. Current assets and liabilities are assets and liabilities that are realised or eliminated, respectively, within one year; all other assets and liabilities are classified as non-current.

(a) Consolidation principles

As parent company, ALBA SE controls its subsidiaries. It holds the majority of the voting rights and thus has the power of disposition to control the essential business activities of its fully consolidated companies. ALBA participates in the positive or negative variable return flows from the controlled companies through this power of disposition.

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

The consolidation of capital is undertaken pursuant to IFRS 10 (Consolidated Financial Statements), in conjunction with IFRS 3 (Business Combinations), using the acquisition method, where the acquisition costs of the holdings are offset against the consolidated subsidiary's share of group equity, taking the fair values of the acquired assets and liabilities and contingent liabilities at the time of acquisition into consideration. Costs associated with the business combination are treated as expenses.

Any remaining consolidation differences from the offsetting are shown as goodwill under assets. Goodwill is not subject to scheduled amortisation in accordance with IFRS 3. Instead, the value of goodwill is reviewed by way of an impairment test at least once a year or when events arise which might result in an impairment. The other hidden reserves and hidden liabilities uncovered are recognised at amortised cost and amortised in the course of subsequent consolidations according to the corresponding assets and liabilities.

Holdings in associated companies in which ALBA SE exercises a significant influence – usually based on an ownership interest of between 20 and 50 % – are accounted for according to the at-equity method. The holding in an associated company is recognised at cost (of acquisition). In addition to the proportional equity, the disclosed hidden reserves and hidden charges, this holding assessment may also include a surcharge paid for the goodwill. In the event of evidence of an impairment of a company accounted for according to the at-equity method, the holding assessment is subject to an impairment test. Possible impairments that occur are shown under income from holdings accounted for under the “at-equity” method under financial income.

Joint ventures are accounted for according to the at-equity method. The accounting approach corresponds to that for associated companies.

Regarding the consolidation of debts, reciprocal receivables and payables between fully consolidated companies are set off.

In the course of the consolidation of income and expenses, the sales revenues, income and expenses arising from transactions between group companies are mutually set off.

Interim profits from internal group deliveries and services 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 earnings situation of the Group is not of minor significance. The corresponding transactions from previous years are updated, provided they have been eliminated as material interim profits in the year of occurrence.

(b) Currency translation

All transactions in foreign currency in the individual financial statements of the Group's companies are converted at the exchange rate for the Euro valid at the time of the transaction. Exchange rate gains and losses which result from the fulfilment of such transactions as well as the conversion of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Forward contracts entered into in order to hedge exchange rates are shown at their respective fair values.

The companies in the Balkans that are included in the consolidated financial statements have prepared their financial statements in the functional Euro currency rather than their appropriate national currency.

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

One fully consolidated and one associated company, respectively, prepare their financial statements in US dollars and Polish zloty. The amounts included in the consolidated financial statements are converted to Euro pursuant to IAS 21 (Effects of Changes in Foreign Exchange Rates) according to the concept of functional currency. The conditions for the simplified conversion using the average rate in accordance with IAS 21.40 are met in all companies concerned. The following exchange rates were used as the basis:

		Closing date rate		Average rate	
1 Euro		**2014**	**2013**	**2014**	**2013**
Poland	PLN	4.2732	4.1543	4.1845	4.1975
USA	USD	1.2141	1.3791	1.3288	1.3281

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

(c) Financial instruments

The financial assets are classified pursuant to IAS 39 (Financial Instruments: Recognition and Measurement) according to the following four evaluation categories:

► Loans and receivables;
► Held until final maturity;
► At fair value through profit and loss;
► Available for sale.

The category of "held until final maturity" was not used.

At their initial recognition, financial assets are valued at their fair value. Any transaction costs which arise are included unless it relates to a financial instrument in the "held for trading" category. The valuation is always made on the trading date.

The subsequent valuation of financial assets is made depending on the allocation to the aforementioned categories, either at amortised cost or at fair value:

► "Loans and receivables" are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. They are measured at amortised cost under the application of the effective interest method.
► The "held until final maturity" valuation category includes all non-derivative financial assets with fixed or determinable payments and a fixed duration which the Company both intends and is able to hold until the end of the duration. They are also recorded at amortised cost under the application of the effective interest method.

► Within the "at fair value through profit and loss" category all financial assets are classified as "held for trading", with no use of the Fair Value Option set forth in IAS 39 being made in the ALBA SE group. For clarification, the entire category is designated as "held for trading" in the consolidated notes. All derivative financial instruments which are not in an effective hedge accounting relationship are assigned to this category. Financial instruments "held for trading" are valued at fair value through profit and loss.

► "Available for sale" represents a residual category for those original financial assets which cannot be assigned to any of the three other categories. An electoral designation of financial assets in the category "available for sale" does not occur within the ALBA SE group. Financial assets that are available for sale are generally measured at fair value with no effect on income. The assumption of variations in value recorded with no effect on income in the other earnings in the annual financial statement first occurs at the point in time of the disposal or in the case of a sustained impairment of the asset. Equity instruments for which there is no price quoted on an active market and the fair value of which cannot be determined reliably are measured at cost (of acquisition).

Financial liabilities are assigned to one of the following categories pursuant to IAS 39:

► at fair value through profit and loss (held for trading);
► other financial liabilities.

The initial recognition of financial liabilities as well as the subsequent valuation as financial liabilities held for trading is made according to the same terms of reference as those relating to financial assets.

Any and all liabilities which are not "held for trading" are assigned to the category of "other financial liabilities". They are measured at amortised cost under application of the effective interest method, as the fair value option is not used in the ALBA SE group.

(i) Original (non-derivative) financial instruments

Original financial instruments in ALBA SE group consist of holdings, loans, trade receivables, receivables from cash pooling, several other receivables, cash and cash equivalents, as well as financial liabilities, trade accounts payable and several other liabilities, and are classified in various categories in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Financial assets are initially measured at their fair value prevailing on the trading date.

Holdings are classified as “available for sale” and measured at cost (of acquisition), since there is no transparent market that would allow measurement at fair value.

All other original financial instruments are classified as “loans and receivables” or “other financial liabilities.”

Where there are doubts concerning the full recoverability, financial instruments are recognised at the lower recoverable amount. Apart from the individual value adjustments that are required, identifiable risks are accounted for by creating an allowance for value adjustments.

Impairments are recorded if there are objective indications that this should occur. Significant financial difficulties on the part of a debtor, increased probability that a debtor is going into bankruptcy or another judicial reorganisation procedure, as well as a breach of contract are all indicators that a case of impairment exists. If receivables that have already been impaired are classified as uncollectable, they are derecognised through profit and loss.

If the reasons for the impairment are eliminated in subsequent periods, the impairment loss is reversed through profit and loss.

Financial assets are derecognised if the contractual rights to cash flows from the item have either discontinued or expired, or the financial asset value is transferred.

The financial asset is only derecognised when it no longer exists, which means that the obligation stated in the contract has been settled, cancelled or expired.

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

(ii) Derivative financial instruments

Derivative financial instruments are used to reduce currency and metal price risks and are initially accounted for at fair value pursuant to IAS 39. They are shown under “financial assets” and/or “financial liabilities”.

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

Exchange rate risks

In a forward exchange transaction, a particular exchange rate is set for a specific point in time in the future at the time that the underlying transaction is entered into, as set out in the internal guidelines and process instructions. This process assures that the maturity date coincides with the planned payment date of the underlying receivable or liability as far as possible, and that no open foreign currency or time deposit positions arise.

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

Risks due to changes in metal prices

The companies in the steel and metals recycling segment trade in metals and alloys. Both stock and direct sales transactions take place. Metals trading occur in markets in which prices are subject to frequent fluctuations.

Price changes may have an impact on contracts the fulfilment date of which is after the balance sheet date, on contracts under which the transfer of risk is made until the reporting date but the price of which will not be fixed until after the transfer of risk and on inventories held in warehouses. The changes to the fair values are, depending on the underlying transaction, recorded through profit and loss in the income statement or recognised as other income without affecting net income.

(d) Intangible assets

Intangible assets are measured at cost (of acquisition), less scheduled amortisation, distributed accordingly over their terms of useful life. With the exception of goodwill with indeterminable terms of useful life, intangible assets are amortised according to the straight-line method over a period of two to 20 years or as dictated if there is reason to believe that impairment losses have occurred. Impairments of intangible assets with indeterminable terms of useful life occur when this is deemed appropriate in the course of the impairment tests that are performed at least once a year or if an event occurs which might cause impairment. When the reasons for the impairment cease to exist, corresponding write-ups are effected – with the exception of goodwill; they may not exceed the amortised carrying amounts.

(e) Property, plant and equipment

Property, plant and equipment are measured pursuant to IAS 16 (Property, Plant and Equipment) at cost (of acquisition or production), less accumulated depreciation and scheduled depreciations and impairment losses during the financial year. According to the "component approach", under certain conditions expenses on assets are broken down and individual components measured separately. This is particularly true in the event that the components have different terms of useful life or are subject to different impairment approaches, which justify different depreciation procedures.

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

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

Dismantling and site restoration obligations as defined in IAS 16.16 (c) are included in the cost (of acquisition or production) of the relevant assets in the amount of the discounted settlement amount and it will be subject to scheduled depreciation over the useful life of the asset customary in the company. Expected obligations are disclosed under provisions.

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

Scheduled depreciation is based on the following terms of use and depreciation rates that are standardised throughout the Group:

	Useful life	Depreciation rate
	Years	%
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, operational and business fittings		
Vehicles	2 - 9	11.11 - 50.00
Operational installations, office machines and equipment	2 - 25	4.00 - 50.00
Low-value items (up to EUR 150)	< 1 year	100.00
Low-value items (up to EUR 1,000)	5	20.00

If evidence of impairment is noted during the performance of impairment tests, it is possible that extraordinary impairments are taken into account. If the reasons for the impairment no longer apply, appropriate reversals are undertaken.

(f) Leased assets

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

For assets under finance leases the same principles apply as those indicated in (d) and (e).

(g) Inventories

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

(h) Impairment test

A review of recoverability of assets takes place in the ALBA SE group on an annual basis as at September 30, or, additionally, if special reasons for a review become apparent, at the level of the cash generating units (CGU) as set forth in IAS 36 (Impairment of Assets).

(i) Definition of a CGU

Based on economic interdependencies, the ALBA SE group has identified the segment of steel and metals recycling as an independent cash generating unit.

In the steel and metals recycling segment, scrap is bought on the scrap yards operated by the companies 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 are overall of significance to market participants; this also has a positive effect on the negotiating positions of the individual companies. Contributions of the segment also result from transparency of information within the segment combined with market and, in particular, 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 qualify for being classified as one CGU.

The Administrative Board monitors the goodwill allocated to the services segment. It receives a reporting on a quarterly basis which not only contains the current results of the segments but also deviations from the target and actual situations. The target figures of the deviation analysis constitute the basis of the prior annual impairment test so that this deviation between target and actual figures is used as an indicator for monitoring goodwill. These reports are made on the level of the services segment with no further break-downs which is why the goodwill for the impairment test of the group will be allocated to all CGU in the services segment.

(ii) Performing the impairment tests

In the impairment tests the residual carrying amounts of the individual cash generating units are compared with their respective recoverable amounts, i.e. the higher of fair value, less selling costs and value in use. In the event that the value in use exceeds the carrying amount, the calculation of the fair value minus selling costs can be dispensed with. In order to calculate the value in use applied by the ALBA SE group, the present value calculated using the discounted cash flow method will be used as the basis for the future payments as forecast for the next three years in the current individual plans of the ALBA SE Group broken down into business field and site. A risk-free interest rate of 2.1 % (previous year: 2.8 %), a market risk of 6.5 % (previous year: 5.9 %) and a beta factor for the services segment of 0.7 (previous year: 0.7) are assumed, and for the steel and metals recycling segment one of 1.2 (previous year: 1.2).

The capitalisation interest rate before taxes for the steel and metals recycling segment is 13.2 % (previous year: 13.2 %) and for the service segment 8.8 % (previous year: 8.1 %). The capitalisation interest rate after taxes for the steel and metals recycling segment is 9.6 % (previous year: 9.5 %) and for the service segment, 6.3 % (previous year: 6.3%).

The basis for calculating the free cash flow per CGU is planned EBIT (earnings before income taxes, financing expense, finance income and the shares in earnings in associated companies that are accounted for using the at-equity method) of the relevant segment according to the three-year plan. The EBIT constitutes a result measurand based on most different individual assumptions which are, when taken individually, of minor importance, but might, as a sum, have a significant influence on the planned free cash flow. For the steel and metals recycling segment, not only the moderate development of the market conditions but in particular the positive effects from the reorganisation and efficiency enhancing program and the measures for enhancing the real net output ratio were taken into account which lead to an increase of the EBITs in the planning period. For the services segment these plans are primarily determined by the development of new business fields, as well as the increasingly strong competitive pressures in the core business fields.

The three-year plan is adjusted by non-cash income and expenses, investment payments and changes in net current assets. For subsequent years, a growth discount is also assumed for the services segment to the amount of 0.5 percent (previous year: 0.5 %), and for the steel and metals recycling segment, one of 1.3 % (previous year: 1.3 %) based on the EBIT of the last plan year, as are earnings at the same level, which are also discounted.

If the recoverable amount of the cash generating unit calculated in this way is lower than its carrying amount, there is an impairment loss amounting to the difference. In this case initially any goodwill that may exist for the relevant CGU is adjusted. Any residual amount still remaining is allocated to the other assets of the respective cash generating unit in proportion to the residual carrying amounts of every single asset on the balance sheet date. After recognition of the impairment, the carrying amount therefore equals the value in use.

(i) Payments to employees from 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, both the pensions known on the reporting date and the entitlements acquired as well as future anticipated salary and pension increases are taken into consideration. Differences arising at the end of the year (so-called actuarial gains or losses) between scheduled pension obligations calculated in this way and the actual present value of claims are recorded in other income with no impact on profit or loss. The share of interest on the transfers to provisions contained in the pension expenses is shown as interest expense under financial income.

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”.

The commitment payments of the Group are, as a rule, based on the length of service and level of remuneration of the employees. Obligations comprise both commitments from on-going pensions and from entitlements to pensions to be paid in the future.

(j) Provisions

In accordance with the criteria under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions are created for uncertain liabilities, if it appears probable in each case that the performance of a current obligation will result in a direct outflow of resources embodying future economic benefits and the value of this obligation or performance amount can be measured reliably, including in the form of estimates. All known uncertain liabilities and risks concerning the past financial year are taken into consideration in the performance amount with the highest probability of occurrence. If the expected scope of obligation is reduced by a change in estimate, the provision is reversed proportionately and income recognised 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 recognised at the present value calculated by discounting at an interest rate commensurate with the market and term.

(k) Non-current assets held for sale, disposal groups and discontinued operations

Non-current assets or groups of assets and liabilities are classified as held for sale if their carrying amount will not be realised by a continued use in the operation but in a highly probable sales transaction within the next twelve months or in a sales transaction that is already complete. They are valued at the lower value of carrying amount or fair value less selling costs. Fixed assets with finite useful lives are no longer subject to scheduled amortisation from the date on which they are classified as held for sale.

The assets and liabilities are disclosed separately in the balance sheet under the item "Assets belonging to a disposal group classified as held for sale" or under "Liabilities belonging to a disposal group". The associated expenses and revenues are contained in the result from continued operations until their disposal. The results of discontinued operations are disclosed in the income statement as the result from discontinued operations, if such operation represents an important business line. The income statement of the prior period will be adjusted accordingly.

(l) Sales revenue and other income

Sales revenues are realised at the time of the transfer 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.

Compensation fees are recorded as appropriate to the period in accordance with the specifications of the underlying contract.

(m) Production orders

Receivables from production orders are accounted for according to the Percentage of Completion (PoC) method under IAS 11. Amounts realised are recognised under sales revenues depending on the degree of completion. The degree of completion is calculated by comparing actual costs as at the balance sheet date to total costs planned (cost-to-cost method). In the event that services have been rendered for production orders that exceed the amount of instalment payments received for the order, these amounts are recognised in the trade receivables account. In the event that payments received from instalment invoices exceed the services rendered, these amounts are recorded in the trade accounts payable account. Pending losses are recorded in full at the time they become known.

(n) Financial income and financial expenses

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

Financing expenses include accrued interest for long-term liabilities, in addition to interest expense on loans and cash pooling liabilities. All interest expenses are recorded using the effective interest rate method.

(o) Income taxes

ALBA SE established a corporate and trade tax group with the ALBA Group KG by entering into the control and profit transfer agreement in 2011. As a result, with the exception of the taxation of equalisation payments to external shareholders in accordance with section 16 of the Corporate Tax Act, tax effects as of the 2011 financial year arising from ALBA SE and its subsidiaries continue to have an impact only beyond the scope of consolidation. Only such effects, therefore, are taken into account in the consolidated financial statements as at December 31, 2014, that either relate to ALBA SE and its subsidiaries until the 2010 financial year, or that relate to companies of the Group that are not included in the tax group.

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

Deferred taxes are calculated based on the one hand on timing differences between the valuations of assets and liabilities in the balance sheets according to IFRS and for tax purposes and from consolidation processes and, on the other hand, on realisable loss carry-forwards.

Deferred tax assets are only taken into account if it seems reasonably certain that the temporary differences can actually be reversed for tax purposes and that the tax loss carry-forwards can actually be utilised. The losses carried forward to be used for tax purposes are determined by calculating total planned earnings before taxes (EBT) for the next three years for every company. The totalled planned EBT for each company is offset against the trade tax and corporate taxes of the respective company carried forward, taking into account the rules on offsetting losses.

Calculation of both current and deferred taxes is based on the expected tax rates in the individual countries for the specific company at the time of realisation. These rates are based on the legal regulations applicable or adopted on the closing date.

If deferred taxes relate to transactions that are recorded directly in equity, the deferred taxes are recorded directly in equity as well. Otherwise, they are recorded as income.

(p) New and revised standards and interpretations applied for the first time during the financial year

According to IAS 8.28 information is to be provided in the Notes, if a first-time application of an IFRS has an impact on the period under review or an earlier period. This is also the case, if such effects only lie within the realm of possibility. IAS 8.28, therefore, applies in the case of any changes in accounting methods resulting from a new standard or new interpretation. Changes in accounting and valuation policies due to a new standard or new interpretation relate both to mandatory changes and to the first-time use of accounting options.

IFRS 10 – Consolidated Financial Statements

This standard provides a new and comprehensive definition of the term “control”. If any entity controls another entity, the parent entity shall consolidate the subsidiary. According to the new concept, control means that the potential parent entity has power over the investee through voting rights or other rights, has exposure to or right to positive or negative variable returns from its involvement with the investee and to affect the amount of the returns based on its ability to use power over the investee.

In accordance with the transitional provisions of IFRS 10, the control of the holdings was re-evaluated on January 1, 2014. No effects arose on the consolidated financial statements of ALBA SE.

IFRS 11 – Joint Arrangements
IFRS 11 outlines new regulations for accounting joint arrangements. According to the new concept, a decision needs to be made whether a joint activity is to be classified as either a joint operation or a joint venture. A joint operation applies if the parties that have joint control of the arrangement have direct rights to the assets and obligations for the liabilities relating to the arrangement. The individual rights and obligations are accounted for in the consolidated financial statements on a pro-rata basis. In a joint venture, however, the parties that have joint control have rights to the net assets of the arrangement. This right is reflected by applying the at-equity method in the consolidated financial statements and the option for integrating them in the consolidated financial statements on a pro-rata basis does not apply.

As ALBA SE does currently not include any joint venture on a pro-rata basis in the consolidated financial statements, the application of IFRS 11 in conjunction with the amended IAS 28 will not result in a change of the structure of the income statement.

IFRS 12 – Disclosure of Interests in Other Entities
This standard regulates the disclosure obligation about an entity's interests in other companies. The required information is significantly more comprehensive compared to the disclosures that needed to be made under IAS 27, IAS 28 and IAS 31 until now. The changes have no effect on the consolidated financial statements of ALBA SE.

Amendments of IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
The amendments contain a clarification and additional relief for the transition to IFRS 10, IFRS 11 and IFRS 12. Adjusted comparative information is required only to the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 was first applied.

The amendments have no effect on ALBA SE's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities
The amendments contain a definition of the term investment entity and exempt such companies from the application of IFRS 10 Consolidated Financial Statements.

Investment entities will, accordingly, not consolidate the entities they control in their IFRS consolidated financial statements; and this exemption from the general principles shall not be understood as an option. Instead of a full consolidation, they value interests held for investment purposes at fair value and recognise periodic fluctuations in value in profit or loss.

The amendments have no effect on consolidated financial statements comprising investment entities, unless the Group's parent entity is an investment company itself. This amendment has, therefore, no effect on ALBA SE's consolidated financial statements.

Amendments to IAS 27 – Separate Financial Statements
In the context of the approval of IFRS 10 Consolidated Financial Statements, the provisions for the control principle and the requirements for preparing consolidated financial statements will be taken out of IAS 27 and finally provided for in IFRS 10 (see statements on IFRS 10). As a result, IAS 27 will, in future, only contain regulations on how to account subsidiaries, joint ventures and associated companies in separate financial statements according to IFRS.

The amendments have no effect on ALBA SE's consolidated financial statements.

Amendments to IAS 28 – Investments in Associates and Joint Ventures
In the context of the approval of IFRS 11 Joint Arrangements, adjustments were made to IAS 28. IAS 28 outlines – as before – how to apply the equity method. However, the scope of application will significantly be enhanced by the approval of IFRS 11, as not only investments in associates, but also in joint ventures (see IFRS 11) must be valued in future using the equity method. The application of a pro-rated consolation for joint ventures will therefore be eliminated.

Another amendment relates to the accounting under IFRS 5 if only a share of an interest in an associate or a joint venture is intended for sale: IFRS 5 shall be applied to the share to be sold, while the other (retained) share shall still be accounted for according to the equity method until disposal of the first-mentioned share.

As ALBA SE group does not include any joint venture on a pro-rata basis in its consolidated financial statements, as in the year before, the application of IFRS 11 and the further amendment by IFRS in conjunction with the amended IAS 28 will not result in a clear change of the structure of the Group's income statement.

Amendments to IAS 32 – Offsetting of financial assets and financial liabilities

This supplement to IAS 32 prescribes rules for the offsetting of financial assets and financial liabilities. The supplement explains the importance of the current legally enforceable right to set off the amounts and clarifies that the gross method effectively corresponds to the net settlement under certain preconditions and thus meet the criterion of IAS 32 in these cases.

The amendment has no material effect on ALBA SE's consolidated financial statements.

Amendments to IAS 39 – Innovations for derivatives and hedge accounting

Based on this amendment, derivatives remain, under certain circumstances, designated as hedge instrument in continuing hedge relationships despite a renewal of the hedging instrument to a central counterparty as a consequence of legal requirements.

The amendment has no material effect on ALBA SE's consolidated financial statements.

(q) Standards and interpretations already incorporated in EU law which have not been adopted early

ALBA SE group does not plan early adoption of the following new or amended standards and interpretations, which become mandatory only in later financial years. Unless otherwise indicated, the effects on ALBA SE consolidated financial statements are currently being reviewed.

IFRIC 21 – Levies

IFRIC 21 is an Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The question as to when does a present obligation arise on levies collected by public authorities and when is a provision or liability to be recognised is clarified in particular. The Interpretation does not apply in particular to fines and penalties resulting under public law contracts or to levies that fall within the scope of other IFRS standards, e.g. IAS 12 Income Taxes. Under IFRIC 21 a liability is to be recognised for levies when the event that triggers payment of the levy occurs. This obligating event is in turn based on the wording in the underlying standard, the formulation of which is critical for the accounting treatment in this respect.

The Amendments are mandatory for the first time for financial years beginning on or after June 17, 2014.

Amendments to IFRS 2011 – 2013

Four Standards were amended in conjunction with the Annual Improvement Project. The intention is to clarify existing regulations by adapting the formulation of individual IFRS. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The Amendments are mandatory for the first time for financial years beginning on or after 1 January 2015.

(r) Standards and interpretations still to be incorporated into EU law

IFRS 9 – Financial Instruments
IFRS 9 issued in July 2014 will replace the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidelines for classifying and measuring financial instruments, including a new model of expected credit defaults to calculate the impairment of financial assets and new general accounting provisions for hedge transactions. It also includes guidelines on the recognition and derecognition of financial instruments under IAS 39.1.

IFRS 9 is to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 provides a comprehensive framework on how and when entities will recognise revenue. It replaces the existing guidelines on the recognition of revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRS 13 Customer Loyalty Programmes.

IFRS 15 is to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2017. Early adoption is permitted.

Amendments to IFRS 10 and IAS 28 – Sale or contributions of assets between an investor and its associate or joint venture
The amendments address a known conflict between the requirements of IFRS 10 and IAS 28 (2011) in the event that assets are sold to an associate or joint venture or if assets are contributed to an associate or joint venture.

Under IAS 10, parent entities needed to recognise the full gain or loss arising from the disposal of a subsidiary in the income statement on the loss of control.

Contrary to that, IAS 28.28 to be applied currently states that the sales proceeds from sales transactions between an investor and an investee accounted for using the equity method – that being an associate or joint venture – should only be recognised in the amount of the interest of the other in this entity.

In future, the full gain or loss from a transaction should only be recognised if the sold or contributed assets constitute a business as defined in IFRS 3. That applies regardless of whether the transaction is designed as a share deal or asset deal. However, if assets do not constitute a business only the pro-rated share shall be recognised in profit or loss.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
IFRS outlines the regulations for recognising joint ventures and joint operations in the balance sheet and income statement. While joint ventures are accounted for using the equity method, the recognition of joint operations as prescribed in IFRS 11 is comparable to a pro-rated consolidation.

By amending IFRS 11, the IASB regulates the accounting of acquisitions of interests in joint operations in which the activity constitutes a business as defined in IFRS 3 Business Combinations. In such cases, the acquirer shall apply the principles for accounting business combinations as outlined in IFRS 3. In addition, the disclosure obligations prescribed in IFRS 3 apply in these cases as well.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
The amendments clarify different issues that have arisen in the context of applying the consolidation exception for investment entities under IFRS 10, if the parent company fulfils the definition criteria of an "investment entity". According to that, parent companies are also exempted from preparing consolidated financial statements if the superior parent company does not consolidate its subsidiaries but measures them at fair value according to IFRS 10.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IAS 1 – Disclosure Initiative
The amendments relate to different disclosure issues. It is clarified that information in the notes is only necessary if the contents is of material importance. That applies explicitly also if IFRS requests a list of minimum disclosures. In addition, it includes explanations on aggregation and disaggregation of items in the balance sheet and statement of other comprehensive income. It also clarifies how to disclose interests in other income of companies measured using the equity method in the statement of other comprehensive income. And it finally eliminates a standard structure of the notes in order to take into account matters that are relevant to the entity.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IAS 16 and IAS 38 – Acceptable methods of depreciation and amortisation
With these amendments, the IASB provides further guidelines on how to determine an acceptable method of depreciation and amortisation. Revenue-based methods are therefore not permitted for property, plant and equipment and only in certain exceptional cases for intangible assets (refutable assumption of inappropriateness).

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IAS 19 – Defined benefit plans: employee contributions
The amendments clarify the provisions dealing with how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contribution is independent of the number of years of service.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after July 1, 2014.

Amendments to IAS 27 – Equity Method in Separate Financial Statements
The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The existing options for measuring at cost or according to IAS 39/IFRS 9 remain in effect. The option to apply the equity method for interests in separate financial statements (of the parent company) in accordance with IAS 27 had been removed since 2005.

The IASB had made the amendments to IAS 27 based on complaints raised by appliers among others regarding the high efforts involved in a fair value measurement at each reporting date, in particular for non-listed associates.

The amendments are to be applied for the first time – subject to EU endorsement – in financial years starting on or after January 1, 2016.

Amendments to IFRS 2010 – 2012
Seven standards were amended in conjunction with the IFRS Annual Improvement Project. The intention is to clarify existing regulations by adapting the formulation of individual IFRS. In addition there are modifications with an impact on the disclosures in the Notes. The Standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after July 1, 2014, or, in the case of the Amendment to IFRS 2 and IFRS 3 to transactions taking place on or after July 1, 2014.

Amendments to IFRS 2012 – 2014
Four Standards were amended in conjunction with the IFRS Annual Improvement Project. The intention is to clarify existing regulations by adapting the formulation of individual IFRS. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34.

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after January 1, 2016.

4. Capital Management

ALBA SE is incorporated in the capital management of the ALBA Group KG.

The goal of the capital management is to realise a strong equity base in order to gain the confidence of investors and business partners with respect to the sustainability of the ALBA SE group.

The further development of the Group's business and further increasing the value of the company are particular focal points.

To be able to guarantee this, the equity ratio and the factors which influence it, such as the control variables of EBITDA and EBT for instance, are monitored and assessed at regular intervals. The management team endeavours to attain a balanced relationship between the proportion of borrowing and increases in returns.

To ensure the financial flexibility and to guarantee solvency at all times, ALBA SE group also participates in the ALBA Group KG cash pooling procedure. In this context, the management of the liquidity and interest is the task of the central financial management division of the ALBA Group KG. The liquid assets are brought together on a group-wide basis, monitored and invested according to principles.

5. Scope of Consolidation

(a) Overview

Apart from ALBA SE, as at the balance sheet date, the consolidated financial statements include a total of 27 domestic subsidiaries (previous year: 30), and 9 foreign subsidiaries (previous year: 7) by way of full consolidation in the consolidated financial statements. The fully consolidated companies fulfil the requirement that ALBA SE holds, directly or indirectly, 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		**not included due to immateriality**				
	fully consoli-dated	mea-sured at equity	Holding > 50%	Holding >= 20% <= 50%	Hol-ding < 20%	**To-tal**
Balance Jan. 1	37	3	26	10	3	79
Additions	2	0	1	0	0	3
Disposals	3	0	2	0	0	5
Balance Dec. 31	**36**	**3**	**25**	**10**	**3**	**77**

In the year under review, the following companies were included in the financial statement for the first time:

Additions (fully consolidated)	
Interseroh Organisacja Odzysku S.A., Warsaw, Poland	
INTERSEROH Polska Spolka Z Organiczona Odpowiedzialnoscia, Warsaw / Poland	

Disposals (fully consolidated)	
INTERSEROH Hansa Finance GmbH, Dortmund	(merged)
INTERSEROH Jade-Stahl GmbH, Wilhelmshaven	(merged)
INTERSEROH Stainless Steel, Dortmund	(merged)

The companies which were not included in the 2014 financial year were, taken individually and together, of minor significance with regard to the Group's net assets, financial position and earnings situation.

Three companies, one domestic and two foreign, have been included at equity in ALBA SE's consolidated financial statements as at the balance sheet date. There have been no changes in comparison to the previous year.

(b) Companies and business units included in consolidation for the first time

The company Interseroh Organisacja Odzysku S.A., Warsaw/Poland, as self-established company which had formerly not been included in consolidation was included for the first in these consolidated financial statements as of January 1, 2014 due to an essential enhancement of its business activities.

This company offers its customers a wide range of services to enable them to comply with legal obligations arising from the utilisation and recycling of packaging.

The following table shows the recognised amounts of assets and liabilities at the time of first-time consolidation:

	IS Organisacja Odzysku S.A.
	EUR million
Property, plant and equipment	0.1
Trade receivables	1.1
Other receivables	0.2
Tax claims	0.1
Cash and cash equivalents	0.1
Total assets	**1.6**
Trade accounts payable	0.9
Other liabilities	0.1
Total liabilities	**1.0**

In the period from January 1 to December 31, 2014, Interseroh Organisacja Odzysku S.A. generated the following revenue and earnings:

	Revenue	**Earnings**
	EUR million	EUR million
IS Organisacja Odzysku S.A.	2.6	0.3

The company Interseroh Polska Sp z o.o., Warsaw / Poland, as self-established company which had formerly not been included in consolidation was included for the first in these consolidated financial statements as of January 1, 2014 due to an essential enhancement of its business activities.

The company organises and coordinates the waste management from branches, warehouses and production sites for its contract partners as well as the recycling and marketing of the gained raw materials.

The following table shows the recognised amounts of assets and liabilities at the time of first-time consolidation:

	IS Polska z o.o.
	EUR million
Trade receivables	0.3
Tax claims	0.1
Cash and cash equivalents	0.1
Total assets	**0.5**
Financial liabilities	0.2
Trade accounts payable	0.4
Total liabilities	**0.6**

In the period from January 1 to December 31, 2014, Interseroh Polska Sp z o.o. generated the following revenue and earnings:

	Revenue	Earnings
	EUR million	EUR million
Interseroh Polska Sp z o.o.	7.9	0.1

6. List of Shareholdings in Accordance with Section 313 of the German Commercial Code

ALBA SE owns the following direct and indirect holdings of 20 percent or more as at the balance sheet date:

Holding	Head-quarters	Group share
		%
a) Fully consolidated companies (in addition to ALBA SE)		
1. INTERSEROH Dienstleistungs GmbH	Cologne	**100**
2. INTERSEROH Austria GmbH (previously: EVA Erfassen und Verwerten von Altstoffen GmbH)	Vienna / Austria	**100**
3. INTERSEROH zbiranje in predelava odpadnih surovin d.o.o.	Ljubljana / Slovenia	**100**
4. Interseroh Organisacja Odzysku S.A. Papiersäcke mbH	Warsaw / Poland	**100**
5. INTERSEROH Polska Spolka Z Organiczona Odpowiedzialnoscia	Warsaw / Poland	**100**
6. Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH	Wies-baden	**100**
7. INTERSEROH Pfand-System GmbH	Cologne	**100**
8. INTERSEROH Pool-System GmbH	Cologne	**100**
9. INTERSEROH Product Cycle GmbH	Cologne	**100**
10. profitara deutschland gmbh	Cologne	**100**
11. INTERSEROH Management GmbH	Cologne	**100**
12. ALBA Scrap and Metals Holding GmbH (previously: INTERSEROH Scrap and Metals Holding GmbH)	Dortmund	**100**
13. INTERSEROH Evert Heeren GmbH	Leer	**100**
14. ALBA Scrap Trading B.V. (previously: Groninger VOP Recycling B.V.)	Groningen / Nether-lands	**100**

Holding	Head-quarters	Group share
		%
a) Fully consolidated companies (in addition to ALBA SE)		
15. ALBA Metall Süd Franken GmbH (previously: INTERSEROH Franken Rohstoff GmbH)	Sennfeld	**100**
16. ALBA Metall Süd GmbH (previously: INTERSEROH Rhein-Neckar Rohstoff GmbH)	Mannheim	**100**
17. INTERSEROH SEROG GmbH	Bous	**100**
18. RHS Rohstoffhandel GmbH	Stuttgart	**67**
19. ALBA Metall Ost GmbH (previously: INTERSEROH-Metallaufbereitung Ost GmbH)	Rostock	**100**
20. Brandenburgische Boden Gesellschaft für Grundstücksverwaltung und -verwertung mbH	Zossen	**100**
21. Projektgesellschaft Nauen GmbH	Nauen	**100**
22. TVF Altwert GmbH	Lübbenau	**100**
23. ALBA Ferrous Trading GmbH (previously: INTERSEROH Scrap and Metals Trading GmbH)	Cologne	**100**
24. ALBA Metall Süd Rhein Main GmbH (previously: Wagner Rohstoffe GmbH)	Frankfurt a.M.	**100**
25. ALBA Balkan Holding GmbH	Berlin	**65**
26. ALBA Balkan Recycling SRL	Bucharest / Romania	**65**
27. Black Sea Shipping BSS GmbH	Berlin	**65**
28. MV Croatia Shipping GmbH & Co. KG	Berlin	**65**
29. MV Italia Shipping GmbH & Co. KG	Berlin	**65**
30. MV Spania Shipping GmbH & Co. KG	Berlin	**65**
31. MV Helvetia Shipping GmbH & Co. KG	Berlin	**65**

Holding	Head-quarters	Group share
		%
a) Fully consolidated companies (in addition to ALBA SE)		
32. TOM Sp. z o.o.	Szczecin / Poland	**70**
33. Europe Metals B.V.	Heeze / Netherlands	**100**
34. Europe Metals Asia Ltd.	Kowloon, Hong Kong / China	**100**
35. INTERSEROH USA Inc.	Atlanta / USA	**100**
(b) Associated companies and joint ventures (measured according to the at-equity method)		
1. TOM II Sp. z o.o.	Szczecin / Poland	**50**
2. Ziems Recycling GmbH	Malchow	**25**
3. The ProTrade Group LLC	Hudson, Ohio/USA	**25**
c) Companies not included for reasons of materiality		
1. Interseroh d.o.o. za posredovanje u zbrinjavanju otpad	Zagreb / Croatia	**100**
2. profitara austria GmbH	Vienna / Austria	**100**
3. INTERSEROH s.r.o. (previously: Zber a zhodnocovanie opdadov s.r.o.)	Bratislava / Slovakia	**100**
4. INTERSEROH services d.o.o.	Sarajevo / Bosnia-Herzego-vina	**100**
5. TVF Ceska Republica s.r.o.	Prague / Czech Republic	**100**

Holding	Headquarters	Group share %
c) Companies not included for reasons of materiality		
6. INTERSEROH Service Italia S.r.l.	Milan, Italy	**100**
7. PROFITARA svetovanje na področju ekologijed .o.o.	Ljubljana/ Slovenia	**100**
8. Interseroh Solutions d.o.o. Sarajevo	Sarajevo/ Bosnia-Her-zegovina	**100**
9. CAREIean GmbH	Stralsund	**100**
10. Relanda GmbH	Cologne	**100**
11. INTERSEROH Solutions s.r.o.	Prague/ Czech Republic	**100**
12. Interseroh Czech a.s	Prague/ Czech Republic	**100**
13. FENIKS Sp. z o.o.	Pila/ Poland	**70**
14. TOM-Glob, Sp. z o.o.	Bydgoszcz/ Poland	**70**
15. ALBA Metali HR d.o.o.	Imotski/ Croatia	**65**
16. MV Croatia Shipping Verwaltungs GmbH	Berlin	**65**
17. MV Italia Shipping Verwaltungs GmbH	Berlin	**65**
18. MV Spania Shipping Verwaltungs GmbH	Berlin	**65**
19. MV Helvetia Shipping Verwaltungs GmbH	Berlin	**65**
20. ALBA Metali RS d.o.o.	Doobooj/ Bosnia-Herzegovina	**65**
21. ALBA Metali BH d.o.o.	Sarajevo/ Bosnia-Herzegovina	**65**
22. ALBA Metali SRB d.o.o. (previously: ALBA Metali d.o.o., Pancevo/Serbia)	Belgrade/ Serbia	**65**

Holding	Headquarters	Group share %
c) Companies not included for reasons of materiality		
23. MAB Szczecin Sp. z o.o.	Szczecin / Poland	**51**
24. TOM Organisacja Odzysku Sprzętu Elektrycznegoi Elekronicznego S.A.	Szczecin / Poland	**50**
25. TOM Elektrorecycling Sp. z o.o.	Szczecin / Poland	**50**
26. TOM Organisacja Odzysku S.A.	Szczecin / Poland	**50**
27. Organisacja Odzysku Odpadów i Opakowan´ EKOLA S.A.	Gdansk / Poland	**50**
28. DOL-EKO Organisacja Odzysku S.A.	Wroclaw / Poland	**50**
29. Kupol GmbH	Stuttgart	**40**
30. Toledo Shredding LLC	Toledo, Ohio/USA	**25** [1]
31. ProTrade Transportation Services Ltd.	Hudson, Ohio/USA	**25** [1]
32. America Electronics Recycling LLC	Sarasota, Florida/USA	**25**
33. Flag City Recycling LLC	Finlay, Ohio/USA	**25** [1]
34. ProTrade Steel Company Ltd.	Ann Arbor, Michigan/USA	**22** [1]
35. RJ Recycling LLC	Nitro, West Virginia/USA	**22** [1]

1 Included in the consolidated financial statements of The ProTrade Group LLC

Notes on the Income Statement

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

7. Sales Revenue

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

	2014	2013
	EUR million	EUR million
Goods – stock business	718.7	686.9
Goods – sales business	579.9	751.2
Services	250.5	230.6
Production orders	16.8	26.7
Other	1.5	9.0
	1,567.4	**1,704.4**

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

	Inventories		Inventory changes	
	2014	2013	2014	2013
	EUR million	EUR million	EUR million	EUR million
Work in progress	7.3	9.8	-2.5	-2.4
Finished goods	17.9	11.1	6.8	-0.6
			4.3	**-3.0**
Changes due to changes in the scope of consolidation			-0.4	0.0
			3.9	**-3.0**

9. Other Operating Income

	2014	2013
	EUR million	EUR million
Income from the derecognition of liabilities	21.5	30.5
Income from the reversal of provisions	9.1	4.6
Income from IT services	8.5	10.7
Price gains	4.6	1.8
Leasing of personnel to ALBA Group	2.8	0.0
Income from the liquidation of value adjustments	1.9	2.7
Income from the disposal of assets	1.8	1.0
Insurance compensations, damages	1.8	2.4
Offsetting of benefits in kind of employees	1.4	1.6
Rental income	0.7	0.9
Reimbursement of loss reserve from asset backed securities	0.0	5.7
Change of variable purchase price claims	0.0	0.9
Others	10.4	7.5
	64.5	**70.3**

Income from the derecognition of liabilities relates primarily to the elimination of liabilities in connection with the obligations from the operating system business in the services segment accrued for in the previous year.

Income from the IT services relates to services which were provided to the companies of ALBA Group KG and relate directly to the external data processing costs and the other operational expenses.

Price gains relate mainly to ALBA Scrap Trading BV, Groningen / Netherlands in the Amsterdam location and to ALBA Balkan Recycling SRL, Bucharest / Romania and are directly connected with price losses under other operating expenses. The change compared to the previous year results mainly from the development of the exchange rate between the Euro and Dollar, in particular during the last quarter of 2014.

Income from refunds under the ABS program has been eliminated completely, as the company is now using factoring.

Reference is made to relevant details in Section 2 (d) (Use of Management Assumptions and Estimates).

10. Material Costs

	2014	2013
	EUR million	EUR million
Purchased raw materials and merchandise, less cash discounts	1,111.0	1,210.6
Expenses for waste disposal services and other disposal and recycling costs	179.0	189.2
Storage and freight costs	22.5	23.3
Energy costs	14.3	17.3
Counting services deposit packaging	2.7	3.1
Other services purchased	24.5	28.5
	1,354.0	**1,472.0**

The strong decline in the cost of materials is primarily due to lower volumes and the lower prices in the steel and metals recycling segment which fell once again compared to the year before.

11. Personnel Costs

	2014	2013
	EUR million	EUR million
Wages and salaries	73.0	80.2
Employee share of statutory pension insurance	5.8	5.9
Other social security contributions	7.0	8.6
Expenses for pensions and other benefits	0.7	1.0
Expenses related to payments from termination of employment contracts	2.7	5.3
	89.2	**101.0**

The expenses related to payments from termination of employment contracts relate to restructuring expenses in the steel and metals recycling segment in the reporting year.

12. Amortisation of Intangible Assets and Depreciations of Property, Plant and Equipment

	2014	2013
	EUR million	EUR million
Scheduled amortisation / depreciation		
Intangible assets	2.3	3.9
Property, plant and equipment	10.8	12.5
	13.1	**16.4**
Extraordinary amortisation / depreciation		
Intangible assets	40.4	34.6
Property, plant and equipment	2.6	0.7
	43.0	**35.3**
	56.1	**51.7**

The extraordinary amortisation of intangible assets totalling EUR 40.4 million is attributable to the goodwill of ZGE Stahl- und Metallrecycling. These amortisations had become necessary as part of the annual impairment tests in the amount of EUR 38.3 million and then in connection with the transfer of TOM Sp. z o.o., Szczecin / Poland to assets held for sale in the amount of EUR 2.1 million.

And as part of the transfer of TOM Sp. z o.o. and of the Balkan Group, extraordinary depreciations were recognised on property, plant and equipment of EUR 2.0 million as part of a revaluation.

13. Other Operating Expenses

	2014	2013
	EUR million	EUR million
Operating and administrative expenses		
Rents and other premises costs	10.3	10.8
External data processing costs	9.2	9.4
Repair costs	8.1	10.0
Legal, consulting and audit costs	7.2	7.5
Vehicle costs	6.3	7.2
Insurance policies	4.3	4.5
Leasing expenses	4.0	4.4
Intra-group charges	3.5	4.5
Telephone, postage, internet	1.4	1.5
Other tax expenses	1.0	1.0
Incidental monetary transaction costs	0.9	1.0
Factoring fee	0.3	0.1
Allocation to loss reserve for asset backed securities	0.0	4.9
Other operating and administrative expenses	12.5	10.8
	69.0	**77.6**

	2014	2013
	EUR million	EUR million
Selling expenses		
Outgoing freight, transport and storage	31.5	35.3
Sales commissions	31.4	32.6
Exchange rate losses	6.0	1.1
Temporary personnel leasing	4.5	4.4
Advertising and travel costs	3.5	4.2
Other selling expenses	1.5	0.8
	78.4	**78.4**
Non-operating expenses		
Value adjustments to and derecognition of receivables	3.1	6.1
Amortisation of receivables in connection with IFRS 5	2.9	0.0
Restructuring expenses	1.7	5.1
Loss from disposal of assets	0.2	0.1
Changes from variable purchase price liabilities	0.0	0.3
Losses from deconsolidation	0.0	0.9
Other non-operating expenses	3.6	4.1
	11.5	**16.6**
	158.9	**172.6**

The expenses for the default reserve of the Asset Backed Securities programme have been removed completely corresponding to the income, as the company is now using factoring.

Rents and other premises costs, repair and vehicle costs as well as outward freight, transport and storage costs fell mainly due to the reorganisation and efficiency enhancing program which started in 2013.

Exchange rate losses relate mainly to ALBA Scrap Trading BV and to ALBA Balkan Recycling SRL and are directly connected with other operating income. The change compared to the previous year resulted mainly from the development of the exchange rate between the Euro and Dollar, in particular during the last quarter of 2014.

Amortisation of receivables totalling EUR 2.9 million are associated with the revaluation of assets of Balkan Group arising from its transfer to the item assets belonging to a disposal group classified as held for sale.

The restructuring costs relate to the steel and metals recycling segment.

14. Investment and Financial Results

	2014	2013
	EUR million	EUR million
Profits/losses from companies accounted for according to the at-equity method		
TOM II Sp. z.o.o.	0.3	0.4
The ProTrade Group LLC (sub-group)	0.2	0.2
Extraordinary amortisation / depreciation	-0.3	-5.9
	0.2	**-5.3**
Other income from holdings	**0.2**	**0.0**
Investment result	**0.0**	**-5.3**
Financial income		
Other interest and similar income	1.2	1.4
Cash pooling	3.5	3.3
	4.7	**4.7**

	2014	2013
	EUR million	EUR million
Financial expenses		
Cash pooling	9.0	10.4
Bank interest	1.5	1.9
Interest from factoring	1.4	0.6
Interest portion of transfers to pension provisions	0.6	0.6
Finance leasing arrangements	0.3	0.4
Transaction costs for asset-backed securities	0.0	0.8
Insurance costs for asset-backed securities	0.0	0.1
Interest share in lease rates from others	3.9	1.2
	16.7	**16.0**
Financial result	**-12.0**	**-11.3**

The other financial expenses relate mainly to interest on tax arrears.

15. Income Tax Expenses

The corporate tax rate for domestic companies that are not part of the income tax group is 15.00 % plus a solidarity surcharge on corporate taxes of 5.50 %. The overall tax rate for these companies ranges from 22.83 % and 32.45 %, like in the year before, depending on the trade tax assessment rate to be applied.

Income tax rates applied to foreign companies vary from 16.00 % to 40.00 % (previous year: 16.00 % - 40.00 %).

	2014	2013
	EUR million	EUR million
Taxes paid or due		
for the current year	1.6	2.1
for previous years	3.3	0.9
	4.9	**3.0**
Deferred taxes		
on temporary differences	-0.4	-0.6
on change in losses carried forward	1.0	-0.9
	0.6	**-1.5**
	5.5	**1.5**

During the year under review, no tax expenses can be attributed to foreign subsidiaries (previous year: EUR 1.0 million). On-going income tax expenses of EUR 0.2 million stand against income from the change of deferred tax assets and liabilities in the same amount.

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

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

	2014	2013
	EUR million	EUR million
Earnings before income taxes	**-34.4**	**-42.1**
Expected income tax expense of 31.00 %	**-10.7**	**-13.1**
Non-recognition of current and deferred taxes due to control and profit transfer agreements	-1.8	1.9
Tax expense on equalisation payments	0.5	0.9
Non tax-deductible amortisation of intangible assets and depreciation of property, plant and equipment	12.5	10.9
Non tax-deductible amortisation of financial assets accounted for according to the at-equity method	0.1	1.6
Effects of differences in domestic and foreign tax rates	-0.2	-0.4
Tax-free sales and investment income	-0.1	-0.1
Other tax-free income	-0.1	-0.2
Alternate use of tax losses carried forward	1.0	-1.2
Tax expenses related to other periods	3.3	0.9
Non tax-deductible operating expenses	0.7	0.5
Other variances	0.3	-0.3
	16.2	**14.5**
Actual income tax expense	**5.5**	**1.5**

16. Profit / Loss to be attributed to Minority Interests

Earnings of EUR -1.8 million (previous year: EUR 0.0 million) attributable to other shareholders relate exclusively to loss shares.

17. Earnings per Share

Earnings per share are calculated by subtracting the profit/loss for other shareholders from consolidated earnings 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 net income attributable to ALBA SE shareholders of EUR -38.1 million (previous year: EUR -43.6 million) and a number of issued shares of 9,840,000, this results in earnings per share of EUR -3.88 (previous year: EUR -4.43).

Notes on the Balance Sheet

18. Intangible Assets

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Cost of acquisition			
as at Jan. 1, 2013	100.7	40.8	141.5
Additions/disposals from changes in the scope of consolidation	-0.1	-0.1	-0.2
Transfers to assets held for sale	0.0	0.0	0.0
Additions	0.0	1.2	1.2
Disposals	-1.8	-0.2	-2.0
as at Dec. 31, 2013	**98.8**	**41.7**	**140.5**
Amortisation/Depreciation			
as at Jan. 1, 2013	0.0	23.6	23.6
Additions/disposals from changes in the scope of consolidation	-1.1	-0.1	-1.2
Transfers to assets held for sale	0.0	0.0	0.0
Additions	34.6	3.9	38.5
Disposals	-0.2	-0.1	-0.3
as at Dec. 31, 2013	**33.3**	**27.3**	**60.6**
Carrying amounts			
as at Jan. 1, 2013	100.7	17.2	117.9
as at Dec. 31, 2013	**65.5**	**14.4**	**79.9**

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Cost of acquisition			
as at Jan. 1, 2014	98.8	41.7	140.5
Additions/disposals from changes in the scope of consolidation	0.0	0.0	0.0
Transfers to assets held for sale	-4.0	-0.2	-4.2
Additions	0.1	0.7	0.8
Disposals	0.0	-0.1	-0.1
as at Dec. 31, 2014	**94.9**	**42.1**	**137.0**
Amortisation/Depreciation			
as at Jan. 1, 2014	33.3	27.3	60.6
Additions/disposals from changes in the scope of consolidation	0.0	0.0	0.0
Transfers to assets held for sale	-2.1	-0.2	-2.3
Additions	40.4	2.4	42.8
Disposals	0.0	-0.1	-0.1
as at Dec. 31, 2014	**71.6**	**29.4**	**101.0**
Carrying amounts			
as at Jan. 1, 2014	65.5	14.4	79.9
as at Dec. 31, 2014	**23.3**	**12.7**	**36.0**

As at the balance sheet date the carrying amount of goodwill breaks down into the following segments:

	2014	2013
	EUR million	EUR million
Steel and metals recycling	22.0	64.2
Services	1.3	1.3
	23.3	**65.5**

The services and steel and metals recycling segments have been identified as cash generating units (CGU).

The impairment testing of the goodwill of the CGU in the financial year led to impairments totalling EUR 38.3 million. These are exclusively attributable to the CGU for steel and metals recycling, to which goodwill totalling EUR 64.2 million is allocated. The carrying amount of the CGU after impairment on September 30, 2014 totalled EUR 185.2 million. The impairment in the steel and metals recycling segment is primarily attributable to the conservative prevailing economic conditions on the global steel markets.

In the services segment, the impairment testing of the goodwill did not yield an impairment as the recoverable amount for this CGU exceeds the balance sheet value.

In addition to the impairment test, a sensitivity analysis was performed. If the capitalisation interest rates after taxes had each been increased by 0.50 percentage points and 1.0 percentage points (previous year: 0.50 and 1.0 percentage points), no additional amortisation of the goodwill would have been necessary for the services CGU. For the steel and metals recycling CGU, the extraordinary amortisation would have increased by EUR 10.2 million with an increase of 0.5 percentage points, and by EUR 19.3 million with an increase of 1.0 percentage points.

In the financial year, remaining carrying amounts of EUR 1.9 million were transferred from the goodwill of the steel and metals recycling segment in connection with the revaluation of assets which belong to the item assets belonging to a disposal group classified as held for sale.

In the other intangible assets, customer relationships and export licences which are amortised over a useful life of 10 to 20 years are shown on the balance sheet date totalling EUR 10.8 million (previous year: EUR 12.3 million).

The remaining sums principally relate to software and licences which are depreciated over three to five years.

19. Property, Plant and Equipment

	Land and build-ings	Technical equipment and machinery	Fittings and equipment	Plants under cons-truction	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
Cost of acquisition/ production					
as at Jan. 1, 2013	97.0	115.9	65.6	0.7	279.2
Currency conversion	-0.1	-0.1	0.0	0.0	-0.2
Additions/disposals from changes in the scope of consolidation	-8.0	-17.1	1.9	0.0	-23.2
Transfer to assets held for sale	0.0	0.0	0.0	0.0	0.0
Additions	1.3	1.0	2.5	1.4	6.2
Disposals	-1.9	-5.4	-3.9	0.0	-11.2
Reclassifications	0.6	0.2	0.2	-1.0	0.0
as at Dec. 31, 2013	**88.9**	**94.5**	**66.3**	**1.1**	**250.8**
Amortisation/ Depreciation					
as at Jan. 1, 2013	48.6	94.1	52.8	0.0	195.5
Currency conversion	0.0	-0.1	0.0	0.0	-0.1
Additions/disposals from changes in the scope of consolidation	-4.2	-13.3	-1.1	0.0	-18.6
Transfer to assets held for sale	0.0	0.0	0.0	0.0	0.0
Additions	3.4	5.0	4.8	0.0	13.2
Disposals	-0.9	-3.9	-3.4	0.0	-8.2
Reclassifications	0.0	0.0	0.0	0.0	0.0
as at Dec. 31, 2013	**46.9**	**81.8**	**53.1**	**0.0**	**181.8**
Carrying amounts					
as at Jan. 1, 2013	48.4	21.8	12.8	0.7	83.7
as at Dec. 31, 2013	**42.0**	**12.7**	**13.2**	**1.1**	**69.0**

	Land and build-ings	Technical equipment and machinery	Fittings and equipment	Plants under cons-truction	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
Cost of acquisition/ production					
as at Jan. 1, 2014	88.9	94.5	66.3	1.1	250.8
Currency conversion	-0.1	-0.2	0.0	0.0	-0.3
Additions/disposals from changes in the scope of consolidation	0.0	0.1	0.0	0.0	0.1
Transfer to assets held for sale	-10.7	-9.0	-9.7	-0.1	-29.5
Additions	1.2	1.0	3.5	2.0	7.7
Disposals	-0.4	-2.8	-5.9	0.0	-9.1
Reclassifications	1.1	0.6	0.3	-2.0	0.0
as at Dec. 31, 2014	**80.0**	**84.2**	**54.5**	**1.0**	**219.7**
Amortisation/ Depreciation					
as at Jan. 1, 2014	46.9	81.8	53.1	0.0	181.8
Currency conversion	0.0	-0.1	0.0	0.0	-0.1
Additions/disposals from changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Transfer to assets held for sale	-4.6	-6.8	-6.5	0.0	-17.9
Additions	4.7	3.6	5.1	0.0	13.4
Disposals	-0.6	-2.4	-4.9	0.0	-7.9
Reclassifications	0.0	0.0	0.0	0.0	0.0
as at Dec. 31, 2014	**46.4**	**76.1**	**46.8**	**0.0**	**169.3**
Carrying amounts					
as at Jan. 1, 2014	42.0	12.7	13.2	1.1	69.0
as at Dec. 31, 2014	**33.6**	**8.1**	**7.7**	**1.0**	**50.4**

Property, plant and equipment includes assets to the amount of EUR 2.9 million (previous year: EUR 5.6 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 beneficial owner. Reference is made to Note 31 regarding the corresponding liabilities.

These assets generally involve technical equipment and machinery with carrying amounts of EUR 2.9 million. In the year before, the carrying amounts stood at EUR 4.9 million and for other facilities, fittings and equipment at EUR 0.7 million.

No additions were made to leased and capitalised assets in property, plants and equipment (previous year: EUR 0.1 million). Depreciation on these assets amounted to EUR 1.4 million (previous year: EUR 1.3 million).

Interest on borrowing in terms of IAS 23 (Borrowing Costs) were not to be capitalised.

In the previous financial year, extraordinary amortisation / depreciation totalling EUR 2.6 million were carried out (previous year: EUR 0.7 million).

There are no obligations from the acquisition of property, plant and equipment.

Asset items in property, plant and equipment with a residual carrying amount of EUR 14.0 million (previous year: EUR 22.2 million) serve as collateral for own liabilities valued at a total of EUR 1.3 million on the balance sheet date (previous year: EUR 2.0 million) and for third-party liabilities under the syndicated loan agreement of ALBA Group KG.

The respective companies in the Group (owners) created a collective land charge without mortgage deed in favour of Unicredit Luxembourg S.A., Luxembourg, Luxembourg (creditor) to the amount of EUR 120.00 million including various plots of land (pledged property) in connection with the collateral package for the syndicated loan facility.

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

The following associated companies are measured according to the “at-equity method” in ALBA SE’s consolidated financial statements:

	Country	Shareholding Dec. 31, 2014	Shareholding Dec. 31, 2013	Carrying amount Dec. 31, 2014	Carrying amount Dec. 31, 2013
		%	%	EUR million	EUR million
Holdings measured at equity					
Ziems Recycling GmbH	Germany	25	25	0.0	0.0
TOM II Sp. z.o.o.	Poland	50	50	0.0	3.6
The ProTrade Group LLC (sub-group)	USA	25	25	0.0	0.0
				0.0	**3.6**

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

As at the balance sheet date, the holdings in The ProTrade Group LLC were subject to an extraordinary amortisation of EUR 0.3 million (previous year: EUR 5.9 million) and were classified as held for sale and transferred based on the intention to sell them. The pro-rata earnings amount to EUR 0.2 million (previous year EUR 0.2 million) and are disclosed under investment result. The extraordinary amortisation had become necessary, as in the year before, due to a negative earnings outlook. The value in use of the holding has no positive amount as of the reporting date.

Based on the plan to sell it, the holding in TOM II Sp. z.o.o. was classified as held for sale on the balance sheet date and disclosed in the balance sheet under the item “Assets belonging to a disposal group classified as held for sale”. In 2014, TOM II Sp. z.o.o. generated a contribution to earnings of EUR 0.3 million (previous year: EUR 0.4 million).

The holding in Ziems Recycling GmbH was subject to extraordinary amortisation in the year before, due to the negative prospects for the earnings and financial situation. The company filed for insolvency in the year under review. No contribution to earnings was recognised from this holding.

21. Financial Assets

	2014	2013
	EUR million	EUR million
Non-current		
Loans to associated companies	2.1	1.8
Other holdings	0.3	0.8
Interests in affiliated companies	0.2	1.0
Other loans	0.1	0.4
	2.7	**4.0**
Current		
Cash pooling ALBA Group KG	47.4	45.3
Receivables from factoring	5.9	6.2
Financial derivatives	1.1	0.7
Other loans	0.4	0.2
Loans to affiliated companies	0.0	1.4
Others	0.0	1.3
	54.8	**55.1**

Interests in affiliated companies concern companies that are not included in the consolidated financial statements in spite of the Group holding an interest of more than 50 %, due to their subordinate significance.

Other holdings relate to holdings in which the Group holds an equity and voting-rights ratio of up to 50%. These holdings are of little relevance to the consolidated financial statements either individually or in whole. For this group of assets, there were no impairments during the financial year or the previous year in the scope of the impairment tests.

The other current loans consist of loans due from employees totalling EUR 0.3 million (previous year: EUR 0.3 million; as shown under non-current loans).

Short-term cash pooling receivables arise from the offset ALBA SE receivables and payables from the companies of the ALBA SE group towards the ALBA Group KG.

After taking into consideration the impairments, the carrying amounts of all financial assets disclosed correspond to their fair market values on the reporting date.

Reference is made to the information under Note 38 regarding receivables from factoring.

Details regarding receivables from financial derivatives are provided under Note 37.

22. Income Tax Assets and Liabilities

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

	2014	2013
	EUR million	EUR million
Deferred tax assets	5.1	5.6
Income tax refund claims	3.3	1.0
Deferred tax liabilities	-4.0	-3.6
Income tax liabilities	-8.5	-7.8
Balance	**-4.1**	**-4.8**

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

	Deferred taxes 2014		Deferred taxes 2013	
	assets	liabilities	assets	liabilities
	EUR million	EUR million	EUR million	EUR million
Goodwill	1.6	0.9	1.7	0.9
Other intangible assets	0.3	2.3	0.3	2.6
Property, plant and equipment	0.1	1.1	0.6	1.3
Financial assets accounted for according to the at-equity method	0.0	0.7	0.1	0.6
Financial assets	1.4	0.9	0.5	1.9
Inventories	0.5	0.1	0.9	0.1
Other receivables	2.9	2.5	3.0	1.5
Provisions	0.1	0.0	0.1	0.1
Financial liabilities	0.0	0.2	0.0	0.2
Losses carried forward for tax purposes	2.9	0.0	3.9	0.0
	9.7	**8.6**	**11.1**	**9.1**
Offsetting	-4.6	-4.6	-5.5	-5.5
	5.1	**4.0**	**5.6**	**3.6**

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

Loss carry-forwards for tax purposes total EUR 1.5 million until the end of 2023 and can be used for an unlimited period of time.

Of the tax losses carried forward amounting to EUR 22.0 million (previous year: EUR 10.8 million), deferred tax assets totalling EUR 4.5 million (previous year: EUR 2.4 million) were not capitalised. They relate to domestic and foreign companies where realisation of the deferred tax assets can no longer 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 includes foreign income tax claims to the amount of EUR 0.1 million (previous year: EUR 0.4 million) and EUR 1.3 million (previous year: EUR 1.4 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:

	2014	2014	2013	2013
	EUR million	EUR million	EUR million	EUR million
Deferred tax assets Jan. 01	5.6		5.8	
Deferred tax liabilities Jan. 01	-3.6	**2.0**	-5.4	**0.4**
Deferred tax assets Dec. 31	5.1		5.6	
Deferred tax liabilities Dec. 31	-4.0	**1.1**	-3.6	**2.0**
Changes in balance		**-0.9**		**1.6**
+/- Additions/ Disposals from changes in the scope of consolidation		0.1		0.1
+/- Changes not recognised in income		0.2		-0.2
= Deferred tax expense (income in the previous year)		**-0.6**		**1.5**

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

23. Inventories

	2014	2013
	EUR million	EUR million
Merchandise	33.1	44.1
Finished goods	17.9	11.1
Work in progress	7.3	9.8
Raw materials and supplies	2.2	3.2
	60.5	**68.2**

Value adjustments on inventories amounted to EUR 0.4 million (previous year: EUR 0.4 million).

The ALBA SE group has allocated inventories by way of collateral for bank liabilities under the syndicated loan, valued at carrying amounts of EUR 11.2 million (previous year: EUR 23.3 million) as at the balance sheet date.

24. Trade Receivables

All trade receivables shown are due within one year. Carrying amounts are equivalent to fair values due to their short-term nature.

	2014	2013
	EUR million	EUR million
Receivables from		
Third parties	131.6	127.6
Less value adjustments	-3.8	-7.7
	127.8	**119.9**
Affiliated companies	12.7	10.7
Associated companies	0.0	5.1
Holdings	0.0	0.0
Less value adjustments	-1.0	-0.1
	139.5	**135.6**

Due to the factoring programme, EUR 54.6 million (previous year: EUR 69.7 million) have been sold to the BNP Paribas Factor GmbH (BNP), as at December 31, 2014, of which EUR 48.0 million (previous year: EUR 52.9 million) were not yet settled at the balance sheet date and were, therefore, not included in receivables from third parties.

The ALBA SE group has assigned trade receivables by way of collateral for bank liabilities under the syndicated loan, valued at carrying amounts of EUR 62.9 million (previous year: EUR 60.9 million) as at the balance sheet date.

Due to the high number of customers in different regions there is no concentration of credit risks.

Receivables from production orders are included in trade receivables, as follows:

	2014	2013
	EUR million	EUR million
Costs incurred plus accumulated profits	47.0	45.9
less instalment invoices issued	-45.8	-45.7
Total	**1.2**	**0.2**
of which: Receivables from percentage of completion	1.7	3.2
of which: Liabilities related to percentage of completion	-0.5	-3.0

25. Other Receivables

	2014	2013
	EUR million	EUR million
Receivables from loss assumption	32.6	3.5
Down-payments made	7.8	19.3
Other receivables from affiliated companies	5.9	10.2
Creditors with debit balances	2.1	2.7
Security deposits	1.9	0.0
Tax refund claims	1.8	2.6
Deposit receivables	0.5	0.8
Security deposits	0.2	0.2
Others	7.9	9.2
	60.7	**48.5**

Receivables from loss assumption relate to the claim for loss assumption that ALBA SE has under the profit transfer agreement with ALBA Group KG.

The down-payments made primarily consist of down-payments on inventories.

Receivables due from affiliated companies comprise receivables from sales tax against ALBA Group KG.

Deposit receivables disclosed corresponding to the deposit liabilities included under other liabilities are the result of the purchase of disposable packaging with deposits by a variety of customers. In this scenario, INTERSEROH Pfand-System GmbH, Cologne, 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:

	2014	2013
	EUR million	EUR million
Down-payments made	0.0	1.4
Security deposits	0.2	0.2
Others	0.2	0.1
	0.4	**1.7**

26. Cash and Cash Equivalents

The cash and cash equivalents are distributed as follows:

	2014	2013
	EUR million	EUR million
Cash with banks	5.7	14.0
Cash on hand	0.9	0.6
	6.6	**14.6**

Together with the cash pooling inventory shown under current financial assets and the cash and cash equivalents and cash pooling receivables / payables reclassified under IFRS 5, the cash and cash equivalents listed here form the liquid funds as shown in the cash flow statement.

27. Non-current Assets Held for Sale and Disposal Groups Classified as Held for Sale

A review of the portfolio of business models, companies and locations for their ability to be optimised, resulted in the finding that the company TOM Sp. z.o.o., Szczecin/Poland, the holdings accounted for at equity in TOM II Sp. Z.o.o., Szczecin, and in The ProTrade Group LLC, Hudson, Ohio/USA are available for sale in the steel and metals recycling segment. The sale and acquisition negotiations regarding the assets and liabilities are currently underway. ALBA SE plans, in addition, to discontinue the business activities of ALBA Balkan Holding GmbH, Berlin and of its subsidiaries (Balkan Group).

In the year 2014, the competent management resolved to sell the Aschaffenburg location of ALBA Metall Süd Rhein-Main, the Freiburg location of ALBA Metall Süd as well as the Hanover location and the plot in Braunschweig belonging to ALBA Metall Nord. The sales transactions were made in the first quarter of 2015.

The assets and liabilities were therefore disclosed as held for sale.

The assets and liabilities held for sale are as follows:

	EUR million
Goodwill	1.9
Property, plant and equipment	11.6
Financial assets	4.2
Inventories	12.0
Trade receivables	7.6
Financial assets	0.5
Other receivables	2.3
Tax assets	0.3
Cash and cash equivalent	6.0
Assets held for sale	**46.5**
Financial liabilities	6.3
Trade accounts payable	3.4
Other liabilities	1.7
Liabilities held for sale	**11.4**

The assets and liabilities classified as held for sale were measured in accordance with the regulations for non-current assets, disposal groups held for sale and discontinued operations.

The fair values of the locations sold in the first quarter of 2015 are based on agreed purchase prices.

The non-recurring valuation of the assets and liabilities of the companies available for sale at fair value was allocated as a fair value of level 3 based on the input factors of the valuation method applied. The discounted cash flows were used in determining the fair value. These are based on the net inflow from the current 3 year plans. Essential input factors are the risk-adjusted discount rate of 9.6 % after taxes and the growth rate of the perpetual annuity of 1.3 %.

The assets and liabilities of Balkan Group were recognised at their disposal values.

The fair values less selling costs were impaired by EUR 7.0 million. The impairments are recognised under amortisation of intangible assets and depreciation of property, plant and equipment and under other operating expenses.

28. Subscribed Capital

ALBA SE's fully paid-up subscribed capital remained at EUR 25.6 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.

One share entitles its holder to participate in the Company's annual General Shareholders' Meeting and to receive an equalisation payment.

As part of the control and profit transfer agreement an equalisation payment of EUR 3.94 per share was established for external shareholders.

29. Reserves

	2014	2013
	EUR million	EUR million
Capital reserve	38.6	38.6
Generated consolidated equity	70.1	75.8
Adjustment items from currency conversion	-1.7	-1.0
Fair value of derivatives used for hedging purposes	2.8	2.7
Actuarial loss	-8.4	-4.5
	101.4	**111.6**

The capital reserve contains the premium received on issuing shares. This reserve is subject to certain restrictions on disposal contained in the German Stock Corporation Act. In accordance with IFRS 1, upon transition to IFRS/IAS accounting the offsetting of asset differences made in previous years from the initial consolidation of subsidiaries with the capital reserve (EUR 36.7 million) was maintained.

The adjustment items from the currency conversion resulted from the annual financial statements produced in foreign currency for the fully consolidated companies, TOM Sp. z o.o. and INTERSEROH USA Inc., Atlanta/ USA, as well as the holdings measured at equity in TOM II Sp. z o.o. and The ProTrade Group LLC (sub-group, USA). The transferred companies TOM Sp. z o.o., TOM II Sp. z.o.o and The ProTrade Group LLC (sub-group, USA) account for EUR 1.6 million.

The change in the actuarial losses results from the change in the actuarial assumptions.

30. Payments to Employees under Pension Commitments

(a) Defined benefit pension plans

ALBA SE group has funded and unfunded pension plans.

The unfunded defined benefit pension plan covers different commitments for active employees which generally provide life-long pensions starting from the legal age of retirement. The benefits are largely defined as pension benefits which depend on the length of service and fixed amounts. In special cases, final salary related pension benefits are determined taking social security payments into account.

The funded defined benefit pension plan is for executive employees and directors. The benefits are defined as pension benefits which depend on the length of service and fixed amounts. The benefits are secured by congruent reinsurance.

There are no legally specified minimum funding obligations.

(b) Calculation parameters

The calculation of the existing obligations was completed using the following parameters:

	Dec. 31, 2014	Dec. 31, 2013
Interest rate for accounting purposes	1.9 %	3.4 %
Salary trend	2.5 %	2.5 %
Pension adjustment	1.8 %	2.0 %
Expected return from plan assets	1.9 %	3.4 %

The “pension adjustment” parameter is determined based on expected future inflation.

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 fluctuation probabilities depending on age and gender were applied:

Change rate per year	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2013
Age to	Men	Women	Men	Women
25	6.0 %	8.0 %	6.0 %	8.0 %
35	4.0 %	5.0 %	4.0 %	5.0 %
45	2.5 %	2.5 %	2.5 %	2.5 %
over 50	0.0 %	0.0 %	0.0 %	0.0 %

c) Changes to the net liability (of the net asset) from defined benefit pension plans

The table below shows the reconciliation of the opening balance to the closing balance of the net liability (net asset) from defined benefit pension plans and their components:

	Defined benefit obligation			Fair value of the plan assets	Net liability (net asset) from defined benefit pension plans		
	Funded plan	**Unfunded plan**	**Total**	**Funded plan**	**Funded plan**	**Unfunded plan**	**Total**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
as at Jan. 1, 2013	3.8	28.3	32.0	-2.6	1.2	28.3	29.5
Recognised in the income statement							
Current service cost	0.1	0.1	0.2	0.0	0.1	0.1	0.2
Interest expense	0.1	0.6	0.7	-0.1	0.0	0.6	0.6
	4.0	**29.0**	**32.9**	**-2.7**	**1.3**	**29.0**	**30.3**
Recognised in other income							
Actuarial loss (gain) from:							
– financial assumptions	-0.2	-1.4	-1.6	0.0	-0.2	-1.4	-1.6
– assumptions based on experience	0.1	-0.5	-0.4	0.0	0.1	-0.5	-0.4
	-0.1	**-1.9**	**-2.0**	**0.0**	**-0.1**	**-1.9**	**-2.0**
Others							
Contributions paid by the employer	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Payments made	0.0	-1.1	-1.1	0.0	0.0	-1.1	-1.1
Change to the scope of consolidation	0.0	-7.9	-7.9	0.1	0.1	-7.9	-7.8
	0.0	**-9.0**	**-9.0**	**0.0**	**0.0**	**-9.0**	**-9.0**
December 31, 2013	**3.9**	**18.1**	**21.9**	**-2.7**	**1.2**	**18.1**	**19.2**

	Defined benefit obligation			Fair value of the plan assets	Net liability (net asset) from defined benefit pension plans		
	Funded plan	Unfunded plan	Total	Funded plan	Funded plan	Unfunded plan	Total
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
as at Jan. 1, 2014	3.9	18.1	21.9	-2.7	1.2	18.1	19.2
Recognised in the income statement							
Current service cost	0.0	0.1	0.1	0.0	0.0	0.1	0.1
Interest expense (interest income)	0.1	0.6	0.7	-0.1	0.0	0.6	0.6
	4.0	**18.8**	**22.7**	**-2.8**	**1.2**	**18.8**	**19.9**
Recognised in other income							
Actuarial loss (gain) from:							
– financial assumptions	0.7	3.3	4.0	0.0	0.7	3.3	4.0
– assumptions based on experience	0.1	-0.2	-0.1	0.0	0.1	-0.2	-0.1
	0.8	**3.1**	**3.9**	**0.0**	**0.8**	**3.1**	**3.9**
Others							
Contributions paid by the employer	0.4	0.0	0.4	0.0	0.4	0.0	0.4
Payments made	-0.8	-1.0	-1.8	0.5	-0.3	-1.0	-1.3
Change to the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-0.4	**-1.0**	**-1.4**	**0.5**	**0.1**	**-1.0**	**-0.9**
December 31, 2014	**4.4**	**20.9**	**25.2**	**-2.3**	**2.1**	**20.9**	**22.9**

The plan assets are comprised of reinsurance policies with various life insurance companies. The income from these reinsurance policies is calculated from the fixed guaranteed interest (depending on the policy, between 1.75 % and 3.75 %) and the variable profit share to be set annually by the insurance company that results from risk or cost gains and the profit from the insurance policies on which the capital investment is based.

Estimated payments due for pensions in 2015 total EUR 1.1 million (previous year: EUR 1.1 million) and EUR 0.1 million for plan assets (previous year: EUR 0.1 million).

(d) Risks

The present value of the defined contribution pension obligation is distributed as follows to the individual groups of those entitled to provision:

► Employees with vested rights: 21.5 % (previous year: 18.6 %)
► Former employees with vested rights: 17.2 % (previous year: 20.1 %)
► Pensioners: 61.3 % (previous year: 61.3 %)

The weighted average duration of the defined benefit obligation totals 14 years as at December 31, 2014 (previous year: eleven years).

The maturities of non-discounted retirement benefits are as follows:

	1 year	2-5 years	6-10 years	Total
	EUR million	EUR million	EUR million	EUR million
December 31, 2014	1.1	4.5	5.5	**11.1**

(e) Sensitivity analysis

An increase or fall in the essential actuarial assumptions by one percentage point would have had the following effect on the present value of pension obligations as at December 31, 2014:

	Development of the pension obligation
	EUR million
Discount rate	
Increase of 1 percentage point	17.9
Fall of 1 percentage point	28.3
Salary increase rate	
Increase of 1 percentage point	25.3
Fall of 1 percentage point	20.2
Pension adjustment factor	
Increase of 1 percentage point	27.6
Fall of 1 percentage point	18.3

All sensitivities were generally calculated as at December 31, 2014. With the individual commitments, the benefit of which was defined via insurance policies, insofar as these constitute congruent reinsurance policies, the asset value is shown as a pension obligation. No sensitivities result here because such calculations are not carried out by the insurers.

The calculations were carried out in isolation for the actuarial parameters classified as important in order to show the effects on the present value of the pension obligations calculated as at December 31, 2014.

31. Provisions

	as at Jan. 1, 2014	Change in scope of consolidation	Draw-down	Reversal	Allocation	Accrued interest	as at Dec. 31, 2014
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Pending transactions	11.7	0.0	3.2	8.0	10.6	0.0	11.1
Dismantling and site restoration obligation	2.9	0.0	0.1	0.0	0.1	0.1	3.0
Processes	0.8	0.0	0.1	0.1	0.3	0.0	0.9
Anniversary obligations	0.4	0.0	0.0	0.0	0.1	0.0	0.5
Others	2.2	0.0	0.8	1.0	1.6	0.0	2.0
	18.0	**0.0**	**4.2**	**9.1**	**12.7**	**0.1**	**17.5**

	as at Jan. 1, 2013	Change in scope of consolidation	Draw-down	Reversal	Allocation	Accrued interest	as at Dec. 31, 2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Pending transactions	7.3	0.0	2.5	3.3	10.2	0.0	11.7
Dismantling and site restoration obligation	3.3	-0.5	0.1	0.2	0.3	0.1	2.9
Processes	1.1	-0.1	0.2	0.1	0.1	0.0	0.8
Anniversary obligations	0.5	-0.1	0.1	0.0	0.1	0.0	0.4
Others	3.4	0.0	1.2	1.0	1.0	0.0	2.2
	15.6	**-0.7**	**4.1**	**4.6**	**11.7**	**0.1**	**18.0**

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

	as at Dec. 31, 2014	as at Dec. 31, 2013
	EUR million	EUR million
Pending transactions	11.0	11.5
Processes	0.8	0.8
Other	1.7	1.8

The current share of provisions for pensions (prospective pension payments in the upcoming financial year) is reported in the balance sheet under current provisions at EUR 2.1 million (previous year: EUR 2.1 million), so that the total amount of the balance sheet item "Provisions" in current liabilities amounts to EUR 15.6 million (previous year: EUR 16.2 million).

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

Dismantling and site restoration obligations 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 2015 or further extensions to the existing agreements have not been agreed, will become due between January 1, 2015 and December 31, 2023. Due to the passage of time, the discounted amount of the provisions rose by EUR 0.1 million on the reporting date (previous year: EUR 0.1 million).

The provisions for anticipated losses from pending transactions relate to the services segment. Operating losses for the lease terms not subject to termination are provided for in line with the term of the underlying contracts.

32. Financial Liabilities

as at Dec. 31, 2014		of which with a remaining term of		
	Total	up to 1 year	over 1 year, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Banks	17.2	16.4	0.4	0.4
Factoring	17.2	17.2	0.0	0.0
Loans	7.5	7.5	0.0	0.0
Finance leases	4.3	1.1	3.2	0.0
Derivatives	1.1	1.1	0.0	0.0
Others	1.8	0.7	0.0	1.1
	49.1	**44.0**	**3.6**	**1.5**

As at Dec. 31, 2013		of which with a remaining term of		
	Total	up to 1 year	over 1 year, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Banks	16.1	14.4	1.4	0.3
Factoring	22.2	22.2	0.0	0.0
Loans	7.6	7.6	0.0	0.0
Finance leases	6.1	1.7	4.4	0.0
Derivatives	0.2	0.2	0.0	0.0
Others	2.1	1.1	0.0	1.0
	54.3	**47.2**	**5.8**	**1.3**

Liabilities to banks that are secured by ALBA SE group collateral amounted to EUR 17.2 million as at the balance sheet date (previous year: EUR 16.1 million), of which EUR 1.3 million (previous year: EUR 2.0 million) is secured by land charges. The fixed interest rates for medium-term and long-term liabilities are within customary market ranges. Terms end between March 21, 2015, and December 30, 2023 or have indefinite terms.

Collateral in the form of cession of receivables, assignment of current assets as securities, property charges and pledging of business shares was provided to banks in addition.

The liabilities shown from Factoring disclose the payments received from debtors between the date of sale of the receivable and the balance sheet date in the scope of the service function. They are recognised as a liability to the Factoring Institute under current financial liabilities at the nominal value less the collateral to be released (Note 38).

The liability from the loan that is shown relates to a loan granted by the ALBA Group KG to a foreign subsidiary.

Secured loan liabilities related to foreign subsidiaries amount to EUR 15.5 million (previous year: EUR 14.2 million).

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).

The minimum lease instalment payments to be made under finance leases can be reconciled to the present value of the obligations disclosed on the liabilities side according to maturity date as follows:

	Future minimum lease payments		Interest		Present value (liabilities related to finance leases)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
within one year	1.3	2.0	0.2	0.3	1.1	1.7
between 1 and 5 years	3.5	4.9	0.3	0.5	3.2	4.4
	4.8	**6.9**	**0.5**	**0.8**	**4.3**	**6.1**

Finance lease contracts are usually concluded for a basic term of between two 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 for five years each, 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.

Carrying amounts reported for all financial liabilities reflect their fair value.

33. Trade Accounts Payable

	2014	2013
	EUR million	EUR million
Liabilities to		
Third parties	156.5	174.3
Affiliated companies	8.9	9.3
Holdings	0.2	0.2
	165.6	**183.8**

All trade accounts payable due to third parties shown are due within a year (previous year: EUR 0.2 million with a maturity of > 1 year).

Trade accounts payable to third parties reflect liabilities from outstanding invoices based on services already received but not yet invoiced at EUR 63.3 million (previous year: EUR 63.7 million) and liabilities in connection with concluded contracts that relate to repayment obligations to manufacturers at EUR 13.0 million (previous year: EUR 17.0 million).

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

According to the Packaging Ordinance, manufacturers who put packaging material “in circulation” upon delivery of their goods assume an obligation for the return of this material. INTERSEROH Dienstleistungs GmbH, Cologne, takes on the services arising from 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 between certified volumes or year-end reported volumes and the budgeted volumes forecast and reported by the customer during the year depending on economic influences, 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.

34. Other Liabilities

As at Dec. 31, 2014		of which with a remaining term of		
	Total	up to 1 year	over 1 year, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Employees	10.1	10.1	0.0	0.0
Advance payments received	10.1	10.1	0.0	0.0
Affiliated companies	8.7	8.7	0.0	0.0
Ancillary tax payments	4.7	4.7	0.0	0.0
Other taxes	4.2	4.2	0.0	0.0
Debtors with a credit balance	3.5	3.5	0.0	0.0
Onerous contracts	3.0	3.0	0.0	0.0
Deposit liabilities	1.5	1.5	0.0	0.0
Annual auditing and accounting costs	1.1	1.1	0.0	0.0
Incidental personnel costs	0.3	0.3	0.0	0.0
Loss compensation	0.0	0.0	0.0	0.0
Others	6.2	5.5	0.3	0.4
	53.4	**52.7**	**0.3**	**0.4**

As at Dec. 31, 2013		Of which with a remaining term of		
	Total	up to 1 year	over 1 year, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Employees	12.0	12.0	0.0	0.0
Advance payments received	6.7	6.7	0.0	0.0
Affiliated companies	6.5	6.5	0.0	0.0
Ancillary tax payments	1.7	1.7	0.0	0.0
Other taxes	2.4	2.4	0.0	0.0
Debtors with a credit balance	4.4	4.4	0.0	0.0
Onerous contracts	3.4	3.4	0.0	0.0
Deposit liabilities	1.5	1.5	0.0	0.0
Annual auditing and accounting costs	0.9	0.9	0.0	0.0
Incidental personnel costs	0.5	0.5	0.0	0.0
Loss compensation	5.2	5.2	0.0	0.0
Others	7.0	6.1	0.3	0.6
	52.2	**51.3**	**0.3**	**0.6**

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

Liabilities to employees include bonuses and accrued vacation and overtime.

Liabilities under other taxes contain, in addition to the ancillary tax payments for which the Group companies are tax debtors, also such taxes that are remitted for the account of third parties.

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

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

The loss compensation in the previous year relates to INTERSEROH NRW GmbH, Dortmund, until the date of its disposal.

35. Notes on the Cash Flow Statement

Pursuant to IAS 7 (Cash Flow Statement), the cash flow statement prepared according to the indirect method shows how the cash in the Group changed in the course of the year under review as a result of the inflow and outflow of funds. Changes in items disclosed in the cash flow statement cannot be derived directly from the balance sheet based on non-cash effective effects resulting from currency exchange.

The cash flow statement differentiates between cash flows from operating activity, investment activity and financing activity. Apart from income tax payments, interest earnings and payments are also allocated to cash flow from operating activity, because they serve primarily to finance current transactions. Dividend receipts are also included in cash flow from operating activity.

In the year under review, the cash flow from operating activity fell by EUR 41.6 million compared with the previous year. Despite the Group's EBITDA which rose by EUR 7.5 million, it was mainly the outflow of funds caused by the increase of working capital which had a negative effect.

The investment activities resulted in an outflow of funds totalling EUR 5.7 million (previous year: inflow of funds of EUR 6.8 million). No companies were acquired or sold in the year under review. In addition, investments are at the previous year's level.

In the year under review, the cash flow from the financing activities shows an inflow of funds totalling EUR 2.7 million (previous year: outflow of funds of EUR 25.6 million). The inflows principally resulted from the assumption of losses of the previous year of EUR 3.5 million.

The balances in cash and cash equivalents consist of the following items:

	2014	2013
	EUR million	EUR million
Cash and cash equivalents	6.6	14.6
Cash and cash equivalents allocated to a disposal group	6.0	0.0
Cash pooling receivables	47.4	45.3
Cash pooling allocated to a disposal group	-5.1	0.0
	54.9	**59.9**

The balances in the cash and cash equivalents are only subject to negligible value fluctuation risks.

36. Segment Reporting

The companies of the ALBA SE group are divided into two segments; all companies that undertake steel and metals recycling activities are allocated to the segment of the same name. ALBA SE is assigned fully to the services segment.

The segments performed as follows over the past financial year:

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Sales revenues								
External sales	1,245.3	1,396.7	322.1	307.7	0.0	0.0	1,567.4	1,704.4
Sales between the segments	0.3	0.2	1.9	7.3	-2.2	-7.5	0.0	0.0
	1,245.6	**1,396.9**	**324.0**	**315.0**	**-2.2**	**-7.5**	**1,567.4**	**1,704.4**

The presentation of the segment reporting was adjusted to the defined financial performance indicators.

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Segment EBITDA	**9.1**	**-0.5**	**24.6**	**26.6**	**0.0**	**0.1**	**33.7**	**26.2**
Amortisation of intangible assets and depreciation of property, plant and equipment								
scheduled	10.0	12.9	3.1	3.5	0.0	0.0	13.1	16.4
extraordinary	43.0	35.3	0.0	0.0	0.0	0.0	43.0	35.3
Investment result	0.2	-5.3	-0.2	0.0	0.0	0.0	0.0	-5.3
of which shares in the earnings of companies accounted for according to the equity method	0.2	-5.3	0.0	0.0	0.0	0.0	0.2	-5.3
Net financial income	-11.0	-12.7	-1.0	1.4	0.0	0.0	-12.0	-11.3
of which interest income	1.9	2.0	2.8	2.8	0.0	-0.1	4.7	4.7
of which interest expense	12.9	14.6	3.8	1.3	0.0	0.0	16.7	15.9
Segment EBT	**-54.8**	**-66.7**	**20.4**	**24.5**	**0.0**	**0.1**	**-34.4**	**-42.1**
Tax expenses							-5.5	-1.5
Consolidated income according to the income statement							**-39.9**	**-43.6**

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Segment assets	**330.9**	**346.1**	**121.7**	**95.0**	**-52.5**	**-21.8**	**400.1**	**419.3**
Including:								
Goodwill	9.0	51.3	1.3	1.3	13.0	12.9	23.3	65.5
Shares in companies accounted for according to the equity method	0.0	3.6	0.0	0.0	0.0	0.0	0.0	3.6
Reconciliation:								
Segment assets							400.1	419.3
+ Long-term financial assets							2.7	4.0
+ Deferred tax claims in accordance with IAS 12							5.1	5.6
+ Current financial assets							54.8	55.1
+ Tax refund claims in accord. with IAS 12, income taxes							3.3	1.0
Consolidated assets according to the balance sheet							**466.0**	**485.0**
Segment liabilities	**133.6**	**141.6**	**202.5**	**166.3**	**-65.4**	**-34.6**	**270.7**	**273.3**
Reconciliation:								
+ Deferred tax liabilities in accordance with IAS 12							4.0	3.6
+ Non-current financial liabilities							5.1	7.1
+ Income tax liabilities in acc. with IAS 12, income taxes							8.5	7.8
+ Current financial liabilities							44.0	47.2
Consolidated liabilities according to the balance sheet							**332.3**	**339.0**
Investments in long-term assets	6.4	9.1	2.1	2.0	0.0	0.0	**8.5**	11.1

The following table reflects external sales revenues and non-current assets of the segments by geographical area:

	Steel and metals recycling		Services		Group	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Germany						
(a) Sales	464.2	766.1	284.3	277.6	748.5	1,043.7
(b) Assets	62.5	104.1	10.3	10.8	72.8	114.9
Other EU countries						
(a) Sales	274.3	271.2	34.9	27.6	309.2	298.8
(b) Assets	14.1	38.2	0.2	0.9	14.5	39.1
Non-EU countries						
(a) Sales	506.8	359.4	2.9	2.5	509.7	361.9
(b) Assets	-0.6	0.2	0.0	0.0	-0.6	0.2

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

Sales between the segments are carried out at the prevailing market conditions.

37. Contingent Liabilities, Operating Leases and other Financial Obligations

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

ALBA SE group has no obligations from sureties and guarantee agreements and the provision of collateral for non-group liabilities (previous year: EUR 2.0 million).

Collateral in the form of cession of receivables, assignment of current assets as securities, property charges and pledging of business shares in full were provided to banks. Furthermore, a contingent liability for joint and several liability exists in connection with the syndicated loan agreement of ALBA Group KG for the companies covered by the syndicated loan agreement.

In addition, companies of the ALBA SE group have joined in as guarantors of an amount of EUR 203.00 million in the corporate bond issued by ALBA KG based on the declaration of April 20, 2011.

(b) Operating leases

Apart from the financial liabilities already described as finance leases (refer to Note 31), the Group has also entered into rental and leasing contracts (land, office premises and buildings, as well as fittings and equipment, e.g. vehicles and office machines), which qualify as operating leases according to their economic substance. Extension and purchase options customary to the industry are contained in the underlying agreements. In the past year, ongoing rental and lease payments of EUR 12.5 million (previous year: EUR 13.5 million) were made under these agreements.

Lease instalments from operating lease agreements existing on the balance sheet date will fall due in subsequent years as follows:

	2014	2013
	EUR million	EUR million
Within a year	11.7	13.4
Between 1 and 5 years	19.6	27.4
In over five years	8.5	9.0
	39.8	**49.8**

(c) Other financial obligations

The maturities of other financial obligations, including open purchase orders and maintenance contracts, are shown below:

	2014	2013
	EUR million	EUR million
Within a year	5.7	6.2
Between 1 and 5 years	3.9	5.2
	9.6	**11.4**

38. Financial Instruments

The following table shows the financial assets and liabilities according to measurement categories and classes. In this context, the classes of financial instruments were aligned according to the balance sheet structure. Liabilities from finance leases and derivatives that qualify for hedge accounting were taken into account although they do not belong to an IAS 39 measurement category.

Dec. 31, 2014	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to IAS	Fair value Dec. 31, 2014
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets						
Non-current financial assets						
Financial assets available for sale	0.5	0.5	0.0	0.0	0.0	N/A
Loans and receivables	2.2	2.2	0.0	0.0	0.0	2.2
	2.7	**2.7**	**0.0**	**0.0**	**0.0**	**2.7**
Current financial assets						
Loans and receivables	53.7	53.7	0.0	0.0	0.0	53.7
Financial assets associated with hedging	1.1	0.0	1.1	0.0	0.0	1.1
	54.8	**53.7**	**1.1**	**0.0**	**0.0**	**54.8**
Current trade receivables						
Loans and receivables	139.5	139.5	0.0	0.0	0.0	139.5
	139.5	**139.5**	**0.0**	**0.0**	**0.0**	**139.5**
Other current receivables						
Loans and receivables	41.4	41.4	0.0	0.0	0.0	41.4
	41.4	**41.4**	**0.0**	**0.0**	**0.0**	**41.4**
Cash and cash equivalents						
Loans and receivables	6.6	6.6	0.0	0.0	0.0	6.6
	6.6	**6.6**	**0.0**	**0.0**	**0.0**	**6.6**

Dec. 31, 2014	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to ISA	Fair value of net assets Dec. 31, 2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Liabilities						
Non-current financial liabilities						
Other financial liabilities	1.9	1.9	0.0	0.0	0.0	1.9
Liabilities from finance leasing	3.2	0.0	0.0	0.0	3.2	3.2
	5.1	**1.9**	**0.0**	**0.0**	**3.2**	**5.1**
Non-current trade accounts payable						
Other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other non-current liabilities						
Other financial liabilities	0.7	0.7	0.0	0.0	0.0	0.7
	0.7	**0.7**	**0.0**	**0.0**	**0.0**	**0.7**
Current financial liabilities						
Other financial liabilities	41.8	41.8	0.0	0.0	0.0	41.8
Financial liabilities associated with hedging	1.1	0.0	1.1	0.0	0.0	1.1
Financial liabilities held for trading	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities from finance leasing	1.1	0.0	0.0	0.0	1.1	1.1
	44.0	**41.8**	**1.1**	**0.0**	**1.1**	**44.0**
Current trade accounts payable						
Other financial liabilities	165.6	165.6	0.0	0.0	0.0	165.6
	165.6	**165.6**	**0.0**	**0.0**	**0.0**	**165.6**
Other current liabilities						
Other financial liabilities	16.1	16.1	0.0	0.0	0.0	16.1
	16.1	**16.1**	**0.0**	**0.0**	**0.0**	**16.1**
Aggregated according to categories of measurement in IAS 39						
Financial assets available for sale	0.5	0.5	0.0	0.0	0.0	0.5
Loans and receivables	243.4	243.4	0.0	0.0	0.0	243.4
Financial liabilities held for trading	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	226.1	226.1	0.0	0.0	0.0	226.1

Dec. 31, 2013	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to IAS 17	Fair value Dec. 31, 2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets						
Non-current financial assets						
Financial assets available for sale	1.8	1.8	0.0	0.0	0.0	N/A
Loans and receivables	2.2	2.2	0.0	0.0	0.0	2.2
	4.0	**4.0**	**0.0**	**0.0**	**0.0**	**4.0**
Current financial assets						
Loans and receivables	54.4	54.4	0.0	0.0	0.0	54.4
Financial assets associated with hedging	0.7	0.0	0.7	0.0	0.0	0.7
	55.1	**54.4**	**0.7**	**0.0**	**0.0**	**55.1**
Current trade receivables						
Loans and receivables	135.6	135.6	0.0	0.0	0.0	135.6
	135.6	**135.6**	**0.0**	**0.0**	**0.0**	**135.6**
Other current receivables						
Loans and receivables	17.6	17.6	0.0	0.0	0.0	17.6
	17.6	**17.6**	**0.0**	**0.0**	**0.0**	**17.6**
Cash and cash equivalents						
Loans and receivables	14.6	14.6	0.0	0.0	0.0	14.6
	14.6	**14.6**	**0.0**	**0.0**	**0.0**	**14.6**

Dec. 31, 2013	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to IAS 17	Fair value of net assets Dec. 31, 2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Liabilities						
Non-current financial liabilities						
Other financial liabilities	2.7	2.7	0.0	0.0	0.0	2.7
Liabilities from finance leasing	4.4	0.0	0.0	0.0	4.4	4.4
	7.1	**2.7**	**0.0**	**0.0**	**4.4**	**7.1**
Non-current trade accounts payable						
Other financial liabilities	0.2	0.2	0.0	0.0	0.0	0.2
	0.2	**0.2**	**0.0**	**0.0**	**0.0**	**0.2**
Other non-current liabilities						
Other financial liabilities	0.9	0.9	0.0	0.0	0.0	0.9
	0.9	**0.9**	**0.0**	**0.0**	**0.0**	**0.9**
Current financial liabilities						
Other financial liabilities	45.3	45.2	0.0	0.1	0.0	45.3
Financial liabilities associated with hedging	0.1	0.0	0.1	0.0	0.0	0.1
Financial liabilities held for trading	0.1	0.0	0.0	0.1	0.0	0.0
Liabilities from finance leasing	1.7	0.0	0.0	0.0	1.7	1.7
	47.2	**45.2**	**0.1**	**0.2**	**1.7**	**47.2**
Current trade accounts payable						
Other financial liabilities	183.6	183.6	0.0	0.0	0.0	183.6
	183.6	**183.6**	**0.0**	**0.0**	**0.0**	**183.6**
Other current liabilities						
Other financial liabilities	12.4	12.4	0.0	0.0	0.0	12.4
	12.4	**12.4**	**0.0**	**0.0**	**0.0**	**12.4**
Aggregated according to categories of measurement in IAS 39						
Financial assets available for sale	1.8	1.8	0.0	0.0	0.0	1.8
Loans and receivables	224.4	224.4	0.0	0.0	0.0	224.4
Financial liabilities held for trading	0.1	0.0	0.0	0.1	0.0	0.0
Other financial liabilities	245.1	245.0	0.0	0.1	0.0	245.1

Holdings stated under the non-current assets totalling EUR 0.3 million are measured at amortised cost, since a reliable measurement at fair value is not possible. These are financial instruments which are not quoted and for which no active market exists. No sale of the holdings measured at amortised cost is currently intended.

The exchange and currency forwards included in the financial assets and financial liabilities are financial instruments that are measured at fair value.

The financial instruments that are measured at fair value are classified in three measurement hierarchical levels, with each level reflecting the market proximity of the data used for the determination of the fair value. Level 1 includes financial instruments, the fair value of which can be determined using quoted prices on active markets. In Level 2, the fair values are derived from market data which is directly or indirectly observable on the market. Financial instruments are classified in Level 3 when their fair value does not relate to factors which are based on observable market data. In cases in which different input factors are decisive for the measurement, the fair value is assigned to the hierarchical level which corresponds to the input parameter of the lowest level.

The following table shows the financial instruments measured at fair value in the balance sheet according to the three-level measurement hierarchy.

Dec. 31, 2014	Fair value	Level 1	Level 2	Level 3
	EUR million	EUR million	EUR million	EUR million
Financial assets associated with hedging	1.1	0.0	1.1	0.0
	1.1	**0.0**	**1.1**	**0.0**
Financial liabilities associated with hedging	1.1	0.0	1.1	0.0
	1.1	**0.0**	**1.1**	**0.0**

Dec. 31, 2013	Fair value	Level 1	Level 2	Level 3
	EUR million	EUR million	EUR million	EUR million
Financial assets associated with hedging	0.7	0.0	0.7	0.0
	0.7	**0.0**	**0.7**	**0.0**
Other financial liabilities	0.1	0.0	0.0	0.1
Financial liabilities associated with hedging	0.1	0.0	0.1	0.0
Financial liabilities held for trading	0.1	0.0	0.1	0.0
	0.3	**0.0**	**0.2**	**0.1**

For the forward exchange transactions (all Level 2) a mark-to-market measurement takes place on the basis of quoted exchange prices. The fair value of the forward commodities transactions (Level 2) is calculated as the average of the price determined on the stock exchange in the elapsed month.

Financial instruments which are accounted for in the balance sheet at amortised cost, the fair value of which is, however, only disclosed in the Notes, are also allocated in a three-level fair value hierarchy.

The carrying amounts of trade accounts receivable, current financial assets, other current receivables and liquid funds correspond approximately to their fair value based on their short residual terms.

The fair values of all other financial assets and financial liabilities correspond to the prevent values of the payments associated with these balance sheet items. The yield curves prevailing on the reporting date were used in the calculation (level 2).

Default risk

The credit or default risk related to trade receivables in the ALBA SE group is essentially transferred to third parties by means of trade credit insurance policies or hedging instruments such as letters of credit or other documents guaranteeing payment. There is an instruction in the Group that transactions may not exceed the insured limit per debtor. Exceptions to this rule are allowed only in justified individual cases and only after previous approval by the management team or the Administrative Board on the basis of reliable knowledge concerning the debtor's creditworthiness. Compliance with trade credit limits is monitored at regular intervals.

The ageing structure of financial assets accounted for – not including cash and cash equivalents – is shown in the following table, where the carrying amount is an equivalent for the maximum default risk.

	Total carrying amount	of which: as at the balance sheet date neither impaired nor overdue	of which: as at the balance sheet date not impaired and overdue according to the following stages in time:			
			Less than 10 days	Between 11 and 30 days	Between 31 days and 1 year	More than 1 year
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2014						
Non-current financial assets	2.7	2.7	0.0	0.0	0.0	0.0
Current financial assets	54.8	54.7	0.0	0.0	0.0	0.1
Current trade receivables	139.5	64.1	27.7	37.6	9.3	0.8
Other current receivables	41.4	39.3	0.4	0.1	1.3	0.3
	238.4	**160.8**	**28.1**	**37.7**	**10.6**	**1.2**
Dec. 31, 2013						
Non-current financial assets	4.0	4.0	0.0	0.0	0.0	0.0
Current financial assets	55.1	54.8	0.0	0.0	0.3	0.0
Current trade receivables	135.6	73.4	33.6	16.2	11.7	0.7
Other current receivables	17.6	15.8	0.2	0.5	1.0	0.1
	212.3	**148.0**	**33.8**	**16.7**	**13.0**	**0.8**

The maximum default risk to which the ALBA SE group is exposed is reflected by the carrying values of the financial assets in the amount of EUR 232.5 million (previous year: EUR 212.3 million).

For those assets that are neither impaired nor overdue as at the balance sheet date, there are no indications that impairment is required.

The value adjustment account for trade receivables, as well current financial assets and liabilities has developed as follows in the year under review:

	Total carrying amount	Current trade receivables	Current financial assets	Other current receivables
	EUR million	EUR million	EUR million	EUR million
Impairments as at Jan. 01, 2014	8.3	7.8	0.1	0.4
Assets held for sale	-0.6	-0.6	0.0	0.0
Allocations	2.8	2.0	0.1	0.7
Drawdown	-1.8	-1.7	0.0	-0.1
Reversals	-2.6	-2.6	0.0	0.0
Value adjustments at Dec. 31, 2014	**6.0**	**4.8**	**0.2**	**1.0**

Payment delays and insolvency on the part of the customer are the major reasons for impairments. Due to the high number of customers, there is no concentration of credit risk.

Liquidity risk

The liquidity necessary for the ALBA SE group is assured under the new syndicated loan of the ALBA Group KG in which ALBA SE group is integrated. The Company's ability to pay and its financial resource requirements are guaranteed by participating in the ALBA Group cash pooling. Cash inflow/ outflow planning on a daily basis, as well as processing Group-wide payment transactions via a central treasury management system guarantees a permanent overview of liquidity requirements within the ALBA SE group.

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

	Total carrying amount	Gross outflows	up to 30 days	from 31 to 180 days	from 181 days to 1 year	1 to 5 years	more than 5 years
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2014							
Non-current financial liabilities	5.1	5.5	0.0	0.0	0.0	3.8	1.7
Non-current trade accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	0.7	0.7	0.0	0.0	0.0	0.3	0.4
Current financial liabilities	44.0	46.0	18.2	17.8	10.0	0.0	0.0
Current trade accounts payable	165.6	165.6	96.5	48.5	20.6	0.0	0.0
Other current liabilities	16.1	16.1	4.4	5.3	6.4	0.0	0.0
	231.5	**233.9**	**119.1**	**71.6**	**37.0**	**4.1**	**2.1**
Dec. 31, 2013							
Non-current financial liabilities	7.1	7.8	0.0	0.0	0.0	6.5	1.3
Non-current trade accounts payable	0.2	0.2	0.0	0.0	0.0	0.2	0.0
Other non-current liabilities	0.9	0.9	0.0	0.0	0.0	0.3	0.6
Current financial liabilities	47.2	48.3	23.5	15.5	9.3	0.0	0.0
Current trade accounts payable	183.6	183.6	111.8	39.7	32.1	0.0	0.0
Other current liabilities	12.4	12.4	5.4	0.3	6.7	0.0	0.0
	251.4	**253.2**	**140.7**	**55.5**	**48.1**	**7.0**	**1.9**

Gross outflows include future interest payment obligations in addition to the carrying amounts of the liabilities.

No bad debts or infringements of payment agreements in connection with loan obligations held by the ALBA SE group arose.

Currency risk

According to internal guidelines, the foreign currency receivables and liabilities resulting from contracts must be hedged if they exceed a level of EUR 0.025 million per transaction. Hedging is undertaken by means of forward exchange contracts, so-called micro hedges. Option transactions and similar transactions are in principle not permitted, but may be approved in individual cases by a resolution of the Administrative Board. No option transactions were entered into in the 2014 financial year. Micro hedging hedges the risks of each individual operating item separately. Hedging is used according to standardised guidelines, is subject to strict control and is restricted to the hedging of operational transactions. Stockpiling of foreign currencies is not permitted.

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

The nominal values of the forward exchange contracts are presented below:

Currency	Dec. 31, 2014		Dec. 31, 2013	
	Nominal volume	Counter value	Nominal volume	Counter value
	EUR million	EUR million	EUR million	EUR million
US Dollar	57.7	47.6	41.2	29.1
EUR	N/A	N/A	14.2	14.2

The market values of the forward exchange contracts totalled:

Market value	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
	EUR million	EUR million	EUR million	EUR million
hedged	0.1	1.1	0.3	0.1
unhedged	0.0	0.0	0.0	0.1

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

The remaining currency risks in the ALBA SE group were subjected to a sensitivity analysis. It was found that a 10 % rise in the rate of the Euro against the US dollar would reduce earnings by EUR 0.4 million (previous year: EUR 0.3 million). An equivalent reduction in the rate would result in an increase in earnings of EUR 0.4 million (previous year: EUR 0.4 million). No significant impact on earnings would have resulted.

Interest rate risk

Interest rate risks are countered as necessary 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, and for factoring.

The interest rate risks in the ALBA SE group were subjected to a sensitivity analysis. This shows the effects that changes in interest rates would have. These changes are determined with reasonable discretion on the balance sheet date.

An increase in the interest rate level by 100 basis points would result in a decrease in interest income of EUR 0.2 million (previous year: EUR 0.2 million). A decrease in the interest rate level by 100 basis points, on the other hand, would result in the interest income to be higher by EUR 0.2 million (previous year: 0.2 million).

Price change risk

Commodities futures transactions to hedge price change risks of copper and aluminium existed in individual companies of the steel and metals recycling segment as at the balance sheet date.

All commodities futures transactions were in economic hedges. Furthermore, hedge accounting was applied in significant areas.

As at December 31, 2014, commodities futures transactions to the amount of EUR 1.1 million with positive fair value were designated and accounted for as hedges. These were recognised as income on the income statement.

The price change risks in the ALBA SE group were subjected to a sensitivity analysis. It was found that a 10 % rise or fall in copper and aluminium prices would have resulted in a reduction or increase in earnings and thus equity of approximately EUR -3.0 million and EUR 3.0 million, respectively.

The income and expenses from the financial instruments according to the measurement categories pursuant to IAS 39 are shown in the following table:

	From subsequent measurement						
Income(+)/Expense (–)	Interest	At fair value	Currency conversion	Value adjustment	Reversal of impairment loss	Disposal	**Net earnings 2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2014							
Loans and receivables	4.4	0.0	-1.2	-2.8	1.8	-3.2	1.0
Financial assets and liabilities held for trading	0.0	0.0	0.1	0.0	0.0	1.5	1.6
Other financial liabilities	-12.3	0.0	0.0	0.0	0.0	24.9	12.6
	-7.9	**0.0**	**-1.1**	**-2.8**	**1.8**	**23.2**	**13.2**

	From subsequent measurement						
Income(+)/Expense (–)	Interest	At fair value	Currency conversion	Value adjustment	Reversal of impairment loss	Disposal	**Net earnings 2013**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2013							
Loans and receivables	4.6	0.0	0.6	-4.9	2.6	-1.2	1.7
Financial assets and liabilities held for trading	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Other financial liabilities	-13.7	0.8	0.0	0.0	0.0	30.1	17.2
	-9.1	**0.8**	**0.6**	**-4.9**	**2.6**	**29.1**	**19.1**

The earnings from loans and receivables principally include interest income from cash pooling receivables, exchange rate gains as well as earnings from value adjusted receivables. The earnings were affected by expenses from the value adjustment and the disposal of receivables.

Exchange gains and losses cannot be shown separately for loans and receivables on the one hand and other financial liabilities on the other, since separate data capture is not supported by IT structures.

The loans and receivables in the value adjustment column include transfers to value adjustments totalling EUR 2.8 million (previous year: EUR 4.9 million) which were recorded via value adjustment accounts. The reversal of the impairment loss account relates only to reductions in the corresponding value adjustments.

The earnings from assets and liabilities held for trading result from the measurement of derivative financial instruments.

The expenses from other financial liabilities principally include interest expenses from cash pooling liabilities.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities which are subject to netting agreements, enforceable master netting agreements and similar agreements were as follows:

				Similar financial assets which can be offset according to IFRS 7 para. 13c.		
Type of financial asset	Gross amount of the recorded financial assets	Gross amount of the financial liabilities in the balance sheet which can be offset	Net amount of the financial assets shown on the balance sheet	d (i)(ii) financial instruments	d (ii) cash collateral received	**Net amount**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2014						
Cash pooling	182.2	134.8	47.4	0.0	0.0	47.4

				Similar financial liabilities which can be offset according to IFRS 7 para. 13c.		
Type of financial liabilities	Gross amount of the recorded financial liabilities	Gross amount of the financial assets in the balance sheet which can be offset	Net amount of the financial liabilities shown on the balance sheet	d (i)(ii) financial instruments	d (ii) cash collateral provided	**Net amount**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2014						
Cash pooling	194.8	149.5	45.3	0.0	0.0	45.3

39. Factoring

As at December 31, 2014 there were transactions of importance for the assessment of the financial situation which are not included in the consolidated balance sheet.

A factoring agreement is in place with BNP Paribas Factor GmbH (BNP), Düsseldorf, for the purchasing of trade receivables, which serves the purpose of improving the liquidity of the ALBA SE group. Certain German companies from the ALBA SE group can offer receivables each month, on the 5th and last but one banking day of any month, which the BNP is obligated to purchase as long as the receivables correspond to the agreed criteria and the nominal limit is not exceeded.

The purchase price is the sum of the actually existing receivable towards the corresponding debtor less a discount which consists of the interim interest for the actual duration of the receivable and a factoring fee. Interest is paid on the purchase price payments according to the 1 month EURIBOR rate plus a margin fixed by the BNP for the period of use. The factoring fee is the fee for purchasing the receivable, the del credere and the debt collection. In the 2014 financial year, a total of EUR 1.7 million (previous year: EUR 0.7 million) from this engagement were recorded as expenses.

Upon payout, the BNP regularly retains a surety bond totalling 10 % of the nominal sum of the receivable for the verity risk. An authorisation for releasing the surety payment is given upon receipt of the full payment made by a debtor. The Factor carries the risk of the debtor's inability to pay for the receivables purchased.

At the point in time of the sale and the transfer of the receivables to the Factor, the receivables are de-recognised and the surety deposit is capitalised under other financial assets.

As at December 31, 2014, receivables with a nominal value of EUR 54.6 million (previous year: 69.7 million) were sold to the Factoring company, of which EUR 48.0 million (previous year: 52.9 million) were not yet settled by the customers.

40. Details on Related Companies and Persons

The main shareholder of ALBA SE is ALBA Group KG, in which the Chairman of the Administrative Board of ALBA SE holds 50 % indirectly.

Via the ALBA Group KG, the Chairman of the Administrative Board was attributed an indirect holding of 92.311 % of shares issued in ALBA SE.

In the course of the operational business, the companies in the ALBA SE group obtain materials, supplies and services from numerous business partners Europe-wide. Among them are companies in which the ALBA SE group holds an interest, as well as companies that have connections with the Chairman of the Administrative Board of ALBA SE.

(a) Information on companies associated and affiliated with the ALBA SE group

The ALBA SE group maintains normal business relationships with affiliated, unconsolidated subsidiaries. Transactions with these companies are minor in scope, result from normal business transactions and are entered into at market conditions.

Business relationships with holdings are, as a rule, related to the customary business activities with the companies invested in, are entered into according to market conditions and are minor in scope.

As at December 31, 2014, there was furthermore an outstanding loan claim from one associated company totalling EUR 2.1 million.

No securities and/or guarantees have been granted to holdings or unconsolidated subsidiaries.

(b) Notes on related companies that are connected with members of the Administrative Board

In connection with the control and profit transfer agreement, losses from ALBA SE under commercial law to the amount of EUR 32.6 million were assumed by the ALBA Group KG. The corresponding receivable is shown under other receivables (Note 25).

The companies of the ALBA SE group maintain normal business relationships with the ALBA Group KG. This also applies to the Group allocation contract entered into in 2012, which resulted in expenses to the amount of EUR 3.5 million (previous year: EUR 4.5 million) in the year under review. These transactions result from normal business transactions and are entered into at market conditions.

The cash pooling receivables have an interest rate of 2.0 % and the cash pooling liabilities an interest rate of 6.0 %. The balance of cash pooling receivables as at the balance sheet date is reported under financial assets (Note 21). The interest expenses and income arising from the cash pooling arrangement are disclosed under investment and financial results (Note 14).

Contingent liabilities between ALBA SE and ALBA KG are based primarily on the ALBA Group KG syndicated loan agreement, in which the ALBA SE group is integrated. Please refer to Note 36 in this context.

The following table shows the major supply and services rendered to related companies, excluding ALBA KG, or received from related companies:

	2014	2013
	EUR million	EUR million
Type of transactions		
Purchase of goods	47.0	38.0
Sale of goods	61.2	58.8
Purchased services	20.0	25.1
Services rendered	8.8	10.8
Other operating income	5.5	2.0
Other operating expenses	12.5	8.9

The balances shown under affiliated companies relate to the companies of the ALBA Group that are not part of the ALBA SE's scope of consolidation. These can be found in the individual sections of the Notes. Balances with affiliated, unconsolidated companies are included as well, although the amounts are, as a whole, negligible.

Please refer to Note 41 for information on the remuneration of members of the Administrative Board.

In addition to her activity as a member of the Administrative Board (from June 3, 2014), services have been procured to a minor extent from a company related to Ms Patricia Hauswald in 2014.

In addition to his activity as a member of ALBA SE’s Administrative Board, services were purchased from a company related with Mr Joachim Wagner to the amount of EUR 0.2 million (previous year: EUR 0.3 million).

Since July 16, 2013, the internal rules of procedure of the Administrative Board provide that in the case of resolutions concerning business transactions as well as other Administrative Board decisions that affect the companies of members of the Administrative Board, the members of the Administrative Board in question may not be involved in the consultations and decisions. In addition, the rules of procedure state that insofar as a member of the Administrative Board is only subject to a conflict of interest in an individual case, with these circumstances leading to the passing of a resolution by the Administrative Board, the affected member of the Administrative Board shall abstain from voting.

The shareholdings of all other members of the Administrative Board were neither directly nor indirectly more than 1 % of the shares issued by the Company as of December 31, 2014. The total shareholdings of all other members of the Administrative Board were also below 1 % on the closing date.

41. Administrative Board

The following persons were appointed as members of the Administrative Board in the year under review:

Administrative Board Member Name, Function	Profession, Place	Membership in Committees of the Administrative Board of ALBA SE	Membership in other Supervisory Boards to be established under statutory provisions	Membership in comparable controlling boards in terms of section 125, para. 1, clause 5 (2) of the AktG
Mr Dr. Axel Schweitzer ► Chairman of the Administrative Board	Chairman of the Board of Directors of the ALBA Group plc & Co. KG, Berlin	► Chairman of the Presiding Committee ► Chairman of the Personnel Committee ► Chairman of the Nominating Committee		► International Minerals Corporation, based in Scottsdale, USA (Independent Director) resigned on May 14, 2014
Mr Martin Becker-Rethmann ► Representative Chairman of the Administrative Board	Member of the Board of Directors of the ALBA Group plc & Co. KG Berlin	► Member of the Audit Committee		
Mr Eric O. Mendel ► Representative Chairman of the Administrative Board	Executive Director	► Member of the Audit Committee		► Member of the Administrative Board of EQOS Energie Schweiz AG Member since November 1, 2014
Ms Patricia Hauswald ► Member of the Administrative Board Member since June 3, 2014	Tax Advisor	► Chairwoman of the Audit Committee ► Member of the Presiding Committee ► Member of the Personnel Committee ► Member of the Nominating Committee Member since August 19, 2014		
Mr Robert Nansink, ► Member of the Administrative Board	Executive Director of ALBA SE, Cologne			
Mr Joachim Wagner ► Member of the Administrative Board resigned on April 30, 2014	Executive Director of ALBA SE, Cologne	► Member of the Presiding Committee ► Member of the Nominating Committee		

Provisions for the remuneration of the Administrative Board were created to the amount of EUR 0.1 million for the 2014 reporting period. Please refer to Note 40 for information on services rendered personally by the members in addition to their function in the Administrative Board, in particular consulting services. The addition to the corporate pension scheme for former members of the Board of Directors and Administrative Board totalled EUR 0.0 million (previous year: EUR 0.1 million). In total, EUR 0.4 million (previous year: EUR 0.0 million) were paid as pension payments to former members of the Board of Directors and Administrative Board. EUR 1.1 million (previous year: EUR 1.5 million) was deferred for pension obligations towards former members of the Board of Directors and Administrative Board and their surviving dependants.

The Administrative Board is paid for its work at the end of the financial year. The Executive Directors receive monthly remunerations, however.

The annual remuneration of the Executive Directors is made up of a non-performance-related component and a performance-related bonus. There are no further components, such as stock option plans. The non-performance-related component consists of the fixed remuneration and fringe benefits such as a company car. The bonus is determined by the Administrative Board on the basis of the existing contracts.

Remuneration paid to the Executive Directors in the 2014 financial year amounted to EUR 1.4 million. This amount contains a variable remuneration component of EUR 0.1 million. EUR 0.5 million of this total relate to resigned Executive Directors for subsequent years.

Total remuneration for Executive Directors is determined by the Personnel Committee of the Administrative Board in a plenary session, including any Group payments, based on a performance assessment. The criteria for the suitability of the remuneration consist of the individual Executive Director's tasks, their personal performance, the financial situation, the success and future prospects of the Company, as well as the customary remuneration in the comparator environment and the remuneration structure that applies elsewhere in ALBA SE group.

As at the balance sheet date of December 31, 2014, a direct stake in the total capital of ALBA SE totalling 92.311 % of shares, and thereby voting rights from 9,083,405 shares, were attributable to Dr. Axel Schweitzer.

42. Employees

The average number of employees totalled 1,691 (previous year: 1,857) and is distributed as follows:

	2014	2013
White collar employees	914	1,294
Blue collar employees	778	563
	1,691	**1,857**

43. Auditors' Fee

The auditors' fee recorded as expense in the financial year in accordance with section 319, paragraph 1, clause 1, 2 of the German Commercial Code amounts to EUR 0.7 million (previous year: EUR 0.8 million). Of these, EUR 0.5 million was attributable to the year-end audit (previous year: EUR 0.6 million); EUR 0.1 million to other confirmation services (previous year: EUR 0.1 million), EUR 0.1 million to tax advisory services (previous year: EUR 0.1 million) and EUR 0.1 million to other services (previous year: EUR 0.1 million).

44. Events after the Balance Sheet Date

The Aschaffenburg location which belonged to ALBA Metall Süd Rhein-Main GmbH was sold on January 15, 2015 in the context of the portfolio optimisation. In addition, ALBA Metall Nord GmbH's Hanover location and the Freiburg site of ALBA Metall Süd GmbH were sold with effect on February 1, 2015.

Separate notes and information according to section 315 a of the German Commercial Code

45. Corporate Governance according to Section 161 of the German Stock Corporation Act

ALBA SE has observed the German Corporate Governance Code (DCGK) since its introduction in 2002. The Administrative Board and the Executive Directors pledge that they identify with the recommendations and suggestions of the Code. Instances in which the Group has deviated from the recommendations of the DCGK are stated in the declarations of compliance by the Administrative Board of ALBA SE. The Administrative Board made the declaration of compliance in August 2014. This declaration can be found on the Internet under: www.alba-se.com, Investor Relations, ALBA SE Shareholders, Corporate Governance, Declarations of Compliance.

46. Exemption Options pursuant to Section 264, Paragraph 3 of the German Commercial Code

The following companies, which are fully consolidated in the consolidated financial statements, have exercised their option for exemption from the duty to audit and to prepare and disclose notes to the 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:

- ►ALBA Ferrous Trading GmbH, Cologne
- ►ALBA Metall Nord GmbH, Rostock (formerly ALBA Metall Ost GmbH)
- ►ALBA Metall Süd Franken GmbH, Sennfeld
- ►ALBA Metall Süd GmbH, Mannheim
- ►ALBA Metall Süd Rhein Main GmbH, Frankfurt am Main
- ►ALBA Scrap and Metals Holding GmbH, Dortmund
- ►INTERSEROH Dienstleistungs GmbH, Cologne
- ►INTERSEROH Evert Heeren GmbH, Leer
- ►INTERSEROH Management GmbH, Cologne
- ►INTERSEROH Pfand-System GmbH, Cologne
- ►INTERSEROH Pool-System GmbH, Cologne
- ►INTERSEROH Product Cycle GmbH, Cologne
- ►INTERSEROH SEROG GmbH, Bous
- ►MV Croatia Shipping GmbH & Co. KG, Berlin
- ►MV Helvetia Shipping GmbH & Co. KG, Berlin
- ►MV Italia Shipping GmbH & Co. KG, Berlin
- ►MV Spania Shipping GmbH & Co. KG, Berlin
- ►Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden

The following companies, which are fully consolidated in the consolidated financial statements, have exercised their option for exemption from the duty to disclose in accordance with the provisions applicable to corporations pursuant to section 264, paragraph 3, of the German Commercial Code:

- ►Brandenburgische Boden Gesellschaft für Grundstücksverwaltung und –verwertung mbH, Zossen

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

47. Inclusion in the Consolidated Financial Statements under Commercial Law

ALBA SE and its subsidiaries and holdings are included in the consolidated financial statements under commercial law prepared for ALBA Group plc & Co. KG. These consolidated financial statements are published in the Federal Electronic Gazette (District Court of Charlottenburg, commercial registry number HRA 36525 B).

48. Affirmation by the Legal Representatives pursuant to Sections 297, Paragraph 2, Clause 4, and 315, Paragraph 1, Clause 6, of the German Commercial Code

We affirm that, to the best of our knowledge, and in line with the applicable accounting principles the consolidated financial statements present a true and fair image of the Group's assets, financial and earnings situation and that the group management report reflects the course of business, including the business results and situation of the Group, to present a true and fair image of the actual situation and that it describes the key risks and opportunities of the Group's anticipated developments.

Cologne, April 12, 2015

ALBA SE
Executive Director
Rob Nansink

Imprint

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