ALBA SE

Annual Report 2015

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Group's Key Figures

Group	2015	2014	2013	2012	2011	2010
Consolidated sales revenue in EUR million						
Steel and metals recycling	1,016.9	1,245.3	1,396.7	1,605.9	1,744.5	1,384.2**)
Services	339.0	322.1	307.7	321.0	466.2	448.0**)
Raw materials trading (companies sold on Oct. 1, 2011)	-	-	-	-	127.8	139.0
	1,355.9	**1,567.4**	**1,704.4**	**1,926.9**	**2,210.7*)**	**1,832.2**)**
EBITDA (earnings before interest, taxes, depreciation and amortisation) in EUR million	**41.2**	**33.7**	**26.2**	**68.1**[5]	**77.0**	**86.6**
EBT (earnings before taxes) in EUR million	**9.9**	**-34.4**	**-42.1**	**37.8**[5]	**40.4*)**	**42.0**)**
Consolidated earnings in EUR million	**11.0**	**-39.9**	**-43.6**	**33.4**[5]	**37.2**	**34.1**
Total assets in EUR million	**401.5**	**466.1**	**485.0**	**571.9**	**655.1**	**656.5**
Equity ratio[1] in %	**25.6**	**28.7**	**30.1**	**31.9**[5]	**28.3**	**30.0**
Return on equity[2] in %	**10.7**	**-29.8**	**-29.8**	**18.3**[5]	**20.1**	**17.4**
Return on capital employed[3] in %	**4.1**	**-4.8**	**-5.3**	**8.8**	**8.8**	**9.5**
Number of employees (annual average in FTE)	**1,486**	**1,691**	**1,857**	**1,910**	**1,959**	**1,774**
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]	**3.25**[4]	**0.25**

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 / Administrative Board

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.

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.

Dirk Beuth

has been a **member of the Administrative Board** of ALBA SE since January 14, 2016. After studying business administration, the tax adviser and auditor has been working for 16 years in the auditing and consulting remit of KPMG in Düsseldorf, Essen and Berlin and subsequently two years in the field of special audits of the *Wirtschaftsprüferkammer* (German Chamber of Public Auditors) in Berlin. At the end of 2010, he took over the management of the São Paulo branch from Rödl & Partner which he managed for four years. Mr Beuth has been Commercial Manager of ALBA Group since January 2015.

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

Dr Schweitzer, in the 2015 financial market communication, you forecast positive earnings before taxes (EBT) for the steel and metals recycling segment as of December 31. Now, you once again disclose a negative EBT at the end of the year. What are the reasons for this development?

Axel Schweitzer: The steel scrap business has been characterised by extremely difficult conditions in the entire course of the 2015 financial year. This included overcapacities in global steel production, still declining iron ore prices and overcapacities in German scrap recycling. We had taken this challenging market situation in account in our plans. And after the first three quarters of 2015, the segment had generated an EBT of EUR 5.3 million.

In the fourth quarter, however, the industry was unexpectedly further burdened by a massive drop of the steel scrap prices. This led to an extraordinarily high pressure on margins.

Given this strong negative development in the fourth quarter, we expect a later subsequent recovery of the markets than has been expected in the plans of the previous years. This will be associated with extraordinary depreciation of goodwill and extraordinary amortisation of other intangible assets. EBT will thus remain in the negative for 2015.

What were the prices of steel scrap at the beginning of the year and to what extent did they fall in the fourth quarter?

Axel Schweitzer: In January 2015, the average price for the guiding scrap type 2 amounted to EUR 250.00 per tonne, according to information obtained from the *Wirtschaftsvereinigung Stahl* (Steel Industry Association). In September, this average price still amounted to EUR 215.70 per tonne, but then fell by more than EUR 22 in October to EUR 193.60 per tonne. In November, it declined by another EUR 11.60 and dropped to EUR 176.30 per tonne in December.

Market conditions have been difficult for some years in the steel and metals recycling. Why don't you sell the segment?

Axel Schweitzer: We decided to embark upon a different path, namely to network the segment with the disposal and recycling management business of ALBA Group. By doing this, we deepen our value added and realise an optimisation of our portfolio in line therewith.

How will you deepen the value added? Could you give some examples?

Axel Schweitzer: We take a whole range of measures which aim at the subject of "value added" in the steel and metals recycling segment. In the non-ferrous metals market, for instance, we are in a situation in which we have scarce availabilities on the procurement side and face higher requirements from our buyers, the smelting plants. So far, we often sold our final products to third-party treatment companies. In future, we at ALBA Group, will internally generate an increasing number of substances which can be processed in the smelting plants and we will market them directly to those plants. Our most important aim is, therefore, to improve the qualities and to extent the value adding chains within ALBA Group.

In summer, for instance, ALBA Metall Nord in Rostock, Germany, installed the first stage of a new NF separation system which was supplemented by an X-ray colour separation system in January 2016. With this new NF separation system, the location now has a state-of-the-art treatment technology. Downstream from the shredder process, it ensures that the metal fractions are given a final finishing. This generates additional quantities of NF metals which can subsequently be marketed as raw materials. And the special aspect here is: the quality of the material. The separation generates almost homogenous metal streams of aluminium, copper, brass and zinc.

How was the development in the services segment in 2015?

Axel Schweitzer: In the reporting year, this segment was once again characterised by high competition. And raw material prices, in particular those for foil and PET, were under pressure.

But the Seventh Amendment of the Packaging Ordinance ensured a stabilisation of the reported quantities of light-weight packaging in the Dual System for which licensing fees were properly paid. And the liberalisation of the Austrian market for sales packaging had a positive effect. We were able to increase sales, EBITDA and EBT.

The private solution in sales packaging recycling has thus proven to be successful. But the new recycling act now contains requirements like the recycling bin and a re-municipalisation. What is your opinion on this matter?

Axel Schweitzer: Instead of arguing who carries which bin, we should rather ask ourselves how we can achieve more recycling. It is clear that this cannot be done through raw materials prices which are declining in all fractions. We have been saying for years that we consider a 100 % recycling ratio to be achievable. That should now become clearly the focus of the discussion.

What you've just mentioned is ALBA Group's vision of a world without waste. You continue dealing with this subject in this Annual Report. But what exactly does it mean?

Axel Schweitzer: It actually deals with the subject of "resource efficiency". The challenge of our time is: how can we manage the global growth of our population, their need for material and the consequences on primary raw material reserves and climate associated therewith. Because if we continue like before, we leave a catastrophic environment for future generations to deal with. The only objective is to decouple the world-wide growth and the consumption of primary resources on a world-wide level.

We have always seen ourselves as pioneers and we develop processes and solutions that focus exactly on this objective. The deepening of the value added chain in the steel and metals recycling segment that I mentioned earlier is one of these measures. Our high-value recycled plastics which can be used to produce new products and packaging are also a part thereof. In 2015, we have once again developed a series of tailor-made recycling compounds according to the individual requests of our customers.

Even the Federal Government is more and more focussing on resource efficiency and approved the German Resource Efficiency Program ProgRess in the year 2012. With ProgRess, the German politics decided to strive for double the raw material productivity until 2020 compared to the status of 1994. Increased recycling and fixed minimum standards for raw material and material efficiency are necessary in order to achieve this goal.

So, recycling still seems to be a growth market?

Axel Schweitzer: It is so, more than ever. The enormous effect that recycling can have on the economy was recently presented by the British organisation “Waste & Resources Action Programme”. It published a study in September 2015 saying that almost three million jobs could be created in Europe until 2030 through the expansion of the recycling economy.

We are already well advanced in Germany as regards recycling solutions. How is the status in other countries?

Axel Schweitzer: Other countries have a great deal of catching up to do here. Given our professional and technical knowledge, we are in a very good position to share in this growth - both in Germany and abroad.

You are looking for investors to this end. Even if ALBA SE is not directly affected: how is the status of the search for investors for ALAB Group.

Axel Schweitzer: We have put our strategy in the investor process in more concrete terms, which should expedite the expansion of our China business and the growth on the domestic markets and improve the balance sheet ratios.

Negotiations with Asian partners revealed that it is sensible to focus their participation on China. The “China Growth” strategy which ALBA Group established as part of the investor process about six months ago, will select a partner for the China business. We have made good progress and are conducting advanced negotiations. A contract should be concluded in the first half of this year.

ALBA Group will involve a strong partner in its services segment to further strengthen the activities on the domestic markets.

Will that have an effect on the dividend for shareholders?

Axel Schweitzer: It has been specified in the control and profit transfer agreement between ALBA Group and ALBA SE that shareholders will receive a guaranteed dividend of EUR 3.94 per share. Nothing will change that.

What has the current fiscal year in store for ALBA SE?

Axel Schweitzer: We hold on to the path we have embarked upon which is based on the following pillars: closing of additional circles, deepening of the value added and creation of tailor-made, customised product solutions made of secondary raw materials. We will optimise our structures in the entire ALBA Group to be able to react to the challenges of the future and the markets with new strength.

Report of the Administrative Board 2015

Dear Shareholders,

During the past 2015 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 were based on regular written and oral reports from the Executive Director, which the latter provided in good time and in adequate depth, especially with regard to business policy and corporate planning, the situation of the Group, including its on-going strategic development and its subsidiaries and associated companies, 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 more members of the Administrative Board were in constant contact with the Executive Director 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 Director, 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 Director. On the other, the Administrative Board intensively discussed future-oriented business decisions and forecast scenarios with the Executive Director based on the latter’s 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 Director.

The main focus points were the strategic orientation of ALBA SE and its affiliated subsidiaries, the internal audits, the pending legal challenge, the approval of the Company's annual and consolidated financial statements, the agenda of the ordinary General Shareholders' Meeting with the suggested resolutions, a test of the efficiency of the activities of the Administrative Board, the objectives on a female quota in the Administrative Board and the lower management levels, the approval of the Compliance Statement under the German Corporate Governance Code and the consent to the sale of shareholdings in TOM Group in Poland, the appointment of new members for the committees of the Administrative Board after the resignation of Ms Patricia Hauswald as well as 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 of Ms Patricia Hauswald (until June 30, 2015) and of Mr Martin Becker-Rethmann (from August 18, 2015 to December 31, 2015). 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 of Ms Patricia Hauswald (until June 30, 2015) and of Mr Martin Becker-Rethmann (from August 18, 2015 to December 31, 2015) during the year under review. The Nominating Committee convened no meeting during the reporting period.

The Audit Committee initially consisted of three members in the year under review, with Ms Patricia Hauswald as Chairwoman and Mr Martin Becker-Rethmann and Mr Eric O. Mendel. In the period from July 1, 2015 to August 17, 2015, the Audit Committee consisted of only two members - after the resignation of Ms Hauswald. Beginning with August 18, 2015, it consisted of three members again, when Mr Martin Becker-Rethmann became Chairman (until December 31, 2015) and with Dr Axel Schweitzer and Mr Robert Nansink. 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 five times during the reporting period.

The Personnel Committee consisted of the Chairman of the Administrative Board, Dr Axel Schweitzer and of Ms Patricia Hauswald (until June 30, 2015) and of Mr Martin Becker-Rethmann (from August 18, 2015 to December 31, 2015). 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 Director reports 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 18, 2015, the Administrative Board adopted the declaration of compliance with the German Corporate Governance Code for 2015 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 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 holds 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 2015 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 27, 2016. 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 Director. 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 the Chairman Dr Axel Schweitzer, CEO and member of the Board of Directors of the ALBA Group plc & Co. KG, Berlin, Mr Martin Becker-Rethmann, member of the Board of Directors of the ALBA Group plc & Co. KG, Mr 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., Luxembourg, and Mr Robert Nansink. Ms Patricia Hauswald, tax advisor with Wagemann + Partner PartG mbB, Berlin, was a member of the Board from January 1, 2015 to June 30, 2015. Messrs Martin Becker-Rethmann and Eric O. Mendel have resigned their offices as members of the Administrative Board with effect from December 31, 2015, based on their resignation as members of the Board of Directors of ALBA Group plc. & Co. KG. The sole Executive Director at the moment is Robert Nansink.

Upon resolution of the *Amtsgericht Köln* (District Court of Cologne) of January 14, 2016, Mr Dirk Beuth, Berlin, *Diplom-Kaufmann* (Graduate in Business Administration), Commercial Manager of ALBA Group plc & Co. KG, was appointed as member of the Administrative Board of ALBA SE, at the request of the majority shareholder. His mandate will end no later than at the end of the next ordinary General Shareholder's Meeting of the company.

The Administrative Board expresses its thanks to the Executive Director and the employees of ALBA SE and its associated subsidiaries for the work they have performed in the course of 2015.

Cologne, April 2016

The Administrative Board
Dr Axel Schweitzer
Chairman

The Share

Share Information

Security type: Domestic share, bearer share

Quoted: Regulated markets in Frankfurt, Düsseldorf and XETRA trade; 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, 2015, these voting rights arose from 9,135,777 shares (92.843 %).

Float: 7.157 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

In the first months of the year under review, the central banks caused a record hunt at the stock exchanges. In March, the Central European Bank (ECB) established a bond purchasing programme of EUR 1.5 trillion and helped the German DAX Index to a new all-time high of 12,390 points in April, while the MDAX rose to a record high of 21,656 points. After the change of government in Greece, investors once again focussed on the debt problem which caused insecurity. This was reflected in the increasing volatility at the international stock markets which partly lost their profits in the second quarter.

Share Price and Sales Statistics 2015

Share Price Data 2015	**XETRA**	**Frankfurt**
Opening share price 1st day of trading (€)	51.25	50.00
Closing price on last day of trading (€)	51.00	50.52
Performance (%)	-0.49	1.04
Highest variable price (€)	56.50	56.84
Lowest variable price (€)	49.00	49.17
Fluctuation (%)	14.21	14.47

In summer, the crash at the Chinese stock exchanges was followed by a great insecurity regarding the condition of the worldwide economy which resulted in a sell-off of European and international shares. Factors such as falling raw material prices and disappointing economic data from China increased this downward trend.

In the last quarter, the share markets initially recovered from their lows. The prospect of further central bank money from the ECB resulted in more investments in shares. And the postponed interest turnaround in the USA caused additional interest in buying shares. At the beginning of December, the ECB disappointed investors, however, when it only prolonged the monthly bond redemption programme but failed to rise the sum. The profits which had been so hard to achieve collapsed. The long awaited interest turnaround in the USA in the middle of December finally caused recovery trends toward the end of the year which helped the DAX to achieve a closing level of 10,743 points and an annual gain of 9.56 percent.

The share of ALBA SE has been trading in XETRA at EUR 51.25 at the start of trading on January 2, 2015. It was unable to benefit from the general euphoria at the stock markets until the end of February. Afterwards, the price rose constantly and achieved its high for the year in May at EUR 56.50. In the second half of the reporting year, the share price of ALBA SE followed mainly the trends of the DAX, reached its bottom at EUR 49.00 in August and closed at EUR 51.00 on December 30.

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 calculated 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 2015.

Group Management Report

for the Financial Year from January 1, 2015 to December 31, 2015

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 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 a conflict of interest by an applicant and its dismissal by the court, the expert appointed by the Regional Court of Cologne started their work at the end of 2013. The expert submitted their opinion for the determination of the value of the company to ALBA SE. Applicant and defendant have filed objections against this opinion. The Regional Court of Cologne has, therefore, commissioned the expert with the preparation of a supplementary opinion which has not been submitted yet. It is currently not foreseeable when the Court will take a first instance decision.

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:

The Balkans Group, the shareholdings in TOM Group in Poland and in The ProTrade Group in the USA were sold. In addition, ALBA SEE sold the Aschaffenburg location which belonged to ALBA Metall Süd Rhein-Metall GmbH, the Hanover location of ALBA Metall Nord GmbH and the Freiburg location of ALBA Metall Süd. In addition, the land of ALBA Metall Nord located in Braunschweig was sold as well.

In Poland, ALBA SE expanded its licensing business on the Polish market by acquiring the Polski Sytem Recyklingu Organizacja Odzysku Opakowań SA (PSR) with its headquarters in Warsaw and thus increased its market share in packaging recycling in Poland to more than 20 %.

27 subsidiaries of ALBA SE were fully consolidated as of December 31, 2015. 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.

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.

Considering the sale of the Balkans group, the holdings in TOM Group and The ProTrade Group in the USA, this segment now has a network of 54 (prev. year: approx. 100) steel and metals recycling sites as well as trading locations in Germany, 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.

The service offer under ISD’s management is divided in four business centres - which are ReCycle, ReDuce, ReThink and ReUse.

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 used 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 equipment 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 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 2015, the steel scrap industry found itself in extremely difficult conditions characterised by over-capacities in global steel production, still declining prices for iron ore and over-capacities in the German scrap recycling. In the fourth quarter, the industry was further burdened by a massive decline of the scrap prices.

The world raw steel production fell by 2.8 % compared to the same period in the year before. Production activity was very different in the countries of the European Union, and declined in total by about 1.8 %. In Germany, it was by -0.6 % slightly below the previous year's level.

In China, the domestic demand for steel fell due to a weaker economic growth. But, the country decreased its production capacities only slightly as a consequence and delivered steel to the world market at dumping prices. The exports of the People's Republic of China to Europe alone rose by more than 50 % in the year under review. According to data from the Steel Industry Association, Chinese exports crowded out providers from other parts of the world which, as a consequence, made deliveries to the relatively open EU market. Imports from countries such as Russia, the Ukraine, Iran, India and Japan have increased by more than 40 % since 2012 according to information from the Association, while the demand for steel was only up by 5 % in the same period.

The still declining prices for the primary raw material of iron ore were responsible for another fall in electronic steel production in which steel scrap is predominantly used in contrast to the furnace procedure compared with the reporting year 2014. In Germany, this decline amounted to 3.4 %.

These factors left their traces in the price development for steel scrap types whose downward trend reached a massive extent in the fourth quarter of the year. According to information of the Steel Industry Association, the price for the guiding scrap type 2 amounted to EUR 250.00 per tonne in January 2015. In September it only amounted to EUR 215.70 per tonne and then dropped by more than EUR 22 in October to EUR 193.60 per tonne. This price declined again in November by another EUR 11.60 and stood at only EUR 176.30 per tonne in December. This means that the average warehouse sales price of the guiding scrap type 2 in 2015 was EUR 223.88 per tonne, while it was still EUR 271.67 per tonne in 2014.

Prices for NF metals fell over the entire course of the year. While the price for aluminium still amounted to USD 1,821 per tonne on January 2, it was USD 1,507 per tonne on December 31. The average price fell by 11 % to USD 1,661 per tonne compared to 2014. Copper was traded at USD 6,305 per tonne at the beginning of the year and fell to USD 4,702 at the end of the year. The average price for one tonne of copper thus fell by almost 20 % to USD 5,495. One tonne of nickel cost USD 14,875 on January 2 and dropped to USD 8,665 on December 31. The price for one tonne of nickel was, on average, USD 11,815 in 2015 which means a decline by 30 %.

Given the historically low prices, the available ferrous and non-ferrous volumes declined since suppliers waited for a better price level.

Services segment

This segment was characterised by a high intensity of competition with price reductions and a strong decline of the marketing conditions for individual fractions in the year under review.

The Seventh Amendment of the Packaging Ordinance had a significant effect on the market of sales packaging. The elimination of the self-take-back systems which took effect at the beginning of October 2014 and the significantly stricter requirements to industry solutions which entered into force at the beginning of 2015 resulted in a notable rise of the licensed volumes of light-weight packaging in Yellow Bins/Sacks for which proper recycling duties were paid.

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 2.3 % to 10.6 % above the average prices in the year 2014. The average price for transparent PET declined in 2015 compared to the previous year by 44.2 %, the average price for coloured PET by 85.3 %. The average prices for foil declined in the year under review by 4.5 % and 28.6 %, depending on the type.

B.2. Changes to the Legal Framework Conditions

In July 2015, the German Federal Parliament passed the Amendment of the Electrical and Electronic Equipment Act which entered into force on October 24, 2015. The Amendment includes higher technical requirements to the initial treatment of waste electrical and electronic equipment. The amended Act also provides that points of sale with more than 400 square meters of sales space are obliged to take back waste equipment when customers buy new equipment. And these trading companies must take back smaller waste equipment such as toasters or mobile phones even if customers do not buy new devices and fail to submit the sales receipt. Another novelty is the take-back obligation for mail-order companies. ALBA SE welcomes the new Act which increases the chances for a rise in volumes of collected waste equipment and for the recovery of raw materials.

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.

B.3.1. Steel and Metals Recycling

Due to the prevailing conditions in the 2015 financial year detailed under B.1., the waste and metals recycling segment found itself in an extremely difficult market environment.

For the ferrous volumes, an insignificant decline of the marketed volumes had been expected compared to the previous year, despite portfolio optimisation, and only a slight decrease for the NF volumes. In the ferrous segment, 1,909 tonnes (previous year: 2,351 tonnes) were traded in the year under review which meant only a moderate decline in volumes. NF volumes were slightly below the previous year's level and stood at 324 tonnes (previous year: 361 tonnes). Adjusted by effects arising from the portfolio optimisation in the financial years 2014 and 2015, the ferrous volumes amounted to 1,678 tonnes which is at the previous year's level (1,689 tonnes) and the NF volumes stood at 316 tonnes and thus slightly below the level of the year before (previous year: 340 tonnes).

Sales revenue at the level of the previous year had been forecast for the reporting year. The average prices in 2015 were below the prices of the year before, both for ferrous metals and NF metals. Sales fell by 18.3 % from EUR 1,245.7 million to EUR 1,017.1 million due to lower prices and the portfolio optimisation.

While the development over the first three quarters was almost in line with expectations, the price erosion for steel scrap types in the fourth quarter put the margins under extraordinary pressure.

In the first nine months of 2015, the EBITDA in the steel and metals recycling segment amounted to EUR 16.3 million. The trend in the fourth quarter resulted in a quarterly EBITDA of EUR -8.4 million so that the EBITDA amounts to EUR 7.9 million for 2015 (previous year: EUR 9.1 million) which is far below expectations.

The same segment generated an EBT of EUR 5.3 million in the first nine months of the reporting year. In the last three months of 2015, the EBT stood at EUR -12.4 million before extraordinary amortisation and depreciation in the context of the impairment test. The management expects that markets will recover

later than expected, in particular in view of the negative development in the fourth quarter. These and other adjusted plan premises led to extraordinary amortisation of goodwill in the amount of EUR 6.1 million and amortisation of other intangible assets of EUR 8.0 million. The EBT of 2015 thus fell to EUR -21.2 million and remained far behind, like the EBITDA.
A slight decline of the investment volume had been planned for the reporting year. In 2015, investments amounted to EUR 5.5 million (previous year: EUR 6.4 million).

B.3.2. Services

Sales revenue in the transport packaging recycling division remained at the level of the year before. A positive development of orders at hand and new contracts were opposed by an intensive competition and the associated price reductions for customers as well as by lower proceeds, mainly from the marketing of plastics.

The Seventh Amendment of the Packaging Ordinance which has been in force since the beginning of the financial year caused higher sales in the sales packaging recycling division compared to the same period in the year before. This was countered by significantly lower raw material prices. The dual systems joint office modified and concluded clearing office contracts. And the liberalisation of the Austrian market for the recycling of sales packaging had a strongly positive effect on sales in the current financial year.

The Interseroh Recycling Solutions (RSI) service achieved a level of sales approximate to the previous year's level. The sales revenue from the marketing of PET, foil, waste for recycling, bulk rubbish and wood which declined strongly compared to the year before, were countered by a positive development in existing contracts.

In the services segment, we had planned a significant increase of the sales revenues compared to the year before. But sales revenues increased only slightly from EUR 324.0 million to EUR 340.6 million in the year under review. The national and international sales packaging recycling remained behind the plan but developed better than in the year before. Likewise, declining raw material income were countered by a stronger increase in sales revenue.

The EBITDA rose, despite the pressure on margins, from EUR 24.6 million in 2014 to EUR 33.3 million in the year under review, while the EBIT was up from EUR 20.4 million to EUR 31.1 million. We had not expected an increase in that amount. It is the consequence of business model-related effects from other periods which were, inter alia, only realised in the fourth quarter.

In analogy to the slight sales increase in the field of licensing of sales packaging, even the market share of the dual system Interseroh was slightly up to 8.4 % (previous year: 7.6 %) and thus remained below expectations. The willingness of customers to change between the dual systems which we had been forecast did not occur.

For investments, we had planned a volume at the previous year’s level for the reporting year. Investments amounted to EUR 2.7 million in 2015 (previous year: EUR 2.1 million).

B.4. Situation

B.4.1. Earnings Situation

Instead of the slight increase that was forecast compared to the previous year, sales revenue fell in the 2015 financial year by EUR 211.5 million (-13.5 %) to EUR 1,355.9 million (2014: EUR 1,567.4 million). In both segments, sales revenue was lower than forecast, the reason for the decline in the steel and metals recycling segment was the price drop for ferrous scrap.

The sum of material costs and the increase/decrease of inventories fell by 17.1 % compared to the previous year, and thus stronger than the sales revenue.

Other operating income rose by EUR 0.8 million (1.3 %) to EUR 63.6 million and are thus almost at the level of the previous year. While income from the sale of companies, locations and assets increased by EUR 9.7 million and income from exchange rate differences rose by EUR 3.7 million, income from the reversal of liabilities and provisions was down by EUR 11.7 million.

The reduction in personnel expenses by 4.8 % was mainly due to the lower number of employees.

Other operating expenses fell by EUR 3.3 million (2.1 %) compared to the previous year. Operating and administrative expenses were lowered by EUR 4.5 million. This trend was countered by higher expenses from exchange rate losses of EUR 5.1 million which are directly associated with exchange rate gains within other operating income. Moreover, no depreciation of accounts receivable arose in contrast to the year before, since assets held for sale had been subject to a revaluation (previous year: EUR 2.9 million).

Restructuring expenses arose in the year under review which can be allocated to personnel expenses in the amount of EUR 1.8 million (previous year: EUR 2.7 million) and to other material costs in the amount of EUR 3.2 million (previous year: EUR 2.7 million). This was countered by income from the reversal of restructuring-related provisions and liabilities of EUR 1.4 million (previous year: EUR 1.7 million).

The increase of the EBITDA by EUR 7.6 million (22.5 %) to EUR 41.2 million is not quite in line with expectations. The positive effects in the services segment were unable to compensate for the extraordinarily difficult economic conditions in the steel and metals recycling segment.

The EBT adjusted by extraordinary amortisation/depreciation made in the context of the impairments tests amounted to EUR 24.0 million and is by EUR 20.1 million above the adjusted previous year's value of EUR 3.9 million. This means that the adjusted EBT slightly exceeds our expectations at the beginning of the year. Given the adjusted plan premises, extraordinary amortisation of goodwill arose in the amount of EUR 6.1 million and of other intangible assets totalling EUR 8.0 million. The EBT thus fell to EUR 9.9 million. While it improved compared to the previous year by EUR 44.2 million, it still falls short of expectations since we had not expected the extraordinary amortisation / depreciation.

B.4.2. Assets Situation

In comparison with December 31, 2014, the balance sheet total fell by EUR 64.6 million (-13.9 %) to EUR 401.5 million.

The assets and liabilities posted in the previous year under the items "assets belonging to a disposal group held for sale" and "liabilities allocated to the disposal group" were fully disposed of in the reporting year.

Changes in non-current assets are based mainly on extraordinary amortisation / depreciation caused by the impairment test. Intangible assets fell by EUR 14.1 million in the course of this development.

The significantly lower price level and the significantly lower inventories in ferrous volumes of the steel and metals recycling segment had an effect on inventories and trade accounts receivable and payable. All three balance sheet items fell accordingly.

The increase in current financial assets by EUR 94.3 million to EUR 149.1 million results mainly from the rise of cash pooling receivables due from ALBA Group KG. Reasons for the increase were the sale of companies and locations belonging to the steel and metals recycling segment and the settlement of receivables of ALBA SE due from to ALBA Group KG under the profit transfer agreement which amounted to EUR 32.6 million in the year before. These receivables had been disclosed under other current receivables in the previous year's accounts and thus led to a reduction of this item in the reporting year. In addition, down-payments made on inventory fell by EUR 2.8 million.

Equity was down mainly due to the profit transfer of ALBA SE to ALBA Group KG and the disposal of the minority shares in equity. A counter-effect came from the positive consolidated result. Equity declined by a total of 23.2 % to EUR 102.7 million.

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 for the fields of interest and currency 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 several times and only recently according to size and other supplementary conditions. The agreement has a term until October 26, 2017. The financing of the general business activities and of potential share offers for shareholders of ALBA SE to ALBA Group KG is guaranteed by this loan agreement via the existing facilities.

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.

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 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 advantages of the factoring are, in particular, an improved liquidity as well as the transfer of the receivables default risk pertaining to the sold receivables to the factor. On December 31, 2015, EUR 25.3 million of the sold receivables had not yet been settled.

In the cash flow statement, the cash and cash equivalents include liquid assets as shown on the balance sheet totalling EUR 6.0 million (previous year: EUR 6.6 million) as well as the cash pooling balance with the ALBA Group KG of EUR 141.3 million (previous year: EUR 47.4 million) so that the balance of cash and cash equivalents at the end of the reporting period amounts to EUR 147.3 million (previous year: EUR 54.9 million, including the balance from cash and cash equivalents and cash pooling liabilities of the disposal group). 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 8.2 million in the reporting period, after EUR 8.5 million in the previous year. Of these, the services segment accounted for EUR 2.7 million (previous year: EUR 2.1 million), and the steel and metals recycling segment for EUR 5.5 million (previous year: EUR 6.4 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

While the 2015 financial year was characterised by difficult conditions over long periods in the steel and metals recycling segment, the results still developed almost in line with expectations. It was only the massive price drop for steel scrap in the fourth quarter which further limited the availability of ferrous and NF metals and the great pressure on the margins which resulted in a decrease of the operating earnings compared to the year before.

In the services segment, the high intensity of competition and the lower marketing proceeds caused by lower raw material prices could be overcompensated by the stabilisation of the market volumes in packaging recycling and business model-related effects from other periods.

The earnings situation in ALBA SE Group as a whole was notably burdened predominantly by the development in the steel and metals recycling segment and by extraordinary amortisations and depreciation.

C. Events after the Balance Sheet Date

On January 14, 2016, Mr Dirk Beuth was appointed as member of the Administrative Board based on a decision of the District Court of Cologne which had been made at the request of ALBA Group KG. The Administrative Board thus consists of three members as prescribed by law and the Statutes of ALBA SE.

On January 26, 2016, ALBA SE was informed that ALBA Group KG as parent company of ALBA SE intends to instruct ALBA SE in the course of the 2016 financial year to sell the companies belonging to the services segment, not including ALBA SE, and two companies of the steel and metals recycling segment either to ALBA Group KG itself or to another company within ALBA Group. This measure would have significant effects on the assets, financial and earnings situation of ALBA SE group. Based on figures prevailing on December 31, 2015, assets would fall by EUR 172.8 million and liabilities by EUR 167.7 million. The inventory of financial assets which consists mainly of the cash pooling balance would decrease by EUR 97.0 million compared to December 31, 2015. The availability of financial means under the syndicated loan agreement of ALBA Group would not be restricted for the remaining ALBA SE group. EUR 33.3 million of the EBITDA and EUR 32.3 million of the EBT can be allocated to these companies.

In addition, it was informed that ALBA SE could be instructed to sell or close down more companies and locations from the steel and metals recycling segment. This would result in a disposal of assets amounting to EUR 57.6 million and liabilities of EUR 60.3 million in relation to the values as of December 31, 2015. The companies which might be included currently account for EUR 1.4 million of the EBITDA and EUR -5.9 million of the EBT as of December 31, 2015.

At the time of preparation hereof, the proceedings from the disposal and the time of disposal are still uncertain. The financial effects on the Consolidated Financial Statements can currently not be estimated reliably.

ALBA SE has sold any and all shares in INTERSEROH Management GmbH to ALBA Group KG with effect on January 1, 2016. The disposal of the company has no significant effect on ALBA SE Group's assets, financial and earnings situation.

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 2015

The Administrative Board made the following declaration of compliance in August 2015:

The Administrative Board declares that it has adhered to and adheres to the recommendations of the government commission for the German Corporate Governance code as amended on June 24, 2014 and on Mai 5, 2015 since the last declaration of compliance in August 2014, by taking into account the specificities of the monistic system of ALBA SE explained under Art. 1 and with the exceptions stated under Art. 2:

1. Deviations due to the attributes of the monistic system

Pursuant to article 43 - 45 of the German SE Regulation (SE-VO) in conjunction 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, c. 2 SEAG.

– Deviating from clauses 2.3.1 c. 1 and 3.7 para 3 of the code, the Administrative Board is responsible for calling the General Shareholders' Meeting, section 48 and 22 para. 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 c. 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 c. 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, c. 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, c. 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 Director is personally closely connected with the company and has 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 286 para. 5 and 314 para. 2, c. 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 when 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, independently of their sex. 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. A rigid regulation limit for the term of office in the Administrative Board is not reasonable given the structure of the company and the composition of the Administrative Board

– **From item 5.4.2 (composition of the Administrative Board):** Of the currently four members of the Administrative Board, two 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 2015 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 in accordance with the legal provisions at least twice per 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 site of the German stock exchange.

Shares in the Company and related financial instruments owned by members of the Administrative Board are listed in the notes. In total, 92.843 % of shares and thereby voting rights from 9,135,777 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, until December 31, 2015);
– Eric Oliver Mendel (Representative Chairman, until December 31, 2015);
– Patricia Hauswald (until June 30, 2015);
– Rob Nansink (Executive Director at the same time).

Mr Martin Becker-Rethmann and Mr Eric O. Mendel have resigned their office as member of the Administrative Board with effect on December 31, 2015 when they resigned from ALBA Group.

The term of office of Mr Dirk Beuth ends at the end of the next ordinary General Shareholders' Meeting, the term of the other appointed members of the Administrative Board 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 different 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), Ms Patricia Hauswald until June 30, 2015 and of Mr Martin Becker-Rethmann from August 18, 2015 to December 31, 2015. 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 Ms Patricia Hauswald until June 30, 2015, and of Mr Martin Becker-Rethmann from August 18, 2015 to December 31, 2015. 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 three members, with Ms Patricia Hauswald as Chairwoman, Mr Martin Becker-Rethmann and Mr Eric Oliver Mendel. After the resignation of Mr Patricia Hauswald from the Administrative Board on June 30, 2015, the Audit Committee consisted of two members until August 17, 2015. From August 18, 2015, it had three members again, Mr Becker-Rethmann as Chairman (until December 31, 2015), Dr Axel Schweitzer and Mr Robert Nansink.

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 must 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 consisted of the Chairman of the Administrative Board, Dr Axel Schweitzer, of Ms Patricia Hauswald until June 30, 2015 and of Mr Martin Becker-Rethmann from August 18, 2015 to December 31, 2015. The Personnel Committee prepares the personnel-related decisions of the Administrative Board.

Executive Directors

The member of the Administrative Board Mr Robert Nansink was appointed Executive Director. The Executive Director guides 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. He represents the Company externally.

Determination of objectives for the woman’s share in the Administrative Board and in leading positions

The Act on the equal participation of woman and man in leading positions in private economy and public service which entered into force on May 1, 2015, created an obligation to establish target figures for supervisory boards, boards of directors, administrative boards, executive directors and both management levels below the board of directors or of the administrative board / executive directors in companies which are listed at the stock exchange or are subject to co-determination.

The Company’s Administrative Board has, against this backdrop, resolved on the following target figures for the Administrative Board and the Executive Director on August 18, 2015:

Given the company structure of ALBA SE which has no employees, the guiding effect of a certain quota of women will not be of an extraordinarily high importance, so that the current status quo (0 %) was agreed as the target figure. Moreover, no regular elections are planned for the Administrative Board until June 30, 2017 so that it will not consist of new members in this period.

Given the fact that the company has currently only one Executive Director, the determination of a target figure exceeding the status quo (0 %) can be ignored.

ALBA SE has no other management levels below the Administrative Board and the executive director.

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 2015.

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 Director. Please refer to the F.2. Compensation Report for information on the remuneration in 2015.

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 2016.

E.1.2. Opportunities

Steel and metals recycling

Opportunities are seen to exist in the introduction of customs, in particular on Chinese steel imports which flooded the European market at dumping prices. Customs could result in the fact that electro-steel plants increasingly replace new steel from China with iron scrap in their production so that the demand for scrap will consequently increase.

This opportunity arises to a higher degree also on the Turkish market. The government here has already taken measures against Chinese steel imports. If Chinese steel is replaced by iron scrap, exports of ALBA SE to Turkey might increase again.

An additional opportunity exists in the reduction of German over-capacities in scrap recycling. This would reduce competition by scarcely available scrap quantities and thus reduce the margin pressure.

Services

After the establishment of the four strategic business units ReUse, ReDuce, ReCycle and ReThink in ALBA SE and ALBA Group, the services offer was stronger targeted at a holistic, closed-loop circle management. The management still sees growth opportunities to exist in the development of system services which aim at closing product, material and logistics circles. The current sales offer for innovation management is expanded by new projects and holistic, partly even customised services.

Important progress was made in 2014 for the continued existence of the privately organised dual systems. The Sixth and Seventh Amendment of the Packaging Ordinance and agreements between the system operators resulted in an initial stabilisation of the market. In the context of the dual systems joint office, clearing place contracts were adjusted and concluded. In addition, modified audit activities have applied to dual systems since 2016. This should result in another stabilisation of the market and constitutes an opportunity for the Dual System Interseroh in case of a successful sales activity in an environment of fierce competition.

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

The further expansion of the licensing business on the Polish market and the recycling markets in Central and Eastern Europe will also offer additional opportunities.

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 forecast 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 the general selection of counterparties for financial transactions of any type and the establishment of limits and their continuous monitoring. In addition, it defines the control and monitoring of the country and counterparty limits to restrict the overall risk. 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. For more explanations on derivative financial instruments, please refer to chapter 38 in the notes.

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 and the central areas.

Each segment management team and the subsidiaries are responsible for assuring early risk identification, control and communication of the risks. The ALBA SE management team bears overall responsibility for the Group-wide early risk identification process and establishes risk policy principles. The persons responsible for risks in the centralised and decentralised company units ensure a standardised reporting in accordance with the established reporting paths by taking into account the reporting limits adjusted to the size of the company. The group-wide standardised procedure ensures efficiency and effectivity of the early risk identification system. The coordination of the early risk identification system is anchored in the group accounting department of ALBA SE. It specifies the framework conditions, guidelines and processes and it collects, communicates and monitors all individual risks which are reported to it.

Identified risks in the companies and the central areas are assessed for their effects on the net assets, earnings situation, liquidity and their likelihood of occurrence. 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. An internal ad-hoc reporting is obligatory in the case of risks that arise suddenly, are serious or jeopardise the Company's existence. Provisions and value adjustments are recognised in the annual account by taking into account the financial reporting provisions. The risk analysis extends to a period of one year.

The risk reporting takes place in standardised form throughout the defined reporting structure on a semi-annual basis. This ensures a regular monitoring and the follow-up of risks and measures. Moreover, the top 10 risks of the segments and an overview of the risk situation of the group are included in the risk reporting to ALBA SE's Administrative Board.

Regular 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 has been integrated in the Compliance Programme of ALBA Group since 2009. The Compliance Programme has been regularly reviewed and further developed in the interim.

Executives and employees of ALBA SE are regularly familiarised with the newest compliance requirements in on-site training and through the e-learning programme. 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 Compliance committee of ALBA Group which is responsible for basic compliance matters consists of representatives of different central areas and segments. The committee deals with the further development of the Compliance programme and coordinates the cooperation. 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.

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 are presented to the Administrative Board and approved by the latter after review.

E.2.3. 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 financial year.

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 as of June 30, 2015 was used as a reference value for the degree of the effect.

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 flows of the ALBA SE group, the risks are classified as 'high', 'medium' or 'low'.

	Degree of the effect				
Likelihood of occurring	A	B	C	D	E
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

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

E.2.4. 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. Unless stated otherwise, all of the risks relate to both segments of the ALBA SE to a varying degree.

Financial risks

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 still undergoing a comprehensive restructuring process. The measures necessary for that process have been prepared, in detail, jointly with a management consultancy company. A series of measures to be implemented has been agreed with the lending banks. This also includes the successful search for an investor for the services segment. ALBA Group has created the preconditions necessary for implementing these measures and is confident that the measures can be implemented in the foreseeable time.

A non-compliance with one or several of these measures might, under certain circumstances, result in a reason for termination. In this case, the new conclusion of a sufficient financing would be necessary to secure the continued existence.

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, 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. The risk resulting from the financing is classified as being a medium risk.

Valuation risk

Changes of the economic conditions might lead to a need for a re-valuation of assets such as goodwill or other non-current assets. In line with the change of the factors, an impairment test performed each year may result in amortisation and depreciation and burden the group's result. This risk is classified as being a medium risk.

Tax risks

Tax risks arise especially in connection with ongoing and still pending company tax audits. If certain aspects are found during these audits, subsequent tax payments, penalties and interest might arise. These risks are, therefore, 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. No tax and legal provisions are foreseeable from today's point of view which might result in significant burdens. The risk is to be classified as a low risk.

Personnel risks

The success of ALBA SE Group depends significantly on qualified technical staff and executives. Essential personnel risks arise from the fluctuation of employees working in key functions. A higher risk that highly qualified employees and competent staff members leave the company arises, in particular, during restructuring measures during which it might also be harder to hire, integrate and bind new employees to the company for a long term. This risk is counteracted by a series of measures. A systematic talent process was started in the context of which qualified employees were appointed on a group-wide basis. Personnel discussions are being conducted with these employees and personnel development or other measures are performed as required. The risk is classified as being a low risk.

Risks associated with IT systems

Information technology plays a decisive role for the management of the business processes. It is of key importance for a globally active company like ALBA SE group to keep and exchange up-to-date, complete and correct information.

Secured IT systems and a reliable IT infrastructure must be operated to protect the information. Risks which, in case of failures, cause interruptions of the business processes due to the failure of IT systems or cause the loss and falsification of data are therefore identified and evaluated over the entire life cycle of the application and IT systems. Manifold preventive and corrective measures are taken to counteract the growing demand to confidentiality, integrity and availability of the data. The company defined suitable measures to avoid risks or limit possible damage. These measures are constantly adapted to the changing situation. This includes, inter alia, that existing IT security systems and the existing Business Continuity Management as well as the guidelines and organisation structures are regularly optimised and validated to recognise early on and minimise possible IT-related risks and the failure of the computing centre of other IT systems.

The continuous optimisation of IT-based processes ensures the realisation of long-term cost cutting potentials and continuous quality improvements. The constantly growing risk potential arising from cybercrime and hacker attacks is counteracted by the consequent expansion of the IT security. But failures of the information technology and thereby negative effects on the business process cannot be completely ruled out, despite all precautions. And although the extent and the likelihood of occurrence of IT risks rose slightly compared to the year before, they are, as a whole, classified as being low risks.

Segments

Steel and metals recycling

The essential risks in the steel and metals recycling segment are market insecurities on the sales and procurement side, the earnings and margin risks based on world-wide over-capacities, risks arising from exchange rate fluctuations and the rising risk from customer's insolvencies in view of a further deterioration of the economic situation in this segment.

Forecasts for the upcoming financial year all report about a difficult market situation in the steel segment. The continuing political turbulences mainly in the Middle East and a weaker demand in China will result in a still lower demand for steel worldwide. Should the necessary capacity closures mainly in China not occur, steel will still be sold at dumping prices.

Declining investments in the expansion of the Chinese infrastructure and the exports of Chinese steel to Turkey which will rise as a consequence thereof could result in a further declining export business for ALBA SE.

The Turkish sales market is still characterised by a strong buying restraint regarding steel scrap. The market is simultaneously flooded by Chinese steel at low prices, since China is currently not using the produced capacities in full in its own country. This leads to an overcapacity which is reflected in a low margin. This can be counteracted by a cost optimisation.

The sales opportunities of ALBA SE for steel scrap will not improve for as long as the electro-steel production remains at a low level or is possibly even declining given the favourable iron ore prices. This has a significant influence on the net current assets. This risk is counteracted by an optimisation of the inventories and the entire value adding chain.

Risks on the procurement side arise from purchasing prices which cannot be passed on, in full, to the customers. And given the low scrap prices, there is the risk that required volumes cannot be procured on the market. A close cooperation with the customer can minimise this risk.

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 arising from the economic situation are monitored on a monthly basis. This risk is additionally mitigated by specifying maximum positions and by a working capital management.

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 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 which has been in effect since the beginning of the 2015 financial year resulted in an optimisation and safeguarding of the privately organised disposal of packaging close to households. It is still necessary that the Amendment be strictly checked and verified by the law enforcement authorities in order to further reduce the risks of any volumes which are not properly registered, of the de-registration of packaging volumes by competitors and the resulting higher costs for the dual system Interseroh.

The management also sees risks to arise from the further development of the legal situation. The draft for an act on recyclable material presented by the German Federal Ministry of the Environment has numerous gaps and contains changes in the inspection of reported volumes which might put the stabilisation of the market in question again. In addition, there is the risk of a re-municipalisation of the disposal of packaging close to the households. The management strives, therefore, consequently for more necessary regulations through the dual systems joint office. These risks are classified as being low risks.

The earnings of the services segment partly depend on the marketing proceeds for waste paper, waste plastics and other fractions. A strong decline of the prices for secondary raw materials constitutes an earnings risk. This risk is classified as being low.

Another risk as seen by the management is the increasing competition in the core markets and the associated margin pressure. The segment makes further investments in the business development and the development of new services and products to minimise this risk. It is classified as a medium risk.

E.2.5. 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

Ms Patricia Hauswald resigned from her office in the Administrative Board with effect from June 30, 2015, Messrs Martin Becker-Rethmann and Eric O. Mendel with effect from December 31, 2015. On January 14, 2016, Mr Dirk Beuth was appointed as member of the Administrative Board of ALBA SE at the request of ALBA Group KG and based on a decision of the District Court of Cologne. The Administrative Board thus consists of three members as prescribed by law and the Statutes of ALBA SE.

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 2015 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 provision for former members of the Board of Directors and Administrative Board totalled EUR 0.1 million (previous year: EUR 0.0 million). No pension payments were made to former members of the Board of Directors and Administrative Board contrary to the year before (previous year: EUR 0.4 million). A total of EUR 1.2 million was deferred for pension obligations towards former members of the Board of Directors and Administrative Board and their surviving dependants (previous year: EUR 1.1 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, 2015, a direct stake in the total capital of ALBA SE totalling 92.843 % of shares, and thereby voting rights from 9,135,777 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	0.00
Eric Oliver Mendel	Representative Chairman of the Administrative Board	30,000.00
Patricia Hauswald	Member of the Administrative Board	20,000.00
Rob Nansink	Member of the Administrative Board, Executive Director	0.00
Total		**95,000.00**

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 2015 financial year amounted to EUR 0.7 million. This amount contains a variable remuneration component of EUR 0.1 million.

Total remuneration for the 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 1,486 (previous year: 1,691) and was thus by almost 9 % below the previous year's level.

On average, 916 people were employed in the steel and metals recycling segment in the financial year (previous year: 1,121), of whom 378 (previous year: 457) were white collar employees and 538 (previous year: 664) blue collar employees.

On average, 570 people were employed in the area of services (previous year: 570). The number of employees totalled 439 (previous year: 457) the number of blue collar employees totalled 131 (previous year: 113).

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 2015, ALBA SE trained, once again, a total of 52 apprentices and students from cooperative education universities in a variety of professions. ALBA SE offers the apprentices and students a variety of different prospects after their training. Especially high performing school students have the option of obtaining a further qualification or studies. They will be accompanied and supported by the Company. ALBA SE also performs the annual trainee programme. The trainees are integrated in the daily business from the start, they learn to take responsibility and to control challenging projects. Each trainee receives an individual, transparent learning and development plan. Regular trainings and workshops ensure the exchange with other trainees and the establishment of an intra-company network. Trainees will thus have the necessary know-how for a successful technical and executive career in the company after the end of their traineeship.

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 2015. Examples of these topics are set out below:

- After the successful completion of the pilot project, the onboarding program for employees and executive personnel was rolled out to the entire services segment in the year under review. The 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 programme was developed in addition to a management development.

- Due to the networking of the steel and metals recycling segment with the waste management and recycling segment of ALBA Group, personnel development measures targeted to the relevant target group were performed for each level based on restructurings and the newly defined management level.

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 twelve years and is thus improving the living situations of children directly. The company also supports handicraft work for blind adolescents and finances consolation teddy bears for children in hospitals. The company Repasack in Wiesbaden has been supporting the Peace Village of Oberhausen for several years. Interseroh has been cooperating in the provision of information to children in the fields of closed-loop waste management and conservation of resources through libraries in Poland.

The Group's regular activities also include bone marrow donor typing for the *Deutsche Knochenmark-Spenderdatei* (DKMS - bone marrow donor registry), 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, 2015, a total of 92.843 % of shares and thereby voting rights from 9,135.777 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 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 Administrative Board on June 3, 2015, effective June 4 2015, to acquire treasury stock during a period of five years, i.e. until June 3, 2020, 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. Moreover, 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 addition, the Administrative Board was authorised to withdraw the acquired treasury shares without another resolution of the General Shareholders' Meeting. In the context of the withdrawal, it is also authorised to withdraw non-par value shares either in the context of a capital decrease or without capital decrease. If the withdrawal of non-par-value shares is made without a capital decrease, the share of other shares in the basic capital rises in accordance with Sec. 8 para. 3 of the Stock Corporation Act. In this case, the Administrative Board shall also be authorised to adjust the disclosure of the number of the company's shares in the Statutes (Sec. 237 para. 3 item 3 Stock Corporation Act). The above authorisations can be exercised once or several times, either individually or together.

In the event of an exclusion of the subscription right, the shares must be sold against cash payment 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 as closing price in Xetra trade (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 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 Stock Corporation Act. The upper limit of 10 % of capital stock is reduced by the proportional share of capital stock that relates to those shares that are issued or sold during the term of the authorisation against contributions in kind with the exclusion of the subscription right under Sec. 186 para. 3 clause 4 of the Stock Corporation Act, and reduced by the serviced 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 based on a future resolution of the General Shareholders' Meeting.

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 million tonnes of reusable material saved more than 48.3 million tons of primary raw materials and saved about 6.6 million tons of green-house gases.

On June 5, 2015, Interseroh published, for the third time now, a sustainability report. It refers to the years 2013 and 2014. Interseroh defined measurable goals for a sustainable development as part of its sustainability strategy. The aim, in detail, is to close additional circles, conserve resources, reduce the company's ecological footprint, to further increase the attractiveness as an employer and to act as an intermediary for a sustainable development. 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 2015, the integrated management system (ISO 9001:2008, ISO 14001:2009, BS OHSAS 18001:2007) of INTERSEROH Dienstleistungs GmbH and its subsidiaries, has been confirmed in the context of a re-certification in which no discrepancies of any type were found. The companies also received the re-certification as specialist disposal management company. In addition, INTERSEROH Pool-System GmbH successfully passed the hygiene control audit (DIN EN ISO 22000) for cleaning foldable fruit and vegetable boxes (food safety).

Major companies and their subsidiaries are obliged under the Energy Services Act to perform energy audits or to implement energy management systems. ALBA Group meets this legal requirement by the introduction of ISO 50001 in all national locations. In an intra-group managed process, the locations of ALBA Group are prepared for the certification in accordance with ISO 50001, the relevant external audits are planned for the second half-year of 2016.

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 also for 2016. While the Steel Industry Association expects a stabilisation of the worldwide steel production, it still assumes that the raw steel production will fall in Germany by 3 % to 41.5 million tonnes. They state as reasons the loss of market shares caused by a partly unfair international competition. China will continue to transfer its structural problems to the world and export large volumes of steel at dumping prices. European and thus also German steel producers hope for help from Brussels in the form of punitive customs on imports from non-EU countries, a more effective arrangement of the anti-dumping laws. In February, cold-rolled flat steel products from China and Russia have already been subject to provisional customs. In addition, no further burdens ought to come from the energy and climate politics. It is expected that prices for iron ore will remain on a low level during the financial year. This will continue to put pressure on scrap prices and thus on volumes and margins until the end of 2016.

A slight improvement of the market situation is expected for the trade in NF metals. The demand for copper scrap will rise by about 3 % in China. The prices will probably stabilise in 2016. The zinc production is expected to rise. Since producers must, however, initially reduce their warehouse levels, prices should remain at the level of the reporting year. Driven by a higher demand of the automotive industry, the aviation industry, the construction industry and the packaging industry, the demand for aluminium should be up as well. Consequently, the aluminium price should recover slightly.

For the current financial year, the management expects strongly or moderately decreasing ferrous and NF volumes due to the still strained situation on the steel and metals market and the planned continuation of the portfolio optimisation. The extreme price erosion during the fourth quarter should, however, not continue.

Given the decline in volumes, 2016 should bring a significant reduction of sales revenues compared to the year before.

Despite the lower sales revenues and the continuing pressure on the margins, the management expects that the EBITDA will be significantly better than the one disclosed in the reporting year. Main reason here are measures to deepen the value adding and structural cost-cuttings. In addition to these effects, the fact that, contrary to the reporting year, no extraordinary amortisation and depreciation will become necessary, will have a positive effect on the EBT for 2016.

Given the still difficult conditions to be expected, in particular on the steel scrap market, the management plans a significantly lower investment volume compared to the reporting year. It is mainly the investments necessary for replacements in the vehicle fleet and in machines as well as investments in measures deepening the value adding that will be made.

Services segment

No change can be expected in the competitive situation in the services segment. For the business with transport packaging, the management expects a far-reaching stable course of business with slightly falling sales revenue.

A significantly improved course of business should be reported by the Recycling Solution Interseroh service given an optimisation of the contract portfolio and internal restructurings.

Modified auditing activities have applied to the dual systems since the beginning of 2016 which will result in a further stabilisation of the market. Initial volume reports of the operators of the dual system in the current financial year allow for the conclusion to be drawn that a stable volume of licensed sales packaging can be expected for 2016. No increase of the sales revenue is to be expected in the current financial year. The same applies to the market share of the dual system Interseroh.

In view of the economic development and the trend of the marketing prices for the fractions of glass, cardboard/paper/carton (PPK) and plastics, the management expects a stable level. But it also assumes that the marketed volumes of PPK will be slightly lower in 2016 and that the marketing proceeds will decline as well.

The management expects, as a whole, only slightly lower sales revenue than in the 2015 financial year.

EBITDA and EBT would experience a significant decline as the business model-related effects from other periods no longer apply.

The investment activities in this segment will remain significantly behind those made in the year before.

G.2. Development of the Group

The management team expects the ALBA SE group to record a significant reduction in sales revenue in 2016. In comparison to 2015, the EBITDA will see a significant reduction. The decline in the services segment will only be compensated partly by the increase in the steel and metals recycling segment. A significant improvement is expected for the EBT compared to 2015. Main reason here is that extraordinary amortisation and depreciation which became necessary in the reporting year will no longer be required then. A strong decline in investments is expected in comparison to the 2015 financial year.

Depending on the date on which the companies of the services segment will be sold, the result of this segment will only be allocated to ALBA SE group on a pro-rata temporis basis.

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

Cologne, April 25, 2016

ALBA SE
Executive Director
Rob Nansink

Consolidated Financial Statements

for the 2015 Financial Year

Consolidated Balance Sheet as at December 31, 2015

Assets	Note no.	Dec. 31, 2015 EUR	Dec. 31, 2014 EUR
Non-current assets			
Intangible assets	18	19,460,431.78	35,945,259.18
Property, plant and equipment	19	50,739,697.18	50,404,138.11
Financial assets accounted for under the at-equity method	20	0.00	4.00
Financial assets	21	1,301,706.15	2,678,107.40
Other receivables	25	346,481.44	385,572.12
Deferred tax assets	22	4,054,294.63	5,093,196.80
		75,902,611.18	**94,506,277.61**
Current assets			
Inventories	23	41,436,391.80	60,465,522.84
Trade receivables	24	107,875,651.83	139,531,785.17
Financial assets	21	149,103,048.32	54,773,886.87
Other receivables	25	19,232,052.25	60,382,375.11
Income tax refund claims	22	1,989,646.29	3,315,431.90
Cash and cash equivalents	26	5,969,591.39	6,620,721.76
Assets allocated to a disposal group classified as held for sale	27	0.00	46,499,089.18
		325,606,381.88	**371,588,812.83**
		401,508,993.06	**466,095,090.44**

Liabilities		Dec. 31, 2015	Dec. 31, 2014
	Note no.	EUR	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	76,411,541.24	101,383,104.23
		101,995,541.24	**126,967,104.23**
Minority interests in equity		**689,553.96**	**6,784,578.18**
		102,685,095.20	**133,751,682.41**
Liabilities			
Non-current liabilities			
Payments to employees under pension commitments	30	19,284,831.91	20,762,924.90
Other non-current provisions	31	8,297,556.25	4,000,180.05
Deferred tax liabilities	22	185,132.87	3,998,535.68
Financial liabilities	32	4,999,734.46	5,051,188.25
Trade accounts payable	33	0.00	0.00
Other liabilities	34	659,060.95	683,593.69
		33,426,316.44	**34,496,422.57**
Current liabilities			
Provisions	31	7,430,434.72	15,629,543.42
Income tax liabilities	22	6,832,468.24	8,547,663.75
Financial liabilities	32	22,332,186.72	43,959,452.03
Trade accounts payable	33	141,164,130.40	165,563,547.38
Other liabilities	34	87,638,361.34	52,741,056.41
Liabilities allocated to a disposal group	27	0.00	11,405,722.47
		265,397,581.42	**297,846,985.46**
		298,823,897.86	**332,343,408.03**
		401,508,993.06	**466,095,090.44**

Consolidated Income Statement
for the Period from January 1 to December 31, 2015

	Note no.	2015 EUR	2014 EUR
1. Sales revenues	7	1,355,927,051.39	1,567,448,768.34
2. Reduction / increase in inventory of finished products and work in progress	8	-6,707,359.16	3,898,473.05
3. Other operating income	9	65,302,761.58	64,459,751.22
4. Material costs	10	1,132,709,911.34	1,354,037,673.53
5. Personnel costs	11	84,977,281.95	89,239,747.58
6. Amortisation of intangible assets and depreciation of property, plant and equipment	12	24,782,208.30	56,132,047.65
7. Other operating expenses	13	155,601,041.17	158,856,359.36
9. Income from holdings accounted for under the “at-equity” method	14	0.00	154,243.77
8. Other income from investments	14	-697,484.44	-166,910.66
10. Financial income	14	4,580,686.10	4,668,462.75
11. Financial expenses	14	10,463,756.35	16,567,980.62
12. Earnings before taxes		**9,871,456.36**	**-34,371,020.27**
13. Income tax expense	15	-1,097,936.05	5,547,999.23
14. Income after taxes		**10,969,392.41**	**-39,919,019.50**
15. thereof shares in income attributable to minority interests	16	360,711.83	-1,785,829.79
16. thereof shares in income attributable to shareholders of the parent company		10,608,680.58	-38,133,189.71
17. Earnings per share	17	1.08	-3.88

Statement of Income and Expense recorded in Consolidated Equity (overall consolidated earnings) for the Period from January 1 to December 31, 2015

	Note no.	2015 EUR million	2014 EUR million
Consolidated earnings		**11.0**	**-39.9**
of which attributable to minority interests	16	0.3	-1.8
Amounts which will not be reclassified in the income statement in future periods			
Actuarial gains and losses from defined benefit plans	29, 30	1.2	-3.9
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	-0.5	0.1
Changes in adjustment items from currency conversion	3b, 28	0.0	-0.8
Results not recognised in income		**0.7**	**-4.6**
of which attributable to minority interests		0.0	-0.1
Overall consolidated earnings		**11.7**	**-44.5**
of which attributable to minority interests		0.3	-1.9
of which attributable to ALBA SE shareholders		11.4	-42.6

Consolidated Statement of Changes in Equity for the Period from January 1 to December 31, 2015

		Parent company								Minority share-holders	Consoli-dated 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 derivatives 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. 1, 2014		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
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**	**6.8**	**133.8**

Consolidated Statement of Changes in Equity for the Period from January 1 to December 31, 2015

		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 derivatives 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 Jan. 1, 2015		25.6	38.6	70.1	-1.7	-8.4	2.8	0.0	127.0	6.8	133.8
Dividends paid										-0.1	-0.1
Changes in the scope of consolidation					1.7				1.7	-6.4	-4.7
Other changes											
Consolidated earnings				10.6					10.6	0.4	11.0
Amounts directly recorded in equity	28					1.2	-0.5		0.7		0.7
Overall consolidated earnings									11.3	0.4	11.7
Loss assumption by ALBA Group plc & Co. KG				-38.0					-38.0		-38.0
as at Dec. 31, 2015		**25.6**	**38.6**	**42.7**	**0.0**	**-7.2**	**2.3**	**0.0**	**102.0**	**0.7**	**102.7**

Consolidated Cash Flow Statement
for the Period from January 1 to December 31, 2015

		2015	2014
	Note no.	EUR million	EUR million
Consolidated earnings		11.0	-39.9
Income tax expense	15	-1.1	5.5
Income from investments	14	0.7	0.0
Financial result	14	5.8	12.0
Amortisation of intangible assets and depreciation of property, plant and equipment	12, 18, 19	24.8	56.1
Consolidated EBITDA		**41.2**	**33.7**
Gains from disposals of assets	9, 13	-7.5	-1.6
Changes in pension and other provisions	30, 31	-3.4	-0.8
Changes in net operating assets		28.7	-20.4
Interest payments received and made		-3.8	-8.4
Income tax payments		-3.7	-4.5
Cash flow from operating activity	35	**51.5**	**-2.0**
Company disposals	5	18.5	0.0
Payments received from the sale of assets	5	15.9	2.8
Investments in property, plant and equipment (not including finance leases)	19	-9.5	-7.7
Repayment of loans		0.5	0.0
Other investments	18	-1.3	-0.8
Cash flow from investment activity	35	**24.1**	**-5.7**

	Note no.	2015 EUR million	2014 EUR million
Raising of financial liabilities	32	0.9	1.5
Repayment of financial liabilities	32	-15.8	-0.4
Repayment of finance lease liabilities		-0.8	-1.8
Dividends to minority shareholders		-0.1	-0.1
Profit transfer to the ALBA Group plc & Co. KG		32.6	3.5
Cash flow from financing activity	**35**	**16.8**	**2.7**
Cash-effective changes in cash and cash equivalents		92.4	-5.0
Cash and cash equivalents at the start of the period		54.9	59.9
Cash and cash equivalents at the end of the period	26	**147.3**	**54.9**

Explanation of cash and cash equivalents at the end of the period	2015 EUR million	2014 EUR million
Cash and cash equivalents as disclosed in the balance sheet	6.0	6.6
Cash and cash equivalents allocated to a disposal group	0.0	6.0
Cash pooling	141.3	47.4
Cash pooling allocated to a disposal group	0.0	-5.1
	147.3	**54.9**

Consolidated Notes for the 2015 Financial Year

1. General Information

ALBA SE is based in Cologne. Its business address is: Stollwerckstraße 9a, 51149 Cologne. The consolidated financial statements for 2015 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 2015 financial year were approved by the Executive Director of the Administrative Board on April 25, 2016.

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 25, 2016 (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 (o), 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 B.4.3. of the Management Report: assumption that ALBA Group KG will meet its obligations under the syndicated loan agreement;
- ► 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 twelve 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 were deconsolidated at the end of the year. One fully consolidated and one associated company prepared their interim accounts at the time of de-consolidation in Polish Zloty. Two fully consolidated companies prepared their financial statements in 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		**2015**	**2014**	**2015**	**2014**
Poland	PLN	4.2640	4.2732	4.1841	4.1845
USA	USD	1.0890	1.2141	1.1100	1.3288

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.

Whether fair value changes of the derivative financial instruments have an effect on profit and loss depends generally on whether the derivative was used as hedging instrument and on the hedged item.

Derivative financial instruments can be used to hedge the fair value of an asset or liability disclosed in the balance sheet (fair value hedge). In this case, fair value changes of derivatives are recognised under profit and loss jointly with changes of the fair value of the hedged asset or liability.

If derivative financial instruments hedge the risk of cash flow fluctuations of an asset or liability disclosed in the balance sheet, these hedging transactions are classified as cash flow hedges. The effective part of changes of the fair value of derivatives in a hedging relationship is recognised under equity with no effect on profit or loss. The ineffective part of the value change is, however, recognised directly through profit and loss in the income statement.

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 appreciations 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 two independent cash generating units which comply with the segments.

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.

In the services segment, the associated companies offer disposal management services. The companies of this segment are managed centrally. The contributions associated with the relevant business activity cannot be considered independently of the other companies. The companies of this segment thus form jointly a 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.

(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 1.5 % (previous year: 2.1 %), a market risk of 7.0 % (previous year: 6.5 %) 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 12.5 % (previous year: 13.2 %) and for the services segment 8.6 % (previous year: 8.8 %). The capitalisation interest rate after taxes for the steel and metals recycling segment is 9.4 % (previous year: 9.6 %) and for the services segment, 6.1 % (previous year: 6.3%).

The basis for calculating the free cash flow per CGU is the 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 recovery of the market conditions but in particular the positive effects from the measures for value adding and structural cost-cutting were taken into account which led 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, and based on the EBIT of the last plan year, and plus a growth discount for the services segment to the amount of 0.5 % (previous year: 0.5 %), and for the steel and metals recycling segment, one of 1.0 % (previous year: 1.3 %), earnings at the same level are assumed, 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, 2015, 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. IAS 8.28, therefore, applies in case of changes in accounting and valuation methods resulting from a new or amended standard or a new or amended interpretation (jointly referred to as: "new standards or interpretations").

Information pursuant to IAS 8.28 must otherwise not only be made if a new accounting and valuation method must mandatorily be applied, but also if such a method is applied earlier than prescribed.

IFRIC 21 – Levies

IFRIC 21 is an Interpretation of IAS 37. It particularly clarifies 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. 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. 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 new interpretation has no essential effects on ALBA SE's consolidated financial statements.

Amendments to IFRS 2011 – 2013

Four Standards were amended in conjunction with the Annual Improvement Project. The adjustment of the wording in individual IFRS ensures a clarification of existing regulations. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The amendments have no essential 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.

Amendments to IFRS 11 – Accounting of the Acquisition of Shares in Joint Arrangements

IFRS 11 outlines regulations for accounting joint ventures and joint operations in the balance sheet and income statement. While joint ventures are accounted at equity, the representation of joint operations as provided in IFRS 11 is comparable to the quota consolidation.

In the amendment of IFRS 11, the IASB provides for the accounting of the acquisition of shares in a joint operation which constitutes a business operation within the meaning of IFRS 3 "Business Combinations". Buyers must, in such cases, apply the principles for accounting business combinations pursuant to IFRS 3. And the disclosure duties set out under IFRS 3 apply in addition in these cases.

The amendments are to be applied initially in financial years starting on or after January 1, 2016.

Amendments to IAS 1 – Disclosure in the Notes

The amendments relate to different disclosure issues. It is clarified that information in the notes is only necessary if the contents are 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 in financial years starting on or after January 1, 2016.

Amendments to IAS 16 and IAS 38 – Clarification of 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 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 in financial years starting on or after February 1, 2015.

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 no longer been permitted 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 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 adjustment of the wording of individual IFRS should clarify existing regulations. 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 are mandatory for the first time in financial years beginning on or after February 1, 2015. 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 adjustment of the wording of the individual IFRS/IAS should clarify existing regulations. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34.

The Amendments are mandatory for the first time in financial years beginning on or after January 1, 2016.

(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.

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

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" provides a comprehensive framework on whether, in which amount 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, 2018. Early adoption is permitted.

Revenue is currently recognised according to the PoC method, where the progress of the project is measured according to the costs which have arisen (cost to cost method). IFRS 15 provides that the control is the decisive criterion for revenue recognition. Pursuant to IFRS 15.38, revenue is only recognised upon acceptance of the plant in the financial year.

Significantly expanded disclosure obligations will arise for ALBA SE's consolidated financial statements due to the initial application of IFRS 15 in order to provide the audience of the statements with understandable information on type, amount, term and uncertainty of the revenue and cash flows arising from contracts with customers as prescribed by IFRS 15.

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 IFRS 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 IASB postponed the date of initial adoption of the amendments for an indefinite period of time.

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 uniform 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 21 (previous year: 27) domestic subsidiaries, and 6 (previous year: 9) foreign subsidiaries 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	36	3	25	10	3	77
Additions	0	0	1	0	0	1
Disposals	9	3	12	9	0	33
Balance as at Dec. 31	**27**	**0**	**14**	**1**	**3**	**45**

In the year under review, the following companies were no longer included in the statements:

Disposals (fully consolidated)
TOM Sp. z o.o., Szczecin/Poland
ALBA Balkan Holding GmbH, Berlin
ALBA Balkan Recycling SRL, Bucharest/Romania
Black Sea Shipping BSS GmbH, Berlin
MV Croatia Shipping GmbH & Co. KG, Berlin
MV Italia Shipping GmbH & Co. KG, Berlin
MV Spania Shipping GmbH & Co. KG, Berlin
MV Helvetia Shipping GmbH & Co. KG, Berlin
INTERSEROH USA Inc., Atlanta/USA

Disposals (at equity)
TOM II Sp. z o.o., Szczecin/Poland
The ProTrade Group LLC, Hudson, Ohio/USA
Ziems Recycling GmbH, Malchow

The companies which were not included in the 2015 financial year were, taken individually and together, of minor significance with regard to the Group's net assets, financial position and earnings situation.

The interests of the two foreign companies which had been included at equity were sold, the domestic company was de-consolidated due to insolvency.

(b) De-investments / De-consolidations

A review of the portfolio within the steel and metals recycling segment resulted in a disposal of companies and locations. The following effects on the assets and liabilities and the earnings situation of the Group result from the sale of TOM Sp. z o.o., Szczecin/Poland:

	TOM Sp z o.o. Aug. 31, 2015
	EUR million
Non-current assets	-8.0
Current assets	-20.4
Total assets disposed	**-28.5**
Non-current liabilities	0.8
Current liabilities	5.5
Total liabilities disposed	**6.2**
Net assets disposed	-22.2
Equity share from currency translation disposed	-0.5
Shares of other shareholders	6.3
Fair value of consideration received	16.6
Profit from sale	**0.3**

The sales profit is disclosed under other operating income. The sale of TOM Sp. z o.o. resulted in the following cash flow:

	Cash flow
	EUR million
Disposal of cash	-7.5
Sales price	16.6
Incoming cash	**9.1**

The disposal of TOM II Sp. z o.o., Szczecin/Poland, resulted in a disposal profit of EUR 0.4 million, taking into account the fair value of the consideration received.

After the sale of the at equity interest in the company The ProTrade Group LLC, Hudson, Ohio/USA, also the company INTERSEROH USA Inc., Atlanta/USA which was the company holding the share, was sold as well. This had the following effects on the assets and liabilities and the earnings situation of the group result:

	IS USA/The ProTrade Group Dec. 31, 2015
	EUR million
Current assets	-0.3
Total assets disposed	**-0.3**
Current liabilities	0.8
Total liabilities disposed	**0.8**
Net assets disposed	0.5
Equity share from currency translation disposed	0.1
Fair value of consideration received	0.0
Profit from sale	**0.6**

The disposal profit is disclosed under other operating income. The disposal had no effect on the cash and cash equivalents.

In addition, the business activities of ALBA Balkan Holding GmbH, Berlin, and of its subsidiaries (Balkans Group) were ceased and the companies were sold. This had the following effects on the assets and liabilities and earnings situation of the Group:

	Balkans Group Dec. 31, 2015
	EUR million
Non-current assets	-2.4
Current assets	-6.6
Total assets disposed	**-8.9**
Current liabilities	11.0
Total liabilities disposed	**11.0**
Net assets disposed	2.0
Shares of other shareholders	0.1
Fair value of consideration received	0.0
Profit from sale	**2.1**

The disposal profit is disclosed under other operating income. The disposal resulted in the following cash flow:

	Cash flow
	EUR million
Outgoing cash flow	-0.1
Disposal of cash pooling liability	4.5
Incoming cash	**4.4**

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 % 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	Vienna / Austria	**100**
3. INTERSEROH zbiranje in predelava odpadnih surovin d.o.o.	Ljubljana / Slovenia	**100**
4. Interseroh Organizacja Odzysku S.A.	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	Melle Bruch-mühlen	**100**
10. profitara deutschland gmbh	Cologne	**100**
11. INTERSEROH Management GmbH	Cologne	**100**
12. ALBA Scrap and Metals Holding GmbH	Dortmund	**100**
13. INTERSEROH Evert Heeren GmbH	Leer	**100**
14. ALBA Scrap Trading 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	Sennfeld	**100**
16. ALBA Metall Süd GmbH	Mannheim	**100**
17. INTERSEROH SEROG GmbH	Bous	**100**
18. RHS Rohstoffhandel GmbH	Stuttgart	**67**
19. ALBA Metall Nord 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	Cologne	**100**
24. ALBA Metall Süd Rhein Main GmbH	Frankfurt a.M.	**100**
25. Europe Metals B.V.	Heeze/ Nether-lands	**100**
26. Europe Models Asia Ltd.	Kowloon, Hong Kong/ China	**100**

Holding	Head-quarters	Group share
		%
b) 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-Herzegovina	**100**
5. TVF Ceska Republica s.r.o.	Prague / Czech Republic	**100**
6. INTERSEROH Service Italia S.r.l.	Milano, Italy	**100**
7. PROFITARA svetovanje na področju ekologije d.o.o.	Ljubljana / Slovenia	**100**
8. Interseroh Solutions d.o.o. Sarajevo	Sarajevo/ Bosnia Herzegovina	**100**
9. CARElean GmbH	Stralsund	**100**
10. Relenda GmbH	Cologne	**100**
11. INTERSEROH Solutions s.r.o.	Prague/ Czech Republic	**100**
12. Interseroh Czech a.s	Prague / Czech Republic	**100**
13. MAB Szczecin Sp. z o.o.	Szczecin/ Poland	**51**
14. Kupol GmbH	Stuttgart	**40**

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:

	2015	2014
	EUR million	EUR million
Goods – stock business	452.6	718.7
Goods – sales business	621.5	579.9
Services	270.0	250.5
Production orders	10.7	16.8
Other	1.1	1.5
	1,355.9	**1,567.4**

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

	Inventories		Inventory changes	
	2015	2014	2015	2014
	EUR million	EUR million	EUR million	EUR million
Work in progress	3.7	7.3	-3.6	-2.5
Finished goods	14.9	17.9	-3.0	6.8
			-6.6	**4.3**
Transfers to assets held for sale			-0.1	-0.4
			-6.7	**3.9**

9. Other Operating Income

	2015 EUR million	2014 EUR million
Income from the derecognition of liabilities	17.4	21.5
Income from IT services	9.2	8.5
Exchange rate gains	8.5	4.6
Income from the disposal of assets	7.8	1.8
Leasing of personnel to ALBA Group	4.1	2.8
Income from deconsolidation	3.4	0.0
Income from the reversal of provisions	1.5	9.1
Offsetting of benefits in kind of employees	1.5	1.4
Insurance compensation payments, damages	1.4	1.8
Rental income	0.9	0.7
Income from the reversal of value allowances	0.8	1.9
Others	8.8	10.4
	65.3	**64.5**

The mainly out-of-period income from the derecognition of liabilities related primarily to the elimination of liabilities in connection with 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.

The increase of income from the disposal of assets was caused by the sale of the Aschaffenburg location of ALBA Metall Süd Rhein-Main, the Freiburg location of ALBA Metall Süd and the Hanover site and the land plot in Braunschweig which belonged to ALBA Metall Nord.

Price gains relate mainly to ALBA Scrap Trading BV, Groningen / Netherlands in the Amsterdam location and to ALBA Metall Nord GmbH, Rostock and are directly connected with price losses under other operating expenses.

The sales transactions concluded for assets and liabilities held for trading in the year before resulted in income from deconsolidation. The companies TOM Sp. z o.o., Szczecin/Poland, the at equity share in TOM II Sp. z o.o. Szczecin/Poland, and The ProTrade Group LLC, Hudson, Ohio/USA, were sold which belonged to the steel and metals recycling segment. Furthermore, the company ALBA Balkan Holding GmbH, Berlin and its subsidiaries were sold.

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

10. Material Costs

	2015 EUR million	2014 EUR million
Purchased raw materials and merchandise, less cash discounts	910.9	1,111.0
Expenses for waste disposal services and other disposal and recycling costs	165.2	179.0
Storage and freight costs	20.8	22.5
Energy costs	10.3	14.3
Counting services deposit packaging	2.8	2.7
Other services purchased	22.7	24.5
	1,132.7	**1,354.0**

The decline in the cost of materials is primarily due to lower volumes and the significantly lower prices compared to the year before.

11. Personnel Costs

	2015 EUR million	2014 EUR million
Wages and salaries	70.3	73.0
Other social security contributions	6.7	7.0
Employee share of statutory pension insurance	5.4	5.8
Expenses for pensions and other benefits	0.8	0.7
Expenses related to payments from termination of employment contracts	1.8	2.7
	85.0	**89.2**

Main reason for the reduction in personnel costs was the reduced number of personnel and the lower expenses for restructuring due to the termination of employment relationships.

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

	2015	2014
	EUR million	EUR million
Scheduled amortisation / depreciation		
Intangible assets	2.1	2.3
Property, plant and equipment	8.0	10.8
	10.1	**13.1**
Extraordinary amortisation / depreciation		
Intangible assets	14.2	40.4
Property, plant and equipment	0.5	2.6
	14.7	**43.0**
	24.8	**56.1**

During the annual impairment test, extraordinary amortisation of the goodwill of ZGE Stahl- und Metallrecycling was calculated in the amount of EUR 6.1 million (previous year: EUR 38.3 million).

In addition, extraordinary depreciation was recognised on customer relations and export licences in the amount of EUR 8.0 million.

13. Other Operating Expenses

	2015	2014
	EUR million	EUR million
Operating and administrative expenses		
Rents and other premises costs	10.8	10.3
External data processing costs	10.1	9.2
Repair costs	7.3	8.1
Legal, consulting and audit costs	6.8	7.2
Vehicle costs	5.3	6.3
Leasing expenses	3.7	4.0
Insurance policies	3.5	4.3
Intra-group charges	3.2	3.5
Telephone, postage, internet	1.2	1.4
Incidental monetary transaction costs	0.9	0.9
Other tax expenses	0.6	1.0
Factoring fee	0.3	0.3
Other operating and administrative expenses	10.8	12.5
	64.5	**69.0**

	2015	2014
	EUR million	EUR million
Selling expenses		
Sales commissions	36.0	31.4
Outgoing freight, transport and storage	29.3	31.5
Exchange rate losses	11.1	6.0
Temporary personnel leasing	4.0	4.5
Advertising and travel costs	2.9	3.5
Other selling expenses	1.2	1.5
	84.5	**78.4**
Non-operating expenses		
Restructuring expenses	2.6	1.7
Value adjustments to and derecognition of receivables	2.2	3.1
Loss from disposal of assets	0.2	0.2
Amortisation of receivables in connection with IFRS 5	0.0	2.9
Losses from deconsolidation	0.0	0.0
Other non-operating expenses	1.6	3.6
	6.6	**11.5**
	155.6	**158.9**

Exchange rate losses relate mainly to ALBA Scrap Trading BV and to ALBA Metall Nord GmbH and are directly connected with price gains under other operating income.

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

14. Investment and Financial Results

	2015	2014
	EUR million	EUR million
Profits/losses from companies accounted for according to the at-equity method		
TOM II Sp. z.o.o.	0.0	0.3
The ProTrade Group LLC (sub-group)	0.0	0.2
Extraordinary amortisation / depreciation	0.0	-0.3
	0.0	**0.2**
Other income from holdings	**0.7**	**0.2**
Investment result	**-0.7**	**0.0**

	2015	2014
Financial income		
Other interest and similar income	1.0	1.2
Cash pooling	3.6	3.5
	4.6	**4.7**

	2015	2014
	EUR million	EUR million
Financial expenses		
Cash pooling	6.5	9.0
Interest from factoring	1.2	1.4
Bank interest	1.1	1.5
Interest portion of transfers to pension provisions	0.4	0.6
Interest share in lease rates from Finance Leasing	0.2	0.3
Others	1.1	3.9
	10.5	**16.7**
Financial result	**-5.9**	**-12.0**

No development occurred for the at equity interest in TOM II Sp. z o.o., Szczecin/Poland and of The ProTrade Group LLC, Hudson, Ohio/USA as those interests had been classified as held for sale in the year before.

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 % to 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 16.50 % to 25.00 % (previous year: 16.00 % - 40.00 %).

	2015	2014
	EUR million	EUR million
Taxes paid or due		
for the current year	1.3	1.6
for previous years	-0.4	3.3
	0.9	**4.9**
Deferred taxes		
on temporary differences	-1.7	-0.4
on change in losses carried forward	-0.3	1.0
	-2.0	**0.6**
	-1.1	**5.5**

In the year under review, an income from taxes totalling EUR 1.7 million (previous year: no income/expense on taxes) relates to the foreign subsidiary.

We refer to Note 22 for further details 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:

	2015	2014
	EUR million	EUR million
Earnings before income taxes	**-10.6**	**-34.4**
Expected income tax expense of 31.00 %	**-3.3**	**-10.7**
Non-recognition of current and deferred taxes due to control and profit transfer agreements	-7.5	-1.8
Tax expense on equalisation payments	0.4	0.5
Non tax-deductible amortisation of intangible assets and depreciation of property, plant and equipment	10.8	12.5
Non tax-deductible amortisation of financial assets accounted for according to the at-equity method	0.0	0.1
Effects of differences in domestic and foreign tax rates	0.5	-0.2
Tax-free sales and investment income	0.0	-0.1
Tax-free income from deconsolidation	-1.1	0.0
Other tax-free income	0.0	-0.1
Alternate use of tax losses carried forward	-0.3	1.0
Tax expenses related to other periods	-0.4	3.3
Non tax-deductible operating expenses	0.3	0.7
Other variances	-0.5	0.3
	2.2	**16.2**
Actual income / expense from income tax	**-1.1**	**5.5**

16. Profit / Loss to be attributed to Minority Interests

Earnings of EUR 0.4 million (previous year: EUR -1.8 million) attributable to other shareholders relate exclusively to profit shares (previous year: 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 10.6 million (previous year: EUR -38.1 million) and the same number of issued shares of 9,840,000, this results in earnings per share of EUR 1.08 (previous year: EUR -3.88).

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, 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**

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Cost of acquisition			
as at Jan. 1, 2015	94.9	42.1	137.0
Additions/disposals from changes in the scope of consolidation	0.0	0.0	0.0
Transfers to assets held for sale	0.0	0.0	0.0
Additions	0.0	0.4	0.4
Disposals	0.0	-1.3	-1.3
as at Dec. 31, 2015	**94.9**	**41.2**	**136.1**
Amortisation/Depreciation			
as at Jan. 1, 2015	71.6	29.4	101.0
Additions/disposals from changes in the scope of consolidation	0.0	0.0	0.0
Transfers to assets held for sale	0.0	0.0	0.0
Additions	6.1	10.2	16.3
Disposals	0.1	-0.8	-0.7
as at Dec. 31, 2015	**77.8**	**38.8**	**116.6**
Carrying amounts			
as at Jan. 1, 2015	23.3	12.7	36.0
as at Dec. 31, 2015	**17.1**	**2.4**	**19.5**

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

	2015	2014
	EUR million	EUR million
Steel and metals recycling	15.8	22.0
Services	1.3	1.3
	17.1	**23.3**

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

The impairment testing of the goodwill of the CGU steel and metals recycling in the financial year led to impairments totalling EUR 6.1 million due to adjusted plan premises. The carrying amount of the CGU after impairment of the CGU on September 30, 2015 totalled EUR 143.7 million. In the services segment, the impairment testing of the goodwill did not result in any impairment as the recoverable amount for this CGU exceeds its balance sheet value.

Moreover, extraordinary depreciation was made on customer relations and export licenses in the amount of EUR 8.0 million which are thus fully depreciated as of the balance sheet date (previous year: EUR 10.8 million).

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, no extraordinary 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 7.6 million with an increase of 0.5 percentage points, and by EUR 14.3 million with an increase of 1.0 percentage points.

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, 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 consolid.	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 consolid.	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**

	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, 2015	80.0	84.2	54.5	1.0	219.7
Currency conversion	0.0	0.0	0.0	0.0	0.0
Additions/disposals from changes in the scope of consolid.	0.0	0.0	0.0	0.0	0.0
Transfer to assets held for sale	0.8	0.0	0.0	0.0	0.8
Additions	0.2	1.6	2.8	3.7	8.3
Disposals	0.0	-2.7	-2.9	0.0	-5.6
Reclassifications	0.4	1.2	0.1	-1.7	0.0
as at Dec. 31, 2015	**81.4**	**84.3**	**54.5**	**3.0**	**223.2**
Amortisation/ Depreciation					
as at Jan. 1, 2015	46.4	76.1	46.8	0.0	169.3
Currency conversion	0.0	0.0	0.0	0.0	0.0
Additions/disposals from changes in the scope of consolid.	0.0	0.0	0.0	0.0	0.0
Transfer to assets held for sale	0.4	0.0	0.0	0.0	0.4
Additions	2.5	2.7	3.3	0.0	8.5
Disposals	-0.2	-2.7	-2.8	0.0	-5.7
Reclassifications	0.0	0.0	0.0	0.0	0.0
as at Dec. 31, 2015	**49.1**	**76.1**	**47.3**	**0.0**	**172.5**
Carrying amounts					
as at Jan. 1, 2015	33.6	8.1	7.7	1.0	50.4
as at Dec. 31, 2015	**32.3**	**8.2**	**7.2**	**3.0**	**50.7**

Property, plant and equipment includes technical plants and machinery with carrying amounts of EUR 2.5 million (previous year: EUR 2.9 million), whose underlying rental or lease contracts 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.

Additions were made to leased and capitalised assets in property, plants and equipment in the amount of EUR 0.6 million (previous year: EUR 0.0 million). Depreciation on these assets amounted to EUR 0.9 million (previous year: 1.4 million).

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

In the past financial year, extraordinary amortisation / depreciation totalling EUR 0.5 million (previous year: EUR 2.6 million) were carried out.

There are obligations in the amount of EUR 0.5 million from the acquisition of property, plant and equipment.

Asset items in property, plant and equipment with a residual carrying amount of EUR 13.5 million (previous year: EUR 14.0 million) serve as collateral for own liabilities valued at a total of EUR 1.4 million on the balance sheet date (previous year: EUR 1.3 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 120.0 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

		Shareholding		Carrying amount	
	Country	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
		%	%	EUR million	EUR million
Holdings measured at equity					
Ziems Recycling GmbH	Germany	0	25	0.0	0.0
TOM II Sp. z.o.o.	Poland	0	50	0.0	0.0
The ProTrade Group LLC (sub-group)	USA	0	25	0.0	0.0
				0.0	**0.0**

The shareholding in The ProTrade Group LLC was subject to extraordinary depreciation in the 2014 financial year in the amount of EUR 0.3 million and classified as “held for sale” due to the intent to sell it and it was reclassified. This interest was sold in the year under review.

The shareholding in TOM II Sp. z o.o. was classified as held for sale in the 2014 financial year and disclosed in the balance sheet under the item “Assets belonging to a disposal group classified as held for sale”. This interest was sold in 2015.

The interest in Ziems Recycling GmbH was subject to extraordinary depreciation due to the negative income and financial outlook. The company is in insolvency and was deconsolidated as of the reporting date.

21. Financial Assets

	2015 EUR million	2014 EUR million
Non-current		
Interests in affiliated companies	1.1	0.2
Other holdings	0.1	0.3
Other loans	0.1	0.1
Loans to associated companies	0.0	2.1
	1.3	**2.7**
Current		
Cash pooling ALBA Group KG	141.3	47.4
Receivables from factoring	3.1	5.9
Financial derivatives	2.5	1.1
Other loans	2.2	0.4
	149.1	**54.8**

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.

Short-term cash pooling receivables arise from the offset ALBA SE group receivables and payables from the companies of the ALBA SE group towards the ALBA Group KG. The increase results from the payment of a claim for loss assumption from 2014 of ALBA SE under the profit and loss transfer agreement with ALBA Group KG and the sale of locations and shareholdings.

In the context of the sale of INTERSEROH USA Inc. and of The ProTrade Group LLC, the still existing loan in the amount of EUR 1.8 million (previous year: EUR 2.1 million) under non-current loans to associated companies was reclassified to current other loans. In addition, current other loans include an employee loan of EUR 0.3 million (previous year: EUR 0.3 million).

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:

	2015	2014
	EUR million	EUR million
Deferred tax assets	4.1	5.1
Income tax refund claims	2.0	3.3
Deferred tax liabilities	-0.2	-4.0
Income tax liabilities	-6.8	-8.5
Balance	**-0.9**	**-4.1**

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

	Deferred taxes 2015		Deferred taxes 2014	
	assets	**liabilities**	**assets**	**liabilities**
	EUR million	EUR million	EUR million	EUR million
Goodwill	0.5	0.0	1.6	0.9
Other intangible assets	0.0	0.0	0.3	2.3
Property, plant and equipment	0.0	0.7	0.1	1.1
Financial assets accounted for according to the at-equity method	0.0	0.0	0.0	0.7
Financial assets	1.1	0.0	1.4	0.9
Inventories	0.5	0.0	0.5	0.1
Other receivables	1.6	2.2	2.9	2.5
Provisions	0.1	0.0	0.1	0.0
Financial liabilities	0.0	0.1	0.0	0.2
Losses carried forward for tax purposes	3.3	0.0	2.9	0.0
	7.0	**3.1**	**9.7**	**8.6**
Offsetting	-2.9	-2.9	-4.6	-4.6
	4.1	**0.2**	**5.1**	**4.0**

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 20.6 million and can be used for an unlimited period of time.

Of the tax losses carried forward amounting to EUR 23.7 million (previous year: EUR 22.0 million), deferred tax assets totalling EUR 5.4 million (previous year: EUR 4.5 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 0.1 million) and EUR 1.2 million (previous year: EUR 1.3 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:

	2015	2015	2014	2014
	EUR million	EUR million	EUR million	EUR million
Deferred tax assets Jan. 01	5.1		5.6	
Deferred tax liabilities Jan. 01	-4.0	**1.1**	-3.6	**2.0**
Deferred tax assets Dec. 31	4.1		5.1	
Deferred tax liabilities Dec. 31	-0.2	**3.9**	-4.0	**1.1**
= Changes in balance		**2.8**		**-0.9**
+/- Additions/ Disposals from changes in scope of consol.		-0.7		0.1
+/- Changes not recognised in income		-0.1		0.2
= Deferred tax income (expense in the prev. year)		**2.0**		**-0.6**

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

23. Inventories

	2015	2014
	EUR million	EUR million
Merchandise	21.0	33.1
Finished goods	15.0	17.9
Work in progress	3.7	7.3
Raw materials and supplies	1.7	2.2
	41.4	**60.5**

Value adjustments on inventories amounted to EUR 0.8 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 7.9 million as at the balance sheet date (previous year: EUR 11.2 million).

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.

	2015	2014
	EUR million	EUR million
Receivables from		
Third parties	98.1	131.6
Less value adjustments	-3.2	-3.8
	94.9	**127.8**
Affiliated companies	13.1	12.7
Less value adjustments	-0.1	-1.0
	107.9	**139.5**

Due to the factoring programme, EUR 29.3 million (previous year: EUR 54.6 million) have been sold to the BNP Paribas Factor GmbH (BNP), as at December 31, 2015, of which EUR 25.3 million (previous year: EUR 48.0 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 63.6 million as at the balance sheet date (previous year: EUR 62.9 million).

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:

	2015	2014
	EUR million	EUR million
Costs incurred plus accumulated profits	37.9	47.0
less instalment invoices issued	-36.2	-45.8
Total	**1.7**	**1.2**
of which: receivables from percentage of completion	1.7	1.7
of which: liabilities related to percentage of completion	0.0	-0.5

25. Other Receivables

	2015	2014
	EUR million	EUR million
Other receivables from affiliated companies	7.6	5.9
Down-payments made	4.5	7.8
Tax refund claims	1.8	1.8
Creditors with debit balances	1.5	2.1
Deposit receivables	0.4	0.5
Deposits	0.2	0.2
Receivables from loss assumption ALBA Group KG	0.0	32.6
Provision of collateral	0.0	1.9
Others	3.6	7.9
	19.6	**60.7**

Receivables due from affiliated companies comprise receivables from value added tax against ALBA Group KG and unsettled services due from companies of ALBA Group or non-consolidated companies.

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

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 receivables from loss assumption in the previous year relate to the claim to loss assumption of ALBA SE under the profit and loss transfer agreement concluded with ALBA Group KG.

The amounts named contain the following sums that can only be realised after a year has elapsed:

	2015	2014
	EUR million	EUR million
Security deposits	0.1	0.2
Others	0.2	0.2
	0.3	**0.4**

26. Cash and Cash Equivalents

The cash and cash equivalents are distributed as follows:

	2015	2014
	EUR million	EUR million
Cash with banks	5.3	5.7
Cash on hand	0.7	0.9
	6.0	**6.6**

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/Poland, and in The ProTrade Group LLC, Hudson, Ohio/USA belonging to the steel and metals recycling segment were sold. Furthermore, the company ALBA Balkan Holding GmbH, Berlin, and its subsidiaries (Balkans group) were also sold in the year under review.

In the year under review, the Aschaffenburg location of ALBA Metall Süd Rhein-Main, the Freiburg location of ALBA Metall Süd as well as the Hanover location and the land plot in Braunschweig belonging to ALBA Metall Nord were sold.

Non-current assets and liabilities held for sale consist of the following:

	As of Jan. 01, 2015	Re-classifi-cation	Dispo-sal	As of Dec. 31, 2015
	EUR million	EUR million	EUR million	EUR million
Goodwill	1.9		-1.9	0.0
Property, plant and equipment	11.6	-0.4	-11.2	0.0
Financial assets	4.2		-4.2	0.0
Inventories	12.0		-12.0	0.0
Trade receivables	7.6		-7.6	0.0
Financial assets	0.5		-0.5	0.0
Other receivables	2.4		-2.4	0.0
Tax assets	0.3		-0.3	0.0
Cash and cash equivalent	6.0		-6.0	0.0
Assets held for sale	**46.5**	**-0.4**	**-46.1**	**0.0**
Financial liabilities	6.3		-6.3	0.0
Trade accounts payable	3.4		-3.4	0.0
Other liabilities	1.7		-1.7	0.0
Liabilities held for sale	**11.4**	**0.0**	**-11.4**	**0.0**

28. Subscribed Capital

ALBA SE's fully paid-up subscribed capital remained unchanged 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

	2015	2014
	EUR million	EUR million
Capital reserve	38.6	38.6
Generated consolidated equity	42.7	70.1
Adjustment items from currency conversion	0.0	-1.7
Fair value of derivatives used for hedging purposes	2.2	2.8
Actuarial loss	-7.2	-8.4
	76.4	**101.4**

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 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, 2015	Dec. 31, 2014
Interest rate for accounting purposes	2.3 %	1.9 %
Salary trend	2.5 %	2.5 %
Pension adjustment	1.8 %	1.8 %
Expected return from plan assets	2.3 %	1.9 %

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, 2015	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2014
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, 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	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							
Payments made	-0.4	-1.0	-1.4	-0.5	0.1	-1.0	-0.9
	-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**

	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, 2015	4.4	20.9	25.2	-2.3	2.1	20.9	22.9
Recognised in the income statement							
Current service cost	0.1	0.1	0.2	0.0	0.1	0.1	0.2
Interest expense (interest income)	0.1	0.4	0.5	0.1	0.0	0.4	0.4
	4.6	**21.4**	**25.9**	**-2.2**	**2.2**	**21.4**	**23.5**
Recognised in other income							
Actuarial loss (gain) from:							
– financial assumptions	-0.2	-1.0	-1.3	0.0	-0.2	-1.0	-1.3
– assumptions based on experience	-0.3	0.3	0.0	0.0	-0.3	0.3	0.0
Additions (disposals)	0.0	0.3	0.3	0.0	0.0	0.3	0.3
	-0.5	**-0.4**	**-1.0**	**0.0**	**-0.5**	**-0.4**	**-1.0**
Others							
Payments made	0.0	-1.1	-1.1	0.0	0.0	-1.1	-1.1
Change to the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	**-1.1**	**-1.1**	**0.0**	**0.0**	**-1.1**	**-1.1**
December 31, 2015	**4.0**	**19.8**	**23.9**	**-2.2**	**1.7**	**19.8**	**21.4**

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 1.25 % 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 2016 total EUR 1.1 million (previous year: EUR 1.1 million) and EUR 0.0 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: 22.9 % (previous year: 21.5 %)
- ► Former employees with vested rights: 16.4 % (previous year: 17.2 %)
- ► Pensioners: 60.7 % (previous year: 61.3 %)

The weighted average duration of the defined benefit obligation totals 13 years as at December 31, 2015 (previous year: 14 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, 2015	1.1	4.6	5.6	**11.3**

(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, 2015:

	Development of the pension obligation
	EUR million
Discount rate	
Increase of 1 percentage point	21.0
Fall of 1 percentage point	26.5
Salary increase rate	
Increase of 1 percentage point	23.7
Fall of 1 percentage point	23.3
Pension adjustment factor	
Increase of 1 percentage point	25.9
Fall of 1 percentage point	21.4

All sensitivities were generally calculated as at December 31, 2015. 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 were 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, 2015.

31. Provisions

	as at Jan. 1, 2015	Draw-down	Reversal	Allocation	Accrued interest	as at Dec. 31, 2015
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Pending transactions	11.1	10.4	0.4	7.5	0.0	7.8
Dismantling and site restoration obligation	3.0	0.0	0.2	0.3	0.1	3.2
Proceedings	0.9	0.3	0.3	0.2	0.0	0.5
Anniversary obligations	0.5	0.0	0.0	0.0	0.0	0.5
Others	2.0	0.6	0.6	0.8	0.0	1.6
	17.5	**11.3**	**1.5**	**8.8**	**0.1**	**13.6**

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

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

	as at Dec. 31, 2015	as at Dec. 31, 2014
	EUR million	EUR million
Pending transactions	3.7	11.0
Proceedings	0.5	0.8
Other	1.1	1.7

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 7.4 million (previous year: EUR 15.6 million).

Provisions for current lawsuits are created, provided their risks can be reasonably estimated. These provisions are determined on the basis of notifications and cost estimates by the lawyers appointed to represent the Company and cover all estimated fees and legal expenses for these lawsuits, 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 2016 or further extensions to the existing agreements have not been agreed, will become due between January 1, 2016 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, 2015		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)				
Factoring	10.8	10.8	0.0	0.0
Loans	7.5	7.5	0.0	0.0
Finance leases	4.0	1.2	2.8	0.0
Derivatives	1.9	1.9	0.0	0.0
Banks	1.3	0.3	0.7	0.3
Others	1.8	0.6	0.0	1.2
	27.3	**22.3**	**3.5**	**1.5**

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)				
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
Banks	17.2	16.4	0.4	0.4
Others	1.8	0.7	0.0	1.1
	49.1	**44.0**	**3.6**	**1.5**

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 (see also Note 39).

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

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).

Liabilities due to banks for which ALBA SE group has obtained collateral have a value of EUR 1.4 million as of the balance sheet date (previous year: EUR 17.2 million), EUR 1.4 million (previous year: EUR 1.7 million) of which were secured by mortgages. The fixed interest rates for medium- and long-term liabilities are within a range which is customary in the market. The terms end between March 31, 2015 and December 30, 2013 or have an indefinite term.

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 dates as follows:

	Future minimum lease payments		Interest		Present value (liabilities related to finance leases)	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
within one year	1.4	1.3	0.2	0.2	1.2	1.1
between 1 and 5 years	3.0	3.5	0.2	0.3	2.8	3.2
	4.4	**4.8**	**0.4**	**0.5**	**4.0**	**4.3**

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

	2015	2014
	EUR million	EUR million
Liabilities to		
Third parties	132.4	156.5
Affiliated companies	8.7	8.9
Holdings	0.1	0.2
	141.2	**165.6**

All trade accounts payable due to third parties shown are due within one year as was the case in the year before.

Trade accounts payable to third parties reflect liabilities from outstanding invoices based on services already received but not yet invoiced at EUR 62.2 million (previous year: EUR 63.3 million) and liabilities in connection with concluded contracts that relate to repayment obligations to manufacturers at EUR 17.1 million (previous year: EUR 13.0 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, 2015	Total	of which with a remaining term of 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)				
Profit transfer	37.9	37.9	0.0	0.0
Affiliated companies	10.9	10.9	0.0	0.0
Employees	8.1	8.1	0.0	0.0
Advance payments received	7.0	7.0	0.0	0.0
Debtors with a credit balance	4.8	4.8	0.0	0.0
Ancillary tax payments	4.5	4.5	0.0	0.0
Other taxes	4.4	4.4	0.0	0.0
Onerous contracts	2.2	2.2	0.0	0.0
Deposit liabilities	1.4	1.4	0.0	0.0
Annual auditing and accounting costs	1.0	1.0	0.0	0.0
Incidental personnel costs	0.2	0.2	0.0	0.0
Others	5.9	5.2	0.3	0.4
	88.3	**87.6**	**0.3**	**0.4**

As at Dec. 31, 2014	Total	of which with a remaining term of 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)				
Profit transfer	0.0	0.0	0.0	0.0
Affiliated companies	8.7	8.7	0.0	0.0
Employees	10.1	10.1	0.0	0.0
Advance payments received	10.1	10.1	0.0	0.0
Debtors with a credit balance	3.5	3.5	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
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
Others	6.2	5.5	0.3	0.4
	53.4	**52.7**	**0.3**	**0.4**

Any and all liabilities are accounted for at their amortised cost of acquisition by using the effective interest method, unless stated otherwise.

The profit transfer relates to the profit transfer to ALBA Group KG in the amount of EUR 37.9 million.

Liabilities to employees include bonuses and accrued vacation and overtime.

Advance payments received result mainly from the services segment. These are advance payments for deferred supplies which are only billed after the reporting date.

Liabilities under other taxes relate mainly to sales tax and wage and church tax.

For information on deposit liabilities reference is made to the explanations on the relevant receivables in Note 25.

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 rose by EUR 53.5 million compared with the previous year. The rise results mainly from the inflow of funds by the reduction of the working capital and by the EBITDA which was better compared to the previous year.

The increase in the cash flow from investment activity in the amount of EUR 29.8 million results mainly from the inflow of cash due to the sale of shares in consolidated companies of EUR 18.5 million and the sale of locations and land plots of EUR 15.9 million.

In the year under review, the cash flow from the financing activity shows an inflow of funds totalling EUR 16.8 million (previous year: inflow of funds of EUR 2.7 million). The inflows principally resulted from the assumption of losses of the previous year of EUR 32.6 million. The repayment of credit lines used had a counter-effect.

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

	2015	2014
	EUR million	EUR million
Cash and cash equivalents according to the balance sheet	6.0	6.6
Cash and cash equivalents allocated to a disposal group	0.0	6.0
Cash pooling	141.3	47.4
Cash pooling allocated to a disposal group	0.0	-5.1
	147.3	**54.9**

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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Sales revenues								
External sales	1,016.9	1,245.3	339.0	322.1	0.0	0.0	1,355.9	1,567.4
Sales between the segments	0.2	0.3	1.6	1.9	-1.8	-2.2	0.0	0.0
	1,017.1	**1,245.6**	**340.6**	**324.0**	**-1.8**	**-2.2**	**1,355.9**	**1,567.4**

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

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
EBITDA	**7.9**	**9.1**	**33.3**	**24.6**	**0.0**	**0.0**	**41.2**	**33.7**
Amortisation of intangible assets and depreciation of property, plant and equipment								
scheduled	7.0	10.0	3.1	3.1	0.0	0.0	10.1	13.1
extraordinary	14.7	43.0	0.0	0.0	0.0	0.0	14.7	43.0
Investment result	0.0	0.2	-0.7	-0.2	0.0	0.0	-0.7	0.0
of which shares in the earnings of companies accounted for according to the equity method	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Net financial result	-7.5	-11.0	1.6	-1.0	0.0	0.0	-5.9	-12.0
of which interest income	1.6	1.9	3.0	2.8	0.0	0.0	4.6	4.7
of which interest expense	9.1	12.9	1.4	3.8	0.0	0.0	10.5	16.7
EBT	**-21.2**	**-54.8**	**31.1**	**20.4**	**0.0**	**0.0**	**9.9**	**-34.4**
Tax expenses							-1.1	-5.5
Consolidated income according to the income statement							**11.0**	**-39.9**

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets	**150.2**	**330.9**	**93.1**	**121.7**	**1.7**	**-52.5**	**245.0**	**400.1**
Including:								
Goodwill	2.9	9.0	1.3	1.3	12.9	13.0	17.1	23.3
Shares in companies accounted for according to the equity method	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reconciliation:								
Assets							245.0	400.1
+ Long-term financial assets							1.3	2.7
+ Deferred tax claims in accordance with IAS 12							4.1	5.1
+ Current financial assets							149.1	54.8
+ Tax refund claims in accord. with IAS 12, income taxes							2.0	3.3
Consolidated assets according to the balance sheet							**401.5**	**466.0**
Liabilities	**96.3**	**133.6**	**179.4**	**202.5**	**-11.2**	**-65.4**	**264.5**	**270.7**
Reconciliation:								
+ Deferred tax liabilities in accordance with IAS 12							0.2	4.0
+ Non-current financial liabilities							5.0	5.1
+ Income tax liabilities in acc. with IAS 12, income taxes							6.8	8.5
+ Current financial liabilities							22.3	44.0
Consolidated liabilities according to the balance sheet							**298.8**	**332.3**
Investments in non-current assets	6.0	6.4	2.7	2.1	0.0	0.0	**8.7**	**8.5**

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

	Steel and metals recycling		Services		Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Germany						
(a) Sales	508.0	464.2	302.1	284.3	810.1	748.5
(b) NC Assets	37.5	62.5	9.8	10.3	47.3	72.8
Other EU countries						
(a) Sales	191.2	274.3	34.5	34.9	225.7	309.2
(b) NC Assets	2.4	14.3	0.3	0.2	2.7	14.5
Non-EU countries						
(a) Sales	317.7	506.8	2.4	2.9	320.1	509.7
(b) NC Assets	0.1	-0.6	0.0	0.0	0.1	-0.6

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 liabilities

ALBA SE group has no obligations from sureties and guarantee agreements and the provision of collateral for non-group liabilities like in the year before.

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 203.0 million in the corporate bond issued by ALBA KG based on the declaration of April 20, 2011.

External shareholders requested a verification of the cash compensation and equalisation payment under the control and profit transfer agreement with ALBA Group KG before a court. A legal challenge is pending before the District Court of Cologne under the German Award Proceedings Act. If the court finds the cash compensation and/or equalisation payment to be inadequate, ALBA Group KG would need to make an additional payment to all shareholders who were shareholders at the time when the General Shareholder's Meeting resolved upon the control and profit transfer agreement, even if these are not the claimants under the legal challenge. This would result in subsequent tax payments for ALBA SE. It is expected, however, that no higher cash compensation and/or equalisation payment will result from the legal challenge as these had been determined carefully with the support of an expert and were found adequate by a court appointed contract verifier. ALBA Group KG has filed the relevant statements in the legal challenge.

(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 12.7 million (previous year: EUR 12.5 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:

	2015	2014
	EUR million	EUR million
Within one year	10.1	11.7
Between 1 and 5 years	15.4	19.6
In over 5 years	8.3	8.5
	33.8	**39.8**

(c) Other financial obligations

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

	2015	2014
	EUR million	EUR million
Within one year	1.0	5.7
Between 1 and 5 years	1.1	3.9
	2.1	**9.6**

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, 2015	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to IAS 17	Fair value Dec. 31, 2015
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets						
Non-current financial assets						
Financial assets available for sale	1.2	1.2	0.0	0.0	0.0	N/A
Loans and receivables	0.1	0.1	0.0	0.0	0.0	0.1
	1.3	**1.3**	**0.0**	**0.0**	**0.0**	**1.3**
Current financial assets						
Loans and receivables	146.6	146.6	0.0	0.0	0.0	146.6
Financial assets associated with hedging	2.5	0.0	0.1	2.4	0.0	2.5
	149.1	**146.6**	**0.1**	**2.4**	**0.0**	**149.1**
Current trade receivables						
Loans and receivables	107.9	107.9	0.0	0.0	0.0	107.9
	107.9	**107.9**	**0.0**	**0.0**	**0.0**	**107.9**
Other current receivables						
Loans and receivables	9.6	9.6	0.0	0.0	0.0	9.6
	9.6	**9.6**	**0.0**	**0.0**	**0.0**	**9.6**
Cash and cash equivalents						
Loans and receivables	6.0	6.0	0.0	0.0	0.0	6.0
	6.0	**6.0**	**0.0**	**0.0**	**0.0**	**6.0**

Dec. 31, 2015	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, 2015
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Liabilities						
Non-current financial liabilities						
Other financial liabilities	2.2	2.2	0.0	0.0	0.0	2.2
Liabilities from finance leasing	2.8	0.0	0.0	0.0	2.8	2.8
	5.0	**2.2**	**0.0**	**0.0**	**2.8**	**5.0**
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	19.2	19.2	0.0	0.0	0.0	19.2
Financial liabilities associated with hedging	1.9	0.0	0.4	1.5	0.0	1.9
Liabilities from finance leasing	1.2	0.0	0.0	0.0	1.2	1.2
	22.3	**19.2**	**0.4**	**1.5**	**1.2**	**22.3**
Current trade accounts payable						
Other financial liabilities	141.2	141.2	0.0	0.0	0.0	141.2
	141.2	**141.2**	**0.0**	**0.0**	**0.0**	**141.2**
Other current liabilities						
Other financial liabilities	56.3	56.3	0.0	0.0	0.0	56.3
	56.3	**56.3**	**0.0**	**0.0**	**0.0**	**56.3**
Aggregated according to categories of measurement in IAS 39						
Financial assets available for sale	1.2	1.2	0.0	0.0	0.0	1.2
Loans and receivables	270.2	270.2	0.0	0.0	0.0	270.2
Other financial liabilities	219.6	219.6	0.0	0.0	0.0	219.6

Dec. 31, 2014	Total	Amortised cost	Fair value without affecting net income	Fair value through profit and loss	Valuation according to IAS 17	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 IAS 17	Fair value of net assets Dec. 31, 2014
	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**
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
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
Other financial liabilities	226.1	226.1	0.0	0.0	0.0	226.1

Holdings stated under the non-current assets totalling EUR 1.2 million (previous year: EUR 0.5 million) are measured at cost of acquisition, 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 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, 2015	Fair value	Level 1	Level 2	Level 3
	EUR million	EUR million	EUR million	EUR million
Financial assets associated with hedging	2.5	0.0	2.5	0.0
	2.5	**0.0**	**2.5**	**0.0**
Financial liabilities associated with hedging	1.9	0.0	1.9	0.0
	1.9	**0.0**	**1.9**	**0.0**

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**

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 present 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 default risk is the risk that a company suffers financial losses if a customer or contractual party of a financial instrument fails to comply with their contractual obligations. It generally arises from trade receivables, the debt papers held as financial assets. In ALBA SE Group, the credit or default risk related to trade receivables 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, 2015						
Non-current financial assets	1.3	1.3	0.0	0.0	0.0	0.0
Current financial assets	149.1	147.2	1.8	0.0	0.1	0.0
Current trade receivables	107.9	72.2	15.8	10.2	9.0	0.7
Other current receivables	9.6	8.3	0.1	0.1	0.9	0.2
	267.9	**229.0**	**17.7**	**10.3**	**10.0**	**0.9**
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**

The maximum default risk to which the ALBA SE group is exposed is reflected by the carrying amounts of the financial assets in the amount of EUR 267.9 million (previous year: EUR 238.4 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, 2015	6.0	4.8	0.2	1.0
Changes in the scope of consolidation	-0.6	-0.6	0.0	0.0
Allocations	2.1	1.9	0.0	0.2
Drawdown	-2.1	-2.0	-0.1	0.0
Reversals	-0.8	-0.8	0.0	0.0
Value adjustments at Dec. 31, 2015	**4.6**	**3.3**	**0.1**	**1.2**

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 the credit risk.

Liquidity risk

The liquidity risk is the risk that the group might not be able to settle its financial liabilities by cash or other financial assets in accordance with the contracts. The liquidity necessary for the ALBA SE group is assured under the 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, 2015							
Non-current financial liabilities	5.0	5.3	0.0	0.0	0.0	3.8	1.5
Other non-current liabilities	0.7	0.7	0.0	0.0	0.0	0.3	0.4
Current financial liabilities	22.3	23.0	12.7	1.5	8.8	0.0	0.0
Current trade accounts payable	141.2	141.1	76.9	39.2	25.0	0.0	0.0
Other current liabilities	56.3	56.3	5.3	38.2	12.2	0.6	0.0
	225.5	**226.4**	**94.9**	**78.9**	**46.0**	**4.7**	**1.9**
Dec. 31, 2014							
Non-current financial liabilities	5.1	5.5	0.0	0.0	0.0	3.8	1.7
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**

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

The currency risk is the risk arising from the quotation of currencies in which sales and purchase transactions as well as credit transactions are made which do not correspond to the functional currency of the group. 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 mainly 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 2015 financial year. The derivatives hedge the exchange rate risks of each individual operating item separately. They are used according to uniform guidelines, are subject to strict internal controls and serve exclusively the hedging of the operating business. 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 were 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, 2015**		**Dec. 31, 2014**	
	Nominal volume	**Counter value**	Nominal volume	Counter value
	EUR million	EUR million	EUR million	EUR million
US Dollar	55.3	50.8	57.7	47.6

The market values of the forward exchange contracts totalled:

Market value	**Dec. 31, 2015**		**Dec. 31, 2016**	
	Assets	**Liabilities**	Assets	Liabilities
	EUR million	EUR million	EUR million	EUR million
hedged	0.1	0.4	0.1	1.1

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 0.2 million (previous year: EUR 0.4 million). An equivalent reduction in the rate would result in an increase in earnings of EUR 0.2 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 or decrease in the interest rate level by 100 base points would not have any effect on the interest result. In the year before, an increase or decrease of the interest rate level by 100 base points would have resulted in the interest income to be higher by EUR 0.2 million.

Price change risk

Given the fluctuations in prices on the markets, ALBA SE group is exposed to metal price change risks. These price changes might have an effect on contracts whose time of settlement is after the balance sheet date, on contracts for which the transfer of risk was made on the reporting date, but for which the price will only be fixed after the transfer of risks and to warehouse stocks.

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, 2015, commodities futures transactions to the amount of EUR 2.4 million (previous year: EUR 1.1 million) with a positive fair value and to the amount of EUR 1.5 million (previous year: EUR 0.1 million) with a negative fair value were designated and accounted for as hedges. These were recognised as income in 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 in the copper and aluminium price would have resulted in a rise in earnings by EUR 0.4 million and a fall of retained earnings by EUR 0.4 million. A 10 % fall of the copper and aluminium price would have resulted in a fall in earnings by EUR 0.4 million and an increase of retained earnings by EUR 0.4 million.

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 2015**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Dec. 31, 2015							
Loans and receivables	4.5	0.0	-2.7	-2.1	0.8	-0.1	0.4
Financial assets held for sale	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
Financial assets and liabilities held for trading	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Other financial liabilities	-9.0	0.0	0.0	0.0	0.0	15.3	6.3
	-4.5	**0.0**	**-2.7**	**-2.3**	**0.8**	**16.2**	**7.5**

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**

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 2.1 million (previous year: EUR 2.8 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:

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	Similar financial assets which can be offset according to IFRS 7 para. 13c. 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, 2015						
Cash pooling	191.2	49.9	141.3	0.0	0.0	141.3

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	Similar financial liabilities which can be offset according to IFRS 7 para. 13c. 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	182.2	134.8	47.4	0.0	0.0	47.4

39. Factoring

As at December 31, 2015 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 receivables towards the corresponding debtor less a discount which consists of the interim interest for the actual duration of the receivables 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 receivables, the del credere and the debt collection. In the 2015 financial year, a total of EUR 1.4 million (previous year: EUR 1.7 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, 2015, EUR 25.3 million (previous year: 48.0 million) of the receivables 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 92.843 % 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.

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, earnings from ALBA SE under commercial law to the amount of EUR 37.9 million were transferred to the ALBA Group KG. The corresponding liability is shown under other liabilities (Note 34).

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 3.2 million (previous year: EUR 3.5 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 37 for more information.

The following table shows the major supply and services rendered to related companies, excluding ALBA KG, or received from related companies:

	2015	2014
	EUR million	EUR million
Type of transactions		
Purchase of goods	31.1	47.0
Sale of goods	52.6	61.2
Purchased services	20.7	20.0
Services rendered	13.7	8.8
Other operating income	6.4	5.5
Other operating expenses	13.6	12.5

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.

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, 2015. 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 ► Member of the Audit Committee since Aug. 18, 2015		
Mr Martin Becker-Rethmann ► Representative Chairman of the Administrative Board resigned on Dec. 31, 2015	Member of the Board of Directors of the ALBA Group plc & Co. KG Berlin	► Chairman of the Audit Committee (member until Aug. 17, 2015) ► Member of the Presiding Committee ► Member of the Personnel Committee ► Member of the Nominating Committee all functions since Aug. 18, 2015		
Mr Eric O. Mendel ► Member of the Administrative Board resigned on Dec. 31, 2015	Executive Director of EQOS Energie Holding S.à r.l.	► Member of the Audit Committee until Feb. 28, 2015		► Member of the Administrative Board of EQOS Energie Schweiz AG Member since November 1, 2014
Ms Patricia Hauswald ► Member of the Administrative Board resigned on June 30, 2015	Tax Advisor, Berlin	► Chairwoman of the Audit Committee ► Member of the Presiding Committee ► Member of the Personnel Committee ► Member of the Nominating Committee until June 30, 2015		
Mr Robert Nansink ► Member of the Administrative Board	Executive Director of ALBA SE, Cologne	► Member of the Audit Committee since Aug. 18, 2015		

Liabilities for the remuneration of the Administrative Board were created to the amount of EUR 0.1 million for the 2015 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 0.1 million (previous year: EUR 0.0 million). No payments were made as pension payments to former members of the Board of Directors and Administrative Board in contrast to the year before (previous year: EUR 0.4 million). EUR 1.2 million (previous year: EUR 1.1 million) was deferred for pension obligations towards former members of the Board of Directors and the 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 2015 financial year totalled EUR 0.7 million. This amount contains a variable remuneration component of EUR 0.1 million.

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, 2015, a direct stake in the total capital of ALBA SE totalling 92.843 % of the shares, and thereby voting rights from 9,135,777 shares, were attributable to Dr Axel Schweitzer.

42. Employees

The average number of employees totalled 1,486 (previous year: 1,691) and is distributed as follows:

	2015	2014
White collar employees	817	914
Blue collar employees	669	778
	1,486	**1,691**

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 0.4 million (previous year: EUR 0.7 million) and relates in full to the year-end audit (previous year: EUR 0.5 million). In the year before, tax advisory services and other services amounted to EUR 0.1 million each.

44. Events after the Balance Sheet Date

On January 14, 2016, Mr Dirk Beuth was appointed as member of the Administrative Board of ALBA SE at the request of ALBA Group KG and based on a decision of the District Court of Cologne. The Administrative Board thus consists of three members as prescribed by law and the Statutes of ALBA SE.

On January 26, 2016, ALBA SE was informed that ALBA Group KG as parent company of ALBA SE intends to instruct ALBA SE in the course of the 2016 financial year to sell the companies belonging to the services segment, not including ALBA SE and two companies of the steel and metals recycling segment to ALBA Group KG itself or another company within ALBA Group. This measure would have significant effects on the assets, financial and earnings situation of

ALBA SE group. Based on figures prevailing on December 31, 2015, assets would fall by EUR 172.8 million and liabilities by EUR 167.7 million. The inventory of financial assets which consists mainly of the cash pooling balance would decrease by EUR 97.0 million compared to December 31, 2015. The availability of financial means under the syndicated loan agreement of ALBA Group would not be restricted for the remaining ALBA SE group. EUR 33.3 million of the EBITDA and EUR 32.3 million of the EBT can be allocated to these companies.

In addition, it was informed that ALBA SE could be instructed to sell or close down more companies and locations from the steel and metals recycling segment. This would result in a disposal of assets amounting to EUR 57.6 million and liabilities of EUR 60.3 million in relation to the values as of December 31, 2015. The companies which might be included currently account for EUR 1.4 million of the EBITDA and EUR -5.9 million of the EBT as of December 31, 2015.

At the time of preparation hereof, the proceeds from the disposal and the time of disposal are still uncertain. The financial effects on the Consolidated Financial Statements can currently not be estimated reliably.

ALBA SE sold any and all shares in INTERSEROH Management GmbH to ALBA Group KG with effect on January 1, 2016. The disposal of the company had no essential effects on the net assets, financial and earnings situation of ALBA SE group.

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 2015. 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
- ►profitara deutschland gmbH, Cologne
- ►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 25, 2016

ALBA SE
Executive Director

Rob Nansink

Imprint

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