ANNUAL REPORT 2013

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Key Group Indicators

Group	2013	2012	2011	2010	2009	2008
Consolidated sales revenue (in EUR million)						
Steel and metals recycling	1,396.7	1,605.9	1,744.5	1,384.2**)	832.5	1,560.2
Services	307.7	321.0	466.2	448.0**)	287.8	285.7
Raw materials trading (Companies sold on 1.10.2011)			127.8	139.0	146.3	220
	1,704.4	1,926.9	2,210.7*)	1,832.2**)	1,266.6	2,065.9
EBITDA (earnings before interest, taxes, depreciation and amortization) in EUR million	26.2	68.1[5]	77.0	86.6	46.8	53.5
EBT (earnings before taxes) in EUR million	-42.1	37.8[5]	40.4*)	42.0**)	3.8	5.9
Consolidated earnings in EUR million	-43.6	33.4[5]	37.2	34.1	0.9	-6.3
Total assets in EUR million	485.0	571.9	655.1	656.5	659.5	729.4
Equity ratio[1] in %	30.1	31.9[5]	28.3	30.0	24.1	22.2
Return on equity[2] in %	-29.8	18.3[5]	20.1	17.4	0.6	-3.9
Return on capital employed[3] in %	-5.3	8.8	8.8	9.5	3.4	4.4
Number of employees (average)	1,857	1,910	1,959	1,774	1,836	1,864
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]	0.25	0.11	0.14

1 Equity according to balance sheet x 100/total assets

2 Earnings after taxes according to income statement x100/equity on balance sheet

3 Earnings before taxes, interest and shares in associated companies according to income statement x 100/total assets

4 Due to the control and profit transfer agreement in place 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 IAS19

The companies of the raw materials trading 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 from 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.

Joachim Wagner
has been a **member of the Administrative Board** of ALBA SE since July 16, 2013. and is also **Executive Director (spokesman)** of ALBA SE. He has also been Director of the steel and metals recycling segment since 2010. Prior to his appointment to the board of ALBA SE, he transformed his parents' company Wagner Rohstoffe GmbH, now ALBA Metall Süd, from a one-man operation to a key market participant in the Rhine-Main area. Wagner has also been a member of the ALBA Group Board of Directors since October 2011.

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 into one of the biggest exporters of non-ferrous metals in Europe. Europe Metals is now a one hundred percent subsidiary of ALBA SE.

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

Eric Mendel
has been a **member of the Administrative Board** of ALBA SE since July 16, 2013. After studying industrial engineering, Eric initially worked for a top management consultancy, advising a wide range of large and medium sized companies. He then worked as an interim manager and director in the mobile telecoms and software sector before joining the executive board of a medium sized company in the construction industry as CFO in early 2002. From 2006 until June 2013, Eric Mendel was Chairman of the Board of

Directors of INTERSEROH Dienstleistung GmbH as well as being Chief Representative of ALBA SE. He was been a member of the ALBA Group Board of Directors since August 2010.

The Administrative Board in Discussion

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

Dr. Schweitzer, in 2013, ALBA SE and its subsidiaries suffered falls in their sales revenues and earnings. What was this attributable to?

Axel Schweitzer: At this point exactly one year ago, I forecast that 2013 could be an exceptionally challenging year. Unfortunately, I was right. The prevailing conditions on the markets in which ALBA SE and its subsidiary companies operate were the poorest for 20 years. This was especially true for the steel and metals recycling segment. The global overcapacity in the steel industry and the huge European steel crisis impacted on the sector for the collection and preparation of scrap steel. Demand for scrap steel was subdued and consumption low. Accordingly, the procurement side saw material shortages, putting a clear level of pressure on the margins. Demand for non-ferrous metals was also subdued and the prices, low. Under these conditions our margins also suffered. Developments in the services segment were dominated by the increasingly urgent situation with the dual systems. This resulted in increasingly strong competition under partially market-distorting conditions. This also meant that the margins in our services business were put under pressure.

What conclusions do you draw from this?

Axel Schweitzer: As we cannot change the prevailing market conditions, it is all the more important to draw the correct conclusions and to put our structures and processes to the test in terms of the complexity of the individual companies, regions, segments and holdings, and to bring together our responsibility, expertise and market proximity at the same time. At the same time we want to strengthen our flexibility and customer retention.

You mentioned putting structures to the test. Does this link in with the title of this business report - Networking?

Axel Schweitzer: Yes it does. In 2013 we continued with the restructuring of the ALBA Group which started in 2011, to create a leading recycling specialist, supplier of raw materials, and environmental services provider. Mid year, we decided to bring the steel and metals recycling segment of ALBA SE together with the recycling and disposal business area of ALBA. We are the first company of our size and scale to have taken this brave step. With this consolidation, we are combining the goal of our sales division offering our customers services from both business segments with the optimisation of costs due to the shared use of personnel, technology and logistics. We expect this mode will enable us to counter the increasingly negative market trends with a positive development of our business.

In the services segment, have you brought ALBA SE's operational segments together with ALBA?

Axel Schweitzer: Yes, that is exactly what we have done. ALBA's Sorting and Facility Management divisions are now under the management of INTERSEROH Dienstleistungs GmbH. By bringing all of the ALBA Group's service activities into a single management company we can further improve cross selling potentials. The Recycling Solutions Interseroh business unit has close contacts with food retailers for example, which also require winter services and the maintenance of parks and paved areas. This is offered by ALBA with its Facility Management service.

What strategies are you using to achieve your goals?

Axel Schweitzer: We are going to strengthen both the areas in which we offer the market a unique selling proposition and those in which we are the technological leaders. We will also deepen our creation of value added and the growth in promising fields business, and further develop our international orientation without neglecting our home market. This means that we will withdraw from areas of business that do not offer sound economic perspectives or sufficient depth of value added, and that we will optimise our company portfolio. Before the backdrop of a radically changing European stainless steel industry, for example, in February, we brought the operations of Interseroh Stainless Steel in Dortmund to an end. The optimisation of our portfolio also included our sale of INTERSEROH NRW GmbH. The goal of our strategy is to develop into the market leader in our core fields of business in the individual sub-regions. This applies irrespectively of whether our roots are in the disposal sector, or in the raw materials and scrap sector.

In the context of a stronger international orientation you have invested in a new export terminal in Amsterdam which began its operations at the start of the year. What advantages does Amsterdam offer compared with the former export terminal in Dordrecht?

Axel Schweitzer: The site of the new deep sea terminal in the Dutch capital, with 27,000 sq. m., is five times bigger than our previous site in Dordrecht, and offers perfect transport links. In Amsterdam we are able to deal with every variety of scrap iron, in addition to metals, paper and plastic – in short, all raw materials. The terminal is far from being a classic scrap terminal - it is an ultramodern, multifunctional terminal. The new site has storage space for 200,000 tonnes of material, and ships with a loading capacity of up to 50,000 tonnes can be processed there.

In the steel and metals recycling segment it is necessary for us to become more independent from the European steel market. This is because it is clear that the growing markets in steel production are elsewhere - namely Asia, for instance. According to estimates by the World Steel Association, for example, China recorded a plus of 3.5 percent. It is possible that the USA will also get stronger again. And in Amsterdam, we are also better positioned for serving the USA.

And how is the realisation of the Company strategy progressing in the services segment?

Axel Schweitzer: In the services segment it will be necessary to close the product, logistics and material cycle and therefore realise the 'sustainable triangle: reuse – reduce – recycle' vision in new fields of business. And our successes in developing new areas of business are plain to see. Here is a recent example: in 2012 it was not possible to produce new transport boxes for food products from recycled packaging materials. Today we have both the solution and the patent for it – thanks to our innovative plastic granulates from the collaboration between the ALBA SE business unit of Recycled Resources and the ALBA Sorting division. In 2013 we received several accolades for our plastic granulates.

We are also becoming more international in the services segment, exporting our know-how and our expertise. We achieved an impressive success in Slovenia in 2013. We were among the fastest growing new countries in central Slovenia, an achievement for which we won an award. In addition to the growth in our sales revenue and the quality of our services, we also impressed the demanding experts with our expertise and experience in the field of waste management.

Your market share for the household disposal of light weight packaging decreased from over 20% to 7%. Are you worried about your Interseroh Dual System?

Axel Schweitzer: We are offering our customers a more transparent, legally secure and understandable service with the recovery of sales packaging. We are very concerned to see, however, that due insufficient enforcement, the target group we are able to reach is continuing to fall. We are not prepared to buy market shares by offering our services at the real cost rates or by selling our customers deceptive packaging. Moreover, in the sorting segment, our parent company, the ALBA Group, is the market leader. And not only regarding the volumes, but also in the field of technology.

In the media, returning the recycling of packaging to the municipalities and the disquiet amongst the dual systems operators are frequent news items. What are the prospects here?

Axel Schweitzer: In terms of quality, good, because the system with the yellow bags and bins has meant that we have the highest rates of plastic recycling in the world. This is a great success that Germany can be proud of. Therefore, our problem isn't that the yellow bins aren't being collected, nor is it a quality-related matter - the problem is actually the simple question of ensuring the participants comply with their payment obligations once again. With the planned seventh amendment of the German Packaging Ordinance, it is high time to close the loopholes. That is my urgent appeal to the political decision makers.

The self recovery of packaging has to be abolished because it is only taking place to a limited degree. Stricter regulations are also needed for the sector solutions. The volume reports for the first two quarters of 2014 show that the light plastic packaging registered in the yellow collection systems is far below the gathered volumes. The licensed volume of light packaging for the first two quarters of 2014, meaning the correctly registered and paid volume for the recycling is just under 760,000 tonnes - although the collection volume should be 2.4 million tonnes. This means that, believe it or not, in comparison with the first half of 2013, 28 per cent of the LP volumes have once again been checked out. At the same time, the self recovery volume rose by 219 per cent.

How do you rate the future of ALBA SE under the umbrella of the ALBA Group?

Axel Schweitzer: We are one of the first companies in Germany to have focused consistently on the recycling and recovery of raw materials and the closed loop system - absolutely key topics for the future. Nobody doubts any more that here at the ALBA Group, of which ALBA SE is an important component, we are leaders in the areas of both recycling and sorting technologies. In times of economic change the winning companies will be those which succeed in adapting quickly and consistently to the changing prevailing circumstances. This includes developing new areas of business and strictly adhering to the strategy we have specified. We are focusing on the further networking and consolidation of operational units and are looking closely at which areas are profitable and ripe for development, and which ones are not. We are taking a clear path of internationalisation without neglecting our home market of Germany. Our to-do list also includes improving our response times, improving our market proximity, as well as a further examination of our portfolio and a stronger focus on securing returns on capital employed. Our most important capital is our team, of which we are immensely proud!

Report of the Administrative Board 2013

Dear Shareholders,

With the passing of the resolution by the ALBA SE shareholders at the General Shareholders' Meeting on May 28, 2013, the foundations were set for changing ALBA SE from a dualistic managerial and control system with a Board of Directors and Supervisory Board to a monistic system with a single Administrative Board. This change then took effect with its recording in the commercial register on July 16, 2013. The Administrative Board of ALBA SE is therefore reporting on both its own activities since July 16, 2013 as well as the activities of the Supervisory Board for the period until July 15, 2013.

During the 2013 financial year the Supervisory Board and/or Administrative Board carefully and regularly monitored the executive management of the Board of Directors and/or the Executive Directors pursuant to the Company regulations and statutes, 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 regulations and statutes.

From January 1, 2013 until July 15, 2013, the Supervisory Board convened at two 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. Various individual subjects were discussed with the Board of Directors. The advice of the Supervisory Board was based on regular written and oral reports from the Board of Directors, which the latter provided in good time and in adequate depth, especially with regard to business policy and corporate planning, the Group’s situation, including its on-going strategic development and its locations, as well as the profitability and progress of the business. In addition, the Supervisory Board passed a round robin resolution. Furthermore, the Chairman of the Supervisory Board was in constant contact with the Board of Directors and was informed of all key developments and pending decisions. Important decisions were presented to the Supervisory Board for agreement, which was then also granted after reviews and assessments had been undertaken. Based on the reports provided by the Board of Directors, the Supervisory Board monitored, and provided advice on, the Board of 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 Supervisory Board focused in particular on issues of legality, propriety, expedience and profitability. On the one hand, the Supervisory Board monitored the activities already undertaken by the Board of Directors. On the other, the Supervisory Board intensively discussed future-oriented business decisions and forecast scenarios with the Board of Directors based on its reports and review and in consideration of the relevant specific business documents and submissions.

In the period until December 31, 2013, the Administrative Board, which has been in office since July 16, 2013, convened at its initial constituent meeting and two ordinary meetings, and discussed the Company's and the business divisions' economic situation, as well as the ongoing strategic and personnel alignment of the Company, the relevant plans and the risk situation. The advice of the Administrative Board was based on regular written and oral reports from the Executive Directors, which the latter provided in good time and in adequate depth, especially with regard to business policy and corporate planning, the Group’s situation, including its on-going strategic development and its locations, as well as the profitability and progress of the business. Furthermore, the Chairman of the Administrative Board and its members were in constant contact with the Executive Directors and were informed of all key developments and pending decisions. Important decisions were presented to the Administrative Board for agreement, which was then also granted after reviews and assessments had been undertaken. Based on the reports provided by the Executive Directors, the Administrative Board monitored, and provided advice on, the Board of 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 Board of Directors. On the other, the Administrative Board intensively discussed future-oriented business decisions and forecast scenarios with the Executive Directors based on its reports and review and in consideration of the relevant specific business documents and submissions.

Main focus points of the activity of the Supervisory Board (until 15 July, 2013)

The Board of Director's reports were discussed in detail at both of the ordinary meetings of the Supervisory Board. Important individual measures and strategic issues were discussed with the Board of Directors.

In addition to monitoring management, consulting on and discussion of ALBA SE's and its associated subsidiaries' strategic orientation were in the forefront.

The main focus points were the approval of the Company's annual and consolidated financial statements, the changeover to the monistic system, the agenda for the ordinary General Shareholders' Meeting with the suggested resolutions, and the bonus schemes for the members of the Board of Directors.

Main focus points of the activity of the Administrative Board (from 16 July, 2013)

At both ordinary meetings of the Administrative Board, along with the current development of business, several individual topics were discussed which the Administrative Board also discussed in detail with the Executive Directors.

The main focus points included the attributes of the monistic system, the formation and composition of the committees, the enacting of procedural rules for the Administrative Board and Executive Directors, the specification of a business apportionment plan, and the approval of the declaration of conformity according to the German Code of Corporate Governance.

Committees of the Supervisory Board (until July 15, 2013)

To comply with the recommendations of the Corporate Governance Code the Supervisory Board established four committees that mainly have undertaken advisory or preparatory functions for the resolutions in the Supervisory Board's plenary sessions:

The **Presiding Committee** consists of the Chairman of the Supervisory Board and his two deputies, Mr. Friedrich Carl Janssen and Mr. Peter Zühlsdorff. It convened once during the reporting period.

The **Nominating Committee** did not meet in the 2013 reporting period, since no elections of Supervisory Board members were required during this period

The **Audit Committee had three members** with Chairman Dr. Werner Holzmayer, as well as Mr. Peter Zühlsdorff and Mr. Roland Junck. It convened once during the reporting period. Its activities were aimed at questions in conjunction with the annual financial statements and checking the internal audit. In addition, the members of the Audit Committee were regularly informed by the Board of Directors about on-going business developments.

The **Personnel Committee**, also consisting of three members, discussed remuneration and other personnel matters relating to the Board of Directors and submitted relevant proposals to the Supervisory Board in its plenary session. In the reporting period, the personnel committee passed resolutions with the written circulation procedure.

Administrative Board Committees (From 16 July 2013)

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 consists of the Chairman of the Administrative Board, Dr. Axel Schweitzer, and Mr. Joachim Wagner. The Presiding Committee prepares the meetings of the Administrative Board. The Presiding Committee met once during the reporting period.

The Nominating Committee also consists of the Chairman of the Administrative Board, Dr. Axel Schweitzer, and Mr. Joachim Wagner. Apart from the appointment of the first members of the Administrative Board, no votes to the Administrative Board took place and the Nominating Committee did not meet during the reporting period.

The Audit Committee initially consisted of three members, with Dr. Werner Holzmayer as its Chairman and Mr Martin Becker-Rethmann and Mr Eric Oliver Mendel. With the departure of Dr. Holzmayer from the Administrative Board on October 31, 2013, the Audit Committee currently consists of two persons. The Audit Committee is 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 once during the reporting period.

The Personnel Committee also consisted of two members until October 31, 2013, Dr. Werner Holzmayer and Dr. Axel Schweitzer. The Personnel Committee did not meet during the reporting period.

Corporate Governance and Declaration of Compliance

During the year under review, the Supervisory Board and/or Administrative Board also discussed Corporate Governance, particularly the changes to the German Code of Corporate Governance and the special attributes of the monistic system. The Corporate Governance standards, which have been part of daily life in the Company for a long time, also remain unchanged as regards the monistic system.

The Executive Directors report about corporate governance in the Corporate Governance report, as part of the situation report to the Administrative Board. The company satisfies 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 September 27, 2013, the Administrative Board adopted the declaration of compliance with the German Corporate Governance Code for 2013 paying particular consideration to the special attributes of the monistic system. This declaration has been posted on the Company's website.

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

Individual and Consolidated Financial Statements, External Audit

The external audit firm of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, appointed by the General Shareholders' Meeting, audited ALBA SE's 2013 financial statements 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 9, 2014. 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 Board of Directors The annual financial statements are thereby ratified.

Risk Management

KPMG also reviewed the structure and function of the risk management system as part of its audit and found no reason to raise objections. It is also the opinion of the Administrative Board that the risk management system meets the statutory requirements.

Appointments and Changes to the Administrative Board and Executive Directors

Since 16 July 2013, ALBA SE has been controlled and managed by an Administrative Board. The members of the Administrative Board are as follows: Chairman Dr. Axel Schweitzer, CEO and member of the Board of Directors of the ALBA Group plc & Co. KG, Berlin, Martin Becker-Rethmann, member of the Board of Directors of the ALBA Group plc & Co. KG, Eric Oliver Mendel, member of the Board of Directors of the ALBA Group plc & Co. KG, Joachim Wagner, member of the Board of Directors of the ALBA Group plc & Co. KG, and Robert Nansink. The Administrative Board appointed Mr. Wagner and Mr. Nansink as Executive Directors with Mr. Wagner as Spokesman. Dr. Werner Holzmayer, an Accountant, Lawyer and Tax Consultant at Ebner Stolz Mönning Bachem, a partnership of accountants, tax consultants and lawyers in Cologne, joined the committee from July 16, 2013 until October 31, 2013.

The Administrative Board thanks the Executive Directors and the employees of ALBA SE and its associated subsidiary companies for their hard work in 2013.

Cologne, April 2014

The Administrative Board
Dr. Axel Schweitzer
Chairman

The Share

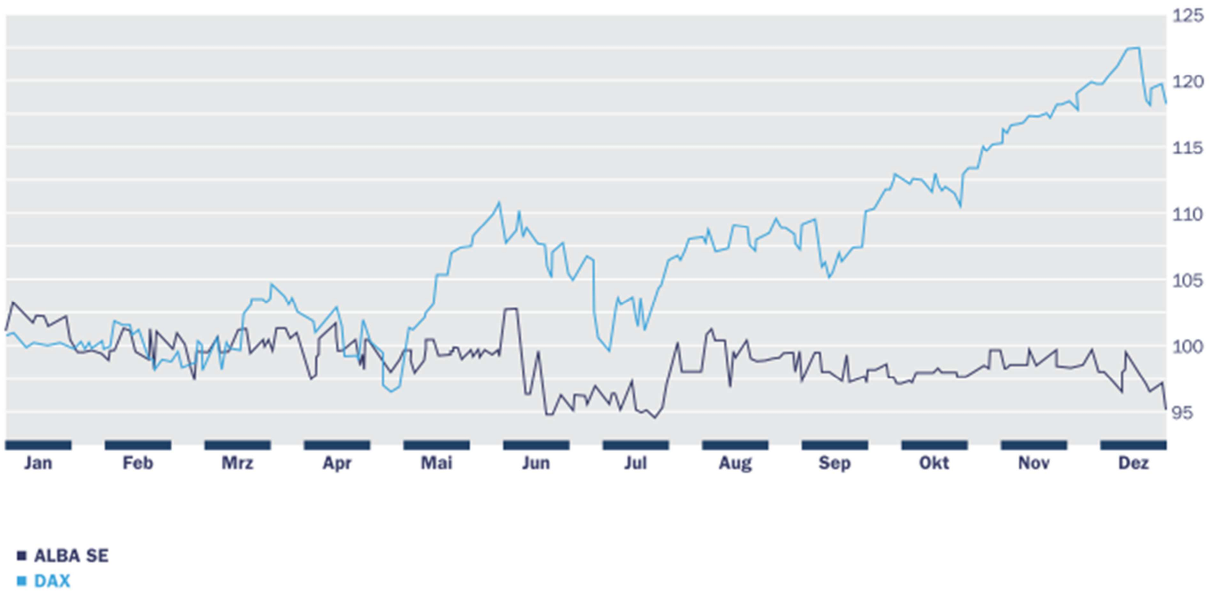
Share information

Security type: Domestic share, bearer share
Quoted: Regulated markets in Frankfurt, Düsseldorf; regulated unofficial markets in Stuttgart, Munich, Hamburg and Berlin-Bremen
End of financial year: 31.12.
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 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, 2013, these voting rights arose from 8,395,849 shares (85.324 %).

Float: (14.676 %)
Arithmetic par value: EUR 2.60
Shares: 9.84 million
Ticker symbol: ABA
Bloomberg code: ABA:GR
Reuters code ABAG.de
ISIN: DE0006209901
German securities identification number: 620990

ALBA SE vs. DAX. Indexed stock comparison, 2013



The ALBA SE shareholders voted, with a large majority at the General Shareholders' Meeting on May 28, 2013, in favour of changing ALBA SE from a dualistic to a monistic system and of the corresponding recommendation to amend the Company's statutes. Once the new statutes were recorded in the commercial register on July 16, 2013, the Board of Directors and the Supervisory Board were replaced with an Administrative Board with two Executive Directors and four non-executive members. The reason for changing from a dualistic to a monistic system is the integration of ALBA SE into the parent ALBA

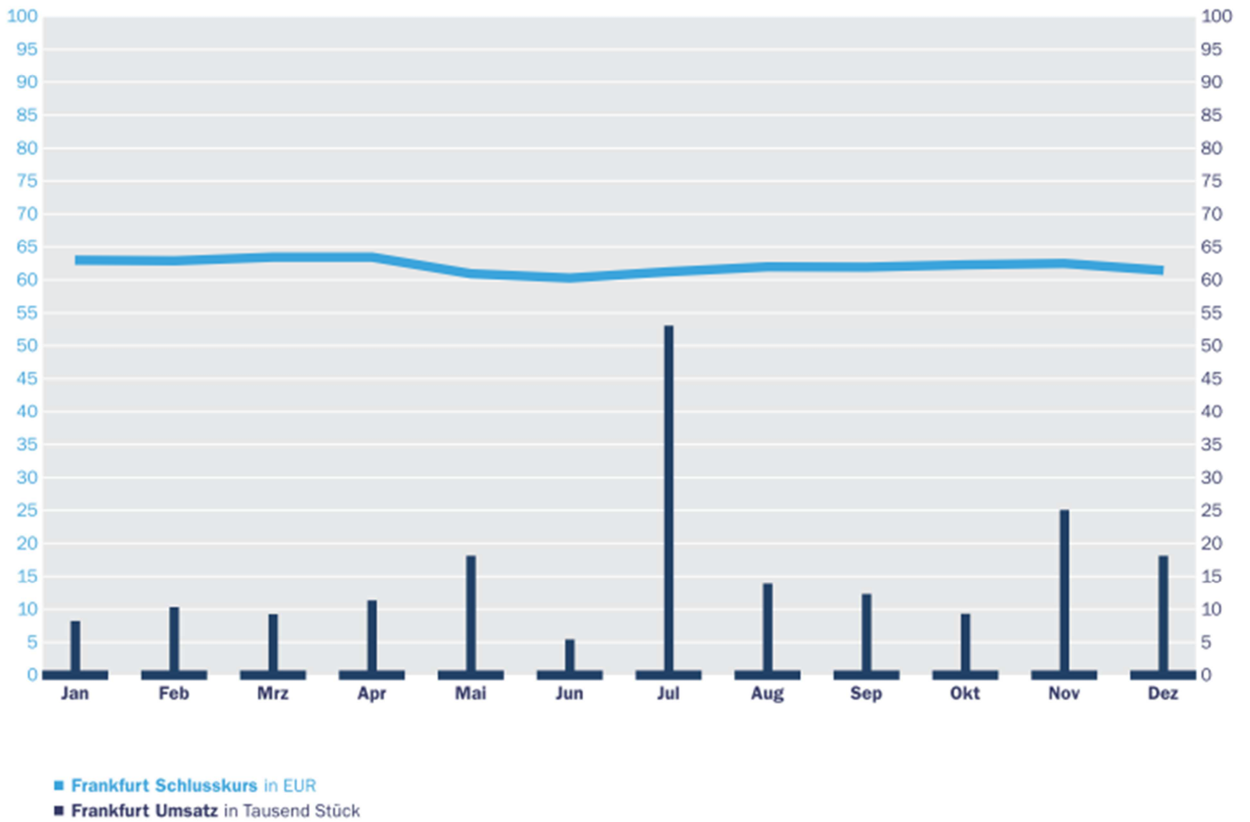
Group plc & Co. KG, Berlin, and the associated potential of a trimmer and more flexible management and control structure for ALBA SE.

Share price and sales statistics 2013

Share Price Data 2013	Frankfurt
Opening share price 1. Day of trading (€)	67.78
Closing price on last day of trading (€)	61.49
Performance (%)	–9.28
Highest variable price (€)	67.78
Lowest variable price (€)	59.80
Fluctuation (%)	6.26

In the 2013 financial year the ALBA SE share price proved to be relatively unaffected by influential factors such as the European economic growth crisis or the calming of the Euro crisis. The share price largely moved laterally, and in comparison with most the DAX companies did not benefit from positive stock market trends, such as investments in shares due to a lack of other more attractive investment options, and it did not suffer from developments with negative effects on the stock prices either. On the opening of the Frankfurt stock exchange on January 2, 2013, shares in ALBA SE ended the day EUR 3.08 higher than their price at the close in 2012, at EUR 67.78. In January the closing price was EUR 63.00. The share price then hovered around this mark until the end of the reporting period and was priced at EUR 61.49 on December 30.

Closing price and sales of the ALBA SE share, 2013



Closing price, Frankfurt in EUR
Sales, Frankfurt in thousands

Appropriation of the Profits of ALBA SE

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

ALBA Group plc & Co. KG guarantees the external shareholders of ALBA SE a regular monetary payment, the so-called compensation payment for the duration 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 2013.

Group Management Report

For the financial year from January 1, 2013 to December 31, 2013

Contents

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.

At the General Shareholders' Meeting on May 28, 2013 the ALBA SE shareholders voted in favour of changing ALBA SE from a dualistic to a monistic system and of the corresponding recommendation to amend the Company's statutes. Once the new statutes were recorded in the commercial register on July 16, 2013, the Board of Directors and the Supervisory Board were replaced with an Administrative Board.

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

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

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

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.

As at 31 December 2013, 36 subsidiary companies of ALBA SE were fully consolidated. A complete list of the subsidiary companies, the associated companies and other holdings is provided in the consolidated notes under number 5 (consolidated companies).

The process of internationalisation in the steel and metals recycling segment continued in the year under review. After the transfer of control of ZG Balkan Holding GmbH which was acquired in 2012 (now operating under the name ALBA Balkan Holding GmbH, Berlin) on 6 Mach 2013, with twelve scrapyards in Croatia, Bosnia Herzegovina, Serbia, Montenegro and Romania, an investment has been made in a new multifunctional terminal in Amsterdam. Ferrous and non-ferrous metals, plastics and PCC can be exported all over the world from this terminal. The Amsterdam site replaces the export terminal in Dordrecht and began operating in February 2014. It will be managed as a subsidiary of ALBA Scrap Trading B.V., Groningen/Netherlands.

In this way, 2013 saw the management team begin to optimise its portfolio of holdings. This also included the sale of INTERSEROH NRW GmbH, Dortmund, on 1 October 2013. Furthermore, on 1 December 2013, INTERSEROH Jade steel solid its location in Bremen, and closed its Braunschweig site on 31 August 2013. Before the backdrop of a radically changing European stainless steel industry the operations of INTERSEROH Stainless Steel GmbH, in Dortmund, were brought to an end on 28 February 2014.

Some subsidiary companies were also merged, specifically: Elvira Westarp GmbH, Aschaffenburg, was merged with Wagner Rohstoffe GmbH, Frankfurt am Main, INTERSEROH BW Rohstoff und Recycling GmbH, Stuttgart with INTERSEROH Rhein-Neckar-Rohstoff GmbH, Mannheim, INTERSEROH Hansa Rohstoffe GmbH, Dortmund with INTERSEROH Scrap and Metals Holding GmbH, Dortmund, and ARG Abbruch und Rückbau GmbH, Lübbenau, with TVF Altwert GmbH, Lübbenau.

The ALBA Group has restructured its brand presence and sharpened its content. The ALBA brand stands for the recycling of waste into raw materials and for the disposal of waste. ALBA has its own preparation systems, its own logistics and specially trained personnel.

The Interseroh brand brings together the companies operating in the market whose business activities involve the organisation of environmental and recycling solutions. As a process manager for example, Interseroh manages the recovery of packaging and products, and develops individual recovery and loop systems for companies.

Before the background of this content-based arrangement, in mid 2013, the task of renaming the ALBA companies active in the field of steel and metals recycling began. In detail: the company Wagner Rohstoffe GmbH became ALBA Metall Süd Rhein-Main GmbH, the Company Groninger VOP Recycling B.V. became ALBA Scrap Trading B.V., the Company INTERSEROH Rhein-Neckar-Rohstoff GmbH became ALBA Metall Süd GmbH, the Company INTERSEROH Scrap and Metals Holding GmbH became ALBA Scrap and Metals Holding GmbH, the Company INTERSEROH Metallaufbereitung Ost GmbH, Rostock, became ALBA Metall Ost GmbH, the Company INTERSEROH Franken Rohstoff GmbH, Sennfeld, became ALBA Metall Süd Franken GmbH, and the Company INTERSEROH Scrap and Metals Trading GmbH, Cologne, became ALBA Ferrous Trading GmbH.

A.2. Products and Services

Steel and metals recycling segment

The companies in the steel and metals recycling segment of ALBA SE gather and/or collect old and new waste which they then prepare, supplying steelworks, foundries and metal works with ferrous and non-ferrous metals. Ferrous means all iron or steel waste, and 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 non-ferrous 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 non-ferrous metal waste to Asia.

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

Services segment

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

Responsibility in the services segment is realised by ISD and its subsidiary companies in so-called business units. In terms of the business volume, the business units of transport packaging, sales packaging and Interseroh recycling solutions are all of key importance.

Recovery of transport packaging

ISD organises and coordinates the recovery of transport packaging for its contracting partners in trade and commerce. It organises the collection, transport, sorting and preparation of the packaging via third parties. Interseroh carries out recovery solutions for transport packaging in approximately 20 different sectors.

Recovery of sales packaging

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 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, ISD offers the collection, transport, sorting and preparation of sales packaging which accrues in private households and at collection points comparable to private households.

In 2011 ISD signed the certificate of the German BDE (National Association of German Waste Disposal, Water Management and Raw Materials Sectors). In May 2013, it once again proved possible to successfully complete the annual inspection for compliance with the provisions of the certificates, especially the correct compliance with the implementation rules in the Packaging Ordinance as specified by the enforcement bodies. This means customers gain further external confirmation of the legal security regarding our compliance with the legal regulations.

Interseroh Recycling Solutions

The Interseroh recycling solutions (RSI) division encompasses the full range of the management of the subsidiary, warehouse and production facility waste disposal, as well as the recovery and/or marketing of the materials extracted. Here, individual concepts are developed in line with customer wishes. Furthermore, the RSI division also offers infrastructure facility management services in the area of food retail (winter service, green space and grey space management).

In the services segment, the following recycling solutions and environmental services are furthermore offered:

Recycling of waste electrical and electronic devices

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

One-way deposit solutions

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).

Returnable packaging pooling

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 an 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.

recycled-resource

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.

Used paper bags

The company REPASACK mbH, Wiesbaden, which focuses on the recycling of used paper bags, guarantees the recovery and recycling of paper bags from industry and commerce in terms of the German Packaging Ordinance – including the cleaning and preparation of the material at its own plant in Oberhausen.

Empty printer cartridges

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.

Services outside Germany

ISD is active with its own companies in recycling markets in central and eastern Europe. These include Austria, Slovenia, Poland, Croatia and the Czech Republic. In these countries Interseroh offers a range of collection systems for transport packaging, sales packaging, E-waste and memorial candles, for example.

A.3. Steering System

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

These figures are presented to the ALBA Group KG executive on a monthly basis and to the administrative board of ALBA SE on a quarterly basis.

Control parameters

Sales revenues

The sales revenues of the ALBA SE Group consist of the receipts from the provision of services and the receipts from the sale of goods and finished products less sales deductions.

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

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 activated capitalised assets and other operating income, less other company expenses and other taxes as well as material and personnel costs.

EBT (Earnings Before Taxes)

This figure provides information about the **overall profitability** of the ALBA SE Group. The EBT is calculated by deducting the 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 financial 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 ferrous and non-ferrous metals directly influence the sales revenues. 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

The global overcapacity in the steel industry, the large scale crisis in the European steel sector and the sustained pressure on prices all impacted negatively on the collection and preparation of scrap steel in the year under review. According to the data from the Economic Association for Steel the average price of leading scrap type 2 in the year under review was EUR 292.50 per tonne. The comparable value for the previous year was EUR 320.90 per tonne. Moreover, a materials shortage on the purchasing side led to a high purchasing price, causing lower margins.

In the first six months of the year under review, German exports of scrap steel to Turkey and Spain virtually came to a standstill because the price level in these countries was too low. The sales situation improved in the second half of the year. Due to increasing prices, the Turkish steel works no longer predominantly satisfied their requirements for scrap in the USA, but to an increasing degree in Europe. At some works in Spain, France and Luxembourg, the European steel crisis meant deliveries were no longer covered, or no longer completely covered by trade credit insurance. Because of this only a reduced level of sales, or no sales at all, were possible to these works. In the first quarter of the last financial year, exports to Asia proved lucrative. Subsequently, export prices were below the prices in Europe, meaning exports no longer offered adequate margins.

There was also a shortage of materials in the area of non-ferrous metals in Germany and Europe. Due to the weak demand, smelting works in Germany and Europe did not run to capacity. Demand in Asia, especially in China, was subdued. Export volumes declined accordingly. Apart from a brief recovery, prices of non-ferrous metals continued to fall from mid-February onwards, and at the end of June they hit the lowest level of the financial year. In June, the price of copper fell to its lowest rate for three years. In the third quarter the prices recovered slightly and remained at that level in the fourth quarter. According to the London Metal Exchange, the 2013 price of aluminium totalled EUR 1,390 per tonne, compared with EUR 1,569 per tonne in 2012. The average price of copper over course of the year was EUR 5,515 per tonne, while in 2012, it was EUR 6,182 per tonne.

Services segment

Growth in Germany was to a great extent sustained by public and private consumption. Increases in private consumption faced intense competition in both the sales packaging and transport packaging recycling markets. This competitive situation put pressure on the margins. In the sales packaging market the year under review was characterised by an increasingly urgent situation in the area of the dual systems. On the one hand, new system operators have entered the dual system. On the other, the German Packaging Ordinance has significant scope for interpretation and special arrangements. Through the use of this scope, the light plastic packaging registered in the yellow collection systems was far below the gathered volumes. The majority of the packaging is therefore being removed from the financing of the system. The numbers participating in the BDE certificate are also falling. The checking of compliance with the implementation rules in the Packaging Ordinance, as specified by the enforcement bodies, remains insufficient.

In the year under review many customers invested in machines such as presses or shredders and thereby became independently responsible for their previous recycling services. This led to a fall in the service volume in certain segments of the recycling market.

The development of scrap paper and plastic prices has a direct influence on the business performance of ISD via the marketing revenues of the individual business units. Prices in the cardboard/paper/carton fraction in the year under review were roughly 25.0% lower than in 2012. Prices for scrap plastics were roughly the same on average as those in the previous year.

B.2. Changes to the Legal Framework Conditions

On 2 May 2013 the European industrial emissions directive (IED) took effect, which saw several German environmental laws being changed. Existing systems are subject to a transitional period that expires in July 2015. The key alterations include that in addition to the current systems, further systems have also been included in the scope of application of the European Systems Licensing Act. The requirements for the approval of so-called IED systems have also been tightened. The best available techniques (BAT) in the BAT data sheets for industrial systems – meaning the use of proven techniques to achieve an especially high level of environmental protection under economic and technically sustainable conditions – are to be specified in binding form by an EU committee. In addition, a system of environmental inspections and new reporting obligations will be introduced, and the regulations on ground and ground water protection will be tightened.

At the ALBA SE Group it is primarily the shredder systems that will be affected by this, as well as systems which store or manage so-called hazardous waste (e.g. batteries or electronic and electrical waste). The ALBA SE Group management team welcomes the implementation and the associated legal security with regard to several key legal standards for both the approval and operation of systems.

B.3. Course of Business

Over the course of the last financial year, the companies in ALBA SE had to face difficult prevailing conditions in their corresponding markets. The management team responded with a programme of reorganisation and efficiency in the steel and metals recycling segment which, along with cost cutting measures, also includes the closer consolidation of the business areas of the ALBA SE Group with the segments of the ALBA Group and an optimisation of the portfolio.

B.3.1. Steel and Metals Recycling

Due to the prevailing conditions in the 2013 financial year detailed under B1, the steel and metals recycling segment found itself in an increasingly difficult market environment.

For the ferrous and non-ferrous volumes, moderate increases in comparison with the previous year were forecast. In the ferrous segment 2,510 tto (previous year: 2,522 tto) were traded. Therefore, neither the previous year's value nor the planned value were achieved. The non-ferrous volumes fell slightly compared to the previous year's level due to material shortages and weak demand, and at 385 tto (previous year: 421 tto) they were also below the planned value.

Due to this and due to the low price level, instead of the planned slight increase in sales revenue, there was a slight fall in comparison with the previous year by EUR 209.2 million (13.0%) to EUR 1,396.9 million.

Starting from an EBITDA of EUR 32.9 million in the previous year, a clear increase was expected here. Instead of this, the segment achieved a negative EBITDA of EUR 0.5 million. On the operations side, this was primarily caused by the higher purchase prices that resulted from the material shortages, which combined with the price pressure on the sales side, led to lower margins. In addition, the EBITDA was also impacted by the effects of the restructuring to the sum of EUR 12.1 million. These restructuring expenses primarily encompass measures to reduce the employee head count totalling EUR 4.9 million as well as material costs totalling EUR 5.1 million. Without the restructuring measures, the EBITDA would have totalled EUR 11.6 million, EUR 21.2 million (64.6%) below the previous year's amount.

A clear increase was also expected with the EBT. However, the EBT fell from EUR 3.2 million in 2012 to EUR –66.7 million. In addition to the described effects, the EBITDA was also affected by impairment on goodwill totalling EUR 34.6 million and on financial assets accounted for according to the equity measures totalling EUR 5.9 million. Without the stated restructuring measures and impairments, the EBT would have totalled EUR –14.1 million and fallen by EUR 17.2 million in comparison with the previous year's sum.

A clear decrease was expected for investments in 2013. With an investment volume of EUR 9.0 million (previous year: EUR 10.4 million), the planned value was almost achieved.

B.3.2. Services

In the transport packaging business unit, the development of sales revenues in 2013 fell in comparison with the previous year. This was caused by intense competition which resulted in the loss of some major customer orders. At the same time, receipts from raw materials marketing also fell.

Due to the lower marketing conditions, we also had to accept falls in sales revenue in comparison with the previous year in our business with sales packaging. In addition, actively loss-making customer orders were not extended by the business unit in this area. Furthermore, due to the falls in licensed sales packaging, meaning the volume of sales packaging paid for by producers and importers at competitors, the waste disposal costs of the Interseroh Dual System also increased.

A moderate increase was planned for the market share of the Interseroh Dual System when compared with 2012. This assumption was based on aspired gains sales revenue. Since, due to the considerable pressure on margins, it would only have been possible to conclude new contracts at the cost of earnings, and due to a fall in the overall market volume, a market share at the previous year's level of 7.9% was attained.

In the area of the Interseroh Recycling Solutions (RSI), among other factors, the extension of services in cooperation with the Facility Services division and the conclusion of new contracts saw an increase in the business volume.

All in all, in the services segment, it was not possible to achieve a slight increase in sales revenues that had been planned in comparison with the previous year (EUR 330.9 million). Instead, sales revenues fell by EUR 15.9 million (4.8%) to EUR 315.0 million.

Despite the huge pressure on the margins, neither the EBITDA nor the EBT fell to the extent that we had suspected at the start of the 2013 financial year. The reasons for this are the business model based effects relating to other periods from the Interseroh Dual System which it was not possible to expect to this extent, as well as an expansion and further operational improvements of the areas of business in the year under review. At EUR 26.6 million (previous year: EUR 35.3 million) and/or EUR 24.5 million (previous year: EUR 34.6 million) they are still clearly below the previous year's values.

A strong increase had been planned with the investments for 2013. With an investment volume of EUR 2.0 million (previous year: EUR 1.3 million) the actual value was not significantly below the planned value.

B.4. Situation

B.4.1. Earnings Situation

Instead of the slight increase that was forecast, in comparison with the previous year, consolidated sales revenues fell in 2013 by EUR 222.5 million (-11.6%) to EUR 1,704.4 million (previous year: EUR 1,926.9 million). This was primarily due to the subdued levels of demand and low prices in the steel and metals recycling segment. In the services segment it did not prove possible for the expansion of business in the RSI division to compensate for the falling sales revenue in the transport packaging and sales packaging business units.

At 10.9%, material costs did not fall as clearly as sales revenues when compared with the previous year. This was primarily caused by the higher purchase prices that resulted from the material shortages in the steel and metals recycling segment, as well as higher waste disposal costs in the Interseroh Dual System.

Other operating income roughly remained at the previous year's level. While earnings due to refunds from the ABS programme fell by EUR 6.2 million due to a change in factoring, and those from the reversal of value adjustments fell by EUR 2.6 million, earnings from the reversal of provisions and liabilities increased by EUR 6.7 million, and earnings from IT services, by EUR 6.2 million.

In comparison with 2012, the EBITDA fell from EUR 68.1 million to EUR 26.2 million. Instead of the slight increase that was expected, a clear fall occurred totalling EUR 41.9 million (61.6%). This was primarily caused by falling sales revenues, pressure on margins in both segments, and restructuring costs totalling EUR 12.1 million.

The restructuring expenses included EUR 4.9 million of expenses on personnel. When adjusted for these expenses, the personnel expenses fall by 4.5%, which corresponds to the fall in the average number of employees of 2.8%.

The other operational expenses also include restructuring effects from material costs totalling EUR 5.1 million, as well as the deconsolidation loss from the sale of INTERSEROH NRW GmbH totalling EUR 0.9 million. Without these effects the other operational expenses would have fallen by EUR 4.6 million (2.7%).

Depreciations on goodwill totalling EUR 34.6 million, and on financial assets in the steel and metals recycling segment accounted for according to the at-equity method totalling EUR 5.9 million, also had a negative impact on the Group EBT in addition to the aforementioned effects. This meant that it was not possible to achieve the slight increase in EBT expected at the start of 2013. Instead, the EBT fell by EUR 79.8 million to EUR –42.1 million (previous year: EUR 37.8 million).

B.4.2 Assets Situation

In comparison with 31 December 2012, the balance sheet total fell by EUR 86.9 million (15.2%). This resulted from the fall of both the non-current and current assets and liabilities.

The non-current asset values are particularly effected by the impairment on goodwill totalling EUR 34.6 million within the intangible assets. Due to the sale of INTERSEROH NRW GmbH, the property, plant and equipment fell by EUR 8.1 million compared with the previous year. The remaining reduction to the intangible assets and property, plant and equipment was due to closures of locations and depreciations.

The reduction in the inventories totalling EUR 40.6 million is due to of a reduction of stocks in finished products and retail goods, as well as a generally lower price level. In addition, in comparison with the previous year, INTERSEROH NRW GmbH, at EUR 7.1 million, is no longer included.

The trade receivables fell by EUR 19.8 million (12.7%). This was largely due to the changeover from the ABS programme to factoring. Due to a higher number of affiliated companies, the volume of receivables tendered under the factoring is bigger than it was under the ABS programme. This was also affected by the receivables of INTERSEROH NRW GmbH from the previous year, totalling 6.2 EUR million, that were no longer included.

The increase in current financial assets is primarily based on the increase in the cash pool receivable from EUR 26.4 million to EUR 45.3 million. The previous year's value included INTERSEROH NRW GmbH, with a negative value of EUR 12.3 million.

Equity fell by EUR 36.4 million (19.9%) in comparison with the previous year, which is primarily attributable to negative consolidated earnings of EUR 43.6 million.

The disposal of INTERSEROH NRW GmbH contributed to the reduction of the pension obligations within the non-current liabilities to the sum total of EUR 7.7 million.

The increase in the current financial liabilities is primarily attributable to the increase in liabilities to banks totalling EUR 6.9 million as well as a loan guarantee by the ALBA Group KG totalling EUR 7.6 million. The opposite effect was achieved due to the liabilities from factoring for payments received from debtors being lower than the corresponding liability from the ABS programme in the previous year.

Due to the reduced earnings situation at ALBA SE, the ALBA Group KG assumed a loss of EUR 3.5 million. In the year under review, this receivable is included in the other current receivables. In the previous year the liabilities from the profit transfer totalled EUR 35.3 million and were shown in the other current liabilities. The difference is largely the cause of the reduction in the other current liabilities.

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 system for the 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 associated 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.

The ALBA SE Group is included in the ALBA Group KG syndicated loan agreement which was concluded in 2012 and adjusted according to the changed prevailing economic conditions over the course of time. It has a volume of EUR 400.0 million and will run until October 20, 2017. The financing of the general business activities are guaranteed by this loan agreement via the provision of credit.

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

ALBA SE and/or its subsidiary companies also have further lines of credit totalling EUR 23.0 million which are used to finance the capital requirements.

Interest is paid on the credit lines on the basis of inter bank rates (EURIBOR, WIBOR) plus fixed margins.

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

To acquire liquid assets for the financing of the operational business activities, certain German companies in the ALBA Group (sellers of receivables) sell trade receivables to a factoring company on the basis of a uniform receivables purchasing contract. The new factoring programme replaced the former ABS programme in mid 2013. The purchase price of the receivables corresponds with their nominal amount less the interest, factoring fee and security deposits. The factoring fee serves the purpose of covering the credit risk of the receivables sold. A security totalling 10% of the nominal sum of the receivable is also retained from the purchase price for the sold receivables, which is to cover the verity risk. The particular advantages of the factoring are an improved liquidity as well as the transfer of the receivables default risk pertaining to the sold receivables to the factor. On 20 December 2013 a receivables portfolio with a nominal value of EUR 69.7 million was sold of which by 31 December 2013, EUR 52.9 million were not yet settled.

In the cash flow statement, the cash and cash equivalents includes liquid assets as shown on the balance sheet totalling EUR 14.6 million (previous year: EUR 12.7 million) as well as the cash pool balance with the ALBA Group KG. As at the balance sheet date there is a cash pool balance of EUR 45.3 million (previous year: EUR 26.4 million), so that the cash and cash equivalents amount to EUR 59.9 million at the end of the reporting period (previous year: EUR 39.1 million). 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 24 in the consolidated notes.

Investments

Investments in intangible assets and property, plant and equipment without financial leasing totalled EUR 11.0 million in the reporting period, after EUR 11.7 million in the previous year. Of these, the services segment accounted for EUR 2.0 million (previous year: EUR 1.3 million), and the steel and metals recycling segment, EUR 9.0 million (previous year: EUR 10.4 million).

On 6 March 2013, ALBA Scrap and Metals Holding GmbH acquired a 65% shareholding in ALBA Balkan Holding GmbH. The goal of the acquisition is to develop our activities in the Balkans and to strengthen our position as a supplier to steelworks in Turkey. The purchase price payment for this investment totalled EUR 2.4 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.

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

The 2013 financial year was the worst year for the scrap business for 20 years. This was due to the large-scale crisis in the European steel sector and the sustained pressure on prices, which impacted negatively on the collection and preparation sector for scrap steel. This was also strongly influenced by materials shortages on the purchasing side which led to a high purchasing price, causing lower margins in the steel and metals recycling segment.

In the services segment, lower marketing conditions for transport and sales packaging compared with the previous year, the loss of contracts in the area of transport packaging, and higher purchasing conditions in the area of sales packaging all resulted in falling earnings.

The earnings situation was strongly affected by the pressure on margins, the poor market situation, the restructuring and the necessary impairments.

C. Events after the Balance Sheet Date

There were no major news items to report after the end of the financial year.

D. Declaration of the Company Executive

Declaration of Compliance pursuant to section 161 of the German Companies Act

ALBA SE has observed the German Corporate Governance Code (DCGK) since its introduction in 2002. For the period until July 15, 2013, both the Board of Directors and the Supervisory Board, and from July 16, 2013 onwards, 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 Board of Directors and Supervisory Board and/or 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 2013

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

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

1. Deviations due to the attributes of the monistic system

Pursuant to article 43 - 45 of the German SE Regulation (SE-VO) in connection with sections 20 et. seq. of the German SE Implementing Act (SEAG), the monistic system means that the executive management of ALBA SE is realised by a uniform management organ, 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 statement and consolidated financial statement to the General Shareholders' Meeting, section 48, para. 2, p. 2 SEAG.

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

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

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

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

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

2. Exceptions from the code recommendations

– From item 2.3.1 (absentee voting): Absentee voting does not take place at ALBA SE. 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. Both Executive Directors are closely connected with the companies; both have integrated their businesses into ALBA SE. Given these special circumstances, no additional financial incentive for an interest in long-term corporate development needs to be provided.

– From clauses 4.2.4 and 4.2.5 (disclosure of the remuneration of the Executive Directors): In accordance with the authorisation of the General Shareholders' Meeting on July 13, 2012 pursuant to sections 238 para 5 and 314 para 2, p. 2. HGB, until the end of the authorisation, it will be refrained from publishing the individual remuneration of the Executive Directors. The authorisation applies to the Executive Directors and they will the adhere to the authorisation if they prepare the annual financial statement and consolidated financial statement.

– 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 qualification; there is no intention to institute a quota for women.

– 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 DCGK; these are reported on in the course of a nomination. At the same time the Administrative Board wishes to make clear that no suggestions will be submitted or withheld because a candidate does or does not, respectively, possess a specific diversity attribute.

– From item 5.4.2 (composition of the Administrative Board): Of the six members of the Administrative Board, five or 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 Board of Directors. 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 added.

– 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, to secure the confidence of shareholders, business partners, staff and the general public and to influence the intrinsic value of the Company positively over the non-current.

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 2013 with a view to strengthening the awareness of employees and those of associated 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, was developed further 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 SE, the Administrative Board specifies the strategy for the associated subsidiary companies and steers their business in the scope of the existing legal possibilities. The steering system is detailed under A.3.

Transparency

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

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

Shares in the Company and related financial instruments owned by members of the Board of Directors and the Supervisory Board/Administrative Board are listed in the Notes. In total, 85.324 % of shares and thereby voting rights from 8,395,849 shares were attributable to Dr. Axel Schweitzer and Dr. Eric Schweitzer, according to Section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act; they are held directly by ALBA Group plc & Co. KG.

Description of the Working Method of the Board of Directors and Supervisory Boards (until 15 July 2013)

The Board of Directors and the Supervisory Board and its associated subsidiaries continuously worked together closely for the well-being of ALBA SE.

Board of Directors (until 15 July 2013)

In the 2013 reporting period, ALBA SE's Board of Directors consisted of three persons. It was the management body of the Company. The Board of Directors was committed to the Company's interests and its goal was the sustained development of the value of the Company. The Board of Directors adopted rules of procedure with the consent of the Supervisory Board. The members of the Board of Directors cooperated as colleagues and informed each another continuously about important measures and events in their business segments. The Board of Directors was required to inform the Supervisory Board in writing on the course of business and the Company's situation at regular intervals, and at least on a quarterly basis. Furthermore, the Board of Directors was required to inform the Chairman of the Supervisory Board regularly and in timely fashion on issues of planning, business development, the risk situation, risk management and compliance, including such as they relate to associated companies, both orally and, at the request of the Chairman, in writing The Chairman of the Board was responsible for coordinating the work of the Board of Directors. In order to conduct certain legal transactions, the Board of Directors required the consent of the Supervisory Board. These conditional transactions were addressed in the Company's statutes and the Board of Director's rules of procedure. They included the acquisition of investments, property and fixed assets, as well as employment contracts above a certain level, decisions regarding new branches of business, assigning and rescinding powers of attorney for ALBA SE, pension commitments and bond issues.

Members of the Supervisory Board and Board of Directors disclosed any conflicts of interest immediately to the Supervisory Board.

Supervisory Board (until 15 July 2013)

The plenary Supervisory Board consisted of six members. The Supervisory Board, the Presiding Committee and the committees of the Supervisory Board – Personnel Committee, Nominating Committee and Audit Committee, each with three members – convened on a rotating basis and as necessary in accordance with the rules of procedure of the Supervisory Board. The membership of the Presiding Committee was identical to the membership of the Personnel Committee. The Presiding Committee's task was to deal with issues that required immediate action on the part of the Board of Directors, with the approval of the full Supervisory Board taking place at a later stage. The Audit Committee's special task was to prepare negotiations and resolutions for the Supervisory Board regarding questions on accounting, risk management, the requisite independence of the auditor, the awarding of the audit assignment to the auditor, the determination of the audit focus and the fee agreement with the auditor. Furthermore, the Audit Committee dealt with transactions of special significance. The Audit Committee was chaired neither by the Chairman of the Supervisory Board nor by a former member of the Board of Directors of the Company. The Supervisory Board formed a Nominating Committee, which recommended suitable candidates to the Supervisory Board to be recommended for appointment at the General Shareholders' Meeting. The Nominating Committee members were identical to those of the Presiding Committee. The Personnel Committee prepared personnel decisions and the decision of the plenary Supervisory Board regarding remuneration of Board of Directors members. The Supervisory Board conducted an efficiency review of its work once a year; this was prepared by the Presiding Committee.

Description of the Working Method of the Administrative Board and Executive Directors (from 16 July 2013)

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

Administrative Board (from July 16, 2013)

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 from July 16, 2013, the Administrative Board had the following members:

– Dr. Axel Schweitzer (Chairman),
– Martin Becker-Rethmann (Representative Chairman),
– Eric Oliver Mendel (Representative Chairman),
– Dr. Werner Holzmayer (until October 31, 2013),
– Joachim Wagner (also Spokesman for the Executive Directors at the same time),
– Rob Nansink (Executive Director at the same time).

The term of office of every member of the Administrative Board who is appointed ends with the termination of the General Shareholders' Meeting, which decides on the relief 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. From July 16, 2013 until December 31, 2013, the Administrative Board met twice.

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

In the reporting period, the Presiding Committee consisted of Dr. Axel Schweitzer (Chairman of the Administrative Board) and Mr. Joachim Wagner. The Presiding Committee prepares the meetings of the Administrative Board. The Presiding Committee also deals with issues that require immediate action on the part of the Board of 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 Mr. Joachim Wagner. 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 Dr. Werner Holzmayer as its Chairman and Mr Martin Becker-Rethmann and Mr Eric Oliver Mendel. With the departure of Dr. Holzmayer from the Administrative Board on October 31, 2013, the Audit Committee currently consists of two persons. In the scope of the next General Shareholders' Meeting of ALBA SE, the vacant position left by Dr. Holzmayer will be reoccupied by a new member of the Administrative Board and the Audit Committee.

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 which is not Executive Directors at the same time. Furthermore, one of the members of the Audit Committee is to be chosen as Chairman of the committee by the Administrative Board. The

Chairman of the Audit Committee may not be an Executive Director of the Company, and should be knowledgeable regarding the areas of finance, accounting and auditing. The Chairman of the Audit Committee should also be independent and not a former member of the Company's Board of Directors.

The Audit Committee’s special task is to prepare negotiations and resolutions for the Administrative Board regarding questions on accounting, 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.

The Personnel Committee also consisted of two members until October 31, 2013, Dr. Werner Holzmayer and Dr. Axel Schweitzer. In the scope of the next General Shareholders' Meeting of ALBA SE, the vacant position left by Dr. Holzmayer will be reoccupied by a new member of the Administrative Board and the Personnel Committee. The Personnel Committee prepares the personnel-related decisions of the Administrative Board.

Executive Directors (from July 16, 2013)

The members of the Administrative Board Mr. Joachim Wagner (Spokesman of the Executive Directors) and Mr. Rob Nansink were appointed Executive Directors. The Executive Directors guide the business of the Company in compliance with the care of a diligent and conscientious executive manager according to the legal regulations, the statutes, the rules of procedure enacted for them, the instructions of the Administrative Board and their employment contracts. They represent the Company externally.

Remuneration system

Board of Directors (until 15 July 2013)

The annual compensation of the members of the Board of Directors was made up of a non- performance-related component and a performance-related bonus. There were no further components, such as stock option plans. The non-performance-related components consisted of fixed remuneration and fringe benefits. The bonus was determined by the Supervisory Board on the basis of existing contract.

On June 13, 2012, the General Shareholders’ Meeting resolved to apply the exemption from the obligation to disclose remuneration of the Board of Directors on an itemised basis in accordance with section 286, paragraph 5, of the German Commercial Code. Please refer to the F.2. Compensation Report for information on the remuneration of the Board of Directors in 2013.

Total remuneration for individual Board of Directors members was determined by the Supervisory Board in a plenary session, including any Group payments, based on a performance assessment. The individual Board of Directors member's tasks, his personal performance, the financial situation, the success and future prospects of the Company constituted the criteria for the appropriateness of the remuneration; other criteria included the customary remuneration in the comparator environment and the remuneration structure that applies elsewhere in ALBA SE and its associated subsidiaries.

Supervisory Board (until 15 July 2013)

In accordance with section 16, paragraph 1, of ALBA SE’s statutes dated June 12, 2012, the Chairman and Deputy Chairman of the Supervisory Board each received remuneration of EUR 45,000 net per annum. Every other member of the Supervisory Board received compensation of EUR 30,000 net per annum. If a member of the Supervisory Board worked on one or more committees without at the same time functioning as Chairman or Deputy Chairman of the Supervisory Board, they received additional compensation of a single payment of EUR 10,000 net per annum to compensate them for their committee work. The compensation was payable at the end of the financial year. Please refer to the F.2. Compensation Report for information on the remuneration of the Supervisory Board in 2013.

Administrative Board (from July 16, 2013)

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 Deputy 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 committee work. The compensation 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 2013.

Executive Directors (from July 16, 2013)

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 fixed remuneration and fringe benefits. The bonus is determined by the Personnel Committee of the Administrative Board on the basis of existing contract.

On June 13, 2012, the General Shareholders' Meeting resolved to apply the exemption from the obligation to disclose remuneration of the Board of Directors on an itemised basis in accordance with section 286, paragraph 5, of the German Commercial Code. The company also applies this exemption to the disclosure of the compensation received by the Executive Directors. Please refer to the F.2. Compensation Report for information on the remuneration in 2013.

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 sector.

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 results which may lead to a positive deviation for the ALBA SE Group as regards the outlook for the year 2014.

E.1.2. Opportunities

Steel and metals recycling

Opportunities are seen to exist in the operational merging of the steel and metals recycling segment of ALBA SE with the waste operations and trading segment of the ALBA Group. Through a concentration of knowledge and the shared use of locations, customers can be offered waste disposal services from one single source, thereby tapping potential synergies and streamlining processes.

The European Emissions Directive (IED), which took effect at the European level on 6 January 2011, was implemented into law in the Federal Republic of Germany on 2 May 2013. ALBA SE welcomes the implementation and the associated legal security as regards several key legal standards for both the approval and operation of systems.

In the ALBA SE Group it is primarily the shredder systems that will be affected by this, as well as systems which store or manage so-called hazardous waste (e.g. batteries or electronic and electrical waste).

In the summer of 2013, an in-house consulting project was initiated in the scope of which the competence centre for technology informed all of the affected legal units about the specific effects of the wide-ranging changes to the law. At the level of the individual systems, analysis was completed to find out whether economic risks result from the changes to the law, their possible extent, and the specific avoidance strategies that may exist. The results of the analysis showed that the ALBA SE Group is well prepared for the new legal situation. In terms of the law regarding approvals and permits the affected systems are in line with the current legislation, meaning short and medium term risks are not evident. New projects may be affected by the changed legal situation over the short term, which is being taken into account in the initial project analysis.

All in all, the legal changes could mean the advent of a competitive advantage for the ALBA SE Group, as its systems are of a high technical standard. The possible cost of necessary investments on the basis of the new legal situation would be lower than those faced by competitors who do not yet have systems of a comparable standard.

Services

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

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

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

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

The innovation management division has also been strengthened in terms of its organisation and personnel.

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

E.2. Risk Report

E.2.1. Risk Management System

Principles

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

The goal is not to avoid all risk, 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 in to only if they can be quantified and if the associated opportunities lead to the expectation of a commensurate increase in value.

Risk Management

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

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

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

Treasury

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

Early Identification of Risk

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

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

The identification and assessment of risks takes place on a regular and decentralised basis in the companies and the responsible central divisions of the ALBA Group. Identified risks are assessed for likelihood of occurrence and potential loss level.

As part of the early risk identification system, those risks that exceed the established threshold values for likelihood of occurrence and potential loss level are monitored. All risks that jeopardise the Group's existence are always to be taken into account.

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

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

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

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

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

Compliance

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

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

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

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

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

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

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

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

Standard consolidation software is used to generate the consolidated financial statements. The major portion of ledger accounts information of the companies included is imported into the consolidation software from the relevant bookkeeping systems via an interface after the cut-off date.

The completeness and accuracy of the data, as well as the reconciliation of internal group balances, are the responsibility of the management team and are confirmed by them in a separate statement. Individual financial statement data undergoes automatic and manual plausibility 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 management reporting 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 individuals responsible, such as segment directors, subsidiary directors and business unit managers, summarised and presented to those individuals for review. the Group management report is then presented to administrative board. The companies compile further information for the creation of the consolidated notes directly in the consolidation software. The entire consolidated financial statement is presented to the administrative board and approved by the latter after review.

E.3. Risk Evaluation

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 table.

Risk class	Description	Likelihood of occurring
1	< 5%	very unlikely
2	5% - < 10%	unlikely
3	10% - < 50%	possible
4	50% - < 70%	likely
5	70% - 99%	very likely

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

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

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

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

Likelihood of occurring

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

L = low risk

M = medium risk

H= high risk

E.4. Risks

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

Finances

Credit risks exist if customers fail to meet their payment obligations from a concluded business transaction or fail to do so on time. Trade credit insurance is, therefore, taken out as a rule for all debtors in the ALBA SE Group. In addition, letters of credit or other documents guaranteeing payment are utilised. Only in justified individual cases and after previous approval by the management team or by the Board of Directors may transactions above the insured limit be undertaken. Compliance with trade credit insurance limits is monitored as part of receivables management. In the domain of other receivables similar conditions apply regarding the assumption of potential credit risks. Here, too, commitments are made only after previous approval and credit checks. This risk is classified as being a low risk.

Through including ALBA SE Group in the ALBA Group syndicated loan agreement, the covenants associated with the syndicated loan also apply at the level of the ALBA Group also apply for the ALBA SE Group. Under certain circumstances, failure to comply with one or several covenants can constitute a ground for termination. This risk is classified as being a medium risk.

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

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

IT systems

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

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

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

Segments

Steel and metals recycling

The steel and metals recycling segment depends to a great extent on the economic developments on the national and international markets for ferrous and non-ferrous metals. The global economic conditions are currently tight and characterized by a state of either stagnation or weak rates of growth. The growth situation is being accompanied by restrictive lending policies by banks to companies, which has furthermore led to a reluctance to invest, and therefore to falls in demand on the steel market. Over the course of time, this situation has had a negative impact on the earnings and financial situation of the segment, and is forecast to continue in 2014.

Furthermore, the growth risks are also reflected in several individual risks which should be minimised by taking the following steps:

The risk of an impairment in the segment depends strongly on the growth-related development of the markets. The companies in the steel and metals recycling segment could not achieve the forecast results for the following periods due a sustained period of poor growth.

As a further component of the economic risk, the depreciation risks are monitored in the inventory valuation on a monthly basis. To limit the risk, preventive measures have been implemented, such as the specification of maximum positions. Alongside the risk of having to devalue inventories, in the event of stable purchase prices, these measures also dampen the risk of a high capital commitment.

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 is countered by the monitoring of the volumes, as well as by the upstream position management.

Due to the steel crisis, deliveries are no longer being covered, or no longer completely covered by trade credit insurance policies. This can have a negative impact on operational business because volumes cannot be exported in the short term, or can only be exported in lower quantities.

Overall, the growth risks are assessed as being medium risks.

Opportunities and risks also arise due to the implementation of the European Emissions Directive (IED) described above in the area of opportunities. In the ALBA SE Group it is primarily all shredder systems that will be affected by this, as well as systems which store or manage so-called hazardous waste (e.g. batteries or electronic and electrical waste). The new legal requirements regarding plant operations could make subsequent investments necessary. This 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.

In the area of Interseroh Dual System, the management team sees major risks to exist which are attributable to the scope for interpretation of the German Packaging Ordinance. In the first quarter of 2014 a de-registration of volumes by competitors led to a considerable increase in the costs payable by the Interseroh Dual System without this being countered by the corresponding increases in revenue. There is a risk of further de-registrations of volumes by competitors, resulting in disproportionate costs for the business unit as well as other dual systems. Due to the subsequent insolvencies of competitors which may result, and that in February 2014, one of the competitors terminated their clearing contracts with the joint service point for the dual systems with immediate effect, a collapse of the dual system solution is also possible. This risk is classified as being a high risk.

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

The loss of key customers could represent a potential risk in most of the business units. This risk is classified as being a medium risk.

E.5. Overall Risk Profile

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

The risks described above do not constitute a threat to the existence of the ALBA SE Group. either individually or in whole.

F. Further Information

F.1. Board of Directors, Supervisory Board and Administrative Board

At the General Shareholders' Meeting on May 28, 2013 the ALBA SE shareholders voted in favour of changing ALBA SE from a dualistic to a monistic system and of the corresponding recommendation to amend the Company's statutes. Once the new statutes were recorded in the commercial register on July 16, 2013, the Board of Directors and the Supervisory Board were replaced with an Administrative Board.

Until July 15, 2013, the Board of Directors of ALBA SE consisted of Dr. Axel Schweitzer, Rob Nansink and Mr. Joachim Wagner. Dr. Axel Schweitzer was Chairman of the Board of Directors and responsibility for the services segment. In his executive position, Joachim Wagner was responsible for the steel and metals recycling segment. Since January 1, 2013, Rob Nansink was responsible for trading and the intensification of the international alignment in the steel and metals recycling segment. He also accompanied the expansion of the 'non-ferrous metals' area of business.

There were no changes to the Supervisory Board of ALBA SE until July 15, 2013. The composition of the committee until this point in time is detailed in the consolidated notes.

Since 16 July 2013, ALBA SE has been controlled and managed by an Administrative Board. The members of the Administrative Board are as follows: Chairman Dr. Axel Schweitzer, CEO and member of the Board of Directors of the ALBA Group plc & Co. KG, Berlin, Martin Becker-Rethmann, member of the Board of Directors of the ALBA Group plc & Co. KG, Eric Oliver Mendel, member of the Board of Directors of the ALBA Group plc & Co. KG, Joachim Wagner, member of the Board of Directors of the ALBA Group plc & Co. KG, and Rob Nansink. The Administrative Board appointed Mr. Wagner and Mr. Nansink as Executive Directors with Mr. Wagner as Spokesman. Dr. Werner Holzmayer, an Accountant, Lawyer and Tax Consultant at Ebner Stolz Mönning Bachem, a partnership of accountants, tax consultants and lawyers in Cologne, joined the committee from July 16, 2013 until October 31, 2013.

F.2. Remuneration Report

Remuneration of the Board of Directors (Until July 15, 2013)

The annual compensation of the members of the Board of Directors was made up of a non- performance-related component and a performance-related bonus. There were no further components, such as stock option plans. The non-performance-related components consisted of the fixed remuneration and fringe benefits such as a company car. The bonus was determined by the Supervisory Board on the basis of existing contract.

Compensation paid to members of the Board of Directors in the 2013 financial year amounted to EUR 1.0 million (previous year: EUR 1.5 million). This amount contains a variable compensation component of EUR 0.5 million (previous year: EUR 0.9 million). In the 2013 financial year there were obligations under undistributed variable remuneration components for the Board of Directors (previous year: EUR 0.1 million, liquidated on the income statement).

Total remuneration for individual Board of Directors members was determined by the Supervisory Board in a plenary session, including any Group payments, based on a performance assessment. The criteria for the suitability of the compensation consisted of the individual Board of Directors member's tasks, his 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.

Remuneration of the Supervisory Board (Until July 15, 2013)

Provisions for the remuneration of the Supervisory Board were created to the amount of EUR 122,500.00 for the 2013 reporting period (until July, 15 2013). Reference is made to the notes for individually rendered services outside the scope of the Supervisory Board, in particular consulting work.

Name	Position	Compensation in EUR, net
Dr. Eric Schweitzer	Chairman of the Supervisory Board; Committee Member	22,500.00
Friedrich Carl Janssen	Representative Chairman of the Supervisory Board; Committee Member	22,500.00
Peter Zühlsdorff	Representative Chairman of the Supervisory Board; Committee Member	22,500.00
Dr. Werner Holzmayer	Member of the Supervisory Board; Committee Member	20,000.00
Joachim Edmund Hunold	Member of the Supervisory Board	15,000.00
Roland Junck	Member of the Supervisory Board; Committee Member	20,000.00
Total		**122,500.00**

Remuneration of the Administrative Board (From July 16, 2013)

Provisions for the remuneration of the Administrative Board were created to the amount of EUR 80,833.33 for the 2013 reporting period (from July, 16 2013). Reference is made to the notes for individually rendered services outside the scope of the Administrative Board, in particular consulting work. The addition to the occupational pension for former members of the Board of Directors and Administrative Board totalled EUR 0.1 million (previous year: EUR 0.1 million). In total EUR 1.5 million was deferred for pension obligations towards former members of the Board of Directors and Administrative Board and their surviving dependants (previous year: EUR 1.5 million).

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

As at the balance sheet date of December 31, 2013, a direct stake in the total capital of ALBA SE totalling 85.324 % of shares, and thereby voting rights from 8,395,849 shares, were attributable to Dr. Axel Schweitzer.

Name	**Position**	**Compensation in EUR, net**
Dr. Axel Schweitzer	Chairman of the Administrative Board	22,500.00
Martin Becker-Rethmann	Representative Chairman of the Administrative Board	22,500.00
Eric Oliver Mendel	Representative Chairman of the Administrative Board	22,500.00
Dr. Werner Holzmayer	Member of the Administrative Board	13,333.33
Joachim Wagner	Member of the Administrative Board, Executive Director (Spokesman for the executive team).	0.00
Rob Nansink	Member of the Administrative Board, Executive Director	0.00
Total		**80,833.33**

Remuneration of Executive Directors (from July 16, 2013)

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 contract.

Compensation paid to the Executive Directors in the 2013 financial year amounted to EUR 0.3 million. This amount contains a variable compensation component of EUR 0.1 million.

Total remuneration for Executive Directors members 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 compensation consist of the individual Board of Directors member's tasks, his 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.

F.3. Employees and Social Responsibility

Number of employees

The average size of the ALBA SE Group's workforce during the year was 1,857 (previous year: 1,910).

On average 1,287 people were employed in the steel and metals recycling segment in the financial year (previous year: 1,349), of whom 463 (previous year: 493) were white collar employees and 824 (previous year: 856) blue collar employees. On average 570 people were employed in the area of services in the financial year (previous year: 561). The number of employees totalled 470 (previous year: 460), the number of blue collar employees totalled 100 (previous year: 101).

Recruiting young talent

ALBA SE assigns a high priority to assuring the succession of young talent. Systematic recruitment, training and retention represent both key success factors and at the same time a challenge. ALBA SE has been preparing to successfully respond to a pending scarcity of specialist staff. Two topics in particular play a role in a future-oriented assurance of succession: On the one hand the objective of enhancing ALBA SE's recognition and appeal continues to be pursued. On the other hand existing succession programmes are continuously developed or new programmes started.

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 was represented at the most important school and university fairs in 2013 and has expanded and intensified its cooperation with schools in the region and target universities. The appeal of ALBA SE as an employer for talented staff is measured via online assessment portals, as well as via surveys and comparative studies.

ALBA SE is contributing significantly to covering the need for specialist staff at its locations with a nuanced range of professional training. the Group also trained numerous trainees and students from cooperative education universities in a variety of professions in the year under review. ALBA SE offers the trainees and students a variety of different prospects. Especially high performing school students have the option of obtaining a further qualification or a bachelor’s degree, which is supervised by the Company, after completing their training. The best among them receive a scholarship and participate in additional training in areas like project management, for instance. The trainee programmes in ALBA SE continue to be expanded. The long-term requirements in terms of qualified commercial, sales and technical (management) succession are covered in this way. University graduates are attracted to ALBA SE via trainee programmes. The recruitment of specialist and management staff also became increasingly professional in the year under review. Enhancing the qualifications of recruitment management and implementing uniform standards constituted a special focus.

Personnel development

The accumulation and consolidation of competencies among staff are core themes in strategic company management. Training and continuing education are central matters in ALBA SE, since they provide key qualifications required to meet future competitive challenges successfully. ALBA SE conducts systematic assessment of potential in all areas in order to identify and develop talent. The foreseeable need for qualification has, in addition to existing training measures, been the basis of a more in-depth range of options. ALBA SE therefore clearly expanded the range of options for continuing education for all employee groups in 2013.

These span topics such as leadership, cooperation and change management. In addition to individual coaching and one-on-one training, specific development programmes are offered to promising employees. In 2013, the focus was on developing expertise in the field of specialist knowledge.

A key focus of the personnel development in 2013 was developing a systematic management system for young talent. With this programme, a sustainable form of talent management will be possible.

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, INTERSEROH Dienstleistungs GmbH has been supporting KidS, the orphanages of the city of Cologne, for over ten years and is thus improving the living situations of children directly. The Group's regular activities also include bone marrow donor typing for the Deutsche Knochenmark-Spenderdatei (DKMS - bone marrow donor registry), supporting children in hospital or in the Peace Village in Oberhausen. In 2013 a give-blood event together with the German Red Cross was held for the first time. We now intend for this event to take place on an annual basis.

F.4. Information relevant to Takeovers required by Section 315, Paragraph 4 of the German Commercial Code

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, 2013, a total of 85.324 % of shares and thereby voting rights from 8,395,849 shares were attributable to Dr. Axel Schweitzer, Berlin, and Dr. Eric Schweitzer, Berlin, according to Section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act; they are held directly by ALBA Group plc & Co. KG. The ALBA Group KG as controlling company and ALBA SE as controlled company entered into a control and profit transfer agreement in 2011, which became effective once entered into the commercial register on May 26, 2011. No shares with special rights that confer supervisory powers exist. Employees who hold shares in the Company exercise their rights of verification through the voting rights embodied in their shares.

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

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

The General Shareholders’ Meeting authorised the Board of Directors on June 29, 2010, effective June 30, 2010, to acquire treasury stock during a period of five years, i.e. until June 29, 2015, to a maximum amount of EUR 2,558,400.00 of capital stock attributable to these shares and to rescind the authorisations that had existed hitherto in this respect. With the changeover to the monistic system, this authorisation also applies in full to the Administrative Board. Moreover, subsequent to the resolution of the General Shareholders’ Meeting of 29 June, 2010, the Administrative Board was authorised to sell the treasury stock acquired to third parties against contributions in kind, in particular in connection with corporate mergers and the acquisition of companies, parts of companies and/or holdings in companies. In addition, the Administrative Board is authorised, excluding shareholders' subscription rights, to sell the shares for cash by means other than via the stock exchange or an offering to shareholders. In the event of an exclusion of subscription rights, the shares must be sold at a price (not including incidental selling costs) that is not significantly, and in no event more than 5 percent, lower than the price quoted on the stock exchange for the Company's shares with the same terms at the time of the sale. The share price applicable in this case is the average of the closing prices of the five trading days immediately preceding the sale of treasury stock determined in trading on the floor or via Xetra (or a functionally comparable successor system to the Xetra system) at the Frankfurt stock exchange. In the event of a sale of shares against contributions in kind excluding shareholders' subscription rights, the value of the contribution in kind must be reasonable, based on an overall assessment pursuant to section 255, paragraph 2, of the German Companies Act.

In the event that shares are sold 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 Securities Trading Act. The upper limit of 10 % of capital stock, moreover, is reduced by the proportional share of capital stock that relates to those shares that are issued in order to service bonds with option or conversion rights and/or duties, provided that such bonds are issued during the term of the authorisation with the exclusion of subscription rights under (appropriate) application of section 186, paragraph 3, clause 4 of the German Companies Act.

Until the changeover to the monistic system, the Board of Directors of ALBA SE had not made any use of such authorisations. Since 16 July 2013, ALBA SE has been controlled and managed by an Administrative Board.

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 market research and market analysis. 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 recythen and procyclen, the ALBA SE Group offers industrial customers high quality recycling plastics for the production of new products and packaging.

In the so-called recycled resource procedure, old plastics are used to manufacture different varieties of recycled plastics. The first step sees the production of recythen, a granulate for ad-mixing or for producing simple new products. This is distinguished due to its high level of purity and dryness, and is especially suitable for extrusion and injection moulding procedures. It comes supplied in different colours.

In a second step the recythen can be processed further to create the new plastic substitute, procyclen. Using processing technology that was developed in-house, on the basis of 100% post-consumer waste, along with other materials, polypropylene (PP), high-density polyethylene (HDPE), polyethylene (PE) and polystyrene (PS) can all be produced to a consistently high level of quality. The process can also be extended to include other technical plastics as a source material without any problems. Material attributes such as flowability, impact strength, stiffness, resistance to UV light and heat can also be customized exactly to the requirements of the recipients. Different colour schemes from the RAL specturm can also be realised. For injection moulding and blow moulding applications, procyclen therefore represents a sustainable alternative to new plastics offering an equivalent level of quality.

F.6. Environment and Sustainability

Environment and sustainability play a central role in the ALBA SE Group.

In the elapsed financial year the ALBA Group commissioned a new climate study of all its associated companies, also including the ALBA SE Group, from the Fraunhofer Institute for Environmental, Safety and Energy Technology, UMSICHT, Oberhausen. The result: The ALBA Group saved approximately 7.1 million tons of greenhouse emissions by efficiently recycling over 7 million tons of scrap in 2012. This corresponds to almost one percent of total German emissions of greenhouse gases. At the same time it was necessary to mine, process and shift 41.1 million tonnes less in primary raw materials.

For several years, Fraunhofer UMSICHT has researched the contribution that the ALBA Group's recycling activities have made to climate protection. In 2013 – as first in the recycling sector – the experts also listed the quantity of so-called raw materials which it was not necessary to take from the environment as a result of the activities of the ALGA Group. The examination focused on the material streams of metals and plastics. The saving of around 41.1 million tonnes of primary resources is equivalent to more than the volume of brown coal mined from the Garzweiler mine every year (35 to 40 million tonnes/year).

On 5 June 2013, Interseroh published its first sustainability report. The report highlighted the use of the environmental and recycling services provider for a sustainable development as a provider of systems services. With the sustainability report, a detailed and systematic documentation is provided of how the individual processes and projects are configured in an environmental and socially compatible way at the customers. The report also presents key developments and key figures for the years 2010 to 2012. It corresponds to the internationally valid guidelines of the Global Reporting Initiative (GRI) and was created using the application level B+.

In the first half of 2013, the integrated management system (ISO 9001:2008, ISO 14001:2009, BS OHSAS 18001:2007) of INTERSEROH Dienstleistungs GmbH and its German subsidiaries, INTERSEROH Austria GmbH, Vienna/Austria, as well as the sister company INTERSEROH Management GmbH, Cologne, was confirmed without any discrepancies by a monitoring audit by the certification board.

Environmental management measures led to considerable energy savings, through a changeover in the disinfection process at INTERSEROH Pool System GmbH, for instance, and through the installation of a new energy-optimised shredder at the company REPASACK mbH, which specialises in the recycling of used paper bags. According to the initial figures, both changeovers have achieved savings of at least 20%.

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 turn rate in the stores is correspondingly high. This enables potential price falls to be countered.

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

The Economic Association for Steel has forecast global steel production to grow from 3.5 to 4 % in 2014. The increase in production is primarily expected to take place in the countries in which capacity is being increased, especially in Asia, but also in Turkey and Russia. The European steel association Eurofer is forecasting an increase in demand for steel in Europe of around 3%. For Germany, the Economic Association for Steel is predicting stagnation in crude steel production, with production totalling 43.0 million tonnes after 42.6 million tonnes in 2013. This situation is associated with considerable risks, however, among other factors due to the German Renewable Energy Act (EEG) and the accompanying costs of electrical power intensive steel production.

No improvement is currently forecast for German trade with non-ferrous metals in the first quarter. The experts are cautiously optimistic for the second quarter onwards. The forecasts for the European sales market are cautious. In the first half of the year these will remain weak. No further growth is currently expected in Asia. Demand is set to remain at the same level.

In the context of the stated sector-specific framework conditions, the management team will continue to push ahead with the internationalisation of the ALBA SE Group. This not only applies to the sales markets, it also applies to the procurement markets.

For 2014, the management team expects to see a minor increase in the volumes of ferrous metals, and largely unchanged volumes of non-ferrous metals. At the same time, sales revenues will increase moderately due to the recovery in the prices. The forecasts predict an exceptional increase in the EBITDA and the EBT. In addition to the increase in sales revenue and an improvement in the margins, this is due especially to the positive effects of the restructuring that occurred in 2013. Furthermore, the impairments and restructuring expenses accrued in the year under review will not occur again, at least to the same level. The continued internationalisation on the sales and procurements side will also have a positive influence. The planned investments will remain at the same level as the year under review.

Services segment

The discussion surrounding the sixth amendment to the German Packaging Ordinance is focusing solely on changes in the appendix to the ordinance that are required due to European law. On the initiative of the federal state of North Rhine Westphalia, formulations for the correct registration of sales packaging have to be specified. In this context, the goal is a sustainable clarification of the obligations of manufacturers and importers, especially in the special cases of self recovery at the point of sale, and the so-called sector solutions. A seventh amendment has also been announced.

This amendment to the German Packaging Ordinance is set to take effect by 2015 at the earliest, and depending on the clarity of the formulations, could lead to a recalibration of the market. 2014 is also likely to see a further intensification of the competition in the market for packaging recycling. With sales revenues that are more-or-less constant, this is set to be reflected in the reporting behaviour of competitors and in the distribution criteria of the costs.

The working draft of the German Electrical and Electronic Equipment Act (ElektroG) announced for the end of 2012 was finally presented on 18 February 2014. On the basis of the current situation, the management team expects positive effects on the business activities of individual business units, as the operators of certified systems for the processing of E-waste and the established collection systems are expected to be better positioned than right now.

In 2014, the market share of the Interseroh Dual System is expected to remain the same as it was in the year under review.

For the services segment the focus is on the further development of new areas of business as well as new markets in order to support sustainable growth. The business volumes in the areas of reusable transport containers and the recycled-resource business unit are to see further expansion.

As regards the development of the raw materials markets, the management team expects a moderate increase in the price level for the 2014 financial year, as it is currently in the lower level of the price scale.

In 2014, the services segment is expecting a slight increase in sales revenues. This is primarily due to the expansion of the business of the RSI business unit. Despite this, the management team is forecasting exceptional falls in the EBITDA and EBT. This development is primarily due to the continued increasing pressure on margins as well as the lack of business model based effects relating to other periods in the Interseroh Dual System. No significant decreases are forecast as regards investments.

G.2. Development of the Group

The management team expects the ALBA SE Group to record a moderate increase in sales revenue in 2014. In comparison with 2013, the EBITDA and EBT will see an exceptional increase, which among other factors is due to recurrent restructuring expenses and impairments in the steel and metals recycling segment which will not be of the same magnitude as those in the year under review. A slight fall in investments is expected in comparison with the 2013 financial year. The incorporation of its financing in the ALBA Group will ensure that the ALBA SE Group has required liquid assets in the future.

Cologne, March 26, 2014

ALBA SE

Executive Directors

Joachim Wagner (Spokesman) Rob Nansink

Consolidated Financial Report

For the 2013 Financial Year

Contents

Consolidated Balance Sheet

Consolidated Balance Sheet as at 31 December 2013

Assets	Note no.	31.12.2013 EUR	31.12.2012 EUR	01.01.2012 EUR
Non-current assets				
Intangible assets	18	79,882,695.97	117,858,985.91	121,189,087.71
Property, plant and equipment	19	68,972,984.59	83,686,168.64	86,413,683.80
Financial assets accounted for under the at-equity method	20	3,574,726.94	8,980,614.87	7,741,601.29
Financial assets	21	3,962,144.71	981,024.58	1,728,113.37
Other receivables	25	1,744,013.65	1,438,332.02	1,133,722.99
Deferred tax claims	22	5,580,403.15	5,806,039.10	6,252,238.90
		163,716,969.01	**218,751,165.12**	**224,458,448.06**
Current assets				
Inventories	23	68,170,358.89	108,769,216.71	127,575,787.43
Trade receivables	24	135,636,637.38	155,431,649.86	172,304,765.27
Financial assets	21	55,140,910.48	34,478,000.54	24,679,114.09
Other receivables	25	46,727,101.78	39,238,774.17	28,822,068.48
Income tax refund claims	22	1,000,933.29	2,576,705.22	2,355,136.63
Cash and cash equivalents	26	14,593,057.47	12,673,546.00	74,882,830.26
		321,268,999.29	**353,167,892.50**	**430,619,702.16**
		484,985,968.30	**571,919,057.62**	**655,078,150.22**

Consolidated Balance Sheet

Liabilities		31.12.2013	31.12.2013	31.12.2012	31.12.2012	01.01.2012	01.01.2012
	Note no.	EUR	EUR	EUR	EUR	EUR	EUR
Equity							
Subscribed capital and reserves attributable to the parent company							
Subscribed capital	27	25,584,000.00		25,584,000.00		25,584,000.00	
Reserves	28	111,621,916.17	**137,205,916.17**	149,992,784.40[1]	**175,576,784.40[1]**	151,351,766.04[1]	**176,935,766.04[1]**
Minority interests in equity			**8,822,279.67**		**6,814,795.91**		**6,100,612.35**
			146,028,195.84		**182,391,580.31[1]**		**183,036,378.39[1]**
Liabilities							
Non-current liabilities							
Payments to employees under pension commitments	29	17,166,915.79		27,082,692.64[1]		21,418,536.61[1]	
Other non-current provisions	30	3,897,146.17		7,091,574.07		5,588,814.36	
Deferred tax liabilities	22	3,568,057.75		5,376,157.80		6,083,527.57	
Financial liabilities	31	7,099,056.50		9,194,973.11		71,319,610.32	
Trade liabilities	32	166,242.50		109,138.99		366,806.02	
Other liabilities	33	945,139.28	**32,842,557.99**	0.00	**48,854,536.61[1]**	0.00	**104,777,294.88[1]**
Current liabilities							
Provisions	30	16,200,915.69		10,912,198.41		11,703,541.08	
Income tax liabilities	22	7,804,379.46		8,340,996.92		7,291,722.48	
Financial liabilities	31	47,237,585.09		39,547,541.35		67,474,424.12	
Trade liabilities	32	183,642,111.92		199,216,745.46		209,289,281.14	
Other liabilities	33	51,230,222.31	**306,115,214.47**	82,655,458.56	**340,672,940.70**	71,505,508.13	**367,264,476.95**
			338,957,772.46		**389,527,477.31[1]**		**472,041,771.83[1]**
			484,985,968.30		**571,919,057.62[1]**		**655,078,150.22[1]**

1 Adjustment due to use of the amended IAS19 for the first time

1

Consolidated Income Statement

Consolidated Income Statement for the Period from January 1 to December 31 2013

	Note no.	2013 EUR	2012 EUR
1. Sales revenues	7	1,704,390,128.27	1,926,911,226.18
2. Reduction / Increase in inventory of finished and work in progress	8	-2,987,224.05	-5,746,508.17
3. Other operating income	9	70,339,048.69	70,940,915.43
4. Material costs	10	1,471,978,796.97	1,652,181,800.68
5. Personnel costs	11	100,984,667.29	100,530,512.19 [1]
6. Depreciations of intangible assets and of property, plant and equipment	12	51,690,286.89	17,878,363.03
7. Other operating income	13	172,591,556.53	171,198,457.83
8. Profit shares in holdings, accounted for under the “at-equity” method	14	-5,309,309.93	1,018,233.01
9. Financial income	14	4,688,445.92	4,298,317.27
10. Financial expenses	14	15,975,085.38	17,871,302.15
11. Earnings before taxes		**-42,099,304.16**	**37,761,747.84** [1]
12. Income tax expense	15	1,482,622.46	4,332,619.27
13. Income after taxes		**-43,581,926.62**	**33,429,128.57** [1]
14 Shares in income to be attributed to minority interests	16	-14,393.99	678,779.79
15 Shares in income to be attributed to shareholders	16	-43,567,532.63	32,750,348.78 [1]
16. Earnings per share	17	-4.43	3.33 [1]

1 Adjustment due to use of the amended IAS19 for the first time

Overall Consolidated Earnings

Exhibit of Income and Expense recorded in consolidated Equity (overall consolidated earnings) for the Period from January to December 31 2013

	Note no.	2013 EUR million	2012 EUR million
Consolidated earnings		**-43.6**	**33.5** [1]
of which attributable to minority interests	16	0.0	0.7
Amounts which will not be reclassified in the income statement in future periods			
Actuarial gains and losses from defined benefit plans	29	2.0	-6.2 [1]
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	0.0	5.7
Changes in adjustment items from currency conversion	3b, 28	-0.3	1.8
Changes in adjustment items from currency conversion of at equity companies		-0.1	0.2
Results not recognised in income		**1.6**	**1.5** [1]
of which attributable to minority interests	28	-0.1	0.4
Overall consolidated earnings		**-42.0**	**35.0** [1]
of which attributable to minority interests		-0.1	1.1
of which attributable to ALBA SE shareholders		-41.9	33.9 1

1 Adjustment due to use of the amended IAS19 for the first time

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity for the Period from January 1 to December 31 2013

		Parent company							Minority share-holders	Consoli-dated equity
					Cumulative other consolidated earnings					
		Subscribed capital	Capital reserve	Earned consolidated equity	Adjustment item from foreign currency conversion	Actuarial gains and losses	Other non-cash transactions	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 1.1.2012		25.6	38.6	134.8	-2.3	-0.00	-17.7	179.0	6.1	185.1
Amendments to IAS 19						-2.0		-2.0		-2.0
as at 1.1.2012		25.6	38.6	134.8	-2.3	-2.0 [1]	-17.7	177.0 [1]	6.1	183.1
Dividends paid	27								-0.4	-0.4
Changes in the scope of consolidation										
Capital transaction with changes in the share of holdings	28									
Other changes										
Consolidated earnings				-32.8 [1]				32.8 [1]	0.7	33.5 [1]
Amounts directly recorded in equity					1.6	6.2 [1]	5.7	1.1 [1]	0.4	1.5 [1]
Overall consolidated earnings								33.9	1.1	35.0
Profit transfer to ALBA Group plc & Co. KG				-35.3				-35.3		-35.3
as at 31.12.2012		**25.6**	**38.6**	**132.3 [1]**	**-0.7**	**-8.2 [1]**	**-12.0**	**175.6 [1]**	**6.8**	**182.4 [1]**

1 Adjustment due to use of the amended IAS19 for the first time

Consolidated Statement of Changes in Equity

		Parent company							Minority shareholders	Consoli-dated equity
					Cumulative other Consolidated earnings					
		Subscribed capital	Capital reserve	Earned consolidated equity	Adjustment item from foreign currency conversion	Actuarial gains and losses	Other non-cash transactions	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 1.1.2012		25.6	38.6	132.3	-0.7	-8.2 [1]	-12.0	175.6	6.8	182.4
Dividends paid	27								-0.3	-0.3
Changes in the scope of consolidation				-1.7		1.7			2.4	2.4
Other changes										
consolidated earnings				-43.6				-43.6		-43.6
Amounts directly recorded in equity	28				-0.3	2.0		1.7	-0.1	1.6
Overall consolidated earnings								-41.9	-0.1	-42.0
Coverage of losses by ALBA Group plc & Co. KG				3.5				3.5		3.5
as at 1.1.2013		**25.6**	**38.6**	**90.5**	**-1.0**	**-4.5**	**-12.0**	**137.2**	**8.8**	**146.0**

1 Adjustment due to use of the amended IAS19 for the first time

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the Period from January 1 to December 31 2013

		2013	2012
	Note no.	EUR million	EUR million
Consolidated earnings		-43.6	33.5 [1]
Income tax expense	15	1.5	4.3
Profit shares in holdings, accounted for under the "at-equity" method	14	5.3	-0.9
Net financial income 14		11.2	13.4
Depreciations of intangible assets and property, plant and equipment	12, 18, 19	51.8	17.9
Consolidated EBIT		**26.2**	**68.1** [1]
Gains from disposals of assets	9, 13	-0.9	-1.6
Changes in pension and other provisions	29, 30	-5.9	0.2
Changes in net operating assets		33.0	20.9
Interest payments		-10.2	-13.0
Income tax payments		-2.6	-3.3
Cash flow from operational activity		**39.6**	**71.4**
Company acquisitions	5	-2.4	0.0
Company disposals	5	11.9	0.0
Payments received from the sale of assets	5	5.3	2.9
Investments in property, plant and equipment (not including finance leases)	19	-6.0	-11.2
Other investments	18	-2.0	-0.5
Cash flow from investment activity		**6.8**	**-8.8**
Assumption of financial liabilities	31	16.2	1.1
Repayment of financial liabilities	31	-4.5	-83.9
Repayment of finance lease liabilities		-1.7	-2.3
Dividends to minority shareholders		-0.3	-0.4
Profit transfer to the ALBA Group plc & Co. KG		-35.3	-30.1
Cash flow from financing activity		**-25.6**	**-115.6**
Cash changes in cash and cash equivalents		20.8	-53.0
Cash and cash equivalents at the start of the period		39.1	92.1
Cash and cash equivalents at the end of the period	**26**	**59.9**	**39.1**

1 Adjustment due to use of the amended IAS19 for the first time

Consolidated Notes

Consolidated Notes for the 2013 Financial Year

1. General Information

ALBA SE is based in Cologne. Its business address is: Stollwerckstraße 9a, 51149 Cologne. The consolidated financial statements for 2013 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 processing industries. The ALBA SE Group's business operations are divided into two segments - steel and metals recycling and services.

At the General Shareholders' Meeting on May 28, 2013 the ALBA SE shareholders voted in favour of changing ALBA SE from a dualistic to a monistic system and of the corresponding recommendation to amend the Company's statutes. Once the new statutes were recorded in the commercial register on July 16, 2013, the Board of Directors and the Supervisory Board were replaced with an Administrative Board.

According to the control and profit transfer agreement with ALBA Group plc & Co. KG (hereinafter: ALBA KG), the latter guarantees external shareholders of ALBA SE a recurrent payment, a so-called equalisation payment, for the duration 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 1 January 2004 (date of the changeover to IFRS according to IFRS 1, First-time Application of International Financial Reporting Standards).

The consolidated financial statements have been prepared pursuant to Section 315a of the German Commercial Code (HGB) under the regulations of the accounting rules valid on the balance sheet date in accordance with the International Financial Reporting Standards (IFRS) and the interpretations 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 (HGB).

The consolidated financial statements for 2013 were approved by the Executive Directors of the Administrative Board on March 26, 2014.

Please refer to Note 43 regarding any events of importance to the assessment of the financial, earnings and liquidity position and the payment flows of ALBA SE Group that occurred after March 26, 2014 (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 acquisition and production costs, except in the case of derivatives and financial instruments that are classified as “available for sale”. Both of 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 – shown in millions of Euro rounded to two decimal places. Rounding differences occur in isolated cases.

(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 management which affect 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 consolidated financial statements is included in the information in the notes below:

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

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

► Note 3 (d), (e): standard determination of terms of useful life throughout the Group
► Note 3 (g): valuation of inventories
► Note 3 (h), 18: parameters for performing the impairment tests, including the definition of cash generating units (CGU)
► Notes 21, 24, 25: estimate of recoverability of doubtful receivables and/or calculation of necessary value adjustments
► Note 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 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 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 profit and loss statement as in the ALBA SE 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, it is to be proceeded accordingly.

In order to enhance clarity, individual items are summarised both in the profit and loss 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 a year; all other assets and liabilities are classified as non-current.

(a) Consolidation principles

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 IAS 27 (Consolidated and Separate 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 assets and liabilities and contingent liabilities at the time of acquisition into consideration. Costs associated with the merging of companies is treated as expenses.

Any remaining consolidation differences from the offsetting are shown as goodwill. 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 with the existence of triggering circumstances. The other hidden reserves and hidden liabilities uncovered are updated 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 assessed at acquisition cost. In addition to the proportional equity, the disclosed hidden reserves and hidden charges, this holding assessment may also include a surcharge paid for the business or company goodwill. In the event of evidence of the impairment 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 in the earnings as holdings accounted for according to the at-equity method in the financial earnings.

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 claims and liabilities between fully consolidated companies are netted out.

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

Interim profits from internal group trade payables and from the sale of property, plant and equipment among consolidated companies are eliminated, provided that their influence on the net assets, financial position and 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 receivables and liabilities 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 foreign currencies into guided monetary assets and liabilities are recognised in the income statement. Forward contracts entered into in order to hedge exchange rates are shown at their respective fair value.

The companies in the Balkans that are included in the consolidated financial statements for the first time have recorded 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.

Two fully consolidated and two associated companies respectively prepare their financial statements in US dollars and Polish zloty The amounts included in the consolidated financial statements are converted to Euro under IAS 21

(The 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 apply for all companies concerned. The following exchange rates were used as the basis:

		Closing date rate		Average rate	
1 Euro		**2013**	**2012**	**2013**	**2012**
Poland	PLN	4.1543	4.0740	4.1975	4.1847
USA	USD	1.3791	1.3194	1.3281	1.2848

The currency differences resulting from the conversion of the proportionate equity are shown in other comprehensive 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
► Recognised as income at fair value
► Available for sale

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

At the initial assessment, the valuation of the financial assets occurs at the present fair value. The transaction costs are included unless it relates to a financial instrument in the "held for trading purposes" category. The valuation occurs on the day of trading at all times.

The follow up valuation of financial assets takes place depending on the allocation to the aforementioned categories at the amortised acquisition costs or at the 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 with the amortised acquisition costs under the application of the effective interest method.

► The "Held until final maturity" valuation category includes all non-derivative financial with fixed or determinable payments and a specific duration which the Company both intends and is able to hold until the end of the duration. They are also recorded at the amortised acquisition costs under the application of the effective interest method.

► Within the "Recognised as income at fair value" category all financial assets are classified as "Held for trading purposes", with no use of the Fair Value Option IAS39 being made in the ALBA SE Group. For clarification the entire category is designated as "Held for trading purposes" in the consolidated notes. All derivative financial instruments which are not in an effective hedge accounting relationship are assigned to this category. The valuation of the financial instruments "Held for trading purposes" occurs at fair value in the income statement.

► "Available for sale" represents an additional 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 recorded price on an active market and the fair value of which cannot be determined reliably are measured at acquisition costs.

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

► Recognised as income at fair value (Held for trading purposes)

► Other financial liabilities

The initial recording of financial liabilities as well as the following valuation as financial liabilities held for trading purposes takes place according to the same terms of reference as those relating to the financial assets.

All liabilities which are not "Held for trading purposes" are assigned to the category of "Other financial liabilities". They are measured at the amortised acquisition costs 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 the ALBA SE Group consist of holdings, securities, trade receivables, receivables from cash pooling, several other receivables, cash and cash equivalents, as well as financial liabilities, trade payables and several other liabilities, and are classified in various categories in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). Financial assets are accounted for as at the trading day.

Holdings and securities are classified as “available for sale” and measured at amortised acquisition cost, 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 collectibility, financial instruments are stated at the lower collectible 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 troubles 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 written off to profit and loss.

If the reasons for the impairment loss disappear in subsequent periods, the impairment loss is reversed and taken to income.

Financial assets are written off 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 written off it it has expired, which means that the obligation stated in the contract has been settled, cancelled or discontinued.

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 accounted for pursuant to IAS 39 at their initial valuation at fair value. They are shown under “financial assets” and/or “financial liabilities”.

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

Exchange rate risks

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

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

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 occurs in markets in which prices are subject to frequent fluctuations.

Price changes for metals may have an impact on contracts the fulfilment date of which is after the balance sheet date (pending transactions) on the one hand and on the other hand fluctuations in the value of warehouse inventory may result. The changes to the relative fair values are, depending on the underlying transaction, recorded with effect in the income statement or reported as other income without affecting net income.

(d) Intangible assets

Intangible assets are measured at acquisition cost less scheduled depreciation, as 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. When the reasons for the impairment cease to exist, corresponding write-ups are – with the exception of goodwill – effected; they may not exceed the updated carrying amounts.

(e) Property, plant and equipment

Property, plant and equipment are measured pursuant to IAS 16 (Property, Plant and Equipment) at acquisition or production cost 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.

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

Scheduled depreciation is based on the following terms of use and depreciation rates 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 are noted during the performance of impairment tests, it is possible that extraordinary impairments are taken into account. If the reasons for the impairment no longer apply, appropriate reversals are undertaken.

(f) Leased assets

Rented or leased intangible assets and property, plant and equipment, which, according to the requirements of IAS 17 (Leases), must be considered economically as fixed asset acquisitions with long-term financing (finance-leasing), are stated in the balance sheet at the time of commencement of the contract at the lower of the present value of the minimum lease payments, taking one-off payments into account, or fair market value. They are subject to scheduled 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 depreciation. Payment obligations arising from future lease instalments are stated as financial liabilities.

Obligations to return the property to its original condition are, in accordance with IAS 16.16 (c), included in the acquisition or production costs of the asset concerned at the amount of the discounted performance sum and depreciated according to the straight-line method over the normal useful life of the asset. Expected liabilities are reflected under provisions.

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 average acquisition or production costs or net selling price, i.e. the sales proceeds recoverable in the normal course of business less the estimated completion and selling costs. 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 at least an annual basis at year end, or during the year if special reasons for a review become apparent, at the level of the cash generating unit (CGU) as set forth in IAS 36 (Impairment of Assets).

(i) Definition of a CGU

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

In the steel and metals recycling segment, scrap is bought unsorted in small quantities, sorted, processed if necessary and then sold in large quantities. Transparency exists in this segment regarding realisable selling prices and general market developments. Furthermore, the segment's trading volumes overall are of significance to market participants; this also has a positive effect on the negotiating positions of the individual companies. Contributions of the segment also result from transparency of information within the segment combined with market and, in particular, price advantages from the segment-wide consolidation of sales volumes. Due to joint management by the segment management company, the individual companies cannot be viewed as "largely independent", but rather all companies in this segment qualify for being classified as one CGU.

The companies in the services segment provide waste disposal services. The companies in this segment are centrally managed. Payments associated with the relevant business activity cannot be viewed independent of the other companies. The companies of this segment, therefore, form a CGU as a whole.

(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 net selling price and value in use. In the event that the value in use exceeds the carrying amount, the calculation of the fair market value minus selling costs can be dispensed with. The calculation of the value in use applied by the ALBA SE Group is based on the present value, calculated using the discounted cash flow method (DCF method), and with future payments as forecast for the next three years in the current individual plans of the ALBA SE Group broken down into business field and site. A risk-free interest rate of 2.8 % (previous year: 2.3%), a market risk of 5.9% (previous year: 6.%) and a beta factor for the services segment of 0.7 (previous year: 0.7) are assumed, and for the steel and metals recycling segment one of 1.2 (previous year 1.2). The capitalisation interest rate before taxes for the steel and metals recycling segment is 13.2% (previous year: 13.2%) and for the service segment, 8.1 % (previous year: 8.5%). The capitalisation interest rate after taxes for the steel and metals recycling segment is 9.5% (previous year: 9.6%) and for the service segment, 6.3% (previous year: 6.1%).

The basis for calculating the free cash flow per CGU is planned EBIT (earnings before income taxes, financing expense, finance income and the shares in earnings in associated companies that are accounted for using the at-equity method) of the relevant segment according to the three-year plan. For the steel and metals recycling segment, the growth of global steel production and the development of capacities in Asia, Turkey and Russia are taken into account. For the services segment these plans are primarily determined by the development of new business fields, as well as the increasingly strong competitive pressures in the core business fields.

The three-year plan is adjusted by non-cash income and expenses, investment payments and changes in net current assets. For subsequent years a growth discount is also assumed for the services segment to the amount of 0.5 percent (previous year: 0.5%), and for the steel and metals recycling segment, one of 1.3% (previous year: 1,5%) based on the EBIT of the last plan year, as are earnings at the same level, which are also discounted.

If the recoverable amount of the cash generating unit calculated in this way is lower than its carrying value, 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 values of every single asset on the balance sheet date. After determining the impairment, the carry value therefore equals the carrying amount.

(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 the net present value of claims takes both the pensions known and entitlements acquired as at the balance sheet date, as well as future anticipated salary and pension increases, into consideration. Differences arising at the end of the year (so-called actuarial gains or losses) between scheduled pension 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 formed for uncertain liabilities, if it appears probable in each case that performance of a current obligation will result in a direct outflow of resources embodying future economic benefits and the value of this obligation or performance amount can be measured reliably, including in the form of estimates. All known uncertain liabilities and risks concerning the past 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 reduced proportionately and income recorded as other operating income.

In the case of long-term provisions the portion that is to flow out after more than a year, and for which a reliable estimate of the amount or timing of the payment is possible, is stated at the present value calculated by discounting at an interest rate commensurate with the market and term.

(k) Sales revenue and other income

Sales revenues are recognised 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.

(l) Production orders

Receivables from production orders are accounted for according to the Percentage of Completion (PoC) method under IAS 11. Amounts realised are reported 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 recorded in the trade receivables account. In the event that payments received from instalment invoices exceeds the services rendered, these amounts are recorded in the trade payables account. Pending losses are recorded in full at the time they become known.

(m) 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.

(n) Income taxes

ALBA SE established a corporate and trade tax entity 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, 2013, that relate to ALBA SE and its subsidiaries until the 2011 financial year, or that relate to companies of the Group that are not included in the tax entity.

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 claims are only taken into account if it is reasonably certain that the temporary differences can actually be reversed for tax purposes and that the tax loss carry-forwards can actually be utilised. The 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. Otherwise, they are recorded as income.

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

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

Amendments to IFRS 1 – Accounting for government loans

The amendment relates to accounting for a government loan at an interest rate below the market interest rate by a first-time adopter of IFRS. For government loans in existence at the date of transition measurement according to previous accounting methods may be maintained. The measurement rules according to IAS 20.10A in conjunction with IAS 39 thus apply only for such government loans as have been entered into after the transition date.

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

Amendments to IFRS 1 – Hyperinflation

This amendment to IFRS 1 replaces the references used to date to the date of January 1, 2004, as fixed date of transition by “date of transition to IFRS”. Furthermore, IFRS 1 will include regulations for such cases in which a company was unable to comply with IFRS rules for some time, because its functional currency was subject to hyperinflation.

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

Amendments to IFRS 7 – Netting out of financial assets and liabilities

With this change to IFRS 7, the explanatory notes concerning offset financial instruments and those which may be offset are extended.

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

IFRS 13 – Fair value measurement

This standard provides uniform regulations for fair value measurement in IFRS financial statements. All fair value measurements required under other standards are in future to observe the uniform specifications of IFRS 13; only IAS 17 and IFRS 2 will continue to have their own rules. The standard also replaces and extends the disclosure requirements regarding the measurement at fair value in other IFRS regulations.

Fair value under IFRS 13 is defined as exit price, that is, the price that would be obtained through the sale of an asset or the price that would have to be paid to transfer a debt. As currently known from the fair value measurement of financial assets, a three-step hierarchical system is introduced; this divides assets depending on their observable market prices.

In compliance with the changeover regulations of IFRS 13, the new regulations are used to prospectively measure the fair value, and no comparative information from previous years is made available for new information. Regardless of this, the change has no noticeable effects on the measurements of the assets and liabilities.

Amendments to IAS 1 – Presentation of other comprehensive income

This amendment changes the presentation of other comprehensive income in the statement of overall results. The items of other comprehensive income that are later reclassified in the income statement (“recycling”) are in future to be presented separately from items in other comprehensive income that will never be reclassified. If the items are reported gross, i.e. without offsetting the effects of deferred taxes, the deferred taxes are no longer to be reported in one amount, but to be allocated to both groups of items. The amended disclosure obligations have been provided and the comparative information adjusted accordingly.

Amendments to IAS 12 – Recovery of underlying assets

In the case of investment property, it is often difficult to assess whether existing temporary tax differences will be reversed due to continued use or in the course of a sale. This amendment to IAS 12 now clarifies that the measurement of deferred taxes is to be undertaken on the basis of a refutable presumption that the reversal will result from a sale.

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

IAS 19 - Pension provisions (revised 2011)

The key change that occurred in the revision of the IAS 19 (revised 2011) refers to the accounting of pension obligations from performance-oriented contribution plans. There is currently an option as to the manner in which unexpected fluctuations in pension obligations, the so-called actuarial gains and losses, may be presented in the financial statements. They can either (a) be recorded in the income statement, (b) under other comprehensive income (OCI) or (c) on a time-deferred basis according to the so-called corridor method. The new version of IAS 19 eliminates this option in favour of a more transparent and comparable presentation, so that in future only direct recording in other comprehensive income is permitted. Such data has to be recorded in other earnings. Moreover, the service cost to be offset subsequently is now to be recorded directly to profit or loss in the year in which it arises

Furthermore, at this time the anticipated income from plan assets at the beginning of the accounting period is calculated based on the value development of the investment portfolio on the basis of subjective management expectations. Application of IAS 19 (revised in 2011) only permits standardised interest accruals on the plan assets to the amount of the discount interest rate of the pension obligations at the beginning of the period.

In addition to the change in accounting, there are also changes in the disclosure requirements, e.g. in the form of sensitivity analyses.

As the so-called corridor method has been previously used for recognising actuarial gains and losses, the retroactive adjustment principally led to a higher provision. Additionally, according to the new method, the operating income is not influenced by the amortisation of the sum that exceeds the corridor, and instead, a greater exposure of other income.

The amended definition of benefits payable at the end of the employment contract (termination benefits) affects the accounting treatment of top-up amounts due in conjunction with part-time early retirement working arrangements. In the past, the top-up amounts were classified as termination benefits and accordingly deferred to their full amount at the date of the agreement of a part time retirement working contract. As a result of the change in the definition of termination benefits, top-up amounts no longer meet the criteria for termination benefits as specified in IAS 19 (revised 2011). The top-up amounts are now deemed to represent other long-term employee benefits, which are required to be recognized in instalments over the relevant period of employment.

As a result of the new definition of termination benefits, the top-up amounts relating to part-time early retirement working arrangements are now treated as long-term employee benefits. Due to the retroactive adjustment, in principle, a lower provision has resulted.

According to the transitional regulations, the initial application of the revised IAS 19 at the ALBA SE Group occurred retroactively. On the balance sheet, according to the level of the actuarial gains and losses existing on the corresponding balance sheet date, which according to the corridor method were previously carried off balance sheet, the retained earnings as at December 31, 2012 of EUR 8.1 million, and as at January 1, 2012 of EUR –2.0 million, were adjusted without affecting net income (not including the contrary effect from deferred taxes). The provisions and/or the asset values from pensions, as well as the net earnings, were adjusted accordingly. Furthermore, adjustments to the consolidated income statement as at December 31, 2012 totalling EUR 0.1 million were also necessary due to the de-recognition of the amortisation of actuarial gains and losses.

If the IAS 19 had not been revised, it would have resulted in the following effects: as at December 31, 2013, the pension provisions would have been EUR 3.4 million lower, and the EBIT would have been EUR 1.1 million lower. Furthermore, the retained earnings would have been reported as being EUR 4.5 million higher (not in cluding the contrart effects of deferred taxes).

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

A follow-up Amendment to IFRS 13 Fair Value Measurement introduced a new mandatory disclosure requirement for the goodwill impairment test pursuant to IAS 36: the recoverable amount of the cash-generating units has to be disclosed, irrespective of whether an impairment loss is recognized or not. Since this disclosure requirement was added unintentionally, it was removed by the May 2013 amendment.

The new Amendment does, however, give rise to additional disclosures if an impairment loss is actually recognized and the recoverable amount was determined on the basis of a fair value.

The earlier application of the amendments applies to the 2013 financial year.

IFRIC 20 - Accounting of Stripping Costs in Surface Mining

This interpretation simplifies the accounting of stripping costs in surface mining. If, as expected, revenues are realised due to the subsequent use of the overburden, the assignable costs of the removal of the overburden (stripping costs) are to be accounted for as inventories according to IAS 2.

An intangible asset also exits which is to be recorded together with the asset of "Surface mining" if the access to additional mineral resources is improved and the requirements defined in the interpretation are satisfied. This asset is to be written off over the expected useful life.

Amendments to IFRS 2009 – 2011

Amendments to five standards were undertaken as part of the “annual improvement project”. The intention is to clarify existing regulations by adapting the formulation of individual IFRS. In addition there are modifications with an impact on accounting, recognition and measurement, as well as disclosures in the Notes. Standards IAS 1, IAS 16, IAS 32, IAS 34 and IFRS 1 are all affected.

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

(p) Standards and interpretations not applied

a) Standards and interpretations already incorporated into EU law

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

IFRS 10 – Consolidated financial statements

This standard provides a new and comprehensive definition of the term “control”. If one entity controls another, the parent is required to consolidate the subsidiary. According to the new concept, control can be said to exist if the potential parent has the power of decision over the potential subsidiary based on voting rights or other rights, it participates in positive or negative variable returns from the subsidiary and can influence such returns through its power of decision.

The amendment is to be applied in financial years starting on or after January 1, 2014. IFRS 10 is – with specific exceptions – to be applied retrospectively.

The ALBA SE Group is currently ascertaining the effects of the amendment to this standard. No effects are currently expected.

IFRS 11 – Joint agreements

IFRS 11 provides new rules for accounting for joint arrangements. According to the new concept, a decision should be made as to whether a joint operation or a joint venture exists. A joint operation is said to exist, if the jointly controlling parties have direct rights to the assets and direct obligations for the liabilities. The individual rights and obligations are accounted for proportionally in the consolidated financial statements. In a joint venture on the other hand the jointly controlling parties have rights to the net assets. This right is reflected by applying the at-equity method in the consolidated financial statements; the option for proportional inclusion in the consolidated financial statements thus no longer applies.

The amendment is to be applied in financial years starting on or after January 1, 2014. Specific transitional rules exist for the transition from proportional consolidation to the at-equity method.

Since the ALBA SE Group does not currently proportionately record any joint venture in the consolidated financial statement, the application of IFRS 11 in connection with the amended IAS 28 will not lead to any changes in the structure of the Group's income statement.

IFRS 12 – IFRS 12 – Disclosure of interests in other entities

This standard governs the disclosure obligations with regard to interests in other entities. The required disclosures are considerably more comprehensive than the disclosures as previously required under IAS 27, IAS 28 and IAS 31.

The amendment is to be applied in financial years starting on or after January 1, 2014.

Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance

The amendments contain a clarification and additional forms of relief in transitioning to IFRS 10, IFRS 11 and IFRS 12. Adjusted comparator information is requested only for the preceding comparison period. Furthermore, the obligation to disclose comparator information for periods preceding the first-time application of IFRS 12 shall lapse in connection with disclosures in the Notes on unconsolidated structured entities.

The amendments to IFRS 10, IFRS 11 and IFRS 12 are to be applied in financial years starting on or after January 1, 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

The amendments include a definition of investment companies and remove such companies from the scope of application of IFRS 10 Consolidated Financial Statements.

Investment entities accordingly do not consolidate the entities they control in their IFRS consolidated financial statements; this exception to general principles is not to be viewed as an option. Instead of a full consolidation the holdings held for investment purposes are measured at fair value and periodic fluctuations in value recorded against profit or loss.

The amendments have no effects on consolidated financial statements that include investment entities, unless the parent itself is an investment entity.

The amendments are to be applied in financial years starting on or after January 1, 2014.

Amendments to IAS 27 – Separate Financial Statements

In the context of the adoption of IFRS 10 Consolidated Financial Statements the regulations for the control principle and the requirements for the preparation of consolidated financial statements are transferred from IAS 27 and subsequently dealt with in IFRS 10 (refer to details of IFRS 10). As a result IAS 27 will contain only the regulations on accounting for subsidiaries, joint ventures and associates in IFRS separate financial statements.

The amendment is to be applied in financial years starting on or after January 1, 2014.

Amendments to IAS 28 – Investments in Associates and Joint Ventures

In the course of adopting IFRS 11 Joint Arrangements, amendments were also made to IAS 28. As it has to date, IAS 28 governs the application of the at-equity method. The scope of application has been considerably expanded, however, due to the adoption of IFRS 11, since in future not only investments in associates, but also joint ventures (refer to IFRS 11) must be measured according to the at-equity method. Proportional consolidation for joint ventures is no longer applied.

Another amendment relates to accounting under IFRS 5, if only a portion of a share in an associated company or a joint venture is designated for sale. IFRS 5 is to be applied to the portion held for sale until it is sold, if the other portion (to be retained) continues to be accounted for under the at-equity method.

The amendment is to be applied in financial years starting on or after January 1, 2014.

The amendments to IAS 28 in connection with IFRS are not anticipated to result in any changes to the accounting of the associated companies.

Since the ALBA SE Group does not currently proportionately record any joint venture in the consolidated financial statement, the application of IFRS 11 in connection with the amended IAS 28 will not lead to any noticeable changes in the structure of the Group's income statement.

Amendments to IAS 32 – Offsetting financial assets and financial liabilities

This addition to IAS 32 clarifies what prerequisites must exist in order to offset financial instruments. The addition explains the current legal requirements for offset and clarifies which procedures with gross offset can be deemed as net offset under the standard.

The amendment to IAS 32 is to be applied in financial years starting on or after January 1, 2014.

Amendments to IAS 39 – Novation of Derivatives and of Hedge Accounting

As a result of this amendment derivatives continue to be designated under certain conditions as hedging instruments in existing hedging relationships despite novation of a hedging instrument to a central counterparty as a consequence of legal requirements.

The amendments are to be applied in financial years starting on or after January 1, 2014.

b) Standards and interpretations still to be incorporated into EU law

IFRS 9 – Financial Instruments

Recognition and measurement of financial instruments according to IFRS 9 will replace IAS 39. Financial assets will in the future only be classified and measured in two groups: at amortised acquisition cost and at fair value. the Group of financial assets at amortised acquisition cost consists of financial assets which provide only for a claim on interest and redemption payments at specified periods in time and which are held under a business model with the objective of holding assets All other financial assets constitute the Group measured at fair value. Under certain conditions a designation to the fair value category ("fair value option") can be undertaken for financial assets in the first category.

Changes in value in financial assets of the fair value category are as a rule to be recorded in profit or loss. In the case of certain equity instruments, however, the option can be utilised to record changes in value in other comprehensive income; dividend claims from these assets are, however, to be recorded in profit or loss.

The rules for financial liabilities are in principle simply adopted from IAS 39. The most significant difference regards the recording of value changes in financial liabilities measured at fair value. In future these should be divided: the portion related to own credit risk should be recorded in other comprehensive income; the remainder of the change in value is to be recorded in profit or loss.

The date of the initial application of IFRS 9 is yet to be confirmed, but it is not expected to apply prior to January 1, 2018.

IFRS 9 – Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39

The objective of the new hedge accounting model pursuant to IFRS 9 is to align accounting more closely with an entity's risk management activities. The types of hedging relationships still permitted are "cash flow hedge accounting", "fair value hedge accounting" and the "hedge of a net investment in a foreign operation".

The range of eligible hedged items and hedging instruments was expanded in each case. In this context, groups of hedged items are permitted, as long as they qualify individually for designation, and net positions and net zero positions can also be designated. As a general rule, any financial instrument which is suitable for measurement at fair value can be designated as a hedging instrument. The exception to this are liabilities for which the fair value option (FVO) has been exercised as well as equity instruments accounted for under the FVOCI option (fair value through other comprehensive income) in accordance with the requirements stipulated for phase 1.

IFRS 9 no longer requires the ranges of 80 percent to 125 percent to be applied for the purposes of measuring effectiveness previously required by IAS 39, with the consequence that a retrospective effectiveness test is no longer required. The prospective effectiveness test as well as the recognition of any ineffectiveness must still be complied with.

It is only possible to end a hedging relationship if specified criteria are met; in other words designated hedging relationships must be continued unless there is a change in risk management objectives.

Expanded disclosures are required with respect to an entity‘s risk management strategy, the impact of risk management on future cash flows and the impact of hedge accounting on the financial statements.

In addition, own default risks for financial liabilities at FVO (“fair value option”) may now be recognised through other comprehensive income on an isolated basis, i.e. without applying the remaining requirements of IFRS 9.

The initial application of the new requirements for hedge accounting is based on the requirements for the initial application of IFRS 9. Hedging relationships need not be terminated as a result of the transition from IAS 39 to IFRS 9, if the relevant criteria and qualitative characteristics continue to be fulfilled. The existing requirements according to IAS 39 also remain optionally applicable under IFRS 9.

The date of initial application is yet to be confirmed, but it is not expected to apply prior to January 1, 2018.

Amendments to IFRS 9 and IFRS 7 – Transition disclosures

The amendments allow an adjustment of previous years' figures to be dispensed with in an initial application of IFRS 9. Originally this relief was possible only if IFRS 9 was applied previous to January 1, 2012.

This relief entails additional disclosures in the Notes under IFRS 7 on the transition date.

As with IFRS 9, the date of the initial application of these amendments is yet to be confirmed, but it is not expected to apply prior to January 1, 2018.

Amendments to IAS 19 – Pension provisions

The amendments clarify the rules relating to the allocation of employer contributions or contributions from third parties to service periods,

if the contributions are linked to the service period. Furthermore, exemptions are granted if the contributions are not dependent on the number of completed years of service.

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after July 1, 2014.

IFRS 21 – Levies

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

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after January 1, 2014.

Amendments to IFRS 2010 – 2012

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

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after July 1, 2014, or, in the case of the Amendment to IFRS 2 to share-based remuneration awarded on or after July 1, 2014.

Amendments to IFRS 2011 – 2013

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

The Amendments – subject to EU endorsement – are mandatory for the first time for annual periods beginning on or after July 1, 2014.

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 contractual 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 influences 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, the ALBA SE Group also participates in the ALBA Group KG cash pooling procedure. In this context, the management of the liquidity and interest is the task of the central financial management division of the ALBA Group KG. The liquid assets are brought together on a group-wide basis, monitored and invested according to principles. The ALBA SE and/or its subsidiary companies also have further lines of credit totalling EUR 23.0 million which are used for the coverage of the capital requirements.

5. Scope of Consolidation

(a) Overview

Apart from ALBA SE, as at the balance sheet date, the consolidated financial statements include a total of 30 domestic subsidiaries (previous year: 27), and 7 foreign subsidiaries (previous year: 7) by way of full consolidation in the consolidated financial statement. The fully consolidated companies fulfil the requirement that ALBA SE directly or indirectly holds the majority of voting rights in them.

Below is a summary of the change in the Group of consolidated companies in the financial year:

Number of companies			not included due to immateriality			
	fully consoli	measur ed at	Holding > 50%	Holding >= 20%	Holding < 20%	**Total**

	dated	equity		<= 50%		
Balance 1.1.	35	3	15	11	3	67
Additions	7	0	13	0	0	20
Disposals	5	0	2	1	0	8
Balance 31.12.	**37**	**3**	**26**	**10**	**3**	**79**

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

Additions (fully consolidated)
ALBA Balkan Holding GmbH, Berlin
(previously: ZG Balkan Holding GmbH)
ALBA Balkan Recycling SRL, Bucharest/Romania
(previously: Reukema Balkan SRL)
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

Disposals (fully consolidated)	
Elvira Westarp GmbH, Aschaffenburg	(merged)
INTERSEROH NRW GmbH, Dortmund	(sold)
INTERSEROH Hansa Rohstoffe GmbH, Dortmund	(merged)
INTERSEROH BW Rohstoff und Recycling GmbH, Stuttgart	(merged)
ARG Abbruch und Rückbau GmbH, Lübbenau	(merged)

The companies acquired or included in consolidation for the first time in the 2013 financial year were, taken individually and together, of minor significance with regard to the Group’s net assets, financial position and earnings situation and its payment flows.

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

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

On 21 December 2012, ALBA Scrap and Metals Holding GmbH, Dortmund, signed an agreement to acquire a 65% shareholding in ALBA Balkan Holding GmbH (previously: "ZG Balkan Holding GmbH, Berlin“2), in the following ALBA Balkan companies. The latter had in turn previously signed an agreement to acquire all shares in ALBA Balkan Recycling SRL Bucharest, Romania (previously: "Reukema Balkan SRL"). At the time of transfer ALBA Balkan Recycling SRL for its part holds all shares in ALBA Metali d.o.o., Pancevo, Serbia (previously: "Reukema Metali BH d.o.o., Pancevo, Serbia"), as well as ALBA Metali BH d.o.o., Doboj/Bosnia-Herzegovina (previously: "Reukema Metali BH d.o.o., Doboj, Bosnia-Herzegovina"). These two companies have now been placed under the direct management of ALBA Balkan Holding GmbH.

The companies together operate twelve scrap yards including sites in Croatia, Bosnia-Herzegovina, Serbia, Montenegro and Romania.

In the course of the acquisition of the companies mentioned, five transport companies – Black Sea Shipping BBS GmbH, Berlin, MV Croatia Shipping GmbH & Co. KG, Berlin, MV Italia Shipping GmbH & Co. KG, Berlin, MV Spania Shipping GmbH & Co. KG, Berlin, and MV Helvetia Shipping GmbH & Co. KG., Berlin – were newly established as 100% subsidiaries of ALBA Balkan Holding GmbH. These companies acquired appropriate ships for transporting scrap as part of the transaction.

The goal of the acquisition is to expand activities in the Balkans and to strengthen the position as supplier for steel works in Turkey.

Transfer of control under the transaction took place on March 6, 2013.

The fair value applicable at the time of acquisition of the transferred consideration to the amount of EUR 3.6 million is composed of cash to the amount of EUR 2.4 million, as well as of the contribution in the capital reserves of EUR 1.2 million attributable on a pro-rated basis to the minority shareholder.

Ancillary acquisition costs incurred during the acquisition to the amount of EUR 0.23 million are recorded under other operating expenses.

The amounts reflecting the assets and liabilities of the acquired companies and business units recorded at the time of acquisition or first-time consolidation can be found in the table below:

	ALBA Balkan companies
	EUR million
Property, plant and equipment	3.4
Inventories	3.1
Trade receivables	0.5
Financial assets	1.4
Other receivables	2.2
Tax claims	0.2
Cash and cash equivalents	0.1
Total assets	**10.9**
Financial liabilities	5.4
Trade liabilities	1.7
Other liabilities	0.2
Total liabilities	**7.3**
Fair value of net assets	3.6
Minority interests in net assets	1.3
Net assets of shareholders	2.3
Acquisition costs	3.5
Goodwill	**1.2**

The minority shares reflect the pro-rated identifiable net assets of the ALBA Balkan companies.

Goodwill reported includes both forecast cash inflows as Steel and Metals Recycling provider in the Balkans, as well as the synergy effects based on the improved position as scrap supplier to Turkey.

Financial assets and other receivables do not include any impairments, so that at the time of acquisition, gross and carrying values reflect the provisionally determined fair values. Trade receivables include gross amounts due to the amount of EUR 0.7 million, of which at the time of acquisition EUR 0.2 million are deemed uncollectible and are therefore recorded as impairment losses. In the period of March 1 until December 31, 2013, the ALBA Balkan companies attained the following sales revenues and earnings:

	Sales	Earnings
	EUR million	EUR million
ALBA Balkan companies	46.6	-0.5

If the acquisition had taken place as at January 1, 2013, the consolidated sales proceeds would have been EUR 1,710.7 million and consolidated income for the first half of 2013 EUR –44,1 million according to management estimates.

The following cash outflows resulted from the acquisition of the ALBA Balkan companies:

	Cash
	EUR million
Cash inflows	0.1
Purchase price payment	-2.4
Cash outflows	**-2.3**

(c) Divestments / de-consolidations

As part of the restructuring measures within the Steel and Metals Recycling segment, the sale of INTERSEROH NRW GmbH, Dortmund, took place on October 1, 2013. The company supplies steel plants both domestically and abroad. The following impact on assets and liabilities, as well as the Group's earning situation resulted:

01.10.2013	**INTERSEROH NRW GmbH**
	EUR million
Goodwill	-0.2
Non-current assets	-8.1
Current assets	-23.1
Total assets disposed of	**-31.4**
Non-current liabilities	8.1
Current liabilities	19.0
Total liabilities disposed of	**27.1**
Net assets disposed of	-4.3
Fair value of the consideration received	3.4
Profit/loss from the sale	**-0.9**

The loss from the sale is reported under other operating expenses.

The difference between the consideration received and the purchase price results from the cash value of the assumed liability as well as the adjustment in the context of the purchase price payment measured according to IAS 37.

Due to the intended sale, on June 30 2013, the company value attributable to INTERSEROH NRW GmbH was subjected to an impairment test, and a value adjustment of EUR 1.1 million was performed. The value adjustment is recorded under the item Depreciation of intangible assets and of property, plant and equipment.

The sale of INTERSEROH NRW GmbH resulted in the following cash inflow:

	Cash
	EUR million
Cash outflow	-1.7
Outflow of cash pooling liability	8.3
Sale price	5.3
Cash inflow	**11.9**

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

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

Holding	Headquarters	Group share
		%
a) Fully consolidated companies (in addition to INTERSEROH SE)		
1. INTERSEROH Dienstleistungs GmbH	Cologne	**100**
2. INTERSEROH Austria GmbH (previously: EVA Erfassen und Verwerten von Altstoffen GmbH)	Vienna/Austria	**100**
3. INTERSEROH zbiranje in predelava odpadnih surovin d.o.o.	Ljubljana/Slovenia	**100**
4. Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH	Wiesbaden	**100**
5. INTERSEROH Pfand-System GmbH	Cologne	**100**
6. INTERSEROH Pool-System GmbH	Cologne	**100**
7. INTERSEROH Product Cycle GmbH	Cologne	**100**
8. profitara deutschland gmbh	Cologne	**100**
9. INTERSEROH Management GmbH	Cologne	**100**
10. ALBA Scrap and Metals Holding GmbH (previously: INTERSEROH Scrap and Metals Holding GmbH)	Dortmund	**100**
11. INTERSEROH Stainless Steel GmbH	Dortmund	**100**
12. INTERSEROH Evert Heeren GmbH	Leer	**100**
13. ALBA Scrap Trading B.V. (previously: Groninger VOP Recycling B.V.)	Groningen/Netherlands	**100**

Holding	Headquarters	Group share
		%
14. ALBA Metall Süd Franken GmbH (previously: INTERSEROH Franken Rohstoff GmbH)	Sennfeld	**100**
15. ALBA Metall Süd GmbH (previously: INTERSEROH Rhein-Neckar Rohstoff GmbH)	Mannheim	**100**
16. INTERSEROH Jade-Stahl GmbH	Wilhelmshaven	**100**
17. INTERSEROH SEROG GmbH	Bous	**100**
18. RHS Rohstoffhandel GmbH	Stuttgart	**67**
19. ALBA Metall Ost GmbH (previously: INTERSEROH-Metallaufbereitung Ost GmbH)	Rostock	**100**
20. Brandenburgische Boden Gesellschaft für Grundstücksverwaltung und -verwertung mbH	Zossen	**100**
21. Projektgesellschaft Nauen GmbH	Nauen	**100**
22. TVF Altwert GmbH	Lübbenau	**100**
23. ALBA Ferrous Trading GmbH (previously: INTERSEROH Scrap and Metals Trading GmbH)	Cologne	**100**
24. INTERSEROH Hansa Finance GmbH	Dortmund	**100**
25. ALBA Metall Süd Rhein Main GmbH (previously: Wagner Rohstoffe GmbH)	Frankfurt a.M.	**100**
26. ALBA Balkan Holding GmbH	Berlin	**65**
27. ALBA Balkan Recycling SRL	Bucharest/Romania	**65**
28. Black Sea Shipping BSS GmbH	Berlin	**65**
29. MV Croatia Shipping GmbH & Co. KG	Berlin	**65**
30. MV Italia Shipping GmbH & Co. KG	Berlin	**65**
31. MV Spania Shipping GmbH & Co. KG	Berlin	**65**
32. MV Helvetia Shipping GmbH & Co. KG	Berlin	**65**
33. TOM Sp. z o.o.	Szczecin/Poland	**70**
34. Europe Metals B.V.	Heeze/Netherlands	**100**
35. Europe Metals Asia Ltd.	Kowloon, Hong Kong/China	**100**
36. INTERSEROH USA Inc.	Atlanta/USA	**100**
(b) Associated companies and joint ventures (measured according to the at-equity method)		
1. TOM II Sp. z o.o.	Szczecin/Poland	**50**
2. Ziems Recycling GmbH	Malchow	**25**
3. The ProTrade Group LLC	Hudson, Ohio/USA	**25**
c) Companies not included for reasons of materiality		
1. Interseroh d.o.o. za posredovanje u zbrinjavanju otpad	Zagreb/Croatia	**100**

Holding	Headquarters	Group share
		%
2. Interseroh Organizacja Odzysku SA	Warsaw/Poland	**100**
3. profitara austria GmbH	Vienna/Austria	**100**
4. INTERSEROH s.r.o. (previously: Zber a zhodnocovanie opdadov s.r.o.)	Bratislava/Slovakia	**100**
5. INTERSEROH services d.o.o.	Sarajevo/Bosnia-Herzegovina	**100**
6. TVF Ceska Republica s.r.o.	Prague/Czech Republic	**100**
7. INTERSEROH Service Italia S.r.l.	Milan, Italy	**100**
8. PROFITARA svetovanje na področju ekologijed .o.o.	Ljubljana/Slovenia	**100**
9. Interseroh Solutions d.o.o. Sarajevo	Sarajevo/Bosnia-Herzegovina	**100**
10. Interseroh Polska Sp z o o	Warsaw/Poland	**100**
11. CAREIean GmbH	Stralsund	**100**
12. INTERSEROH Solutions s.r.o.	Prague/Czech Republic	**100**
13. Interseroh Czech a.s	Prague/Czech Republic	**100**
14. FENIKS Sp. z o.o.	Pila/Poland	**70**
15. TOM-Glob, Sp. z o.o.	Bydgoszcz/Poland	**70**
16. ALBA Metali HR d.o.o.	Imotski/Croatia	**65**
17. MV Croatia Shipping Verwaltungs GmbH	Berlin	**65**
18. MV Italia Shipping Verwaltungs GmbH	Berlin	**65**
19. MV Spania Shipping Verwaltungs GmbH	Berlin	**65**
20. MV Helvetia Shipping Verwaltungs GmbH	Berlin	**65**
21. ALBA Metali RS d.o.o.	Doobooj/Bosnia-Herzegovina	**65**
22. ALBA Metali BH d.o.o.	Sarajevo/Bosnia-Herzegovina	**65**
23. ALBA Metali SRB d.o.o. (previously: ALBA Metali d.o.o., Pancevo/Serbien)	Belgrade/Serbia	**65**
24. MAB Szczecin Sp. z o.o.	Szczecin/Poland	**51**
25. TOM Organizacja Odzysku Sprzętu Elektrycznegoi Elekronicznego S.A.	Szczecin/Poland	**50**
26. TOM Elektrorecycling Sp. z o.o.	Szczecin/Poland	**50**
27. TOM Organizacja Odzysku S.A.	Szczecin/Poland	**50**
28. Organizacja Odzysku Odpadów i Opakowan´ EKOLA S.A.	Gdansk/Poland	**50**
29. DOL-EKO Organizacja Odzysku S.A.	Wroclaw/Poland	**50**
30. Kupol GmbH	Stuttgart	**40**
31. Toledo Shredding LLC	Toledo, Ohio/USA	**25** [1]
32. ProTrade Transportation Services Ltd.	Hudson, Ohio/USA	**25** [1]
33. America Electronics Recycling LLC	Sarasota, Florida/USA	**25**
34. Flag City Recycling LLC	Finlay, Ohio/USA	**25** [1]
35. ProTrade Steel Company Ltd.	Ann Arbor, Michigan/USA	**22** [1]

36. RJ Recycling LLC	Nitro, West Virginia/USA	22 [1]

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

Notes on the Income Statement

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

7. Sales Revenues

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

	2013	2012
	EUR million	EUR million
Goods – stock business	686.9	748.9
Goods – sales business	751.2	887.6
Services	230.6	260.7
Production orders	26.7	19.3
Other	9.0	10.4
	1,704.4	**1,926.9**

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

	Inventories		Inventory changes	
	2013	2012	2013	2012
	EUR million	EUR million	EUR million	EUR million
Work in progress	9.8	14.4	-4.6	-2.7
Finished goods	11.1	14.2	-3.1	-3.0
			-7.7	-5.7
Changes due to changes in the scope of consolidation			4.7	0.0
			-3.0	-5.7

9. Other Operating Income

	2013	2012
	EUR million	EUR million
Income from the reversal of liabilities	30.5	26.1
Income from IT services	10.7	4.5
Refund of default reserve for asset-backed securities	5.7	11.9
Income from the liquidation of provisions	4.6	2.3
Income from the liquidation of value adjustments	2.7	5.3
Insurance compensation, damage compensation	2.4	1.3
Exchange rate gains	1.8	3.2
Income from the disposal of assets	1.0	1.8
Rental income	0.9	1.0
Changes from variable purchase price receivables	0.9	0.6
Income from the market valuation of financial derivatives	0.0	0.8
Income from guarantees	0.0	3.6
Other	9.1	8.5
	70.3	**70.9**

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

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

The refunds from the Asset Backed Securities Programme fell, the financial year saw the replacement of the ABS programme with a Factoring programme.

The increase in the income from insurance indemnifications relates to the higher value adjustments on and the de-recognition of receivables, as shown under the other operating expenses.

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

10. Material Costs

	2013	2012
	EUR million	EUR million
Purchased raw materials and merchandise, less cash discounts	1,210.6	1,387.2
Expenses for waste disposal services and other disposal and recycling costs	189.2	187.1
Storage and freight costs	23.3	27.4
Energy costs	17.3	17.7
Counting services deposit packaging	3.1	3.3
Other services purchased	28.5	29.5
	1,472.0	**1,652.2**

The strong decline in the cost of materials is primarily due to lower volumes in the steel and metals recycling segment.

11. Personnel Costs

	2013	2012
	EUR million	EUR million
Wages and salaries	80.2	85.0
Employee share of statutory pension insurance	5.9	6.6
Other social security contributions	8.6	7.9
Expenses for pensions and other benefits	1.0	0.8 [1]
Expenses related to payments from termination of employment contracts	5.3	0.2
	101.0	**100.5** [1]

The expenses related to payments from termination of employment contracts include EUR 4.9 million in restructuring costs.

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

	2013	2012
	EUR million	EUR million
Scheduled depreciation		
Intangible assets	3.9	3.8
Property, plant and equipment	12.5	14.1
	16.4	**17.9**
Extraordinary depreciation		
Intangible assets	34.6	0.0
Property, plant and equipment	0.7	0.0
	35.3	**0.0**
	51.7	**17.9**

1 Adjustment due to use of the amended IAS19 for the first time

The extraordinary depreciation of intangible assets in sum total of EUR 34.6 million is attributable to the goodwill of ZGE Stahl- und Metallrecycling. These depreciations The other operational expenses also includes restructuring effects from material costs totalling EUR 1.1 million, as well as the deconsolidation loss from the sale of INTERSEROH NRW GmbH totalling EUR 33.5 million.

13. Other Operating Expenses

	2013	2012
	EUR million	EUR million
Operating and administrative expenses		
Rents and other premises costs	10.8	10.4
Maintenance costs	10.0	11.3
External data processing costs	9.4	6.0
Legal, consulting and audit costs	7.5	10.5
Vehicle costs	7.2	8.1
Addition to the default reserve for asset-backed securities	4.9	12.1
Group allocation	4.5	5.6
Insurance policies	4.5	4.1
Leasing expenses	4.4	4.3
Telephone, postage, internet	1.5	1.6
Other tax expenses	1.0	4.0
Incidental monetary transaction costs	1.0	1.4
Factoring fee	0.1	0.0
Market valuation of financial derivatives	0.0	2.0
Other operating and administrative expenses	10.8	10.1
	77.6	**91.5**

	2013	2012
	EUR million	EUR million
Selling expenses		
Outgoing freight, transport and storage	35.3	30.8
Sales commissions	32.6	30.2
Temporary personnel leasing	4.4	3.9
Advertising and travel costs	4.2	4.8
Exchange rate losses	1.1	2.1
Other selling expenses	0.8	0.8
	78.4	**72.6**
Non-operating expenses		
Value adjustments to and write-offs of receivables	6.1	3.5
Restructuring expenses	5.1	0.0
Deconsolidation loss	0.9	0.0
Changes from variable purchase price receivables	0.3	0.5
Losses from disposals of assets	0.1	0.2
Other non-operating expenses	4.1	2.9
	16.6	**7.1**
	172.6	**171.2**

The increase in the external data processing costs relates directly to the income from IT services.

The decline to the default reserve of the Asset Backed Securities programme corresponds to the decline in income from this programme due to the changeover to a Factoring programme.

The outward freight, transport and storage costs generally increased due to the ALBA Balkan companies.

The increase in the value adjustments of and de-recognition of receivables is partially compensated by the higher trade credit insurance indemnities, as shown under the other operating expenses.

The deconsolidation loss relates to the sale of INTERSEROH NRW GmbH.

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

14. Investment and Financial Results

	2013	2012
	EUR million	EUR million
Profits/losses from associated companies accounted for according to the at-equity method		
TOM II Sp. z o.o.	0.4	0.7
The ProTrade Group LLC (sub-group)	0.2	0.2
Ziems Recycling GmbH	0.0	0.1
Extraordinary depreciation	-5.9	0.0
	-5.3	**1.0**
Other income from holdings	**0.0**	**0.1**
Investment result	**-5.3**	**0.9**
Financial income		
Other interest and similar income	1.4	1.5
Cash pooling	3.3	2.8
	4.7	**4.3**

	2013	2012
	EUR million	EUR million
Financial expenses		
Cash pooling	10.4	7.2
Bank interest	1.9	5.1
Transaction costs for asset-backed securities	0.8	2.0
Interest from factoring	0.6	0.0
Interest portion of transfers to pension provisions	0.6	1.2
Interest portion on the lease payments from finance leasing arrangements	0.4	0.6
Insurance costs for asset-backed securities	0.1	0.2
Other	1.2	1.6
	16.0	**17.9**
Net financial income	**-11.3**	**-13.6**

The extraordinary depreciations to the equity companies relate to The ProTrade Group LLC, with EUR 3.7 million, and Ziems Recycling GmbH, with EUR 2.2 million.

Due to the cash pooling agreement concluded between the ALBA SE Group and the ALBA Group KG in the previous year, the bank interest fell and the interest expenses from the cash pooling therefore increased appropriately.

15. Income Tax Expenses

The corporate tax rate for domestic companies that are not part of the income tax entity is 15.00 % plus a solidarity surcharge on corporate taxes of 5.50 %. The overall tax rate for these companies ranges from 22.83 % and 32.45 % depending on the trade tax assessment rate to be applied (previous year: 22.83 % - 32.45 %).

Income tax rates applied to foreign companies vary from 16.00 % to 40.00 % (previous year: 16.50% - 40.00%).

	2013	2012
	EUR million	EUR million
Taxes paid or due		
for the current year	2.1	3.0
for previous years	0.9	1.7
	3.0	**4.7**
Deferred taxes		
on temporary differences	-0.6	-0.6
on change in losses carried forward	-0.9	0.2
	-1.5	**-0.4**
	1.5	**4.3**

During the year under review tax expenses of EUR 1.0 million can be attributed to foreign subsidiaries (previous year: EUR 0.6 million).

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

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

	2013	2012
	EUR million	EUR million
Earnings before taxes	**-42.1**	**37.8**
Expected income tax expense of 31.00%	**-13.1**	**11.7**
Non-recognition of current and deferred taxes due to control and profit transfer agreement	2.8	-6.9
Non tax-deductible depreciations on goodwill and on financial investments accounted for according to the at-equity method	12.5	0.0
Effects of differences in domestic and foreign tax rates	-0.4	-0.7
Tax-free sales and investment income	-0.1	-0.2
Other tax-free income	-0.2	-1.2
Alternate use of tax losses carried forward	-1.2	-0.6
Value adjustment (previous year: reversal of impairment) / Non-entry of deferred tax assets on temporary differences	0.0	-0.1
Tax expenses and income related to other periods	0.9	1.7
Non tax-deductible operating expenses	0.5	0.7
Other variances	-0.3	0.0
	14.5	**-7.3**
Actual income tax expense	**1.5**	**4.3**

16. Profit / Loss to be attributed to Minority Interests

Income of EUR 0.0 million (previous year: EUR 0.7 million) attributable to other shareholders relates exclusively to loss shares (this was exclusively to profit shares in the previous year)

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 –43.6 million (previous year: EUR 32.7 million, after IAS 19R adjustment, EUR 32.8 million) and an unchanged number of issued shares of 9,840,000, this results in earnings per share of EUR –4,43 (previous year: 3.32 Euro, after IAS 19R adjustment 3.33 Euro).

Notes on the Balance Sheet

18. Intangible Assets

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Acquisition costs			
as at 1.1.2012	100.7	40.3	141.0
Additions	0.0	0.5	0.5
as at 31.12.2012	**100.7**	**40.8**	**141.5**
Depreciation			
as at 1.1.2012	0.0	19.8	19.8
Additions	0.0	3.8	3.8
as at 31.12.2012	**0.0**	**23.6**	**23.6**
Carrying values			
as at 1.1.2012	100.7	20.5	121.2
as at 31.12.2012	**100.7**	**17.2**	**117.9**

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Acquisition costs			
as at 1.1.2013	100.7	40.8	141.5
Additions/disposals from changes in the scope of consolidation	-0.1	-0.1	-0.2
Additions	0.0	1.2	1.2
Disposals	-1.8	-0.2	-2.0
as at 31.12.2013	**98.8**	**41.7**	**140.5**
Depreciation			
as at 1.1.2013	0.0	23.6	23.6
Additions/disposals from changes in the scope of consolidation	-1.1	-0.1	-1.2
Additions	34.6	3.9	38.5
Disposals	-0.2	-0.1	-0.3
as at 31.12.2013	**33.3**	**27.3**	**60.6**

Carrying values			
as at 1.1.2013	100.7	17.2	117.9
as at 31.12.2013	**65.5**	**14.4**	**79.9**

The goodwill reported in the consolidated financial statements consists of residual carrying amounts of goodwill from the initial consolidation of subsidiaries totalling EUR 60.2 million (previous year: EUR 93.4 million), as well as goodwill taken over from the individual financial statements totalling EUR 5.3 million (previous year: EUR 7.3 million).

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

	2013	**2012**
	EUR million	EUR million
Steel and metals recycling	64.2	99.4
Services	1.3	1.3
	65.5	**100.7**

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

The impairment testing of the transaction value or goodwill of the CGU in the financial year led to impairments totalling EUR 33.5 million. These are exclusively attributable to the CGU for steel and metals recycling, to which goodwill totalling EUR 99.3 million is allocated. The carry value of the CGU on September 30, 2013 totalled EUR 275.7. The impairment in the steel and metals recycling segment is primarily attributable to the conservative prevailing economic conditions on the global steel markets.

In the services segment, the impairment testing of the transaction value and goodwill did not yield an impairment as the attainable sum for this CGU exceeds the balance sheet value.

In addition to the impairment test, a sensitivity analysis was also performed. If the capitalisation interest rates had each been increased by 0.50 percentage points and 1.0 percentage points (previous year: 0.50 and 1.0 percentage points), no additional depreciation of the transaction or goodwill would have been necessary for the CGU. For the steel and metals recycling CGU, the extraordinary depreciation would have increased by EUR 15.7 million with an increase of 0.5 percentage points, and by EUR 29.7 million with an increase of 1.0 percentage points.

In the other intangible assets, customer relationships and export licences which are depreciated with a useful life of 10 to 20 years are shown on the balance sheet date totalling EUR12.3 million (previous year: EUR 14.8 million).

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

19. Property, Plant and Equipment

	Land and buildings	Technical equipment and machinery	Fittings and equipment	Construction in progress	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
Acquisition/production costs					
as at 1.1.2012	93.0	116.6	64.4	2.9	276.9
Currency conversion	0.2	0.6	0.1	0.0	0.9
Additions	2.4	3.0	5.2	1.6	12.2
Disposals	-0.4	-5.5	-4.5	-0.4	-10.8
Reclassifications	1.8	1.2	0.4	-3.4	0.0
as at 31.12.2012	**97.0**	**115.9**	**65.6**	**0.7**	**279.2**
Depreciation					
as at 1.1.2012	45.8	92.5	51.8	0.4	190.5
Currency conversion	0.1	0.5	0.0	0.0	0.6
Additions	2.8	6.1	5.1	0.0	14.0
Disposals	-0.1	-5.0	-4.1	-0.4	-9.6
as at 31.12.2012	**48.6**	**94.1**	**52.8**	**0.0**	**195.5**
Carrying values					
as at 1.1.2012	47.2	24.1	12.6	2.5	86.4
as at 31.12.2012	**48.4**	**21.8**	**12.8**	**0.7**	**83.7**

	Land and buildings	Technical equipment and machinery	Fittings and equipment	Construction in progress	Total
	EUR million	EUR million	EUR million	EUR million	EUR million
Acquisition/production costs					
as at 1.1.2013	97.0	115.9	65.6	0.7	279.2
Currency conversion	-0.1	-0.1	0.0	0.0	-0.2
Additions/disposals from changes in the scope of consolidation	-8.0	-17.1	1.9	0.0	-23.2
Additions	1.3	1.0	2.5	1.4	6.2
Disposals	-1.9	-5.4	-3.9	0.0	-11.2
Reclassifications	0.6	0.2	0.2	-1.0	0.0
as at 31.12.2013	**88.9**	**94.5**	**66.3**	**1.1**	**250.8**

Depreciation					
as at 1.1.2013	48.6	94.1	52.8	0.0	195.5
Currency conversion	0.0	-0.1	0.0	0.0	-0.1
Additions/disposals from changes in the scope of consolidation	-4.2	-13.3	-1.1	0.0	-18.6
Additions	3.4	5.0	4.8	0.0	13.2
Disposals	-0.9	-3.9	-3.4	0.0	-8.2
as at 31.12.2013	**46.9**	**81.8**	**53.1**	**0.0**	**181.8**
Carrying values					
as at 1.1.2013	48.4	21.8	12.8	0.7	83.7
as at 31.12.2013	**42.0**	**12.7**	**13.2**	**1.1**	**69.0**

Property, plant and equipment includes assets to the amount of EUR 5.6 million (previous year: EUR 6.9 million) under rental or lease contracts which should be classified as finance lease agreements based on IFRS criteria and are therefore to be entered in the balance sheet of their economic owner. Reference is made to Note 31 regarding the corresponding liabilities.

These assets generally involve technical equipment and machinery, as well as other facilities, fittings and equipment with carrying amounts of EUR 4.9 million and EUR 0.7 million, respectively (previous year: EUR 6.0 million and/or EUR 0.9 million).

Additions to leased and capitalised assets in property, plants and equipment of EUR 0.1 million took place (previous year: EUR 1.10 million) and depreciation to the amount of EUR 1.3 million (previous year: EUR 1.8 million).

Interest on borrowing in terms of IAS 23 (borrowing costs) were not to be recorded.

In the previous financial year extraordinary depreciations totalling EUR 0.7 million were carried out (previous year: EUR 0.0 million).

There are no obligations from the acquisition of property, plant and equipment (previous year: EUR 2.5 million).

Asset items in property, plant and equipment with a total residual carrying value of EUR 22.2 million (previous year: EUR 24.2 million) serve as collateral for own liabilities valued at a total of EUR 2.0 million on the balance sheet date (previous year: EUR 2.3 million) and for third-party liabilities under the syndicated loan agreement of ALBA KG.

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

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

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

		Shareholding		Carrying value	
	Country	31.12.2013	31.12.2012	31.12.2013	31.12.2012
		%	%	EUR million	EUR million
Holdings measured at equity					
Ziems Recycling GmbH	Germany	25	25	0.0	2.2
TOM II Sp. z.o.o.	Poland	50	50	3.6	3.3
The ProTrade Group LLC (sub-group)	USA	25	25	0.0	3.5
				3.6	**9.0**

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

As at the balance sheet date, the holdings in Ziems Recycling GmbH and The ProTrade Group LLC were subject to an extraordinary depreciation of EUR 5.9 million, of which EUR 2.2 million is attributable to Ziems Recycling GmbH and EUR 3.7 million to The ProTrade Group.

At the date of impairment, Ziems Recycling GmbH did not contribute to earnings, while The ProTrade Group contributed to the sum of EUR 0.2 million. The extraordinary depreciations were necessary due to negative earnings prospects. The useful values of the holdings did not show any positive sums on the balance sheet date.

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

Joint ventures	31.12.2013	31.12.2012
	EUR million	EUR million
Balance sheet		
Current assets	10.5	5.4
Non-current assets	4.8	4.3
Current liabilities	7.5	2.4
Non-current liabilities	0.6	0.8
Income statement		
Sales revenues	30.5	30.5
Annual net income/(-loss)	0.7	1.5

Associated companies	31.12.2013	31.12.2012

	EUR million	EUR million
Balance sheet		
Assets	60.6	55.9
Liabilities	58.1	54.0
Income statement		
Sales revenues	294.5	286.2
Annual net income/(-loss)	0.8	1.2

All figures relate to the annual or sub-group financial statements prepared pursuant to local laws. Where significant deviations from the accounting regulations according to IFRS have been determined, the proportionate earnings and the respective equity have been adjusted accordingly for the purposes of consolidated accounting.

Sales revenues and net income for the year of The ProTrade Group LLC, Hudson, Ohio, USA (sub-group) include the consolidated figures of the parent company and four subsidiaries.

21. Financial Assets

	2013	2012
	EUR million	EUR million
Non-current		
Loans to associated companies	1.8	0.0
Interests in affiliated companies	1.0	0.4
Other holdings	0.8	0.4
Other loans	0.4	0.2
	4.0	**1.0**
Current		
Cash pooling ALBA Group KG	45.3	26.4
Receivables from factoring	6.2	0.0
Loans to affiliated companies	1.4	0.0
Financial derivatives	0.7	1.9
Other loans	0.2	0.5
Receivables from asset-backed securities	0.0	3.8
Loans to associated companies	0.0	1.9
Other	1.3	0.0
	55.1	**34.5**

Interests in associated companies concern companies that are not included in the consolidated financial statements in spite of the Group holding an interest of more than 50%, 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 statement either individually or in whole. For this group of assets, there were no impairments during the financial year or the previous year in the scope of the impairment tests.

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

Short-term cash pooling receivables in the year under review arise from the ALBA SE receivable and receivables from the companies of the ALBA SE Group towards the ALBA Group KG.

Of the current loans to associated companies, EUR 0.8 million is shown in loans from ALBA Balkan Recycling SRL to ALBA Metali SRB d.o.o., and EUR 0.6 million in loans from ALBA Balkan Recycling SRL to ALBA Metali RS d.o.o.

After taking into consideration the depreciations, the carrying amounts of all financial liabilities reported correspond to their fair market values on the closing date.

Reference is made to Notes 38 regarding receivables under asset-backed securities.

The details regarding financial derivatives are provided under 37.

22. Income Tax Assets and Liabilities

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

	2013	2012
	EUR million	EUR million
Deferred tax claims	5.6	5.8
Income tax refund claims	1.0	2.6
Deferred tax liabilities	-3.6	-5.4
Income tax liabilities	-7.8	-8.3
Balance	**-4.8**	**-5.3**

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

	Deferred taxes 2013		Deferred taxes 2012	
	assets	liabilities	assets	liabilities
	EUR million	EUR million	EUR million	EUR million
Goodwill	1.7	0.9	1.5	0.0
Other intangible assets	0.3	2.6	0.1	3.1
Property, plant and equipment	0.6	1.3	0.1	1.5
Financial assets accounted for according to the at-equity method	0.1	0.6	0.2	0.5
Financial assets	0.5	1.9	0.1	0.0
Inventories	0.9	0.1	0.7	0.1
Other receivables	3.0	1.5	0.8	1.0
Provisions	0.1	0.1	0.3	0.0
Financial liabilities	0.0	0.2	0.1	0.0
Losses carried forward for tax purposes	3.9	0.0	2.7	0.0
	11.1	**9.1**	**6.6**	**6.2**
Netting	-5.5	-5.5	-0.8	-0.8
	5.6	**3.6**	**5.8**	**5.4**

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

Loss carry-forwards for tax purposes total EUR 1.7 million until the end of 2020 and can be used for an unlimited period of time.

Of the tax losses carried forward amounting to EUR 10.8 million (previous year: EUR 9.6 million), deferred tax assets totalling EUR 2.4 million (previous year: EUR 2.7 million) were not capitalised. They relate to domestic and foreign companies where realisation of the deferred tax assets cannot be deemed certain from the present perspective.

Current tax refund claims and tax liabilities relate almost exclusively to domestic corporate and municipal trade tax The consolidated balance sheet does include foreign income tax claims to the amount of EUR 0.4 million (previous year: EUR 0.6 million) and EUR 1.4 million (previous year: EUR 1.4 million) in foreign tax liabilities.

Changes in deferred taxes in the consolidated balance sheet can be reconciled as follows to deferred taxes in the consolidated income statement:

	2013	2013	2012	2012
	EUR million	EUR million	EUR million	EUR million
Deferred tax claims 01.01	5.8		6.3	
Deferred tax liabilities 01.01	-5.4	**0.4**	-6.1	**0.2**
Deferred tax claims 31.12	5.6		5.8	
Deferred tax liabilities 31.12	-3.6	**2.0**	-5.4	**0.4**
Changes in balance		**1.6**		**0.2**
+/– Additions/Disposals from changes in the scope of consolidation		0.1		0.0
+/– Changes not recognised in income		-0.2		0.2
= Deferred income tax		**1.5**		**0.4**

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

23. Inventories

	2013	2012
	EUR million	EUR million
Merchandise	44.1	77.4
Finished goods	11.1	14.2
Work in progress	9.8	14.4
Raw materials and supplies	3.2	2.8
	68.2	**108.8**

Value adjustments on inventories amounted to EUR 0.4 million (previous year: EUR 1.6 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 23.3 million (previous year: EUR 43.9 million) as at the balance sheet date.

24. Trade Receivables

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

	2013	2012
	EUR million	EUR million
Receivables from		
Third parties	127.6	154.9
Less value adjustments	-7.7	-7.1
	119.9	**147.8**
Affiliated companies	10.7	7.1
Associated companies	5.1	0.6
Holdings	0.0	0.0
Less value adjustments	-0.1	-0.1
	135.6	**155.4**

Due to the recently concluded Factoring programme, as at December 20, 2013, EUR 69.7 million have been sold to the Factoring company, of which EUR 52.9 million were not yet settled at the balance sheet date and were not therefore included in receivables from third parties (previous year: EUR 31.8 million from the ABS programme).

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 60.9 million (previous year: EUR 108.1 million) as at the balance sheet date.

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

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

	2013	2012
	EUR million	EUR million
Costs incurred plus accumulated profits	45.9	30.4
minus instalment invoices issued	-45.7	-29.9
Total	**0.2**	**0.5**
of which: Receivables from percentage of completion	3.2	2.5
of which: Liabilities related to percentage of completion	-3.0	-2.0

25. Other Receivables

	2013	2012
	EUR million	EUR million
Advances to suppliers	19.3	7.9
Other receivables from affiliated companies	10.2	10.6
Receivables from loss assumption of ALBA Group KG	3.5	0.0
Creditors on the debit side	2.7	4.1
Tax refund claims	2.6	10.8
Deposit receivables	0.8	0.7
Security deposits	0.2	0.5
Other	9.2	6.1
	48.5	**40.7**

The payments made primarily consist of payments on inventories.

The receivables from affiliated companies consist of receivables from capital gains tax and value added tax towards the ALBA Group KG.

Deposit receivables reported 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 remaining other receivables include financial assets in terms of IAS 39 totalling EUR 0.5 million (previous year: EUR 0.9 million).The amounts named contain the following sums that can only be realised after a year has elapsed:

	2013	2012
	EUR million	EUR million
Advances to suppliers	1.4	1.0
Security deposits	0.2	0.2
Other	0.1	0.2
	1.7	**1.4**

26. Cash and Cash Equivalents

The cash and cash equivalents are distributed as follows:

	2013	2012
	EUR million	EUR million
Deposits with banks	14.0	11.8
Cash on hand	0.6	0.9
	14.6	**12.7**

Together with the cash pooling inventory shown under current financial assets, the cash and cash equivalents listed here form the liquid fund as shown of the cash flow statement.

27. Subscribed Capital

ALBA SE's fully paid-up subscribed capital remained at EUR 25.6 million as at the balance sheet date The capital stock is divided into 9,840,000 shares at no par value (also unchanged) with an arithmetic share in capital stock of EUR 2.60 each. A 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.

28. Reserves

	2013	2012
	EUR million	EUR million
Capital reserve	38.6	38.6
Consolidated earnings	90.5	132.3 [1]
Other non-cash transactions	-12.0	-12.0
Adjustment items from currency conversion	-1.0	-0.7
Actuarial loss	-4.5	-8.2
	111.6	**150.0**

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

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

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., Stettin, Poland, and INTERSEROH USA Inc., Atlanta, USA, as well as the holdings measured at equity of TOM II Sp. z o.o. (Poland) and The ProTrade Group LLC (sub-group, USA).

The change in the actuarial losses results from the change in the actuarial assumptions totalling EUR 2.0 million, as well as from the reclassification of actuarial losses of INTERSERO NRW GmbH totalling EUR 1.7 million in the generated consolidated earnings due to the deconsolidation.

1 Adjustment due to use of the amended IAS19 for the first time

29. Payments to Employees under Pension Commitments

(a) Defined benefit pension plans

There are secured and unsecured pension plans in the ALBA SE Group.

The unsecured defined benefit pension plan (unfunded 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 secured defined benefit pension plan (funded plan) is for managerial 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:

	31.12.2013	31.12.2012
Interest rate for accounting purposes	3.4%	2.8%
Salary trend	2.5%	2.5%
Pension adjustment	2.0%	2.0%
Increase in contribution assessment ceiling for statutory pension insurance	3.0%	3.0% [1]
Expected return from plan assets	3.4%	2.8% [1]

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	31.12.2013	31.12.2013	31.12.2012	31.12.2012
Age to	Men	Women	Men	Women
25	6.0%	8.0%	6.0%	8.0%
30	5.0%	7.0%	5.0%	7.0%
35	4.0%	5.0%	4.0%	5.0%
45	2.5%	2.5%	2.5%	2.5%
50	1.0%	1.0%	1.0%	1.0%
over 50	0.0%	0.0%	0.0%	0.0%

(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 (of the net asset value) from defined benefit pension plans and their components:

The values for 2012 were adjusted due to IAS 19R 2011.

1 Adjustment due to IAS 19R 2011

	Defined benefit obligation			Fair market value of the plan assets	Net liability (of the 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 1.1.2012	3.1	22.8	25.9	-2.6	0.5	22.8	23.3
Shown in the income statement							
Current service cost	0.3	0.1	0.5	0.0	0.3	0.1	0.5
Interest expenses	0.2	1.0	1.2	0.0	0.2	1.0	1.2
	3.6	**23.9**	**27.5**	**-2.6**	**1.0**	**23.9**	**25.0**
Shown in other income							
Losses due to the revaluation	0.4	5.7	6.2	0.0	0.4	5.7	6.2
Actuarial gain from plan asset without interest income	0.0	0.0	0.0	-0.2	-0.2	0.0	-0.2
Additions (disposals)	-0.2	0.0	-0.2	0.1	-0.1	0.0	-0.1
	0.2	**5.7**	**5.9**	**0.0**	**0.2**	**5.7**	**5.9**
Other							
Payments made	0.0	-1.4	-1.4	0.0	0.0	-1.4	-1.4
	0.0	**-1.4**	**-1.4**	**0.0**	**0.0**	**-1.4**	**-1.4**
December 31, 2012	**3.8**	**28.3**	**32.0**	**-2.6**	**1.2**	**28.3**	**29.5**

	Defined benefit obligation			Fair market value of the plan assets	Net liability (of the 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 1.1.2013	3.8	28.3	32.0	-2.6	1.2	28.3	29.5
Shown 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	0.6	0.7	-0.1	0.0	0.6	0.6
	4.0	**29.0**	**32.9**	**-2.7**	**1.3**	**29.0**	**30.3**
Shown in other income							
Actuarial loss (gain) from:							
– financial assumptions	-0.2	-1.4	-1.6	0.0	-0.2	-1.4	-1.6
– assumptions based on experience	0.1	-0.5	-0.4	0.0	0.1	-0.5	-0.4
	-0.1	**-1.9**	**-2.0**	**0.0**	**-0.1**	**-1.9**	**-2.0**
Other							
Contributions paid by the employer	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Payments made	0.0	-1.1	-1.1	0.0	0.0	-1.1	-1.1
Change to the scope of consolidation	0.0	-7.9	-7.9	0.1	0.1	-7.9	-7.8
	0.0	**-9.0**	**-9.0**	**0.0**	**0.0**	**-9.0**	**-9.0**
December 31, 2013	**3.9**	**18.1**	**21.9**	**-2.7**	**1.2**	**18.1**	**19.2**

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 2.75% and 3.75%) and the variable profit share to be set annually by the insurance company that results from risk or cost gains and the profit from the insurance policies on which the capital investment is based.

Estimated payments due for pensions in 2014 total EUR 1.1 million (previous year: EUR 2.4 million) and EUR 0.1 million for plan assets (previous year: EUR 0.2 million).

(d) Risks

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

► Employees with vested rights:18.6% (previous year:19.3%)
► Former employees with vested rights:20.1% (previous year:15.8%)
► Pensioners: 61.3% (previous year: 64.8%)

The weighted average duration of the defined benefit obligation totals eleven years as at December 31, 2013 (previous year: twelve 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, 2013	**1.1**	**4.7**	**5.9**	**11.7**

(e) Sensitivity analysis

An increase or fall in the actuarial assumptions by one percentage point would have had the following effect on the cash value of pension obligations as at December 31, 2013:

	Development of the pension obligation
	EUR million
Discount rate	
Increase of 1 percentage point	18.5
Fall of 1 percentage point	22.9
Salary increase rate	
Increase of 1 percentage point	20.6
Fall of 1 percentage point	20.3
Pension adjustment factor	
Increase of 1 percentage point	22.3
Fall of 1 percentage point	18.9

All sensitivities were generally calculated as at December 31, 2013. With the individual commitments, the benefit of which was defined via insurance policies, insofar as these constitute congruent reinsurance policies, the asset value is shown as a pension obligation. No sensitivities result here because such calculations are not carried out by the insurers.

The calculations were carried out in isolation for the actuarial parameters classified as important in order to show the effects on the cash value of the pension obligations calculated as at December 31, 2013.

30. Provisions

	as at 1.1.2013	Change in scope of consolidation	Utilisation	Liquidation	Transfer	Accrued interest	as at 31.12.2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Pending transactions	7.3	0.0	2.5	3.3	10.2	0.0	11.7
Obligation to return property to orig. condition	3.3	-0.5	0.1	0.2	0.3	0.1	2.9
Processes	1.1	-0.1	0.2	0.1	0.1	0.0	0.8
Anniversary obligations	0.5	-0.1	0.1	0.0	0.1	0.0	0.4
Other	3.4	0.0	1.2	1.0	1.0	0.0	2.2
	15.6	**-0.7**	**4.1**	**4.6**	**11.7**	**0.1**	**18.0**

	as at 1.1.2012	Change in scope of consolidation	Utilisation	Liquidation	Transfer	Accrued interest	as at 31.12.2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Pending transactions	5.6	0.0	4.9	0.0	6.6	0.0	7.3
Obligation to return property to orig. condition	3.1	0.0	0.0	0.0	0.1	0.1	3.3
Processes	0.4	0.0	0.0	0.2	0.9	0.0	1.1
Anniversary obligations	0.5	0.0	0.1	0.0	0.1	0.0	0.5
Other	5.6	0.0	1.4	2.1	1.3	0.0	3.4
	15.2	**0.0**	**6.4**	**2.3**	**9.0**	**0.1**	**15.6**

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

	as at 31.12.2013	as at 31.12.2012
	EUR million	EUR million
Pending transactions	11.5	4.5
Processes	0.8	1.1
Other	1.8	2.9
	14.1	**8.5**

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 2.4 million), so that the total amount of the balance sheet item “Provisions” in current liabilities amounts to EUR 16.2 million (previous year: EUR 10.9 million).

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

Obligations to return property to its original condition correspond to the discounted amount for restoration to original condition of rented or leased property at the end of the rent or lease agreements. Anticipated costs, provided they are not due in 2014 or further extensions to the existing agreements have not been agreed, will become due between January 1, 2015 and December 31, 2023. Due to the passage of time, the discounted amount of the provisions rose by EUR 0.1 million (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.

31. Financial Liabilities

As at 31.12.2013		Of which with a remaining term of		
	Total	**up to 1 year**	**over 1 year, up to 5 years**	**over 5 years**
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Factoring	22.2	22.2	0.0	0.0
Banks	16.1	14.4	1.4	0.3
Finance leases	6.1	1.7	4.4	0.0
Loans	7.6	7.6	0.0	0.0
Derivatives	0.2	0.2	0.0	0.0
Other	2.1	1.1	0.0	1.0
	54.3	**47.2**	**5.8**	**1.3**

As at 31.12.2012		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	26.8	26.8	0.0	0.0
Banks	9.2	7.5	1.3	0.4
Finance leases	7.7	1.9	5.8	0.0
Loans	0.2	0.2	0.0	0.0
Derivatives	0.0	0.0	0.0	0.0
Other	4.8	3.2	1.6	0.0
	48.7	**39.6**	**8.7**	**0.4**

The liabilities shown from the Factoring show 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 available collateral.

Liabilities to banks that are secured by ALBA SE Group collateral amounted to EUR 16.1 million as at the balance sheet date (previous year: EUR 9.2 million), of which EUR 2.0 million (previous year: EUR 2.3 million) is secured by land charges. The fixed interest rates for medium-term and long-term liabilities are within customary market ranges. Terms end between June 30, 2014, and December 30, 2023 and have an indefinite term.

Collateral in the form of cession of receivables, assignment of current assets as securities, property charges and pledging of business shares in full was used for banks.

The liability from the loan that is shown relates to a loan granted by the ALBA Group KG to a foreign subsidiary company in 2013.

Secured loan liabilities related to foreign subsidiaries amount to EUR 14.2 million (previous year: EUR 6.8 million).

Liabilities under finance leases are reflected as liabilities, provided the leased assets have been accounted for under property, plant and equipment as economic property of the Group (finance leasing).

The minimum lease instalment payments under finance leases can be reconciled to the discounted net value of the liabilities according to maturity date as follows:

	Future minimum lease payments		**Interest**		**Net present value (liabilities related to finance leases)**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
within a year	2.0	2.3	0.3	0.4	1.7	1.9
between 1 and 5 years	4.9	6.6	0.5	0.8	4.4	5.8
	6.9	**8.9**	**0.8**	**1.2**	**6.1**	**7.7**

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 every five years starting at the end of the first term, if notice of termination is not given. In the event that these options are deemed favourable, the corresponding amounts have been incorporated in the calculation of the present values.

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

32. Trade Liabilities

	As at 31.12.2013	As at 31.12.2012
	EUR million	EUR million
Liabilities to		
Third parties	174.3	188.5
Affiliated companies	9.3	10.7
Holdings	0.2	0.1
	183.8	**199.3**

Except for liabilities vis-à-vis third parties to the amount of EUR 0.2 million (previous year: EUR 0.1 million), all trade receivables shown are due within a year.

Liabilities to third parties reflect liabilities from outstanding invoices based on services already received but not yet invoiced at EUR 63.7 million (previous year: EUR 74.2 million) and liabilities in connection with concluded contracts that relate to repayment obligations to manufacturers and waste disposal obligations at EUR 17.0 million (previous year: EUR 16.0 million).

Liabilities for outstanding invoices from waste disposal and service companies for the performance of transport, sorting and disposal services, which 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.

In addition, for the Interseroh Dual System (IDS) segment an amount of EUR 28.4 million (previous year: EUR 39.8 million) was recorded under trade payables for outstanding invoices from waste disposal companies.

33. Other Liabilities

As at 31.12.2013		Of which with a remaining term of		
	Total	up to 1 year	over 1 years, up to 5 years	over 5 years
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Employees	12.0	12.0	0.0	0.0
Advance payments received	6.7	6.7	0.0	0.0
Affiliated companies	6.5	6.5	0.0	0.0
Loss compensation	5.2	5.2	0.0	0.0
Credit receivables	4.4	4.4	0.0	0.0
Onerous contracts	3.4	3.4	0.0	0.0
Other taxes	2.4	2.4	0.0	0.0
Deposit liabilities	1.5	1.5	0.0	0.0
Annual auditing and accounting costs	0.9	0.9	0.0	0.0
Incidental personnel costs	0.5	0.5	0.0	0.0
Profit transfer	0.0	0.0	0.0	0.0
Other	8.7	7.8	0.3	0.6
	52.2	**51.3**	**0.3**	**0.6**

As at 31.12.2012		Of which with a remaining term of		
	Total	**up to 1 year**	**over 1 years, up to 5 years**	**over 5 years**
	EUR million	EUR million	EUR million	EUR million
Liabilities (to/from)				
Employees	11.5	11.5	0.0	0.0
Advance payments received	4.6	4.6	0.0	0.0
Affiliated companies	0.0	0.0	0.0	0.0
Loss compensation	0.0	0.0	0.0	0.0
Credit receivables	7.2	7.2	0.0	0.0
Onerous contracts	1.2	1.2	0.0	0.0
Other taxes	5.0	5.0	0.0	0.0
Deposit liabilities	1.3	1.3	0.0	0.0
Annual auditing and accounting costs	0.9	0.9	0.0	0.0
Incidental personnel costs	0.8	0.8	0.0	0.0
Profit transfer	35.3	35.3	0.0	0.0
Other	14.9	14.9	0.0	0.0
	82.7	**82.7**	**0.0**	**0.0**

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

Liabilities to employees include bonuses and accrued vacation and overtime.

The loss compensation relates to INTERSEROH NRW GmbH until the date of its disposal.

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

The explanations on the relevant receivables in Note 25 should be referred to in connection with deposit liabilities. Incidental personnel costs encompass amounts to be transferred for social security and employers' liability insurance.

The profit transfer in the previous year regards the profit transfer to the ALBA Group KG to the amount of EUR 35.3 million.

The remaining other liabilities include financial liabilities in terms of IAS 39 in sum total of EUR 0.9 million (previous year: 0.00).

34. Explanations regarding the Cash Flow Statement

Pursuant to IAS 7 (Cash Flow Statement), the cash flow statement prepared by the indirect method shows how the cash in the Group changed in the course of the year under review as a result of the inflow and outflow of funds.

The cash flow statement differentiates between cash flows from 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 in the first instance serve to finance current operating activity. Dividend receipts are also included in cash flow from operating activity.

In the year under review the cash flow from operating activity fell by EUR 31.8 million compared with the previous year. This negative development was primarily due to the fall in the EBITDA of EUR 41.9 million. In the steel and metals recycling segment this fall is primarily attributable to the huge European steel crisis and the sustained pressure on prices, and in the services segment, it is attributable to the low marketing terms and conditions for transport and sales packaging, the loss of contracts in the transport packaging business unit, and the increased purchasing terms and conditions in the sales packaging business unit. Conversely, the reduction in the working capital had a positive impact on the change to the net operating assets.

The investment activities in the year under review resulted in an inflow of funds totalling EUR 6.8 million (previous year: an outflow of EUR 8.8 million). The payments for company acquisitions relate to the ALBA Balkan companies. The receipts from company disposals totalling EUR 11.9 million are attributable to the disposal of INTERSEROH NRW GmbH.

In the year under review, the cash flow from the financing activities shows an outflow of funds totalling EUR 35.6 million (previous year: EUR 115.6 million). The outflows principally resulted from the appropriation of earnings of the previous year totalling EUR 35.3 million. The changes to balance sheet items which are shown in the cash flow statement cannot be directly derived from the balance sheet due to non-cash effects from currency conversions.

At the balance sheet date, the cash and cash equivalents as a sum as the liquid assets shown on the balance sheet as well as the cash pooling receivables, total EUR 59.9 million (previous year: EUR 39.1 million). The balances in the cash and cash equivalents are only subject to negligible value fluctuation risks.

35. Segment Reporting

The companies of the ALBA SE Group are divided into two segments; all companies that undertake steel and metals recycling 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Sales revenues								
External sales	1,396.7	1,605.9	307.7	321.0	0.0	0.0	1,704.4	1,926.9
Sales between the segments	0.2	0.2	7.3	9.9	-7.5	-10.1	0.0	0.0
	1,396.9	**1,606.1**	**315.0**	**330.9**	**-7.5**	**-10.1**	**1,704.4**	**1,926.9**

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

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Segment EBITDA	**-0.5**	**32.9** [1]	**26.6**	**35.3**	**0.1**	**-0.1**	**26.2**	**68.1** [1]
Depreciations on intangible assets and property, plant and equipment								
scheduled	12.9	14.2	3.5	3.7	0.0	0.0	16.4	17.9
Extraordinary	35.3	0.0	0.0	0.0	0.0	0.0	35.3	0.0
Investment result	-5.3	1.0	0.0	0.0	0.0	0.0	-5.3	1.0
of which shares in the earnings of companies accounted for according to the equity method.	-5.3	1.0	0.0	0.0	0.0	0.0	-5.3	1.0
Net financial income	-12.7	-16.6	1.4	3.0	0.0	0.0	-11.3	-13.6
of which interest income	2.0	2.1	2.8	4.8	-0.1	-2.6	4.7	4.3
of which interest expense	14.6	18.6	1.3	1.8	0.0	-2.7	15.9	17.7
Segment EBT	**-66.7**	**3.2** [1]	**24.5**	**34.6**	**0.1**	**-0.1**	**-42.1**	**37.7** [1]
Tax expenses							-1.5	-4.3
Consolidated income from continuing business							**-43.6**	**33.4** [1]

1 Adjustment due to use of the amended IAS19 for the first time

	Steel and metals recycling		Services		Cross-segment consolidations		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Segment assets	**346.1**	**419.8**	**95.0**	**111.5**	**-21.8**	**-3.2**	**419.3**	**528.1**
Including:								
Goodwill	51.3	86.6	1.3	1.3	12.9	0.0	65.5	100.7
Share shares in companies accounted for according to the equity method.	3.6	9.0	0.0	0.0	0.0	0.0	3.6	9.0
Reconciliation:								
Segment assets							419.3	528.1
+ Long-term financial assets							4.0	1.0
+ Deferred tax claims in accordance with IAS 12							5.6	5.8
+ Current financial assets							55.1	34.5
+ Tax refund claims in accordance with IAS 12, Income taxes							1.0	2.6
Consolidated assets according to the balance sheet							**485.0**	**572.0**
Segment liabilities	**141.6**	**156.3** [1]	**166.3**	**185.0** [1]	**-34.6**	**-14.2**	**273.3**	**327.1** [1]
Reconciliation:								
+ Deferred tax claims in accordance with IAS 12							3.6	5.4
+ Non-current financial liabilities							7.1	9.2
+ Income tax liabilities in accordance with IAS 12, Income taxes							7.8	8.3
+ Current financial liabilities							47.2	39.5

Consolidated liabilities according to the balance sheet							339.0	389.5 [1]
Investments in long-term assets	9.1	11.4	2.0	1.3	0.0	0.0	11.1	12.7

1 Adjustment due to use of the amended IAS19 for the first time 19

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

	Steel and metals recycling		Services		Group	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Germany						
(a) Sales	766.1	891.8	277.6	290.6	1,043.7	1,182.4
(b) Assets	104.1	161.8	10.8	13.1	114.9	175.0
Other EU countries						
(a) Sales	271.2	340.7	27.6	29.0	298.8	369.7
(b) Assets	38.2	33.2	0.9	0.2	39.1	33.4
Non-EU countries						
(a) Sales	359.4	373.4	2.5	1.4	361.9	374.8
(b) Assets	0.2	3.6	0.0	0.0	0.2	3.6

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.

36. Contingent Liabilities, Operating Leases and other Financial Obligations

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

The ALBA SE Group has obligations totalling EUR 0.1 million from sureties and guarantee agreements and the provision of collateral for non-group liabilities (previous year: EUR 0.4 million).

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

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

(b) Operating leases

Apart from the financial liabilities already described as finance leases (refer to Note 31), the Group has also entered into rental and leasing contracts (land, office premises and buildings, as well as fittings and equipment, e.g. vehicles and office machines), which qualify as operating leases according to their economic substance. Extension and purchase options customary to the industry are contained in the underlying agreements. In the past year rental and lease payments of EUR 13.5 million (previous year: 12.9 million) were made under these agreements.

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

	2013	2012
	EUR million	EUR million
Within a year	13.4	13.3
Between 1 and 5 years	27.4	31.1
In over five years	9.0	7.3
	49.8	**51.7**

(c) Other financial obligations

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

	2013	2012
	EUR million	EUR million
Within a year	6.2	5.7
Between 1 and 5 years	5.2	5.3
	11.4	**11.0**

37. Financial Instruments

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

31/12/2013	Total	Amortised acquisition costs	Fair value of net assets without affecting net income	Fair value of net assets affecting net income	Valuation according to IAS17	Fair value of net assets 31.12.2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets						
Current financial assets						
Financial assets available for sale	1.8	1.8	0.0	0.0	0.0	N/A
Loans and receivables	2.2	2.2	0.0	0.0	0.0	2.2
	4.0	**4.0**	**0.0**	**0.0**	**0.0**	**4.0**
Current financial assets						
Loans and receivables	54.4	54.4	0.0	0.0	0.0	54.4
Financial assets associated with hedging	0.7	0.0	0.7	0.0	0.0	0.7
	55.1	**54.4**	**0.7**	**0.0**	**0.0**	**55.1**
Current trade receivables						
Loans and receivables	135.6	135.6	0.0	0.0	0.0	135.6
	135.6	**135.6**	**0.0**	**0.0**	**0.0**	**135.6**
Other current receivables						
Loans and receivables	17.6	17.6	0.0	0.0	0.0	17.6
	17.6	**17.6**	**0.0**	**0.0**	**0.0**	**17.6**
Cash and cash equivalents						
Loans and receivables	14.6	14.6	0.0	0.0	0.0	14.6
	14.6	**14.6**	**0.0**	**0.0**	**0.0**	**14.6**

31/12/2013	Total	Amortised acquisition costs	Fair value of net assets without affecting net income	Fair value of net assets affecting net income	Valuation according to IAS17	Fair value of net assets 31.12.2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Liabilities						
Non-current financial liabilities						
Other financial liabilities	2.7	2.7	0.0	0.0	0.0	2.7
Liabilities from financial leasing	4.4	0.0	0.0	0.0	4.4	4.4
	7.1	**2.7**	**0.0**	**0.0**	**4.4**	**7.1**
Non-current trade liabilities						
Other financial liabilities	0.2	0.2	0.0	0.0	0.0	0.2
	0.2	**0.2**	**0.0**	**0.0**	**0.0**	**0.2**
Other non-current liabilities						
Other financial liabilities	0.9	0.9	0.0	0.0	0.0	0.9
	0.9	**0.9**	**0.0**	**0.0**	**0.0**	**0.9**
Current financial liabilities						
Other financial liabilities	45.3	45.2	0.0	0.1	0.0	45.3
Financial liabilities associated with hedging	0.1	0.0	0.1	0.0	0.0	0.1
Financial liabilities held for trading purposes	0.1	0.0	0.0	0.1	0.0	0.0
Liabilities from financial leasing	1.7	0.0	0.0	0.0	1.7	1.7
	47.2	**45.2**	**0.1**	**0.2**	**1.7**	**47.2**
Current trade liabilities						
Other financial liabilities	183.6	183.6	0.0	0.0	0.0	183.6
	183.6	**183.6**	**0.0**	**0.0**	**0.0**	**183.6**
Other current liabilities						
Other financial liabilities	12.4	12.4	0.0	0.0	0.0	12.4
	12.4	**12.4**	**0.0**	**0.0**	**0.0**	**12.4**

Aggregated according to categories of measurement IAS39						
Financial assets available for sale	1.8	1.8	0.0	0.0	0.0	1.8
Loans and receivables	224.4	224.4	0.0	0.0	0.0	224.4
Financial liabilities held for trading purposes	0.1	0.0	0.0	0.1	0.0	0.0
Other financial liabilities	245.1	245.0	0.0	0.1	0.0	245.1

31/12/2012	**Total**	Amortised acquisition costs	Fair value of net assets without affecting net income	Fair value of net assets affecting net income	Valuation according to IAS17	Fair value of net assets 31.12.2012
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Assets						
Current financial assets						
Financial assets available for sale	0.8	0.8	0.0	0.0	0.0	N/A
Loans and receivables	0.2	0.2	0.0	0.0	0.0	0.2
	1.0	**1.0**	**0.0**	**0.0**	**0.0**	**1.0**
Current financial assets						
Loans and receivables	32.6	32.6	0.0	0.0	0.0	32.6
Financial assets associated with hedging	1.9	0.0	1.9	0.0	0.0	1.9
	34.5	**32.6**	**1.9**	**0.0**	**0.0**	**34.5**
Current trade receivables						
Loans and receivables	155.4	155.4	0.0	0.0	0.0	155.4
	155.4	**155.4**	**0.0**	**0.0**	**0.0**	**155.4**
Other current receivables						
Loans and receivables	16.3	16.3	0.0	0.0	0.0	16.3
	16.3	**16.3**	**0.0**	**0.0**	**0.0**	**16.3**

Cash and cash equivalents						
Loans and receivables	12.7	12.7	0.0	0.0	0.0	12.7
	12.7	**12.7**	**0.0**	**0.0**	**0.0**	**12.7**

31/12/2013	**Total**	Amortised acquisition costs	Fair value of net assets without affecting net income	Fair value of net assets affecting net income	Valuation according to IAS17	Fair value of net assets 31.12.2013
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Liabilities						
Non-current financial liabilities						
Other financial liabilities	3.4	2.4	0.0	1.0	0.0	3.4
Liabilities from financial leasing	5.8	0.0	0.0	0.0	5.8	5.8
	9.2	**2.4**	**0.0**	**1.0**	**5.8**	**9.2**
Non-current trade liabilities						
Other financial liabilities	0.1	0.1	0.0	0.0	0.0	0.1
	0.1	**0.1**	**0.0**	**0.0**	**0.0**	**0.1**
Current financial liabilities						
Other financial liabilities	37.5	37.2	0.0	0.3	0.0	37.5
Financial liabilities associated with hedging	0.2	0.0	0.2	0.0	0.0	0.2
Liabilities from financial leasing	1.9	0.0	0.0	0.0	1.9	1.9
	39.6	**37.2**	**0.2**	**0.3**	**1.9**	**39.6**
Current trade liabilities						
Other financial liabilities	199.3	199.3	0.0	0.0	0.0	199.3
	199.3	**199.3**	**0.0**	**0.0**	**0.0**	**199.3**
Other current liabilities						
Other financial liabilities	54.2	54.2	0.0	0.0	0.0	54.2
	54.2	**54.2**	**0.0**	**0.0**	**0.0**	**54.2**

Aggregated according to categories of measurement IAS39						
Financial assets available for sale	0.8	0.8	0.0	0.0	0.0	0.8
Loans and receivables	217.2	217.2	0.0	0.0	0.0	217.2
Other financial liabilities	294.5	293.2	0.0	1.3	0.0	294.5

Holdings stated under the non-current assets totalling EUR 0.8 million are measured at amortised acquisition cost, since a reliable measurement at fair value is not possible. These are financial instruments which are not quoted and for which their is no active market. No sale of the holdings measured at amortised acquisition cost is currently intended.

The exchange and currency forwards included in the 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 with 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.

31/12/2013	Fair value of net assets	Level 1	Level 2	Level 3
	EUR million	EUR million	EUR million	EUR million
Financial assets associated with hedging	0.7	0.0	0.7	0.0
	0.7	**0.0**	**0.7**	**0.0**
Other financial liabilities	0.1	0.0	0.0	0.1
Financial liabilities associated with hedging	0.1	0.0	0.1	0.0
Financial liabilities held for trading purposes	0.1	0.0	0.1	0.0
	0.3	**0.0**	**0.2**	**0.1**

31/12/2012	Fair value of net assets	Level 1	Level 2	Level 3
	EUR million	EUR million	EUR million	EUR million
Financial assets associated with hedging	1.9	0.0	1.9	0.0
	1.9	**0.0**	**1.9**	**0.0**
Other financial liabilities	1.3	0.0	0.0	1.3

Financial liabilities associated with hedging	0.2	0.0	0.2	0.0
	1.5	**0.0**	**0.2**	**1.3**

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.

The fair values of variable purchase price liabilities are determined according to the discounted cash flow procedure. In this context the expected future cash flows (Level 3) are taken as the basis. In the year under review the discount interest rate totalled 3.59 percent (previous year: 3.90 percent)

The development of the financial instruments recorded in Level 3 is shown as follows:

	Reconciliation of Level 3 financial instruments EUR million
As at 31.12.2012	**1.3**
Changes recorded in operating earnings	-0.8
Changes recorded in interest income	-0.1
Payments	-0.3
As at 31.12.2013	**0.1**

The effect resulting from the measurement as recorded in income is shown in the income statement under "Other operating income."

Financial instruments which are accounted for in the balance sheet as amortised acquisition costs but for which the fair value is first stated in the notes are also assigned to a three level fair value hierarchy.

With the trade receivables, the current assets, the other current receivables as well as the liquid assets, due to the short residual term, the carrying values approximately correspond to the fair value.

The fair values of all of the other financial assets and financial liabilities correspond to the cash values of the payments associated with these balance sheet items. During the calculation, the yield curves (Level 2) valid on the balance sheet date were used.

Credit risk

Credit risks related to trade receivables in the ALBA SE Group are essentially transferred to third parties by means of trade credit insurance policies or instruments such as letters of credit or other documents guaranteeing payment. There is an instruction in the Group that transactions 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 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 maximum credit risk with the carrying value as the equivalent of the maximum default risk of financial assets is found in the first column of the following table.

The age structure of financial assets accounted for as “loans and receivables” – not including cash and cash equivalents – are shown in the following table.

	Carrying value total	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
31/12/2013						
Current financial assets	4.0	4.0	0.0	0.0	0.0	0.0
Current financial assets	55.1	54.8	0.0	0.0	0.3	0.0
Current trade receivables	135.6	73.4	33.6	16.2	11.7	0.7
Other current receivables	17.6	15.8	0.2	0.5	1.0	0.1
	212.3	**148.0**	**33.8**	**16.7**	**13.0**	**0.8**
31/12/2012						
Current financial assets	1.0	1.0	0.0	0.0	0.0	0.0
Current financial assets	34.5	34.2	0.0	0.2	0.0	0.1
Current trade receivables	155.4	110.0	32.4	7.4	4.7	0.9
Other current receivables	16.3	12.3	0.3	1.5	1.2	1.0
	207.2	**157.5**	**32.7**	**9.1**	**5.9**	**2.0**

The maximum default risk to which the ALBA SE Group is exposed is reflected by the carrying values of the financial assets to the total of EUR 212.3 million (previous year: EUR 207.2 million).

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

None of the other financial assets are overdue. If applicable, impairment losses are explained next to the balance sheet items concerned.

The valuation adjustment account for trade receivables, as well other original financial assets, has developed as follows in the year under review:

	Carrying value total	Current trade receivables	Current financial assets	Other current receivables
	EUR million	EUR million	EUR million	EUR million
Value adjustments as at 01.01.2013	9.7	7.1	0.4	2.1
Changes to the scope of consolidation	0.2	0.2	0.0	0.0
Allocations	4.9	4.9	0.0	0.0
Utilisation	-3.8	-1.8	-0.3	-1.7
Liquidations	-2.6	-2.6	0.0	0.0
Value adjustments as at 31.12.2013	**8.4**	**7.8**	**0.1**	**0.4**

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

Liquidity risk

The liquidity necessary for the ALBA SE Group is assured under the new syndicated loan of the ALBA Group KG, which covers an amount of EUR 400.00 million and which is integrated into the ALBA SE Group. 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:

	Carrying value total	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
31/12/2013							
Non-current financial liabilities	7.1	7.8	0.0	0.0	0.0	6.5	1.3
Non-current trade liabilities	0.2	0.2	0.0	0.0	0.0	0.2	0.0
Other non-current liabilities	0.9	0.9	0.0	0.0	0.0	0.3	0.6
Current financial liabilities	47.2	48.3	23.5	15.5	9.3	0.0	0.0
Current trade liabilities	183.6	183.6	111.8	39.7	32.1	0.0	0.0
Other current liabilities	12.4	12.4	5.4	0.3	6.7	0.0	0.0
	251.4	**253.2**	**140.7**	**55.5**	**48.1**	**7.0**	**1.9**

31/12/2012							
Non-current financial liabilities	9.2	10.2	0.0	0.0	0.0	9.7	0.5
Non-current trade liabilities	0.1	0.1	0.0	0.0	0.0	0.1	0.0
Current financial liabilities	39.6	40.5	27.9	10.4	2.2	0.0	0.0
Current trade liabilities	199.2	199.2	103.3	39.0	56.9	0.0	0.0
Other current liabilities	54.2	54.2	8.5	0.0	45.7	0.0	0.0
	302.3	**304.2**	**139.7**	**49.4**	**104.8**	**9.8**	**0.5**

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

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

Currency risk

According to internal guidelines, the foreign currency receivables and liabilities resulting from contracts must be hedged if they exceed a level of EUR 0.025 million per transaction. Hedging is undertaken by means of forward exchange contracts, so-called micro hedges. Options and similar transactions are in principle not permitted, but may be approved in individual cases by resolution of the Board of Directors. No options were entered into in the 2013 financial year. Micro hedging hedges the risks of each individual item separately. Hedging is used according to standardised guidelines, is subject to strict control and is restricted to the hedging of operational 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 was based on a corresponding underlying transaction with the identical amount and term.

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

Currency	**31/12/2013**		**31/12/2012**	
	Nominal volume	**Counter value**	**Nominal volume**	**Counter value**
	EUR million	EUR million	EUR million	EUR million
US Dollar	41.2	29.1	57.4	43.5
EUR	14.2	14.2	1.5	1.5

The market values of the forward exchange contracts totalled:

Market value	**31/12/2013**		**31/12/2012**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	EUR million	EUR million	EUR million	EUR million
hedged	0.3	0.1	0.6	0.1
unhegded	0.0	0.1	0.0	0.0

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 sensitivity analysis. It was found that a 10% rise in the rate of the Euro against the US dollar would reduce earnings by EUR 0.3 million. An equivalent reduction in the rate would result in an increase in earnings of 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, as well as for the Asset Backed Securities programme.

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

An increase in the interest rate level by 100 basis points would result in a decrease in interest income of EUR 0.2 million A decrease in the interest rate level by 100 basis points, on the other hand, would result in interest income higher by EUR 0.2 million

Price change risk

Commodities futures transactions to hedge price change risks of copper, nickel 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 31 December, 2013, commodities futures transactions to the amount of EUR 0.4 million with positive fair value were designated and accounted for as hedges. These were recognised as income on the income statement.

The price change risks in the ALBA SE Group were subjected to a sensitivity analysis. It was found that a 10% rise or fall in copper, nickel, zinc and aluminium prices would result in a reduction or increase in earnings and thus equity of approximately EUR -1.1 million and EUR 1.1 million, respectively.

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

	From subsequent measurement						
Income(+)/Expense (–)	Interest	At fair value	Currency conversion	Value adjustment	Reversal of impairment loss	Disposal	**Net earnings 2013**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
31/12/2013							
Loans and receivables	4.6	0.0	0.6	-4.9	2.6	-1.2	1.7
Financial assets and liabilities held for trading purposes	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Other financial liabilities	-13.7	0.8	0.0	0.0	0.0	30.1	17.2
	-9.1	**0.8**	**0.6**	**-4.9**	**2.6**	**29.1**	**19.1**

	From the subsequent measurement						
Income(+)/Expense (–)	Interest	At fair value	Currency conversion	Value adjustment	Reversal of impairment loss	Disposal	**Net earnings 2012**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
31/12/2012							
Loans and receivables	3.9	0.0	1.1	-2.8	5.3	-0.7	6.8
Financial assets and liabilities held for trading purposes	0.0	0.4	0.0	0.0	0.0	-5.6	-5.2
Financial assets and liabilities associated with hedging	-1.5	-0.1	0.0	0.0	0.0	0.0	-1.6
Other financial liabilities	-13.0	0.0	0.0	0.0	0.0	23.3	10.3
	-10.6	**0.3**	**1.1**	**-2.8**	**5.3**	**17.0**	**10.3**

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

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

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

Balancing 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 which can be netted in the balance sheet	Net amount of the financial liabilities which are shown on the balance sheet	Similar financial liabilities which can be netted according to IFRS 7 Tz. 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
31/12/2013						
Cash pooling	194.8	149.5	45.3	0.0	0.0	45.3

Type of financial liability	Gross amount of the recorded financial liabilities	Gross amount of the financial assets which can be netted in the balance sheet	Net amount of the financial liabilities which are shown on the balance sheet	Similar financial liabilities which can be netted according to IFRS 7 Tz. 13c. d (i)(ii) financial instruments	d (ii) cash collateral given	**Net amount**
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
31/12/2013						
Cash pooling	149.5	-149.5	0.0	0.0	0.0	0.0

38. Factoring / Asset Backed Securities

Factoring

As at December 31, 2012, there were transactions of importance for the assessment of the financial situation which are not included in the consolidated financial statement.

Since mid 2013 a factoring agreement has existed with BNP Paribas Factor GmbH (BNP) 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 16th banking day of the specific month, which the BNP is obligated to purchase as long as the receivables correspond to the agreed criteria and the nominal limit is not exceeded.

The purchase price is the sum of the actually existing receivable towards the corresponding debtor less a discount which consists of the interim interest for the actual duration of the receivable and a factoring fee. Interest is paid on the purchase price payments according to the 1 month EURIBOR rate plus a margin fixed by the BNP for the period of use. The factoring fee is the fee for the purchasing of the receivable, the del credere and the debt collection. In the 2013 financial year, a total of EUR 0.8 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 of the surety payment occurs upon the receipt of the full payment made by a debtor and paid to the Factor. The Factor carries the risk of the debtor's inability to pay for the receivables purchased, and the ALBA SE Group is only liable on the basis of the issued verity guarantee.

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, 2013 receivables with a nominal value of EUR 69.7 million were sold to the Factoring company, of which EUR 52.9 million were not yet settled by the customer.

The volume of sold receivables has consistently increased since the start of the factoring.

Asset Backed Securities

From 2007 to mid 2013, the companies in the steel and metals recycling segment entered into a framework receivables purchase and management agreement with Portigon AG (formerly, WestLB AG) in order to participate in the ABS proM programme it administers for the securitisation of receivables – the so-called “Asset Backed Securities – ABS”.

Under this programme, the domestic companies (so-called originators) initially bundled the trade receivables they generated fulfilling specific criteria into a consolidated group company, INTERSEROH Hansa Finance GmbH (German seller) as a portfolio which was then transferred to a “Special Purpose Vehicle” (SPV) in the Republic of Ireland in the form of a receivables sale without recourse. In compensation, the originators received a purchase price corresponding to the nominal value of the receivables sold, less certain amounts retained for security. These deductions were allocated to the default, dilution, and transaction cost reserve.

By means of the framework receivables purchase and administration agreement, the companies selling the receivables were simultaneously appointed as so-called servicers. This meant that the receivables management remained with the originators, who were also authorised to collect the payments made by the debtors of receivables (so-called deposits).

The sale of receivables in the consolidated financial statements was presented according to the “Risk-and-Reward-Approach” pursuant to IAS 39 In this approach, receivables were eliminated from the balance sheet at their nominal value at the time they were transferred to the SPV. The default reserve created to take credit risks into account was recalculated at every purchase date for the newly sold receivables It was reported in full in the income statement under other operating expenses.

Receivables dilution and transaction cost reserves were capitalised as current financial assets in the consolidated balance sheet. The remittances from trade debtors received as part of this service function between the time the receivables were sold and the balance sheet date were recognised as a liability towards the SPV at their nominal value, minus released reserves. The amount of the default reserve no longer required as a result of deposits received is recognised as income in the consolidated income statement under other operating income.

As at December 31, 2013 no trade receivables (previous year.: EUR 62.3 million) were sold to the SPV. In total, EUR 4.9 million was allocated against income to the default reserve from the receivables sold to the SPV (previous year: EUR 11.5 million). Revenues realised from default reserves released as a result of deposits to receivables amounted to EUR 5.3 million (previous year: EUR 11.5 million). From collections made between the sales date preceding the balance sheet date and December 31, liabilities to the amount of EUR 26.8 million remain after deduction of the released reserves.

These liabilities were secured by the pledging of a total of seven collection accounts maintained at two banks in this connection. As at the balance sheet date no receivables (previous year: EUR 3.8 million) towards the SPV from the retained receivables dilution reserve and transaction cost reserve were recorded.

39. Details on Related Companies and Persons

The main shareholder of ALBA SE is ALBA KG, in which the Chairman of the Board of Directors and the Chairman of the Supervisory Board (until July 15, 2013), resp. the Chairman of the Administrative Board (since July 16, 2013) of ALBA SE each hold 50% indirectly.

Via the ALBA Group KG, until July 15, 2013, the Chairman of the Board of Directors and the Chairman of the Supervisory Board, and from July 16, 2013 to December 31, 2013, the Chairman of the Administrative Board, were attributed an indirect holding of 85.324% of shares issued in ALBA SE.

In the course of 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 Board of Directors and/or the Chairman of the Supervisory Board and/or the Chairman of the Administrative Board of ALBA SE.

(a) Information on companies associated with the ALBA SE Group

The ALBA SE Group maintains normal business relationships with associated, unconsolidated subsidiaries. Transactions with these companies are minor in scope, result from normal business transactions and are entered into at market conditions.

Business relationships with holdings are as a rule related to the customary business activities with the companies invested in, are entered into according to market conditions and are minor in scope.

As at December 31, 2013, there was furthermore an outstanding loan claim from one associated company in sum total of EUR 1.9 million.

No securities and/or guarantees have been granted to holdings or unconsolidated subsidiaries.

(b) Notes on companies associated with members of the Supervisory Board and Board of Directors (until July 15, 2013) and with members of the Administrative Board (from July 16, 2013)

In connection with the control and profit transfer agreement, losses from ALBA SE loss under commercial law to the amount of EUR 3.5 million were assumed by the ALBA Group KG. The corresponding receivable is shown under other receivables (Note 25).

The companies of the ALBA SE Group maintain normal business relationships with the ALBA Group KG. This also applies to the Group allocation contract entered into in 2012, which resulted in expenses to the amount of EUR 4.5 million (previous year: EUR 5.6 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 net 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 may be found in investment and finance income (Note 14).

Contingent liabilities between ALBA SE and ALBA KG are based primarily on the ALBA KG syndicated loan agreement entered into in the year under review, in which the ALBA SE Group is integrated. Please refer to Note 36 in this context.

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

	2013	2012
	EUR million	EUR million
Type of business event		
Purchase of goods	38.0	38.7
Sale of goods	58.8	50.6
Purchased services	25.1	30.3
Services rendered	10.8	4.5
Other operating income	2.0	4.7
Other operating expenses	8.9	4.4

The balances shown under associated 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 associated unconsolidated companies are included as well, although on the whole the amounts are negligible.

Please refer to Note 40 for information on the remuneration of members of the Board of Directors and the Supervisory Board (until July 15, 2013) and the Administrative Board (since July 16, 2013).

In addition to his activity as a member of the Supervisory Board/Administrative Board, no services were purchased from a company associated with Dr. Werner Holzmayer in 2013 (previous year: EUR 200,000).

In addition to his activity as a member of the ALBA SE Board of Directors/Administrative Board, services were purchased from a company associated with Mr. Joachim Wagner to the amount of EUR 320,000 in 2013 (previous year: EUR 290,000).

Until July 15, 2013, the internal rules of procedure of the Supervisory Board provided that in the case of resolutions concerning business transactions as well as other Supervisory Board decisions that affect the companies of members of the Supervisory Board, the members of the Supervisory Board in question may not be involved in the consultations and decisions.

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 vote of the affected member of the Administrative Board is withdrawn in this case.

The shareholdings of all other members of the Supervisory Board and Board of Directors (until July 15, 2013), and all members of the Administrative Board (from July 16, 2013 until December 31, 2013) were neither directly nor indirectly more than 1% of the shares issued by the Company. The total shareholdings of all other members of the Supervisory Board and Board of Directors (until July 15, 2013) and all members of the Administrative Board (from July 16, 2013) were also below 1% on the closing date.

40. Board of Directors, Supervisory Board and Administrative Board

(a) Board of Directors (until July 15, 2013)

The following persons were appointed as members of the Board of Directors in the year under review until July 15, 2013:

►Dr. Axel Schweitzer, Berlin (Chairman)

►Rob Nansink, Geldrop/Netherlands
►Joachim Wagner, FrankfurtA

Compensation paid to members of the Board of Directors in the 2013 financial year amounted to EUR 1.0 million (previous year: EUR 1.5 million). This amount contains a variable compensation component of EUR 0.5 million (previous year: EUR 0.9 million). In the 2013 financial year there were no obligations under undistributed variable remuneration components for the Board of Directors (previous year: EUR 0.1 million, liquidated in income).

Total remuneration for individual Board of Directors members was determined by the Supervisory Board in a plenary session, including any Group payments, based on a performance assessment. The criteria for the suitability of the compensation consisted of the individual Board of Directors member's tasks, his 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.

The professional functions exercised by the members of the Board of Directors consist of the Company's management and representation. Dr. Axel Schweitzer was also Chairman of the Board of Directors of the ALBA Group KG. Mr. Joachim Wagner was a member of the Board of Directors of the ALBA Group KG. Since January 1, 2013, Rob Nansink was responsible for trading and the intensification of the international alignment in the steel and metals recycling segment. He also accompanied the expansion of the 'non-ferrous metals' area of business.

On July 15, 2013, a share in the total equity capital of ALBA SE to the amount of 85.324% and therefore voting rights from 8,395,849 shares were attributable to Dr. Axel Schweitzer.

(b) Supervisory Board (until July 15, 2013)

The following persons were appointed as members of the Supervisory Board in the year under review until July 15, 2013:

Supervisory Board Member (Profession)	Membership in Committees of the Supervisory Board of ALBA SE until 15.07.2013	Membership in other statutory Supervisory Boards	Membership in other controlling boards in terms of section 125, para. 1, clause 5 (2) of the German Companies Act
Dr. Eric Schweitzer, Berlin Chairman of the Board of Directors of the ALBA Group plc & Co. KG, Berlin	►Chairman ►Presiding Committee ►Nominating Committee ►Personnel Committee		
Mr. Friedrich Carl Janssen, Cologne Private individual	►Representative Chairman ►Presiding Committee ►Nominating Committee ►Personnel Committee		
Mr. Peter Zühlsdorff, Berlin Businessman, Deutsche Industrie Holding GmbH, Frankfurt am Main	►Representative Chairman ►Presiding Committee ►Nominating Committee ►Personnel Committee ►Audit Committee	►OBI Group Holding GmbH, Wermelskirchen (Chairman) ►YOCAG, Berlin (left in June 2013)	►Vivantes Netzwerk für Gesundheit GmbH (Chairman of the Supervisory Board) ►Universitätsklinikum Schleswig Holstein (member of the supervisory board) ►KMS Group Management GmbH, Viersen (Chairman of the Advisory Council) ►ALBA Group plc & Co. KG, Berlin (Advisory Council)
Dr. Werner Holzmayer, Cologne Accountant, Lawyer and Tax Consultant at Ebner Stolz Mönning Bachem, a partnership of accountants, tax consultants and lawyers in Cologne	►Audit Committee	►Intersport Deutschland e.G., Heilbronn ►Sintra KG aA, Cologne	►Dr. Jürgen Meyer Holding GmbH, Mühlheim (Spokesman of the Advisory Council) ►Dr. Jürgen Meyer GmbH, Mühlheim (Spokesman of the Advisory Council)
Mr. Joachim Edmund Hunold, Düsseldorf Businessman		►KickMedia AG, Cologne ►GoalSky AG, Düsseldorf	►AIRBERLIN PLC & Co. Luftverkehrs KG, Rickmansworth/Great Britain
Mr. Roland Junck, Zürich/Switzerland CEO Managing Director at Nyrstar NV, Balen/Belgium; Ingènieur conseil	►Audit Committee		►AGFAGEVAERT N.V., Mortsel/Belgium ►SAMHWA Steel S.A., Krakelshaff-Bettembourg/Luxembourg

Liabilities totalling EUR 0.1 million were created for the remuneration of members of the Supervisory Board for the period from January 1 to July 15, 2013 (previous year: EUR 0.2 million). No loans had been extended to members of the Supervisory Board as at July 15, 2013 No loans were repaid during the year under review.

On July 15, 2013, a share in the total equity capital of ALBA SE to the amount of 85.324% and therefore voting rights from 8,395,849 shares were attributable to Dr. Axel Schweitzer.

(c) Administrative Board (from July 16, 2013)

The following persons were appointed as members of the Administrative Board in the year under review from July 16, 2013:

Administrative Board Member (Profession)	Membership in Committees of the Supervisory Board of ALBA SE since 16.07.2013	Membership in other statutory Supervisory Boards	Membership in other controlling boards in terms of section 125, para. 1, clause 5 (2) of the German Companies Act
Dr. Eric Schweitzer, Berlin Chairman of the Board of Directors of the ALBA Group plc & Co. KG, Berlin	►Chairman of the Administrative Board ►Presiding Committee ►Personnel Committee ►Nominating Committee		►International Minerals Corporation, based in Scottsdale, USA (Independent Director)
Mr. Martin Becker-Rethmann, Berlin Member of the Board of Directors of the ALBA Group plc & Co. KG Berlin	►Representative Chairman of the Administrative Board ►Audit Committee		
Mr Joachim Wagner, Wiesbaden Member of the Board of Directors of the ALBA Group plc & Co. KG, Berlin	►Executive Director ►Presiding Committee ►Nominating Committee		
Dr. Werner Holzmayer, Cologne Accountant, Lawyer and Tax Consultant at Ebner Stolz Mönning Bachem, a partnership of accountants, tax consultants and lawyers in Cologne, departed on October 31, 2013	►Personnel Committee ►Audit Committee	►Intersport Deutschland e.G. , Heilbronn ►Sintra KG aA, Cologne	►Dr. Jürgen Meyer Holding GmbH, Mühlheim (Spokesman of the Advisory Council) ►Dr. Jürgen Meyer GmbH, Mühlheim (Spokesman of the Advisory Council)
Mr Eric O. Mendel, Cologne Member of the Board of Directors of the ALBA Group plc & Co. KG Berlin	►Representative Chairman of the Administrative Board ►Audit Committee		
Mr Rob Nansink, Geldrop/Netherlands Businessman	►Executive Director		

Provisions for the remuneration of the Administrative Board were created to the amount of EUR 80,833.33 for the 2013 reporting period (from July, 16 2013). The addition to the occupational pension for former members of the Board of Directors and Executive Directors totalled EUR 0.1 million (previous year: EUR 0.1 million) In total EUR 1.5 million was deferred for pension obligations towards former members of th Administrative Board and their surviving dependants (previous year: EUR 1.5 million).

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

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 contract.

Compensation paid to the Executive Directors in the 2013 financial year amounted to EUR 0.3 million. This amount contains a variable compensation component of EUR 0.1 million.

Total remuneration for Executive Directors members 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 compensation consist of the individual Board of Directors member's tasks, his 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 due date of December 31, 2013, a direct stake in the total capital of ALBA SE totalling 85.324 % of shares, and thereby voting rights from 8,395,849 shares, were attributable to Dr. Axel Schweitzer.

41. Employees

The average number of employees totalled 1,847 (previous year: 1,910) and is distributed as follows:

	2013	2012
White collar employees	1,294	1,316
Blue collar employees.	563	594
	1,857	**1,910**

42. Auditors’ Fee

The audit 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 0.8 million (previous year: EUR 0.8 million). Of these, EUR 0.6 million was attributable to the year-end audit (previous year: EUR 0.6 million); EUR 0.1 million to other confirmation services (previous year: EUR 0.1 million) EUR 0.1 million to tax advisory services (previous year: EUR 0.0 million) and EUR 0.0 million to other services (previous year: EUR 0.1 million).

43. Events after the Balance Sheet Date

No notable events occurred after the balance sheet date.

Separate notes and information according to section 315 a of the German Commercial Code

44. Corporate Governance according to Section 161 of the German Companies Act

ALBA SE has observed the German Corporate Governance Code (DCGK) since its introduction in 2002. For the period until July 15, 2013, both the Board of Directors and the Supervisory Board, and from July 16, 2013 onwards, 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 Board of Directors and Supervisory Board and/or Administrative Board of ALBA SE. These declarations can be found on the Internet under: www.alba-se.com, Investor Relations, ALBA SE Shareholders, Corporate Governance, Declarations of Compliance.

45. Exemption Option pursuant to Section 264, Paragraph 3 of the German Commercial Code (HGB)

The following companies, which are fully consolidated in the consolidated financial statement, 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:

►INTERSEROH Management GmbH, Cologne
►INTERSEROH ProductCycle GmbH, Cologne
►INTERSEROH Pfand-System GmbH, Cologne
►INTERSEROH Pool-System GmbH, Cologne
►Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden
►ALBA Scrap and Metals Holding GmbH, Dortmund
►ALBA Metall Süd GmbH, Mannheim
►INTERSEROHE vert Heeren GmbH, Leer
►ALBA Metall Süd Franken GmbH, Sennfeld
►INTERSEROH Jade-Stahl GmbH, Wilhelmshaven
►ALBA Ferrous Trading GmbH, Cologne
►INTERSEROH SEROG GmbH, Bous
►INTERSEROH Stainless Steel GmbH, Dortmund
►INTERSEROH Hansa Finance GmbH, Dortmund
►ALBA Metall Süd Rhein Main GmbH, Frankfurt

The following companies, which are fully consolidated in the consolidated financial statement, 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:

►INTERSEROH Dienstleistungs GmbH, Cologne
►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.

46. 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).

47. Affirmation by the Legal Representatives pursuant to Sections 297, Paragraph 2, Clause 4, and 315, Paragraph 1, Clause 6, of the German Commercial Code (HGB)

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 view of the Group's net assets, financial position and results of operations and that the Group's management report reflects the course of business, including the business results and situation of the Group, such that an accurate picture is conveyed and the key risks and opportunities of the Group's anticipated developments are described.

Cologne, March 26, 2014

ALBA SE

Executive Directors

Joachim Wagner (Spokesman)   Rob Nansink

Imprint

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