voestalpine AG

Notes to the consolidated financial statements 2015/16

A. General information and corporate purpose

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide.

voestalpine AG is the Group's ultimate parent company and prepares the consolidated financial statements. It is registered in the Commercial Register of Linz and has its registered office in voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the stock exchange in Vienna, Austria.

The consolidated financial statements for the year ended March 31, 2016 (including comparative figures for the year ended March 31, 2015) have been prepared pursuant to Sec. 245a (1) of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)* in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

The consolidated financial statements are presented in millions of euros (= functional currency of the parent company).

The consolidated income statement has been prepared using the cost-of-sales method.

The use of automated calculation systems may result in rounding differences.

The Management Board of voestalpine AG approved the consolidated financial statements and authorized the consolidated financial statements for submission to the Supervisory Board on May 25, 2016.

B. Summary of accounting policies

General information

The accounting policies applied to the consolidated financial statements are consistent with those of the previous year with the exceptions listed below.

The following new and revised standards were adopted for the first time in the business year 2015/16:

The following new and revised standards and interpretations were adopted for the first time in the business year 2015/16

Standard	Content	Effective date[1]
IAS 19, amendments	Defined Benefit Plans: Employee Contributions	February 1, 2015
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle	February 1, 2015
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle	January 1, 2015
IFRIC 21	Levies	June 17, 2014

[1] In accordance with EU endorsements, these standards are applicable to reporting periods beginning on or after the effective date.

There were no material effects of the mentioned standards on the consolidated financial statements.

The following three issues were adjusted retroactively in these consolidated financial statements according to IAS 8:

- As a result of changes to the Austrian AFRAC Opinion *"Auswirkungen der steuerlichen Teilwertabschreibung nach § 12 Abs. 3 Z 2 KStG auf die Bilanzierung von Ertragsteuern nach IAS 12 in einem Konzern- oder separaten Einzelabschluss nach IFRS"* (Impact of the write-down to current value for tax purposes in accordance with Section 12 (3) (2) of the Austrian Corporation Tax Act *(KStG)* on accounting for income taxes in accordance with IAS 12 in consolidated or single entity financial statements in accordance with IFRS) no provisions have to be considered for anticipated write-ups.
- In addition, deferred taxes are also netted for all companies per tax group.
- Provisions were formed for the first time for obligations similar to pension payments for a South American subsidiary.

Change in the consolidated statement of financial position

04/01/2014 = 03/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Total assets	**12,634.9**	**–100.9**	**12,534.0**
thereof Deferred tax assets	312.4	–100.9	211.5
Total equity and liabilities	**12,634.9**	**–100.9**	**12,534.0**
thereof Equity	5,261.6	11.2	5,272.8
thereof Pensions and other employee obligations	1,015.3	14.0	1,029.3
thereof Deferred tax liabilities	187.5	–126.1	61.4

In millions of euros

Change in the consolidated statement of financial position

03/31/2015	Values without restatement	Adjustments	Values retroactively adjusted
Total assets	**13,294.9**	**–90.2**	**13,204.7**
thereof Deferred tax assets	328.9	–90.2	238.7
Total equity and liabilities	**13,294.9**	**–90.2**	**13,204.7**
thereof Equity	5,102.5	12.5	5,115.0
thereof Pensions and other employee obligations	1,252.2	15.1	1,267.3
thereof Deferred tax liabilities	180.9	–117.8	63.1

In millions of euros

Change in the consolidated statement of cash flows

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Operating activities			
Profit after tax	594.2	0.8	595.0
Non-cash expenses and income	581.5	–0.8	580.7
Changes in working capital	–55.8	0.0	–55.8
Cash flows from operating activities	**1,119.9**	**0.0**	**1,119.9**
Cash flows from investing activities	**–928.0**	**0.0**	**–928.0**
Cash flows from financing activities	**–289.6**	**0.0**	**–289.6**
Net decrease/increase in cash and cash equivalents	**–97.7**	**0.0**	**–97.7**
Cash and cash equivalents, beginning of year	532.4	0.0	532.4
Net exchange differences	29.8	0.0	29.8
Cash and cash equivalents, end of year	**464.5**	**0.0**	**464.5**

In millions of euros

Change in the consolidated income statement

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Revenue	**11,189.5**	**0.0**	**11,189.5**
Cost of sales	–8,917.4	–0.1	–8,917.5
Gross profit	**2,272.1**	**–0.1**	**2,272.0**
Other operating income	454.4	0.0	454.4
Distribution costs	–975.4	–0.1	–975.5
Administrative expenses	–603.1	0.0	–603.1
Other operating expenses	–321.8	0.0	–321.8
Share of profit of entities consolidated according to the equity method	60.1	0.1	60.2
Profit from operations (EBIT)	**886.3**	**–0.1**	**886.2**
Finance income	44.0	0.0	44.0
Finance costs	–189.4	–1.8	–191.2
Profit before tax (EBT)	**740.9**	**–1.9**	**739.0**
Tax expense	–146.7	2.7	–144.0
Profit after tax	**594.2**	**0.8**	**595.0**
Attributable to:			
Owners of the parent	548.3	0.8	549.1
Non-controlling interests	8.8	0.0	8.8
Share planned for hybrid capital owners	37.1	0.0	37.1
Basic and diluted earnings per share (euros)	**3.18**[1]	**0.0**	**3.18**

[1] A minor error in the allocation of profit to equity holders of the parent and owners of hybrid capital that occurred in the previous year was adjusted. This meant that last year earnings per share (EPS) were recorded amounting to EUR 3.11 instead of EUR 3.18.

In millions of euros

Change in the consolidated other comprehensive income

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Profit after tax	**594.2**	**0.8**	**595.0**
Items of other comprehensive income that will be reclassified to profit or loss			
Cash flow hedges	22.4	0.0	22.4
Net investment hedges	10.3	0.0	10.3
Currency translation	127.4	1.2	128.6
Share of result of entities consolidated according to the equity method	9.8	0.0	9.8
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**169.9**	**1.2**	**171.1**
Items of other comprehensive income that will not be reclassified to profit or loss			
Actuarial gains/losses	–184.2	–0.7	–184.9
Actuarial gains/losses of entities consolidated according to the equity method	–2.3	0.0	–2.3
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**–186.5**	**–0.7**	**–187.2**
Other comprehensive income for the period, net of income tax	**–16.6**	**0.5**	**–16.1**
Total comprehensive income for the period	**577.6**	**1.3**	**578.9**
Attributable to:			
Owners of the parent	527.8	1.3	529.1
Non-controlling interests	12.7	0.0	12.7
Share planned for hybrid capital owners	37.1	0.0	37.1
Total comprehensive income for the period	**577.6**	**1.3**	**578.9**

In millions of euros

The following standards are already published as of the reporting date, but their application was not yet mandatory for the business year 2015/16 or they have not been adopted by the European Union:

Published by IASB but not adopted by the European Union or their application was not yet mandatory as of the reporting date

Standard	Content	Effective date according to IASB[1]
IAS 1, amendments	Disclosure Initiative	January 1, 2016
IAS 16 and IAS 38, amendments	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and IAS 41, amendments	Agriculture: Bearer Plants	January 1, 2016
IAS 27, amendments	Equity Method in Separate Financial Statements	January 1, 2016
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2012–2014 Cycle	January 1, 2016
IFRS 10, IFRS 12 and IAS 28, amendments	Investment Entities: Applying the Consolidation Exception	January 1, 2016[2]
IFRS 11, amendments	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IAS 12, amendments	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
IAS 7, amendments	Disclosure Initiative	January 1, 2017
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed
IFRS 14	Regulatory Deferral Accounts	January 1, 2016[3]

[1] These standards are applicable to reporting periods beginning on or after the effective date.
[2] Has not yet been endorsed by the EU.
[3] Not adopted by the EU.

These standards – in so far as they have been adopted by the European Union – are not being adopted early by the Group. From today's perspective, material effects of the revised standards on the voestalpine Group's financial situation and profitability are not expected. The following effects are expected from the new standards:

IFRS 9 Financial Instruments results in amendments and revisions in the area of financial instruments and will replace IAS 39 (except portfolio fair value hedge). Going forward, the classification rules vary according to the characteristics of the business model and the contractual cash flows of financial assets. Another fundamental innovation arises in connection with impairment, which in the future will be based on an expected loss model rather than, as has been the case, on incurred loss. In addition, IFRS 9 contains new general accounting requirements for hedge accounting. From the present vantage point, no significant effects are expected from the changes brought about by IFRS 9.

IFRS 15 Revenue from Contracts with Customers embraces the rules for revenue recognition and replaces IAS 18 and IAS 11 as well as the interpretations relating to revenues. In the future, it is no longer the conferring of significant opportunities and risks that is decisive but rather the point in time when the transfer of control over the goods and services occurs and thus the benefits to be derived through it. Currently, an analysis of the revenue groups is being conducted within the Group in order to evaluate the impact of the initial application of IFRS 15.

IFRS 16 Leases governs accounting for leasing arrangements and will replace IAS 17 as well as previous interpretations. The new rules eliminate the prior distinction between finance and operating leasing arrangements. In this respect, operating leases will in the future be treated in the same way as finance leases. The voestalpine Group companies currently operate as lessees in operating leases, which is why it can be expected that the application of IFRS 16 will have effects on assets and on financial and earning positions. However, it is not possible to quantify these effects at the moment – for a list of existing operating leases as of the reporting date, see chapter 9 Fixed Assets.

Basis of consolidation

The annual financial statements of fully consolidated entities are prepared using uniform accounting policies. For entities included using the equity method (associates and joint ventures), local accounting policies and different reporting dates (see "Investments" appendix to the notes) are maintained due to considerations regarding cost and benefit if the relevant amounts are immaterial.

In the case of initial consolidation, assets, liabilities, and contingent liabilities are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the net of the assets acquired and liabilities assumed is recognized as goodwill. If the net of the assets acquired and liabilities assumed exceeds the cost of acquisition, the difference is recognized at the time of acquisition in profit or loss. The hidden reserves and/or hidden losses attributed to the non-controlling interests are also accounted for.

All intra-group profits, receivables and payables, income and expenses are eliminated.

Foreign currency translation

In accordance with IAS 21, annual financial statements in foreign currencies that are included in the consolidated financial statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases since, from a financial, economic, and organizational perspective, these entities all operate independently. Assets and liabilities have been translated using the exchange rate on the reporting date. Income and expenses have been translated using the average exchange rate for the business year.

Equity is translated using the historical exchange rate. Currency translation differences are recognized directly in equity in the currency translation reserve.

In the separate financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the entity using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from translation at the transaction date and reporting date are recognized in the consolidated income statement.

Currency exchange rates (ECB fixing) of key currencies have changed as follows:

	USD	GBP	BRL	SEK	PLN
Closing exchange rate					
03/31/2015	1.0759	0.7273	3.4958	9.2901	4.0854
03/31/2016	1.1385	0.7916	4.1174	9.2253	4.2576
Average annual rate					
2014/15	1.2683	0.7852	3.1171	9.2278	4.1863
2015/16	1.1036	0.7323	3.9650	9.3404	4.2260

Uncertainties in accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make accounting estimates and assumptions that may significantly affect the recognition and measurement of assets and liabilities, the recognition of other obligations as of the reporting date, and the recognition of income and expenses during the business year.

The following assumptions bear a significant risk of causing a material adjustment to assets and liabilities within further periods:

- **Recoverability of assets**
  The assessment of the recoverability of intangible assets, goodwill as well as property, plant and equipment is based on assumptions concerning the future. The determination of the recoverable amount in the course of an impairment test is based on various assumptions, such as future net cash flows and discount rates. The net cash flows correspond to the amounts in the most current business plan at the time of the preparation of financial statements. See therefore Chapter B. Summary of accounting policies, section impairment testing of goodwill, other intangible assets, and property, plant and equipment, as well as the Chapters 9. Property, plant and equipment, 10. Goodwill, and 11. Other intangible assets.

- **Recoverability of financial instruments**
  Where the assessment of the recoverability of financial instruments cannot be derived from active markets, it is determined using alternative actuarial models. The underlying parameters used in the determination of the fair values are based partially on assumptions concerning the future. See therefore Chapter B. Summary of accounting policies, section financial instruments, as well as Chapter 23. Financial instruments.

- **Pensions and other employee obligations**
  The valuation of existing severance payment and pension obligations is based on assumptions regarding interest rate, retirement age, life expectancy, and future salary/wage increases. See therefore Chapter B. Summary of accounting policies, section pensions and other employee obligations, as well as Chapter 18. Pensions and other employee obligations.

- **Assets and liabilities associated with acquisitions**
  Estimates associated with determining the fair value of identified assets, liabilities, and contingent considerations are required in the context of acquisitions. All available information about the situation at the acquisition date is applied in this procedure. The fair values of buildings and land are typically determined by external experts or experts within the Group. Intangible assets are measured using appropriate valuation methods depending on the type of asset and the availability of information. These measurements are closely connected with assumptions about the future development of estimated cash flows as well as the applied discount rates.

  Information concerning acquisitions that take place during the reporting period is reported under Chapter D. Acquisitions and other additions to the scope of consolidated financial statements.

- **Other provisions**
  Other provisions due to present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material. For details concerning provisions see Chapter B. Summary of accounting policies, section other provisions, as well as Chapter 19. Provisions.

Income taxes

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable. The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted. The recognition and measurement of current and deferred taxes is subject to numerous uncertainties.

The voestalpine Group's international scope means that the Group falls within multiple tax jurisdictions in the respective relevant tax jurisdictions. The tax items presented in the financial statements were established with regard for the particular tax regulations, and, because of their complexity, may possibly support interpretations that vary between taxpayers and local finance authorities. Since varying interpretations of tax laws may lead to additional tax payments for past years as a result of company audits, they are included in the analysis based on the assessment by company management.

Recognition of deferred tax assets is based on the assumption that sufficient taxable profit will be generated in the future to utilize these tax loss carryforwards.

For further information see Chapter B. Summary of accounting policies, section income taxes, as well as the Chapters 8. Income taxes and 13. Deferred taxes.

Legal risks

As an internationally active company, the voestalpine Group is subject to legal risks. The results of present or future legal disputes are generally not predictable and may have a material effect on the Group's net assets, financial position, and results of operations. In order to reliably assess the obligations, the basic information and assumptions are continually reviewed by management and used for further evaluation both internally and by external legal counsel. Provisions are made to cover probably present obligations, including a reliable estimate of legal costs. If the future outflow of resources is not probable, or if the confirmation of actual events is not within the company's control, the option of recording a contingent liability is considered.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates if the determining factors at the reporting date differ from expectations. Revisions to accounting estimates are recognized through profit or loss in the period in which the estimates are revised, and the assumptions are adjusted accordingly.

Recognition of revenue and expenses

Revenue arising from the provision of goods and services is realized when all material risks and rewards arising from the goods or services provided have passed to the buyer. Operating expenses are recognized when goods or services are used or when the expense is incurred.

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, corresponding to the associated expenses. Government grants of EUR 25.2 million (2014/15: EUR 26.1 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development amounted to EUR 131.8 million (2014/15: EUR 126.7 million) in the business year 2015/16.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed property, plant and equipment includes direct costs and an appropriate portion of indirect materials and indirect labor.

Depreciation is calculated on a straight-line basis over the expected useful lives. Land is not subject to depreciation. Depreciation is based on the following rates:

Buildings	2.0–20.0%
Plant and equipment	3.3–25.0%
Fixtures and fittings	5.0–20.0%

With regard to borrowing costs relating to qualifying assets, for which the commencement date for capitalization is on or after April 1, 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The commencement date for capitalization is the date when expenditures for the asset and borrowing costs are incurred as well as activities are undertaken that are necessary to prepare the asset for its intended use or sale. Previously, the Group immediately recognized all borrowing costs as an expense.

Investment property is measured following the cost model. Useful lives and depreciation methods are identical to property, plant and equipment recognized under IAS 16.

Leases

Leased assets are treated as finance leases when they are considered asset purchases subject to long-term financing in economic terms. All other leased assets are classified as operating leases. Lease payments under operating leases are shown as expenses in the consolidated income statement.

Finance leases are initially recognized as Group assets at fair value or the lower present value of the minimum lease payments at the inception of the lease. The corresponding liabilities to the lessors are recorded under financial liabilities in the consolidated statement of financial position.

Finance leases are depreciated over their expected useful lives on the same basis as comparable assets or, where shorter, over the term of the relevant lease. The Group does not act as a lessor.

Goodwill

All corporate acquisitions are accounted for by applying the purchase method. Goodwill arises from the acquisition of subsidiaries and investments in associates and joint ventures.

Goodwill is allocated to cash-generating units or groups of cash-generating units and, in accordance with IFRS 3, is not amortized, but tested at least annually for impairment. The carrying amount of investments in associates and joint ventures also includes the carrying amount of goodwill.

Negative goodwill arising from an acquisition is immediately recognized as income.

On disposal of a subsidiary, the goodwill associated with the subsidiary is included in the determination of the profit or loss on disposal based on relative value in accordance with IAS 36.86.

Other intangible assets

Expenses for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized if the relevant criteria are satisfied. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment charges. Amortization is charged on a straight-line basis over the expected useful life of the asset. The maximum expected useful lives are as follows:

Backlog of orders	1 year
Customer relations	11 years
Technology	8 years
Software	10 years

Impairment testing of goodwill, other intangible assets, and property, plant and equipment

Cash-generating units or groups of cash-generating units that include goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually. All other assets and cash-generating units are tested for impairment if there are any indications that impairment may have arisen. Impairment testing is based on the value-in-use concept; accordingly, the recoverable amount is determined based on value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (cash-generating units). Goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from synergies of the related business combination and this must be on the lowest level at which the goodwill in question is monitored for internal management purposes.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Impairment losses recognized with regard to cash-generating units or groups of cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the cash-generating unit on a pro-rata basis. Insofar as the impairment test for goodwill is conducted for a group of cash-generating units, and this results in an impairment, the individual cash-generating units included in this group are also tested for impairment and a possible impairment of assets is first recorded at this level. This is followed by another impairment test for the cash-generating units at the group level

With the exception of goodwill, impairment losses are reversed when previous indications of impairment no longer exist.

Financial Instruments

Derivative financial instruments are used exclusively by voestalpine AG for the purpose of hedging the foreign currency risk, interest rate risk, and raw materials price risk. Derivative financial instruments are carried at fair value and recognized as profit or loss. Hedge accounting in accordance with IAS 39 is used for some of the Group's derivative financial instruments. Consequently gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or under other comprehensive income, depending on whether a fair value hedge or the effective portion of a cash flow hedge is involved. In the case of hedges of net investments in foreign operations the share of gain or loss from a hedging instrument that is reported as an effective hedge is included in other comprehensive income; the ineffective part is to be included through profit and loss.

Loans and receivables are carried at amortized cost. Since the Group's securities meet the criteria in accordance with IAS 39.9 for application of the fair value option, securities are recognized at fair value through profit or loss. The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value. There are no held-to-maturity financial instruments.

Other investments

Investments in subsidiaries, joint ventures, and associates that are not included in the consolidated financial statements by full consolidation or the equity method are reported under other investments. They are held as "available for sale at cost" and measured at cost because these investments do not have a price quoted in an active market, and their fair value cannot be reliably determined. Only the non-consolidated investment in Energie AG Oberösterreich is measured at fair value as "available for sale at fair value" because the fair value of this company can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich as a whole.

Income taxes

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable.

In accordance with IAS 12, all temporary differences between items in the consolidated financial statements and their tax bases are included in deferred taxes. Deferred tax assets on carryforwards of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized.

In accordance with IAS 12.39 and IAS 12.44, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized. Deferred tax assets are put in place for planned dividends subject to withholding tax.

The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted. Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and an offset right exists.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale. In exceptional cases, the replacement cost of raw materials and supplies may serve as the basis of measurement in accordance with IAS 2.32.

The cost of inventories of the same type is determined by the weighted average price method or a similar method. Cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Interest costs, general administrative expenses and distribution costs are not recognized in inventory.

Emission certificates

Free certificates are measured at zero cost over the entire holding period, as the rights have been allocated free of charge. Purchased emission certificates are recorded at actual cost under current assets and measured at fair value at the reporting date (limited by the actual cost).

In the case of under-allocation, amounts for CO_2 emission certificates are included in the other provisions. The measurement is based on the rate prevailing on the reporting date (or the carrying amount) of the relevant certificates.

Trade and other receivables

Trade and other receivables are stated at amortized cost. Identifiable risks are mainly covered by acquiring Credit insurance. Non-interest- or low-interest-bearing receivables with a remaining period of more than one year are recognized at their discounted present value. Sold receivables are derecognized according to the provisions of IAS 39 (see Chapter 28. Disclosures of transactions not recorded in the statement of financial position).

When the outcome of a construction contract pursuant to IAS 11 can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage of completion method"), measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that is probably recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Accruals and deferrals are reported under other receivables and other liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and checks and are carried at market value.

Pensions and other employee obligations

Pensions and other employee obligations include provisions for severance payments, pensions, and long-service bonuses and are recognized in accordance with IAS 19 using the projected unit credit method.

Actuarial gains and losses from severance and pension provisions are recognized directly in other comprehensive in the year in which they are incurred. Actuarial gains and losses from provisions for long-service bonuses are recognized immediately in profit or loss.

Severance obligations

Employees of Austrian entities who started their employment before January 1, 2003, are entitled to receive a severance payment if their employment is terminated by the employer or if they retire. The amount to be paid depends on the number of years of service and the employee's salary or wage at the time employment ends. For employees who started their employment after December 31, 2002, a contribution-based system is provided. The contributions to external employee pension funds are recognized as expenses.

Defined contribution plans

Defined contribution plans involve no future obligations after the payment of premiums to the managing pension fund or commercial insurance company.

Defined benefit plans

Defined benefit plans guarantee the employee a specified pension. The payment starts after retirement (or death or disability) and is continued until death of the former employee (or death of spouse). Widow's and widower's pensions (50% to 75% of the old age pension) are paid to the surviving spouse until death or remarriage. Orphans' pensions (10% to 20% of the old age pension) are paid to dependent children until the end of their education but only up to the age of 27.

Longevity is the central risk within these defined benefit pension obligations. All calculations are made using the most recent mortality tables. Given a 10% relative decrease or increase in mortality, the DBO of pensions changes by +3.7% or respectively –3.3% on the reporting date. Other risks, such as the risk of rising costs of medical services, do not have any significant impact on the obligations.

Almost all pension obligations within the Group cover vested claims.

Austria

The amount of the pension is either based on a certain percentage of the final salary depending on the years of service or on a valorized fixed amount per year of service. The predominant part of the defined benefit pension obligations is transferred to a pension fund although the obligation for subsequent payments remains within the company.

Germany

The different pension plans in Germany derive the amount of the pension from the following basics:

- A certain percentage of the final salary depending on the years of service
- An increasing percentage of a fixed target pension depending on the years of service
- A fixed pension amount
- A fixed, valorized amount per year of service linked to the average salary within the company
- A fixed, valorized amount per year of service

A small part of the pension rights are financed by insurers although the obligations themselves remain within the companies.

Netherlands

In the 2015/16 business year all significant obligations were converted to defined contribution pension plans.

The calculation of employee benefits in all countries with significant benefit obligations is based on the following parameters:

	2014/15	2015/16
Interest rate (%)	1.50	1.90
Salary/wage increases (%)[1]	3.00	3.00
Pension benefit increases (%)[1]	2.25	2.25
Retirement age men/women		
Austria	max. 62 years	max. 62 years
Germany	63–67 years	63–67 years
Mortality tables		
Austria	AVÖ 2008-P	AVÖ 2008-P
Germany	Richttafeln 2005 G	Richttafeln 2005 G

[1] Recognition only for salary-dependent and/or value-guaranteed commitments.

Net interest expenses resulting from employee benefits are included in the consolidated income statement under finance costs.

Obligations from long-service bonuses

In most of the Austrian Group companies, employees are entitled to payment of a long-service bonus, which is based either on a collective agreement or a provision in a works agreement. This is a one-time payment when the anniversary of service has been reached; depending on the length of service, the bonus generally amounts to between one monthly salary and three monthly salaries.

Other provisions

Other provisions due to present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material.

The assumptions that underlie the provisions are reviewed on an ongoing basis. The actual figures can deviate from the assumptions if the underlying circumstances as of the reporting date have not developed as expected. As soon as better information is available, changes are recognized through profit and loss and the assumptions are adjusted accordingly.

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which information about provisions is not provided if this could seriously and adversely impact the Company's interests.

Contingent liabilities

Contingent liabilities are present obligations arising from past events, where it is not probable that an outflow of resources will be required to settle the obligation, or possible obligations arising from past events whose existence or non-existence depends on less certain future events, which are not within the company's full control. When, in extremely rare cases, an existing debt cannot be stated in the statement of financial position as a provision because a reliable estimate of the debt is not possible, a contingent liability shall also be recognized.

With regard to possible obligations, we wish to point out that in accordance with IAS 37.92 information about contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

Liabilities

Liabilities, except liabilities from derivative financial instruments, are stated at amortized cost.

Employee stock ownership plan

The employee stock ownership plan in Austrian Group companies is based on the appropriation of a part of the salary and wage increase due to collective bargaining agreements over several business years. For the first time in the business year 2000/01, employees received voestalpine AG shares in return for a 1% lower salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, 2008/09, and 2014/15, between 0.3% and 0.5% of the total amount of wages and salaries required for the increase were used to provide voestalpine AG shares to employees. The actual amount is calculated from the monthly amount of wages and salaries waived, based on November 1, 2002, 2003, 2005, 2007, 2008, and 2014, applying an annual increase of 3.5%. In business years 2012/13 and 2013/14, an additional 0.3% and 0.27%, respectively, of the total amount of wages and salaries needed for the collective agreement pay increase for 2012 and 2013, respectively, were used to provide shares under the participation plan for those Austrian Group companies whose initial participation in the employee stock ownership plan had begun at a later date.

The Works Council and each company shall execute an agreement for implementation of the Austrian employee stock ownership plan. Shares are acquired by the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme), which transfers the shares to employees according to the wages and salaries they have waived. The value of the consideration provided is independent of price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on lower collective bargaining agreements.

An international participation model was developed for Group companies outside Austria, which was initially implemented in several companies in Great Britain and Germany in the business year 2009/10. Due to very positive experience gained in these pilot projects, the model was expanded in these two countries and introduced step by step in the Netherlands, in Poland, in Belgium, in the Czech Republic and in Italy, in the following business years. In the business year 2015/16, a total of 70 companies participated in the international employee stock ownership program in these seven countries.

On March 31, 2016, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 14.5% (March 31, 2015: 13.6%) of voestalpine AG's shares in trust for employees.

C. Scope of consolidated financial statements

The consolidated Group (see "Investments" appendix to the notes) is defined in accordance with IFRS. In addition to the annual financial statements of voestalpine AG, the consolidated financial statements also include the financial statements of entities controlled by voestalpine AG (and its subsidiaries). Entities controlled by voestalpine AG which are not included in the financial statements of voestalpine AG, are negligible, both individually and collectively.

Subsidiaries are entities controlled by the Group. Control exists when the voestalpine Group has the power over the investee, is exposed to variable returns and has the ability to use its power over the investee to affect the amount of the investor's returns. The annual financial statements of subsidiaries are included in the consolidated financial statements as of the point in time at which the Group acquires control over the subsidiary and extends to the point in time at which the Group ceases to exercise control over the subsidiary.

Associates are entities over which the voestalpine Group has significant influence through participating in the financial and operating policy decisions, but not control or joint control of those policies. Joint ventures are joint arrangements in which partner companies (the voestalpine Group and one or more partners) exercise joint control over the arrangement and possess rights to the company's net assets. The annual financial statements of associates and joint ventures are included in the consolidated financial statements using the equity method from the acquisition date until disposal date. The Group's associates and joint ventures are listed in the "Investments" appendix to the notes.

Changes in scope of consolidated financial statements

The scope of consolidated financial statements changed as follows during the business year under review:

	Full consolidation	**Equity method**
As of April 1, 2015	**274**	**11**
Acquisitions	5	1
Change in consolidation method		
Acquisitions	7	
Disposals	–1	–3
Merger	–3	
Divested or disposals	–4	
As of March 31, 2016	**278**	**9**
Of which foreign companies	218	4

The following entities were deconsolidated during the business year 2014/15:

Name of entity	Date of deconsolidation
Full consolidation in business year 2014/15	
Aktiebolaget Finansa	September 4, 2015
Associated Swedish Steels Aktiebolag	September 4, 2015
Grabados Eschmann International S.L.	January 19, 2016
Rene Prinsen Spoorwegmaterialen B.V.	March 31, 2016
Associated Swedish Steels Phils., Inc.	March 31, 2016
Reorganization	
Bohler High Performance Metals Private Limited	April 1, 2015
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.	April 1, 2015
voestalpine Stahl Service Center GmbH	April 1, 2015
Equity method in business year 2014/15	
CNTT Chinese New Turnout Technologies Co., Ltd.	April 1, 2015
voestalpine Tubulars GmbH & Co KG	April 1, 2015
voestalpine Tubulars GmbH	April 1, 2015

On September 4, 2015, the voestalpine Group sold all its shares of Aktiebolaget Finansa and Associated Swedish Steels Aktiebolag at the book value of EUR 0.0 million.

D. Acquisitions and other additions to the scope of consolidated financial statements

The following entities were included in the consolidated financial statements for the first time during the business year 2015/16:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
voestalpine Tubulars GmbH	57.500%	April 1, 2015
voestalpine Tubulars GmbH & Co KG	49.600%	April 1, 2015
CNTT Chinese New Turnout Technologies Co., Ltd.	50.000%	April 1, 2015
voestalpine Forschungsservicegesellschaft Donawitz GmbH	100.000%	June 2, 2015
Eschmann Steels Trading (Shanghai) Co., Ltd.	100.000%	August 17, 2015
voestalpine Precision Strip WI, Inc.	100.000%	November 2, 2015
voestalpine Additive Manufacturing Center GmbH	100.000%	November 30, 2015
Polynorm Leasing B.V.	100.000%	January 15, 2016
Sermetal Barcelona, S.L.	100.000%	February 29, 2016
Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda	100.000%	February 29, 2016
Advanced Tooling Tek (Shanghai) Co., Ltd.	100.000%	March 31, 2016
Microcosmic Metal Co., Ltd.	100.000%	March 31, 2016
Equity method		
WS Service GmbH	49.000%	June 10, 2015

Taking into consideration the shares in voestalpine Tubulars GmbH & Co KG held by voestalpine Tubulars GmbH, this results in an interest held by the Group in voestalpine Tubulars GmbH & Co KG that has been calculated to be 49.8875%.

Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. The other additions to the scope of consolidated financial statements of fully consolidated entities include five acquisition and four newly established subsidiaries.

In accordance with IFRS 3, the acquired companies are included in the consolidated financial statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired. With regard to the first-time full consolidations in accordance with IFRS 3, due to time constraints and the fact that not all valuations have been completed, the following items are to be considered provisional: property, plant and equipment, intangible assets, inventories, and provisions – and consequently goodwill as well.

The increase in majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the reporting period, EUR 2.4 million (2014/15: EUR 9.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 0.0 million (2014/15: EUR 7.6 million) were derecognized, and the remaining amount of EUR 2.4 million (2014/15: EUR 2.3 million) was recognized directly in equity.

The decrease in majority interests is treated as a transaction between owners. The difference between the fair value and the non-controlling interests is recognized directly in equity. During the reporting period, non-controlling interests were exchanged at the fair value of EUR 4.9 million (2014/15: EUR 0.0 million) (see Chapter F. Investments in associates and joint ventures, section shares in immaterial associates). Non-controlling interests amounting to EUR 1.0 million (2014/15: EUR 0.0 million) were recognized, and the remaining amount of EUR 3.9 million (2014/15: EUR 0.0 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.2 million (March 31, 2015: EUR 0.2 million) as of March 31, 2016. For the purposes of the valuation, the discounted cash flow method was applied, taking the contractual maximum limits into account. Input factors in the discounted cash flow method include but are not limited to the medium-term business plan and the discount rate.

The company valuations of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were conducted by an independent expert. The valuation of non-controlling interests is determined in accordance with the fair values of the acquired assets and liabilities. Significant fair value adjustments were recorded for customer relationships, technology, property, plant and equipment, and inventories in accordance with IFRS 3. Non-controlling interests are reported in accordance with the partial goodwill method so that no goodwill is realized for non-controlling interests.

On April 8, 2015, effective as of April 1, 2015, voestalpine Bahnsysteme Vermögensverwaltungs GmbH and Grant Prideco European Holding LLC revised almost every existing contractual agreement relating to the control and management structure of voestalpine Tubulars GmbH & Co KG. At the same time, it was agreed to increase the interest of the voestalpine Bahnsysteme Vermögensverwaltungs GmbH in the managing "Komplementär-GmbH" (close corporation general partner) from 50.0% to 57.5%.

The company was presented in the business year 2014/15 as a joint venture between Grant Prideco European Holding LLC (subsidiary of the US-based group National Oilwell Varco, Inc. with expertise in the segments of drill pipes and premium pipe couplings) and voestalpine Bahnsysteme Vermögensverwaltungs GmbH, which, through its subsidiary voestalpine Stahl Donawitz GmbH, has applicable steel expertise and can furnish the pre-materials that meet the exacting quality requirements. The headquarters and production location of voestalpine Tubulars GmbH & Co KG are located in Kindberg, Austria. The company has sales offices in the USA and in the Middle East.

As a result of the fundamental revision of the key contractual agreements associated with the clear-cut change in the close corporation general partner's shareholding, the criterion of control in accordance with IFRS 10.6 is fulfilled from April 2015 onward, since this enables operational management that is consistent with the interests of voestalpine.

This includes control over the budget (in the sense of setting the controlling operating conditions for management), including the supply of pre-materials, tax and financial policy, and fundamental marketing activities. With the amendments in the contractual agreements, voestalpine Bahnsysteme Vermögensverwaltungs GmbH will in the future be able to implement all essential operating matters in accordance with its interests, both on the Management Board and on the Supervisory Board (in connection with the decisive vote cast by the Chairman).

voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH were initially consolidated as of April 1, 2015. The fair values of the identifiable assets and liabilities of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH are as follows once control has been achieved:

	Recognized values
Non-current assets	232.5
Current assets	212.9
Non-current provisions and liabilities	–80.4
Current provisions and liabilities	–77.8
Net assets	**287.2**
Addition of non-controlling interests	–143.8
Goodwill	67.1
Costs of acquisition	**210.5**
Cash and cash equivalents acquired	0.4
Non-cash compensation	–210.5
Net cash inflow	**0.4**

In millions of euros

Goodwill of EUR 67.1 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, in particular, the extensive technical expertise and the excellent sales expertise of the employees. Goodwill is assigned completely to the "Tubulars" unit, which carries the goodwill. It is not expected that any part of included goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 133.6 million (thereof recycling of cash flow hedges of EUR 4.5 million), which are recognized in the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 79.5 million in the business year 2015/16.

Since its initial consolidation, voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH have contributed revenue of EUR 343.3 million to consolidated revenue. Their share of the Group's profit after tax was EUR –35.6 million (after depreciation of the hidden reserves recognized within the scope of purchase price allocation) for the same period.

As part of the first-time full consolidation of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH, the following are being taken over at fair value: trade receivables of EUR 46.3 million (gross carrying amount: EUR 46.3 million); receivables from finance and clearing of EUR 56.9 million (gross carrying amount: EUR 56.9 million); and other receivables of EUR 8.0 million (gross carrying amount: EUR 8.0 million). Receivables expected to be uncollectible are considered immaterial and negligible.

Effective April 1, 2015, the fundamental revision of the key contractual agreements constitutes the criterion of control for CNTT Chinese New Turnout Technologies Co., Ltd. in accordance with IFRS 10.6. Two voestalpine companies hold 50% of CNTT Chinese New Turnout Technologies Co., Ltd. Because of the prior alternating nomination right for the CEO (between the joint venture partner and voestalpine), who has the decision-making powers for essential matters, CNTT Chinese New Turnout Technologies Co., Ltd. was previously treated as a company under joint control and, until March 31, 2015, included in the voestalpine consolidated financial statements using the equity method. Because of a change in the articles of association, from now on the Board of Directors will have decision-making powers; the majority of representatives on this Board are from voestalpine. Consequently, starting April 1, 2015, CNTT Chinese New Turnout Technologies Co., Ltd. has been fully consolidated. The company produces turnouts and expansion joints for the continuing development of the high-speed railway network in China.

CNTT Chinese New Turnout Technologies Co., Ltd. was initially consolidated as of April 1, 2015. The fair value of the identifiable assets and liabilities of CNTT Chinese New Turnout Technologies Co., Ltd. is as follows once control has been achieved:

	Recognized values
Non-current assets	27.2
Current assets	79.2
Non-current provisions and liabilities	–1.5
Current provisions and liabilities	–46.1
Net assets	**58.8**
Addition of non-controlling interests	–29.4
Goodwill	0.2
Costs of acquisition	**29.6**
Cash and cash equivalents acquired	23.9
Non-cash compensation	–29.6
Net cash inflow	**23.9**

In millions of euros

Goodwill of EUR 0.2 million results from the profit potential of the company, which according to IFRS cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Turnout Systems" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 12.2 million (thereof recycling of currency translation differences of EUR 8.8 million), which are recognized in the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 2.5 million in the business year 2015/16.

Since its initial consolidation, CNTT Chinese New Turnout Technologies Co., Ltd. has contributed revenue of EUR 69.4 million to consolidated revenue. Its share of the Group's profit after tax was EUR 13.7 million for the same period.

As part of the first-time full consolidation of CNTT Chinese New Turnout Technologies Co., Ltd., the following were taken over at fair value: trade receivables of EUR 23.3 million (gross carrying amount: EUR 28.5 million); and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million). Receivables expected to be uncollectible amounted to EUR 5.2 million.

At the end of February 2016, the Special Steel Division acquired Sermetal Barcelona, SL and Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda, which involved acquisition of the four sales and service locations in Spain and Portugal. Sermetal is considered the market leader on the Iberian Peninsula in the segment for plastic mold steel used by the automotive industry and with its 60 employees generated revenue of around EUR 27 million in 2015. Along with stainless steel products, the new sales and service centers offer on-site processing (sawing, milling, heat treatment) customized to customer specifications.

This acquisition has the following impact on the consolidated financial statements:

	Recognized values
Non-current assets	2.0
Current assets	19.5
Non-current provisions and liabilities	–0.2
Current provisions and liabilities	–9.6
Net assets	**11.7**
Goodwill	0.3
Costs of acquisition	**12.0**
Cash and cash equivalents acquired	–0.8
Net cash outflow	**11.2**

In millions of euros

Goodwill of EUR 0.3 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Value Added Services" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Since the initial consolidation, this acquisition has contributed revenue of EUR 0.0 million to consolidated revenue. Its share of the Group's profit after tax was EUR 0.0 million for the same period. The acquisition would have contributed EUR 28.2 million to the consolidated revenue and EUR 0.8 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of the Sermetal Group, fair values for trade receivables of EUR 9.9 million (gross carrying amount: EUR 10.3 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.3 million were recognized in other operating expenses for this acquisition.

On March 31, 2016 the Special Steel Division took control over its long-standing distribution partner, Advanced Tooling Tek (ATT), based in Shanghai, China, as well as ATT's subsidiary, Microcosmic Metal Co., Ltd., thereby beginning the Group's next phase of expansion in the Chinese market. With its acquisition of the company, which employs about 100 people and generated revenue equivalent to EUR 16 million in 2015, the Special Steel Division was able to expand its market leadership position as a supplier of stainless steel products for tool and mold making. Large injection molds used for the production of plastic products for the automotive industry, as well as in the electronics industry, constitute an important product segment for the company, which specializes in stainless steel processing and distribution.

This acquisition has the following impact on the consolidated financial statements:

	Recognized values
Non-current assets	8.1
Current assets	14.2
Non-current provisions and liabilities	–1.0
Current provisions and liabilities	–4.4
Net assets	**16.9**
Goodwill	5.2
Costs of acquisition	**22.1**
Cash and cash equivalents acquired	–1.4
Purchase price not yet paid	–3.3
Net cash outflow	**17.4**

In millions of euros

Goodwill of EUR 5.2 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Value Added Services" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Since the initial consolidation, this acquisition has contributed revenue of EUR 0.0 million to consolidated revenue. Its share of the Group's profit after tax profit for the period was EUR 0.0 million for the same period. The acquisition would have contributed EUR 16.5 million to the consolidated revenue and EUR 1.4 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of Advanced Tooling Tek and their subsidiary Microcosmic Metal Co., Ltd., fair values for trade receivables of EUR 5.5 million (gross carrying amount: EUR 5.8 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.6 million were recognized in other operating expenses for this acquisition.

The acquisitions that, in and of themselves, are of less significance for voestalpine's consolidated financial statement are as follows.

voestalpine Precision Strip GmbH, a company in the Metal Forming Division, acquired the US company Wickeder Steel Company (now voestalpine Precision Strip WI, Inc.) in Wisconsin at the start of November 2015. This company specializes in heat treating and hardening carbon steel to produce saws, hand tools, and flap valves and ranks among the top five on the US market. This company has 50 employees, and in 2015, it recorded revenue of around EUR 13 million. Wickeder Steel Company's product and technology range is in line with the Precision Strip business segment's US growth strategy and its core competences. Wickeder Steel Company has a long history of heat treating and hardening special strip steel for the highest customer requirements. This acquisition will additionally reinforce voestalpine's product range for hardened special strip steel for high-quality applications such as band saw blades for the food sector. voestalpine Precision Strip WI, Inc. was initially consolidated as of November 2, 2015.

voestalpine WBN B.V. Netherlands, which is part of the Metal Engineering Division of the voestalpine Group, acquired Rail Service Netherlands (RSN), which is headquartered in Alkmaar, on September 1, 2015 as part of an asset deal. This company, which has around ten employees, manufactures turnout drives and corresponding mechanical interfaces (drive and detection rods) for the Dutch market. The most important strategic considerations of the asset deal are to strengthen and ensure the market position of voestalpine WBN B.V. by integrating drive, locking, and detection technology (system turnouts for the Netherlands), creation of a competence center for signaling technology for the Netherlands as well as the expansion of the existing service business, the acceleration of the market entry of other signaling products by leveraging the excellent reputation of RSN, and the more rapid market expansion of RSN turnout drives due to the excellent market position of voestalpine on the Dutch railway market.

On September 2, 2015, voestalpine Wire Technology GmbH, Bruck an der Mur, Austria, acquired a company in the Metal Engineering Division as part of an asset deal with ArcelorMittal Bissen & Bettembourg SA, Bissen, Luxembourg involving both tangible assets, mainly machinery and technical equipment, as well as intangible assets, in the form of licenses, technology know-how and commercial information for the production of fine wires and technical cords. The key strategic considerations behind the asset deal involved supplementing existing know-how as well as adding production technology, including the corresponding customer base, in order to further expand business in fine wires.

These acquisitions have the following impact on the consolidated financial statements:

	Recognized values
Non-current assets	10.4
Current assets	4.7
Non-current provisions and liabilities	–2.3
Current provisions and liabilities	–2.9
Net assets	**9.9**
Badwill	–0.6
Costs of acquisition	**9.3**
Cash and cash equivalents acquired	–0.1
Agreement on contingent consideration	–0.3
Net cash outflow	**8.9**

In millions of euros

Since their initial consolidation, these acquisitions have contributed revenue of EUR 5.2 million to consolidated revenue. Its share of the Group's profit after tax profit for the period was EUR –0.1 million for the same period. The acquisition would have contributed EUR 20.9 million to the consolidated revenue and EUR –0.2 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Precision Strip WI, Inc., fair values for trade receivables of EUR 1.4 million (gross carrying amount: EUR 1.4 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.1 million were recognized in other operating expenses. The badwill is recorded under other operating income.

The earn out clause "Inventory Pay-Out" agreed during the acquisition of voestalpine Precision Strip WI, Inc. stipulates that of the "inventories at risk" identified in the agreement, 50% of the proceeds generated from the sale of "inventories at risk" (capped at USD 0.5 million and for a limited period through to June 30, 2017) will be remunerated in addition to the agreed purchase price.

E. Subsidiaries with material non-controlling interests

Name of the subsidiary	Domicile	03/31/2016	
		Proportion of ownership	Proportion of ownership interests held by non-controlling interests
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria	49.8875%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China	50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests amounts to EUR 180.2 million, of which EUR 95.4 million is attributable to voestalpine Tubulars GmbH & Co KG and EUR 26.2 million is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material for the Group is depicted in the following chart. The figures correspond to amounts prior to the elimination of Group-internal transactions.

Summarized statement of financial position

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	03/31/2016	03/31/2016
Non-current assets	91.5	20.1
Current assets	120.5	94.5
Non-current provisions and liabilities	30.9	0.9
Current provisions and liabilities	58.7	63.5
Net assets (100%)	**122.4**	**50.2**

In millions of euros

Summarized income statement

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	2015/16	**2015/16**
Revenue	354.8	69.8
EBIT	20.1	20.3
Profit after tax	24.1	15.5
Attributable to:		
Owners of the parent	12.0	7.8
Non-controlling interests	12.1	7.8
Dividends paid to non-controlling interests	31.0	7.4

In millions of euros

Summarized statement of cash flows

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	2015/16	**2015/16**
Cash flows from operating activities	22.2	8.0
Cash flows from investing activities	22.3	–2.2
thereof additions/divestments of other financial assets	56.2	0.0
Cash flows from financing activities	–44.5	–9.6
Net decrease/increase in cash and cash equivalents	**0.0**	**–3.8**

In millions of euros

F. Investments in associates and joint ventures

Shares in immaterial joint ventures

As of March 31, 2016 only Jiaxing NYC Industrial Co., Ltd is reported as a joint venture. Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH & Co KG (up to now classified as material joint venture), voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. (up to now classified as immaterial joint ventures) and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. For the resulting effects on the consolidated financial statements, see Chapter D. Acquisitions and other additions to the scope of consolidated financial statements.

Profits from the joint ventures, which are individually immaterial for the voestalpine interim consolidated financial statements, are included using the equity method. Interests held are presented in the appendix to the Notes on "Investments." This information is related to the interest held by the voestalpine Group in immaterial joint ventures and breaks down as follows:

	2014/15	2015/16
Group share of		
Profit after tax	7.8	0.2
Other comprehensive income	6.8	–0.3
Comprehensive income	**14.6**	**–0.1**
Carrying amount immaterial joint ventures	**30.3**	**3.2**

In millions of euros

voestalpine Giesserei Linz GmbH holds 51.0% of shares in Jiaxing NYC Industrial Co., Ltd. The articles of association require at least one vote from another partner for all significant decisions (budget, investments). From this is deduced that despite a 51.0% interest, control is not exercised in the interest.

Shares in immaterial associates

The profit from associates that are individually immaterial for the voestalpine interim consolidated financial statements are included using the equity method. This information is related to the interest held by the voestalpine Group in associates and breaks down as follows:

	2014/15	2015/16
Group share of		
Profit after tax	12.5	7.0
Other comprehensive income	7.9	–3.8
Comprehensive income	**20.4**	**3.2**
Carrying amount immaterial associates	**117.1**	**109.2**

In millions of euros

In the first half the business year 2015/16, WS Service GmbH, which specializes in the inspection, service, and corrective maintenance of turnouts, was included in the consolidated financial statements for the first time as an associate. By way of a share deal (share exchange), voestalpine Weichensysteme GmbH (Metal Engineering Division) now holds 49.0% of WS Service GmbH (reporting date: December 31). As part of this share deal, 13.05% of the shares of Weichenwerk Wörth GmbH were divested and 49.0% of the WS Service GmbH shares were added.

Associates and interests held in them are presented in the appendix to the Notes on "Investments."

G. Explanations and other disclosures

1. Revenue

The breakdown of the revenue is reported as follows:

	2014/15	2015/16
Revenue from the sale of products (including services)	11,009.2	10,851.4
Revenue from construction contracts	180.3	217.3
Revenue	**11,189.5**	**11,068.7**

In millions of euros

2. Operating segments

The voestalpine Group operates in five reportable segments: Steel Division, Special Steel Division, Metal Engineering Division, Metal Forming Division, and Other. The reporting system, which is based primarily on the nature of the products provided, reflects the internal financial reporting, the management structure of the organization, and the Company's predominant sources of risks and rewards.

The Steel Division focuses on the production and processing of steel products for the segments automotive industry, white goods, energy and engineering industry. This division is global leader in quality in highest quality strip steel and is global market leader in heavy plate for the most sophisticated applications as well as in casings for large turbines. The division produces and processes hot- and cold-rolled steel as well as electrogalvanized, hot-dip galvanized, and organically coated plate and electrical steel strip. Its other activities include heavy plate production and a foundry, and a focus on a number of downstream processes.

The Special Steel Division is the global market leader in the sector of tool steel and high-speed steel. In the segment of special alloys for the oil and natural gas industries, the aerospace industry, and the energy engineering industry, the Special Steel Division holds a leading position on the global market. The companies of the Special Steel Division are leading providers of forging technology, both in the open die forging segment and in the drop forgings segment. The main customer groups for all of the division's most important product segments are primarily the automotive industry, the aerospace industry, the oil and natural gas industries, the energy engineering industry, and the entire tool industry.

The Metal Engineering Division is worldwide market leader in turnout technology; European market leader in rails and specially treated wire; and has a leading position in seamless tubes for special applications and high-quality welding consumables. The division manufactures the world's widest range of high-quality rails and turnout products, high-quality rod wire, drawn wire, premium seamless tubes, and welding filler materials. Furthermore, the division offers an extensive range of services in the rail and turnout sectors. Moreover, the Metal Engineering Division has access to its own steel production.

The Metal Forming Division is the expertise center at voestalpine for highly developed special sections, tube products, and precision strip steel as well as pre-finished system components made from pressed, punched, and roll-profiled parts. This combination of expertise in materials and processing is unique in the industry, and with its global presence, the division is the first choice for customers who value innovation and quality. These customers include nearly all leading manufacturers in the automobile manufacture and supply industry, with a significant focus on the premium segment, as well as several companies in the commercial vehicle, construction, storage, energy and (agricultural) equipment industry.

The holding company, several Group financing and raw materials purchasing companies as well as one personal service company and the group-IT companies are included in the segment Other. These companies are combined in this segment because their focus is on providing coordination services and assistance to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. These transactions have been eliminated in the consolidated financial statements.

The voestalpine Group uses EBIT as the key figure to measure the performance of the segments. In the voestalpine Group, this figure is a widely accepted indicator for measuring profitability.

The operating segments of the Group are as follows:

Operating segments

	Steel Division		Special Steel Division	
	2014/15	2015/16	2014/15	2015/16
Segment revenue	3,873.9	3,753.7	2,777.4	2,650.9
Of which revenue with third parties	3,578.9	3,450.8	2,723.8	2,596.2
Of which revenue with other segments	295.0	302.9	53.6	54.7
EBITDA	450.3	478.3	406.9	364.1
Depreciation and amortization of property, plant and equipment and intangible assets	242.3	258.3	153.3	136.9
Of which impairment	0.0	0.2	16.3	0.0
Reversal of impairment of property, plant and equipment and intangible assets	0.0	0.0	0.6	0.0
Share of profit of entities consolidated according to the equity method	11.8	6.1	0.0	0.0
EBIT	208.0	220.0	253.6	227.2
EBIT margin	5.4%	5.9%	9.1%	8.6%
Interest and similar income	0.4	0.7	5.6	8.7
Interest and similar expenses	42.3	40.7	56.0	56.0
Income tax expense	–24.9	–28.4	–58.4	–68.0
Profit after tax	140.1	149.9	145.4	112.3
Segment assets	4,405.3	4,671.9	4,007.5	3,881.9
Of which investments in entities consolidated according to the equity method	105.3	92.1	0.0	0.0
Net financial debt	1,465.2	1,785.3	822.9	815.0
Investments in property, plant and equipment and intangible assets	570.6	701.0	159.3	181.7
Employees (full-time equivalent)	11,103	10,891	13,490	13,470

Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
2,593.0	2,850.4	2,335.2	2,224.9	1,201.0	934.4	–1,591.0	–1,345.6	11,189.5	11,068.7
2,567.1	2,812.8	2,302.4	2,195.5	17.3	13.4	0.0	0.0	11,189.5	11,068.7
25.9	37.6	32.8	29.4	1,183.7	921.0	–1,591.0	–1,345.6	0.0	0.0
419.8	510.9	331.3	290.5	–80.3	–73.9	2.1	13.5	1,530.1	1,583.4
127.8	196.0	112.9	96.0	7.6	7.4	0.0	0.0	643.9	694.6
15.9	38.8	19.1	0.2	0.0	0.0	0.0	0.0	51.3	39.2
0.0	0.2	2.3	0.0	0.0	0.0	0.0	0.0	2.9	0.2
47.1	145.5	0.0	0.0	0.6	0.8	0.7	0.6	60.2	153.0
292.1	314.9	220.7	194.5	–88.0	–81.3	–0.2	13.5	886.2	888.8
11.3%	11.0%	9.5%	8.7%					7.9%	8.0%
2.0	3.5	1.7	3.5	191.3	198.9	–176.5	–188.2	24.5	27.1
33.9	36.5	29.1	26.5	242.5	187.5	–220.2	–189.5	183.6	157.7
–62.9	–53.2	–24.7	–25.6	35.1	28.1	–8.2	–2.1	–144.0	–149.2
197.5	228.7	168.7	145.9	297.7	48.3	–354.4	–83.0	595.0	602.1
2,770.2	3,140.9	2,021.5	2,028.2	10,390.6	10,483.5	–10,390.4	–10,199.8	13,204.7	14,006.6
99.1	5.0	0.0	0.0	5.5	6.1	9.2	9.2	219.1	112.4
654.2	700.9	400.6	413.1	–397.5	–661.0	32.7	26.6	2,978.1	3,079.9
267.8	248.2	169.8	167.5	8.8	7.1	0.1	0.2	1,176.4	1,305.7
11,685	12,675	10,328	10,470	812	861	0	0	47,418	48,367

In millions of euros

The reconciliation of the key figures EBITDA and EBIT are shown in the following tables:

EBITDA	**2014/15**	**2015/16**
Net exchange differences and result from valuation of derivatives	–1.4	12.6
Consolidation	3.5	0.9
EBITDA – Total reconciliation	**2.1**	**13.5**

In millions of euros

EBIT	**2014/15**	**2015/16**
Net exchange differences and result from valuation of derivatives	–1.4	12.6
Consolidation	1.2	0.9
EBIT – Total reconciliation	**–0.2**	**13.5**

In millions of euros

All other key figures contain solely the effects of consolidation.

Geographical information

The following table provides selected financial information subsumed into the major geographical areas. External revenue is allocated by geographical location of the customers' companies. Non-current assets and investments are reported by the geographical location of the companies.

	Austria		**European Union**		**Other countries**	
	2014/15	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**
External revenue	1,154.2	829.0	6,982.2	6,949.4	3,053.1	3,290.3
Non-current assets	4,793.2	5,088.8	1,542.2	1,572.0	1,015.1	1,401.8
Investments in property, plant and equipment and intangible assets	599.8	601.3	230.9	180.3	345.7	524.1

In millions of euros

The voestalpine Group does not record any revenue from transactions with a single external customer amounting to 10% or more of the entity's revenue.

3. Other operating income

	2014/15	2015/16
Gains on disposal and appreciation of intangible assets, property, plant and equipment	7.2	8.9
Income from reversal of provisions	49.9	51.8
Exchange profits	98.8	85.4
Income from the valuation of derivatives	16.0	14.7
Other operating income	282.5	201.2
	454.4	**362.0**

In millions of euros

In the business year 2015/16, operating income of EUR 83.3 million (2014/15: EUR 88.6 million) from the sale of products not generated in the course of ordinary activities is included in other operating income. In the business year 2014/15, gains from deconsolidation amounting to EUR 59.9 million are included in the other operating income.

4. Other operating expenses

	2014/15	2015/16
Taxes other than income taxes	21.6	20.7
Losses on disposal of property, plant and equipment	6.9	6.3
Exchange losses	73.8	91.2
Expenses from the valuation of derivatives	1.2	0.6
Other operating expenses	218.3	305.7
	321.8	**424.5**

In millions of euros

Other operating expenses include EUR 0.9 million (2014/15: EUR 2.2 million) losses from deconsolidation.

5. Share of profit of entities consolidated according to the equity method

	2014/15	2015/16
Income from associates	12.5	7.0
Expenses from associates	0.0	0.0
Income from joint ventures	47.7	146.0
Expenses from joint ventures	0.0	0.0
	60.2	**153.0**

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., GEORG FISCHER FITTINGS GmbH and Industrie-Logistik-Linz GmbH. Income from joint venture include EUR 145.8 million (including a recycling of cash flow hedges and of currency translation differences) from the transitional consolidation of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH and CNTT Chinese New Turnout Technologies Co., Ltd. – see also Chapter D. Acquisitions and other additions to the scope of consolidated financial statements. All other income from entities consolidated according to the equity method are the pro rata profits for the period– see also Chapter B. Summary of accounting policies, section general information.

6. Finance income

	2014/15	2015/16
Income from investments	3.6	3.8
Of which from affiliates	*1.8*	*2.0*
Income from other long-term securities and loans	8.1	7.2
Of which from affiliates	*0.0*	*0.0*
Other interest and similar income	16.4	19.9
Of which from affiliates	*0.2*	*0.4*
Income from disposals and fair value measurements of investment at fair value through profit or loss	15.9	1.2
	44.0	**32.1**

In millions of euros

7. Finance costs

	2014/15	2015/16
Expenses from other financial assets		
Valuation of securities	3.2	7.0
Expenses from affiliates	0.0	0.0
Other expenses	4.4	4.9
	7.6	**11.9**
Other interest and similar expenses	183.6	157.7
Of which from affiliates	*0.0*	*0.0*
	191.2	**169.6**

In millions of euros

8. Income taxes

Income taxes include income taxes paid and owed as well as deferred taxes (+ income tax expense/ – income tax benefit).

	2014/15	2015/16
Current tax expense	**126.1**	**145.2**
Effective tax expense	123.6	146.3
Adjustments of taxes from previous periods	2.5	–0.9
Recognition of tax losses from prior periods	0.0	–0.2
Deferred tax expense	**17.9**	**4.0**
Origination/reversal of temporary differences	16.1	13.1
Adjustments of taxes from previous periods	3.7	–4.2
Impact of changes in tax rates	2.6	0.6
Recognition of tax losses from prior periods	–4.5	–5.5
	144.0	**149.2**

In millions of euros

The changes in tax rates apply solely to foreign taxes.

The following reconciliation shows the difference between the Austrian corporate tax rate of 25% and the effective Group tax rate:

	2014/15		2015/16	
Profit before tax		**739.0**		**751.3**
Income tax using the Austrian corporate tax rate	25.0%	184.8	25.0%	187.8
Difference to foreign tax rates	1.1%	8.4	0.4%	2.7
Non-taxable income and expenses	–5.8%	–42.7	–3.0%	–22.7
Non-taxable income from investments	–2.0%	–14.9	–0.4%	–2.7
Effects of depreciation of investments and utilization of previously unrecognized losses carried forward and non-recognition of losses carried forward, respectively	–0.6%	–4.3	0.1%	0.3
Taxes from previous periods	0.9%	6.2	–0.7%	–5.1
Own shares	0.0%	0.0	0.0%	0.0
Other differences	0.9%	6.5	–1.5%	–11.1
Effective Group tax rate (%)/income tax expense	**19.5%**	**144.0**	**19.9%**	**149.2**

In millions of euros

9. Property, plant and equipment

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,694.2	8,846.8	1,009.0	675.4	13,225.4
Accumulated depreciation and impairment	–1,339.5	–6,378.8	–764.7	–0.6	–8,483.6
Carrying amount as of April 1, 2014	**1,354.7**	**2,468.0**	**244.3**	**674.8**	**4,741.8**
Gross carrying amount	2,851.5	9,361.1	1,022.3	939.9	14,174.8
Accumulated depreciation and impairment	–1,390.7	–6,692.1	–762.8	–0.8	–8,846.4
Carrying amount as of March 31, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Gross carrying amount	3,187.7	10,082.9	1,113.6	1,150.2	15,534.4
Accumulated depreciation and impairment	–1,499.3	–7,202.8	–823.7	–2.1	–9,527.9
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**

In millions of euros

The following table shows a reconciliation of the carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2016:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2014	**1,354.7**	**2,468.0**	**244.3**	**674.8**	**4,741.8**
Changes in the scope of consolidated financial statements	8.7	1.8	0.3	–1.9	8.9
Additions	65.1	275.7	65.0	693.0	1,098.8
Transfers	83.5	393.2	12.9	–492.8	–3.2
Disposals	–0.3	–7.0	–1.0	–2.3	–10.6
Depreciation	–67.3	–430.9	–62.5	–0.2	–560.9
Impairment	–6.2	–43.0	–1.2	0.0	–50.4
Reversal of impairment	1.4	1.3	0.2	0.0	2.9
Net exchange differences	21.2	9.9	1.5	68.5	101.1
Carrying amount as of March 31, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Changes in the scope of consolidated financial statements	61.3	73.6	8.1	6.6	149.6
Additions	192.2	325.7	78.2	646.0	1,242.1
Transfers	78.7	308.5	18.8	–407.4	–1.4
Disposals	–4.2	–4.5	–3.0	–1.1	–12.8
Depreciation	–76.6	–457.6	–67.9	0.0	–602.1
Impairment	–0.2	0.0	0.0	–0.2	–0.4
Reversal of impairment	0.2	0.0	0.0	0.0	0.2
Net exchange differences	–23.8	–34.6	–3.8	–34.9	–97.1
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**

In millions of euros

As of March 31, 2016, restrictions on the disposal of property, plant and equipment amounted to EUR 10.9 million (March 31, 2015: EUR 13.9 million). Furthermore, as of March 31, 2016, commitments for the purchase of property, plant and equipment amounted to EUR 324.2 million (March 31, 2015: EUR 698.1 million).

Borrowing costs related to qualifying assets in the amount of EUR 16.7 million (2014/15: EUR 13.9 million) were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 2.5% (2014/15: 3.5%).

As of March 31, 2016, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2015	03/31/2016
Gross carrying amount	25.2	23.4
Accumulated depreciation and impairment	–10.0	–8.6
Carrying amount	**15.2**	**14.8**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investment properties for the periods presented in the consolidated financial statements as of March 31, 2016:

	2014/15	2015/16
Carrying amount as of April 1	**15.1**	**15.2**
Transfers	0.0	0.1
Disposals	0.0	–0.6
Reversal of impairment	0.0	0.2
Net exchange differences	0.1	–0.1
Carrying amount as of March 31	**15.2**	**14.8**

In millions of euros

Investment properties are measured at cost. Depreciation is recorded in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 15.8 million (March 31, 2015: EUR 16.6 million). Rental income and expenses for investment properties are immaterial.

The carrying amount for each class of asset under finance leases is reported as follows:

	Property, plant and equipment				Intangible Assets	Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
2014/15						
Gross carrying amount	70.3	37.8	3.1	0.0	1.0	112.2
Accumulated depreciation and impairment	–27.3	–25.2	–1.7	0.0	–1.0	–55.2
Carrying amount	**43.0**	**12.6**	**1.4**	**0.0**	**0.0**	**57.0**
2015/16						
Gross carrying amount	62.8	38.2	5.8	0.0	1.0	107.8
Accumulated depreciation and impairment	–24.1	–27.2	–2.4	0.0	–1.0	–54.7
Carrying amount	**38.7**	**11.0**	**3.4**	**0.0**	**0.0**	**53.1**

In millions of euros

The present value of the minimum finance lease payments is due as follows:

	Minimum finance lease payments		Discounts on finance lease payments		Present value of the minimum finance lease payments	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Less than one year	7.6	8.8	–1.6	–1.7	6.0	7.1
Between one and five years	27.2	21.7	–2.9	–1.8	24.3	19.9
More than five years	7.3	5.7	–0.8	–0.6	6.5	5.1
	42.1	**36.2**	**–5.3**	**–4.1**	**36.8**	**32.1**

In millions of euros

The most significant finance lease agreements for buildings and production plants have a remaining term of eight years. Thereby, the Group has the option to purchase the plants at the end of the contracted period or renew the contract.

In addition to finance leases, obligations also exist under operating leases for property, plant and equipment that are not reported on the statement of financial position. These obligations are due as follows:

	2014/15	2015/16
Less than one year	50.5	51.8
Between one and five years	110.0	117.1
More than five years	49.0	72.0
	209.5	**240.9**

In millions of euros

Payments of EUR 62.8 million (2014/15: EUR 61.0 million) under operating leases have been recognized as expenses.

The most significant operating lease agreements are related to land and buildings with a lease term up to 50 years (some of them with a termination option for voestalpine companies) and with a renewal option in certain cases. At the end of the lease term there are purchase options at fair value. There are no restrictions concerning dividends, additional debt, and further leases.

Reconciliation of depreciation, amortization and impairment of property, plant and equipment and intangible assets by functional area

	2014/15	2015/16
Cost of sales	565.9	588.2
Distribution costs	20.7	24.8
Administrative expenses	21.1	21.4
Other operating expenses	36.2	60.2
	643.9	**694.6**

In millions of euros

Impairment losses and reversal of impairment losses

In the previous year, a write-down to the net fair value as part of the deconsolidation of voestalpine Plastics Solutions amounting to a total of EUR 13.9 million and impairment losses on a cash generating unit in Russia that is engaged in the production of profiles amounting to EUR 5.2 million were recognized under profit and loss in the Metal Forming Division. They are recognized under other operating expenses. Impairment losses were recognized on the activities in Russia due to the weak market environment. The recoverable amount from this cash generating unit is EUR 4.4 million. A pre-tax discount rate of 11.75% was applied.

Also in the previous year, in the Special Steel Division, impairment losses of EUR 16.3 million were recognized in one forging line (= cash generating unit) under property, plant and equipment due to negative trends in the German energy engineering industry. They are recognized under cost of sales. The recoverable amount from this cash generating unit is EUR 73.1 million. A pre-tax discount rate of 7.20% was applied.

In the previous year, for one cash generating unit in the Metal Engineering Division that works with the production of ultrafine wires, impairment losses of EUR 15.0 million were recognized under property, plant and equipment as a consequence of negative market trends due to the German energy transition. They are recognized under cost of sales. The recoverable amount from this cash generating unit is EUR 28.9 million. A pre-tax discount rate of 7.20% was applied.

In the previous year, the recoverable amount is equal to the value in use with the exception of voestalpine Plastics Solutions, which has been sold.

10. Goodwill and intangible assets with unlimited useful life

	03/31/2014	03/31/2015	03/31/2016
Gross carrying amount	1,487.7	1,485.2	1,556.7
Impairment loss	–15.4	–12.3	–12.3
Carrying amount	**1,472.3**	**1,472.9**	**1,544.4**

In millions of euros

The following table shows a reconciliation of the carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2016:

	Goodwill
Carrying amount as of April 1, 2014	**1,472.3**
Additions	6.2
Disposals	–11.4
Net exchange differences	5.8
Carrying amount as of March 31, 2015	**1,472.9**
Additions	73.0
Net exchange differences	–1.5
Carrying amount as of March 31, 2016	**1,544.4**

In millions of euros

The additions to goodwill of EUR 73.0 million include EUR 72.8 million from company acquisitions in the business year 2015/16. They also include an adjustment to the provisional purchase price allocation of Bathurst Rail Centre, Australia, from the previous year, due to an adaptation of pension obligations amounting to EUR 0.2 million.

Impairment tests for cash-generating units or groups of cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units or groups of cash-generating units:

	2014/15	2015/16
Total Steel Division	**160.1**	**160.1**
HPM Production	378.8	378.8
Value Added Services	310.9	314.9
Total Special Steel Division	**689.7**	**693.7**
Steel	25.8	25.8
Rail Technology	38.9	38.9
Tubulars	0.0	67.1
Turnout Systems	124.2	124.6
Welding Consumables	172.2	172.2
Total Metal Engineering Division	**361.1**	**428.6**
Tubes & Sections	63.0	63.0
Automotive Body Parts	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Total Metal Forming Division	**262.0**	**262.0**
voestalpine Group	**1,472.9**	**1,544.4**

In millions of euros

With regard to the value in use, goodwill is reviewed for impairment applying the discounted cash flow method. The calculation is performed on the basis of cash flows of a five-year medium-term business plan as of the beginning of March. This medium-term business plan is based on historical data as well as on assumptions regarding the expected future market performance. The Group's planning assumptions are extended to include sectoral planning assumptions. Intra-group evaluations are complemented by external market studies. The cash flows in the perpetual annuity are based on the assumption of country-specific growth derived from external sources. The capital costs are calculated as the weighted average cost of equity and the weighted average cost of borrowed capital and using the capital asset pricing model (weighted average costs of capital). The parameters used for determining the WACC are established on an objective basis.

For the purpose of comparability, the country risk premiums that were taken into account last year with a cash flow premium/discount have been included in the previous WACC values shown below.

Estimates and assumptions used to measure the recoverable amounts of cash generating units or groups of cash-generating units with a significant share of the voestalpine Group's total goodwill include:

External market and economic forecasts for the sale of flat steel products in Europe were used for the five-year medium-term business plan of the Steel Division. Due to positive feedback from individual customer segments, some quality-related adjustments were made. The production plan reflects the sales forecasts. With respect to procurement, the assumptions regarding raw materials according to global market forecasts were taken as a basis for planning. The perpetual annuity is based on an expected growth rate of 1.25%. The pre-tax WACC is 7.56% (2014/15: 7.23%).

The five-year medium-term business plan for High Performance Metals (HPM) Production was prepared under consideration of both the strategic orientation and the regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies. The internal forecasts and estimates – in particular with regard to the components business that targets sophisticated metallurgical applications in the aerospace, oil and natural gas, energy engineering, and automotive industries – rely on external sources of information and are largely consistent with them. Planning included the assumption that the demand in the oil and natural gas industries will remain at a low level, with a slight increase starting in 2017/18. In the aerospace industry, a trend of uninterrupted growth was assumed. Changes in the cost of input materials due to the price of alloys can mostly be passed on to customers. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1.74%. The pre-tax WACC is 9.72% (2014/15: 7.79%).

The planning for Value Added Services was based on both the general economic environment of the relevant industry segments as well as the growth forecasts in the regional sales markets. The different levels of economic development in the different regions will be counteracted using the appropriately formulated strategies and measures. The consolidation of the value creation chain that had already been initiated in the past, the consistent continuation of tried and tested cost-cutting and optimization programs, as well as new initiatives such as the further tightening of administrative workflows throughout the entire supply chain have played a positive role in the planning. Changes in material costs due to alloy prices can also be passed on to the market through so-called "alloy surcharges." The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.51%. The pre-tax WACC is 10.02% (2014/15: 8.26%).

The planning process of Turnout Systems was based on the five-year medium-term business plan and market forecasts of the individual companies. The planning also reflects their expectations with respect to the development of their respective general market environment and the volume of their customers' estimated demand. With regard to the most important factor cost developments, general forecasts of the development of personnel expenses and internal assumptions on the development of steel prices were integrated into the budgets. The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.51%. The pre-tax WACC is 8.94% (2014/15: 8.20%).

In addition to the generally applicable forecasts for economic growth in the relevant core markets, in particular the development and potential in the focus industries defined for the segment were taken into account for the five-year medium-term business plan for Welding Consumables. The discounted cash flow method used in the course of the impairment tests is applied using a perpetual annuity based on the last planning period. A growth factor of 1.36% was applied for the perpetual annuity. The pre-tax WACC is 8.70% (2014/15: 8.20%).

The cash flow forecasts for Automotive Body Parts are based on the regional growth forecasts and/or the medium-term production forecasts for the pan-European automobile market, particularly for the European premium brand automakers. Internal estimates correspond approximately to forecasts from outside the Group, as well as market dynamics, and was adjusted corresponding to the model portfolio for Automotive Body Parts. The fifth plan year was used to calculate the perpetual annuity based on a growth factor of 1.15%. The pre-tax WACC is 9.19% (2014/15: 7.42%).

The five-year medium-term business plan for Precision Strip was prepared under consideration of the general regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies. For the most part, internal estimates are based on external forecasts and were adjusted very slightly downward. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1.24%. The pre-tax WACC is 9.00% (2014/15: 7.28%).

The value of all goodwill was confirmed by the impairment tests. A sensitivity analysis showed that all carrying amounts would still be covered if the interest rate were to rise by one percentage point and there is no need to recognize an impairment loss. Furthermore, the cash flow sensitivity analysis showed that if the cash flows are reduced by 10%, all carrying amounts are still covered and there is no need to recognize an impairment loss. A combined sensitivity analysis of the goodwill-carrying units described above showed that, with an increase of the discount rate by one percentage point and a reduction in cash flow of 10%, the carrying amounts with three exceptions (High Performance Metals Production, Automotive Body Parts and Precision Strip) are still covered.

The following table shows the carrying amount coverage as well as the amount by which both major assumptions would have to change for the estimated recoverable amount to become equal to the carrying amount:

High Performance Metals Production

	2014/15	2015/16
Carrying amount coverage in millions of euros	559.6	336.5
Discount rate in %	1.8	1.2
Cash flow in %	–22.0	–15.1

Automotive Body Parts

	2014/15	2015/16
Carrying amount coverage in millions of euros	219.1	159.8
Discount rate in %	2.5	1.7
Cash flow in %	–28.8	–21.0

Precision Strip

	2014/15	2015/16
Carrying amount coverage in millions of euros	130.6	76.7
Discount rate in %	2.7	1.7
Cash flow in %	–29.4	–19.5

Intangible assets with unlimited useful life

The following cash-generating units and groups of cash-generating units contain intangible assets with indefinite useful lives:

	2014/15	2015/16
Special Steel Division	**155.4**	**155.4**
Welding Consumables	12.6	12.6
Total Metal Engineering Division	**12.6**	**12.6**
Precision Strip	2.6	2.6
Total Metal Forming Division	**2.6**	**2.6**
voestalpine Group	**170.6**	**170.6**

In millions of euros

Intangible assets with indefinite useful lives contain solely trademark rights. The period, during which these trademark rights are expected to generate cash flows is not subject to a foreseeable limit. Therefore, trademark rights do not depreciate and are not amortized.

11. Other intangible assets

	Brands	Other	Advance payments or payments in progress	Total
Gross carrying amount	227.6	1,082.2	43.1	1,352.9
Accumulated amortization and impairment	–13.8	–1,002.9	0.0	–1,016.7
Carrying amount as of April 1, 2014	**213.8**	**79.3**	**43.1**	**336.2**
Gross carrying amount	227.6	1,093.6	57.0	1,378.2
Accumulated amortization and impairment	–19.5	–1,013.3	–0.1	–1,032.9
Carrying amount as of March 31, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Gross carrying amount	227.6	1,263.9	56.3	1,547.8
Accumulated amortization and impairment	–25.2	–1,108.5	0.0	–1,133.7
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**

In millions of euros

The column "Brands" contains brands with an indefinite useful life amounting to EUR 170.6 million. No impairments have arisen. Moreover, a capital market funding advantage associated with the brand name Böhler-Uddeholm is contained therein. The depreciation period of the capital market funding advantage is ten years.

The following table shows a reconciliation of the carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2016:

	Brands	Other	Advance payments or payments in progress	Total
Carrying amount as of April 1, 2014	**213.8**	**79.3**	**43.1**	**336.2**
Changes in the scope of consolidated financial statements	0.0	2.2	0.0	2.2
Additions	0.0	15.7	20.9	36.6
Transfers	0.0	7.8	–2.9	4.9
Disposals	0.0	0.0	–4.9	–4.9
Amortization	–5.7	–26.0	0.0	–31.7
Impairment	0.0	–0.9	0.0	–0.9
Net exchange differences	0.0	2.2	0.7	2.9
Carrying amount as of March 31, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Changes in the scope of consolidated financial statements	0.0	124.0	0.0	124.0
Additions	0.0	20.1	17.8	37.9
Transfers	0.0	19.3	–18.2	1.1
Disposals	0.0	–0.1	0.0	–0.1
Amortization	–5.7	–47.4	0.0	–53.1
Impairment	0.0	–38.8	0.0	–38.8
Net exchange differences	0.0	–2.0	–0.2	–2.2
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**

In millions of euros

The functional areas of cost of sales, distribution costs, administrative expenses, and other operating expenses may include amortization of intangible assets.

As of March 31, 2016, commitments for the acquisition of intangible assets amounted to EUR 5.0 million (March 31, 2015: EUR 3.7 million). Additions to "Advance payments or payments in progress" contain EUR 13.7 million (March 31, 2015: EUR 15.7 million) in capitalized development costs for a software project intended to depict cross-company business processes and business processes that have been harmonized within the Steel Division. The carrying amount as of March 31, 2016 is EUR 60.2 million (March 31, 2015: EUR 47.8 million).

Impairment losses and reversal of impairment losses

In the Metal Engineering Division, impairment losses of EUR 38.8 million were reported under intangible assets for a cash-generating unit that deals with the production of seamless tubes, as a consequence of negative market trends, in particular the considerable reduction in the prices of oil and gas. These are recognized under other operating expenses. The recoverable amount from these assets is EUR 48.2 million. The pre-tax discount rates applied are between 6.01% and 6.99%.

12. Investments in entities consolidated according to the equity method and other financial assets

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans granted	Advance payments	Total
Gross carrying amount	17.2	114.4	100.3	56.8	6.9	27.9	0.0	323.5
Accumulated depreciation	–7.1	0.0	0.0	–7.9	–0.1	–3.0	0.0	–18.1
Carrying amount as of April 1, 2014	**10.1**	**114.4**	**100.3**	**48.9**	**6.8**	**24.9**	**0.0**	**305.4**
Gross carrying amount	16.6	117.1	102.0	55.3	3.8	19.8	0.0	314.6
Accumulated depreciation	–6.3	0.0	0.0	–10.9	0.2	–0.9	0.0	–17.9
Carrying amount as of March 31, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Gross carrying amount	17.5	109.4	3.2	54.9	3.3	18.2	0.2	206.7
Accumulated depreciation	–6.8	–0.2	0.0	–16.8	0.1	–0.8	0.0	–24.5
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investments in entities consolidated according to the equity method and other financial assets for the periods presented in the consolidated financial statements as of March 31, 2016:

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans granted	Advance payments	Total
Carrying amount as of April 1, 2014	**10.1**	**114.4**	**100.3**	**48.9**	**6.8**	**24.9**	**0.0**	**305.4**
Changes in the scope of consolidated financial statements	0.0	–2.5	0.0	0.0	0.0	–3.0	0.0	–5.5
Additions	0.2	1.0	0.0	0.6	0.6	–0.6	0.0	1.8
Transfers	0.0	–3.8	0.0	0.0	–1.1	–0.1	0.0	–5.0
Disposals	0.0	0.0	–5.1	0.0	–2.4	–1.0	0.0	–8.5
Impairment	0.0	0.0	0.0	–5.1	0.0	–1.5	0.0	–6.6
Revaluation	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Net exchange differences	0.0	8.0	6.8	0.0	0.0	0.2	0.0	15.0
Carrying amount as of March 31, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Changes in the scope of consolidated financial statements	0.9	0.0	–98.6	0.0	0.0	0.2	0.0	–97.5
Additions	0.0	0.0	0.1	0.0	0.0	0.6	0.2	0.9
Transfers	0.0	0.0	0.0	–0.4	0.0	–0.3	0.0	–0.7
Disposals	0.0	–3.9	0.0	0.0	–0.6	–1.7	0.0	–6.2
Impairment	–0.5	–0.2	0.0	–5.9	0.0	0.0	0.0	–6.6
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net exchange differences	0.0	–3.8	–0.3	0.0	0.0	–0.3	0.0	–4.4
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**

In millions of euros

Loans granted comprise the following items:

	03/31/2014	03/31/2015	03/31/2016
Loans to affiliates	0.9	0.7	0.6
Other loans	14.8	10.6	9.3
Other receivables from financing	9.2	7.6	7.5
	24.9	**18.9**	**17.4**

In millions of euros

Other current investments include securities of the V54 fund of funds amounting to EUR 325.2 million (March 31, 2015: EUR 381.2 million), and other securities amounting to EUR 30.6 million (March 31, 2015: EUR 24.4 million).

The fund assets of the V54 fund of funds, which represent a carrying amount of current securities amounting to EUR 21.5 million (March 31, 2015: EUR 21.9 million) in the consolidated financial statements, are pledged for investment loans granted by the European Investment Bank.

Following the disposal of Wuppermann Austria Gesellschaft m.b.H. (part of the operating segment Steel Division) in the business year 2014/15, only VA Intertrading Aktiengesellschaft was recognized – as in the previous year –under other current financial investments, as the prerequisites for the application of IFRS 5 provisions have now been met; however, as these are immaterial and negligible, it is not appropriate to list them as a separate line item in the consolidated statement of financial position. VA Intertrading Aktiengesellschaft is part of the operating segment Other.

13. Deferred taxes

The tax effects of temporary differences, tax losses carried forward, and tax credits that result in a recognition of deferred tax assets and liabilities include the following items:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2015	03/31/2016	03/31/2015	03/31/2016
Non-current assets	23.5	45.8	140.3	156.6
Current assets	95.9	67.7	122.6	73.5
Non-current provisions and liabilities	228.1	212.4	28.9	35.1
Current provisions and liabilities	54.4	34.2	37.0	30.9
Losses carried forward	51.8	49.2	0.0	0.0
	453.7	**409.3**	**328.8**	**296.1**
Intercompany profit elimination (netted)	26.4	21.8	0.0	0.0
Hidden reserves (netted)	0.0	0.0	91.2	113.5
Acquisition-related tax credit	108.4	90.3	0.0	0.0
Other	16.3	17.0	9.2	8.4
Netting of deferred taxes to the same tax authority	–366.1	–296.0	–366.1	–296.0
Net deferred taxes	**238.7**	**242.4**	**63.1**	**122.0**

In millions of euros

Pursuant to IAS 12.34, the tax benefit from the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft is reported as unused tax credit and will be released as a deferred tax expense over a period of 14 years with an amount of EUR 18.1 million per year (remaining term five years). This is offset by actual tax savings.

With its decision of January 30, 2014, the Higher Administrative Court *(Verwaltungsgerichtshof)* directed a request for a preliminary ruling to the ECJ (Higher Administrative Court 30/1/2014, EU 2014/0001-1 (2013/15/0186)). Among other issues, this request contained the question of whether, when acquiring a domestic equity interest, goodwill amortization constitutes state aid within the framework of group taxation in Austria, as defined by Art 107 (1) of the Treaty on the Functioning of the European Union (TFEU). Following ruling C-166/14 of the ECJ in October 6, 2015, the question of whether this constitutes state aid has no connection with the main proceedings, so the question was inadmissible. In a decision dated February 10, 2016, the Higher Administrative Court subsequently ruled that this does not constitute prohibited state aid. Thus, the risk of rescission that was previously declared no longer exists.

Deferred tax assets on losses carried forward in the amount of EUR 49.2 million (March 31, 2015: EUR 51.8 million) were recognized. As of March 31, 2016, there is a total of unused tax losses of approximately EUR 251.9 million (corporate income tax) (March 31, 2015: total of approximately EUR 217.4 million), for which no deferred tax asset has been recognized. Up to 2026, approximately EUR 48.0 million of tax loss carryforwards (corporate income tax) will expire.

No deferred tax liabilities are shown for the taxable temporary differences due on investments in subsidiaries, joint ventures, and associates of EUR 2,529.5 million (March 31, 2015: EUR 2,269.4 million) because the parent company is able to control the timing of the reversal of the temporary differences and no reversal of the temporary differences is expected in the foreseeable future.

The change in the balance between deferred tax assets and liabilities amounts to EUR –55.2 million (March 31, 2015: EUR 25.5 million). This essentially corresponds to the deferred tax expense of EUR 4.0 million (March 31, 2015: EUR 17.9 million) less the deferred tax assets recognized in the other comprehensive income in the amount of EUR –4.4 million (March 31, 2015: EUR 42.4 million) and less the deferred taxes of initial consolidation in the amount of EUR –43.6 million.

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2014/15	03/31/2015	Change 2015/16	03/31/2016
Deferred taxes on actuarial gains/losses	53.3	165.2	–12.6	152.6
Deferred taxes on cash flow hedges	–7.4	–4.8	6.5	1.7
Deferred taxes on net investment hedges	–3.5	–3.5	3.5	0.0
Total of deferred taxes recognized in other comprehensive income	**42.4**	**156.9**	**–2.6**	**154.3**

In millions of euros

14. Inventories

	03/31/2015	03/31/2016
Raw materials and supplies	940.3	912.2
Work in progress	861.7	850.3
Finished goods	955.9	997.1
Merchandise	204.7	188.8
As yet unbillable services	5.5	7.1
Advance payments	9.4	17.6
	2,977.5	**2,973.1**

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 121.3 million (March 31, 2015: EUR 110.4 million) are recorded in the consolidated financial statements. The carrying amount of the inventories that have been written down to the lower net realizable value amounts to EUR 567.6 million (March 31, 2015: EUR 572.2 million). As of March 31, 2016, no inventories (March 31, 2015: EUR 2.9 million) are pledged as security for liabilities. An amount of EUR 5,547.6 million (March 31, 2015: EUR 6,011.5 million) has been recognized as cost of materials.

15. Trade and other receivables

	03/31/2015	*Remaining term over one year*	03/31/2016	*Remaining term over one year*
Trade receivables	1,220.4	*1.2*	1,134.3	*1.0*
Other receivables and other assets	447.5	*15.4*	379.0	*8.7*
	1,667.9	***16.6***	**1,513.3**	***9.7***

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2015	03/31/2016
Aggregate amount of costs incurred up to the reporting date	168.4	172.8
Aggregate amount of accrued profits up to the reporting date	30.2	22.9
Aggregate amount of incurred losses up to the reporting date	–10.3	–10.8
Gross receivables from construction contracts	**188.3**	**184.9**
Less amount of advances received	–127.0	–121.5
Receivables from construction contracts	**61.3**	**63.4**

In millions of euros

Liabilities include the following liabilities from construction contracts:

	03/31/2015	03/31/2016
Aggregate amount of costs incurred up to the reporting date	5.6	12.0
Aggregate amount of accrued profits up to the reporting date	1.0	6.0
Aggregate amount of incurred losses up to the reporting date	0.0	0.0
Gross liabilities from construction contracts	**6.6**	**18.0**
Less amount of advances received	–9.0	–22.2
Liabilities from construction contracts	**–2.4**	**–4.2**

In millions of euros

Revenue from construction contracts amount to EUR 217.3 million in the business year 2015/16 (2014/15: EUR 180.3 million).

16. Cash and cash equivalents

	03/31/2015	03/31/2016
Cash on hand, cash at banks, checks	464.5	774.8

In millions of euros

17. Equity

Share capital (incl. disclosures in accordance with Sec. 241 of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)*)

As of March 31, 2016, the share capital amounts to EUR 317,851,287.79 (March 31, 2015: EUR 313,309,235.65) and is divided into 174,949,163 (March 31, 2015: 172,449,163) ordinary no-par value shares unchanged compared to the previous year. All shares are fully paid up.

Under Sec. 4 (2a) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, with the consent of the Supervisory Board, to increase the company's share capital by up to EUR 125,323,693.90 by issuing up to 68,979,665 shares (= 40%) against cash contributions, if necessary in several tranches (Authorized Capital 2014/I). The Management Board did not exercise this authority during the reporting period.

Under Sec. 4 (2b) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, with the consent of the Supervisory Board, to increase the company's share capital by up to EUR 31,330,923.02 by issuing up to 17,244,916 shares (= 10%) against contributions in kind and/or cash contributions to issue shares to employees, executives and members of the Management Board of the Company or an affiliated company – if necessary in several tranches – as well as the right to exclude the shareholders' legal subscription right when (i) the capital increase is done against contributions in kind, which means that shares are issued for the purpose of acquiring companies, operations, partial operations, or shares in one or more companies located in Austria or abroad, or (ii) the capital increase is performed for the purpose of issuing shares to employees, executives and members of the Management Board of the Company or an affiliated company in the context of an employee stock ownership plan (Authorized Capital 2014/II). The Management Board of voestalpine AG decided on March 9, 2015, to use this authorization to increase the share capital of voestalpine AG by issuing 2,500,000 new no-par bearer shares, or by 1.45%, for the purpose of issuing shares to employees and executives of the Company and affiliated companies in the context of an existing employee stock ownership plan. This capital increase was entered into the Commercial Register on April 25, 2015.

Under Sec. 4 (6) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the Company by up to EUR 31,330,923.02 by issuing up to 17,244,916 ordinary no-par value bearer shares (= 10%) for issuance to creditors of financial instruments within the meaning of Sec. 174 of the Austrian Stock Corporation Act *(Aktiengesetz, AktG)* (convertible bonds, income bonds, or participation rights); the Management Board was authorized to issue these shares during the Annual General Meeting on July 2, 2014 (contingent capital increase). During the reporting period, the Management Board did not exercise the authority granted on July 2, 2014, to issue financial instruments within the meaning of Sec. 174 of the Austrian Stock Corporation Act.

During the Annual General Meeting on July 1, 2015, the Management Board was authorized to repurchase own shares for a term of validity of 30 months, representing no more than 10% of the respective share capital. The repurchase price may not be more than 20% below or 10% above the average closing price of the shares on the three market trading days prior to the repurchase. The Management Board did not exercise this authority during the reporting period.

Capital reserves mainly include the share premium (net of capital funding costs), gains/losses from the sale of own shares, and share-based compensation.

Reserves for own shares include the deducted cost of acquisition and the increase in equity from disposal of own shares at cost.

Retained earnings include the profit after tax less dividend distributions. When increasing or decrease majority interests, the difference between the cost of acquisition for the additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in retained earnings. Actuarial gains and losses from severance and pension obligations are recognized directly in the retained earnings in the year in which they are incurred.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

The hedging reserve comprises gains and losses from the effective portion of the cash flow hedges. The cumulative gains or losses from hedged transactions recognized in the reserves are not recognized in the income statement until the hedged transaction also affects the result.

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2016, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
Balance as of April 1, 2014	**172,449,163**	**28,597**	**172,420,566**
Balance as of March 31, 2015	**172,449,163**	**28,597**	**172,420,566**
Additions	2,500,000		2,500,000
Balance as of March 31, 2016	**174,949,163**	**28,597**	**174,920,566**

Shares

Hybrid capital

In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinate undated bond (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond 2007 to exchange the bond for a new hybrid bond at a 1:1 ratio. The outstanding nominal value of the hybrid bond 2007 as a result of this exchange was thus EUR 500 million. The coupon of the hybrid bond 2013 is 7.125% until October 31, 2014, 6% from October 31, 2014, to October 31, 2019, the 5-year swap rate +4.93% from October 31, 2019, to October 31, 2024, and the 3-month EURIBOR +4.93% plus a step-up of 1% starting October 31, 2024. The hybrid bond 2013 can be first called in and redeemed by voestalpine AG, but not the creditors, on October 31, 2019.

The hybrid bond 2007 was completely terminated and redeemed on the first possible call date for this bond, namely October 31, 2014 (redemption date). The hybrid bond 2013 was not affected by this call of hybrid bond 2007. A total of EUR 71.3 million was paid out on October 31, 2014 for interest on the hybrid bond 2007 and the hybrid bond 2013. A total of EUR 30.0 million was paid out on October 31, 2015 for interest on the hybrid bond 2013.

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also presented as part of the appropriation of profit.

The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million tax effect. Therefore hybrid capital amounts to EUR 497.9 million in equity – see therefore Chapter B. Summary of accounting policies, section general information.

Share-based compensation

Due to the practice of granting employees voestalpine shares as part of the annual profit bonus, 29,000 shares with a market value of EUR 1.0 million (2014/15: EUR 0.0 million) were taken from equity to pay for this, and 69,000 shares with a value of EUR 1.7 million (2014/15: EUR 1.0) were added to equity.

18. Pensions and other employee obligations

	03/31/2015	03/31/2016
Provisions for severance payments	606.0	598.0
Provisions for pensions	526.0	491.4
Provisions for long-service bonuses	135.3	139.7
	1,267.3	**1,229.1**

In millions of euros

Provisions for severance payments

	2014/15	2015/16
Present value of defined benefit obligation (DBO) as of April 1	**499.9**	**606.0**
Service costs for the period	10.7	14.6
Past service costs	0.0	0.3
Interest costs for the period	16.5	9.3
Gains (–)/Losses (+) on plan settlement	0.0	–0.6
Changes in the scope of consolidated financial statements	0.1	26.1
Severance payments	–25.6	–27.8
Actuarial gains (–)/losses (+) due to changes in financial assumptions	106.8	–27.4
Actuarial gains (–)/losses (+) due to experience-based adjustments	–2.7	0.5
Plan settlements	0.0	–2.9
Other	0.3	–0.1
Present value of defined benefit obligation (DBO) as of March 31	**606.0**	**598.0**

In millions of euros

Provisions for pensions

	Present value of DBO	Plan Assets	Provisions for pensions
As of April 1, 2014	**830.9**	**–417.6**	**413.3**
Service costs for the period	9.1	0.0	9.1
Past service costs	0.3	0.0	0.3
Net interest for the period	26.4	–12.2	14.2
Return on plan assets (excluding amounts included in net interest)	0.0	–40.3	–40.3
Gains (–)/Losses (+) on plan settlement/curtailment	–23.8	0.0	–23.8
Changes in the scope of consolidated financial statements	–62.4	54.1	–8.3
Pension payments	–38.4	23.2	–15.2
Net exchange differences	9.5	–10.7	–1.2
Employer contributions/repayments	0.0	–5.6	–5.6
Contributions by plan participants	0.0	–1.6	–1.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	190.3	0.0	190.3
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	–2.7	0.0	–2.7
Actuarial gains (–)/losses (+) due to experience-based adjustments	–3.2	0.0	–3.2
Plan settlements	–31.4	31.1	–0.3
Other	0.9	0.1	1.0
As of March 31, 2015	**905.5**	**–379.5**	**526.0**

In millions of euros

Provisions for pensions

	Present value of DBO	Plan Assets	Provisions for pensions
As of April 1, 2015	**905.5**	**–379.5**	**526.0**
Service costs for the period	10.3	0.0	10.3
Past service costs	–0.5	0.0	–0.5
Net interest for the period	15.3	–5.7	9.6
Return on plan assets (excluding amounts included in net interest)	0.0	15.3	15.3
Gains (–)/Losses (+) on plan settlement/curtailment	–7.6	0.0	–7.6
Changes in the scope of consolidated financial statements	5.8	–3.4	2.4
Pension payments	–34.2	18.8	–15.4
Net exchange differences	–8.7	5.8	–2.9
Employer contributions/repayments	0.0	2.3	2.3
Contributions by plan participants	0.0	–0.5	–0.5
Actuarial gains (–)/losses (+) due to changes in financial assumptions	–46.2	0.0	–46.2
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	0.4	0.0	0.4
Actuarial gains (–)/losses (+) due to experience-based adjustments	–1.7	0.0	–1.7
Plan settlements	–64.2	64.2	0.0
Other	–0.2	0.1	–0.1
As of March 31, 2016	**774.0**	**–282.6**	**491.4**

In millions of euros

The conversion of pension obligations from defined benefit pension plans to defined contribution plans for a number of Dutch companies was completed in the 2015/16 business year. The process of converting all future pension entitlements began in January 2013; from this time on they were built up in the industry-wide pension fund (PME). In the business years 2013/14 and 2014/15, existing pension obligations for current and previous employees were outsourced to the pension fund. In one last step during the 2015/16 business year, a collective agreement was made with all participants in the benefit plan that were already retired concerning future indexing obligations. This resulted in a final settlement of the defined benefit plan, and means that additional payment liabilities on the part of the Group companies are now excluded.

The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2016, are as follows:

2014/15

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Assets Total
Debt instruments	53.3%	0.1%	53.4%
Equity instruments	27.0%	0.0%	27.0%
Property	1.4%	1.3%	2.7%
Cash and cash equivalents	4.0%	0.1%	4.1%
Insurance	0.0%	3.8%	3.8%
Other assets	4.7%	4.3%	9.0%
Total	**90.4%**	**9.6%**	**100.0%**

2015/16

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Assets Total
Debt instruments	48.6%	0.0%	48.6%
Equity instruments	25.7%	0.0%	25.7%
Property	0.7%	2.3%	3.0%
Cash and cash equivalents	7.1%	0.1%	7.2%
Insurance	0.0%	9.9%	9.9%
Other assets	5.6%	0.0%	5.6%
Total	**87.7%**	**12.3%**	**100.0%**

The plan assets include own shares with a fair value of EUR 0.9 million (March 31, 2015: EUR 1.4 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future investment returns. The calculation of the provisions for pensions was based on an expected interest rate of 1.5% on plan assets. The actual interest rate was –2.5%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 26.9 million (2014/15: EUR 30.4 million).

The sensitivity analysis of the key actuarial assumptions used to determine defined benefit obligations is depicted below:

Sensitivities

	Interest rate		**Salary/wage increases**		**Pension increases**	
	+1.0%	**–1.0%**	**+0.5%**	**–0.5%**	**+0.25%**	**–0.25%**
Pensions	–13.3%	+17.0%	+0.8%	–0.7%	+3.0%	–2.8%
Severance	–10.2%	+12.2%	+5.6%	–5.2%		

Group-wide figures were determined for the effects associated with the interest rate, wage and salary increases, and pension increases. The sensitivities are not determined by way of estimates or approximations, but by way of comprehensive analyses, which vary the parameters.

For the business year 2016/17, the expected contributions to the defined benefit plans amount to EUR 15.6 million.

The interest-weighted, average duration for pension plans is 15.2 years and 11.3 years for severance payments.

Provisions for long-service bonuses

	2014/15	2015/16
Present value of long-service bonus obligations (DBO) as of April 1	**116.1**	**135.3**
Service costs for the period	6.2	8.8
Interest costs for the period	3.7	2.0
Changes in the scope of consolidated financial statements	–1.0	5.8
Long-service bonus payments	–11.5	–9.0
Actuarial gains (–)/losses (+) due to changes in assumptions	22.8	–6.6
Actuarial gains (–)/losses (+) due to experience-based adjustments	–1.4	3.6
Other	0.4	–0.2
Present value of long-service bonus obligations (DBO) as of March 31	**135.3**	**139.7**

In millions of euros

Expenses/revenue relative to provisions for severance payments, pensions, and long-service bonuses recognized in the income statement are categorized as follows:

	2014/15	2015/16
Service costs for the period	26.3	33.5
Net interest for the period	34.4	20.9
Gains (–)/Losses (+) on plan settlement/curtailment	–23.8	–8.2
Actuarial gains (–)/losses (+) from long-service bonus obligations	21.4	–3.0
Expenses/revenue recognized in the income statement	**58.3**	**43.2**

In millions of euros

Net interest for the period is recognized in the finance costs.

19. Provisions

	Balance as of 04/01/2015	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2016
Non-current provisions								
Other personnel expenses	26.0	0.0	–0.1	–7.9	–0.1	1.0	4.5	23.4
Warranties and other risks	6.8	0.0	0.0	–2.5	–0.2	2.8	3.9	10.8
Other non-current provisions	37.6	0.1	–0.8	–3.3	–0.3	–6.0	10.1	37.4
	70.4	**0.1**	**–0.9**	**–13.7**	**–0.6**	**–2.2**	**18.5**	**71.6**
Current provisions								
Unused vacation entitlements	126.1	4.3	–1.3	–77.2	–0.2	–0.1	79.7	131.3
Other personnel expenses	156.2	7.5	–2.5	–142.3	–15.1	–1.1	166.8	169.5
Warranties and other risks	46.6	5.0	–1.1	–11.5	–8.4	–1.8	25.2	54.0
Onerous contracts	19.7	3.7	–0.5	–12.1	–2.4	1.7	52.4	62.5
Other current provisions	165.0	0.9	–1.3	–78.8	–25.0	3.1	86.0	149.9
	513.6	**21.4**	**–6.7**	**–321.9**	**–51.1**	**1.8**	**410.1**	**567.2**
	584.0	**21.5**	**–7.6**	**–335.6**	**–51.7**	**–0.4**	**428.6**	**638.8**

In millions of euros

The provisions for personnel expenses mainly include bonuses. Provisions for warranties and other risks as well as onerous contracts apply to current operating activities. The other provisions mainly consist of provisions for commissions, litigation, legal, and consulting fees, and environmental protection obligations.

The amount recognized as a provision for warranties and other risks is calculated as the most reliable estimated value of the amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value, which is based on the probability of occurrence of an event according to past experience.

Provisions for onerous contracts are recognized when the earnings expected to be derived by the Group from contracts are lower than the unavoidable cost of meeting its obligations under these contracts. Before recognizing a separate provision for onerous contracts, the Group recognizes an impairment loss on the assets associated with such contracts.

The provisions recognized in the annual financial statements 2014/15 in the amount of EUR 53.6 million for the antitrust proceedings and associated actions and costs relative to railway superstructure material as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 43.1 million due to the use of these provisions in the business year 2015/16.

The European Court of Justice (ECJ) has now reduced the fines handed down by the EU Commission (in October 2010) in connection with the European prestressing steel cartel. voestalpine also profits from this decision; its fine was reduced from the original amount of EUR 22 million to EUR 7.5 million. The provisions from the previous year of EUR 19.0 million (including provisions for interest) were reduced by the amount of the fine, which was EUR 8.4 million (including interest). The remaining provisions amounting to EUR 10.6 million were released to income.

Companies of the Special Steel Division of the voestalpine Group are affected by proceedings of the German Federal Cartel Office *(Bundeskartellamt)* that became known as of November 26, 2015 due to searches of the premises of voestalpine's competitors. voestalpine is taking these proceedings very seriously, is cooperating with the authorities, and currently does not expect that significant fines will be imposed against voestalpine in these proceedings. No provisions were formed in this regard in the current reporting period.

Increases in provisions totaling EUR 6.4 million (2014/15: EUR 3.5 million) are included in the reporting period, based on accrued interest and on changes in the discount rate.

20. Financial liabilities

	Up to one year		Over one year	
	03/31/2015	**03/31/2016**	**03/31/2015**	**03/31/2016**
Bank loans and bonds	742.6	851.9	2,913.8	3,256.5
Liabilities from finance leases	6.0	7.1	30.8	25.0
Liabilities from affiliates	12.5	14.5	0.0	0.0
Liabilities from other investments	71.9	0.0	0.0	0.0
Other payables and liabilities	57.2	24.7	60.0	61.3
	890.2	**898.2**	**3,004.6**	**3,342.8**

In millions of euros

On February 3, 2011, voestalpine AG issued a corporate bond amounting to EUR 500.0 million. The bond will be redeemed on February 5, 2018. The interest rate amounts to 4.75% p.a.

On October 5, 2012, voestalpine AG issued a corporate bond with a volume of EUR 500.0 million. The bond will be redeemed on October 5, 2018. The interest rate amounts to 4.00% p.a.

On October 14, 2014, voestalpine AG issued a fixed interest bond of EUR 400.0 million. The bond will be redeemed in October 2021 and carries an annual interest rate of 2.25%

In the business year 2015/16 there were ongoing buybacks of corporate bonds from 2012–2018 and 2011-2018. EUR 24.4 million were repurchased from the total nominal amount of the 2012–2018 corporate bond and EUR 25.0 million from the total nominal amount of the 2011–2018 corporate bond.

21. Trade and other payables

	03/31/2015	03/31/2016
Prepayments received on orders	70.3	102.3
Trade payables	1,209.7	1,101.1
Trade payables with reverse factoring agreements	50.8	37.4
Liabilities from bills of exchange accepted and drawn	394.6	299.4
Other liabilities from taxes	88.4	88.8
Other liabilities related to social security	45.1	47.8
Other payables and liabilities	344.4	349.0
	2,203.3	**2,025.8**

In millions of euros

22. Contingent liabilities

	03/31/2015	03/31/2016
Liabilities from the issue and transfer of bills of exchange	2.5	1.9
Surety bonds and guarantees	3.0	1.5
	5.5	**3.4**

In millions of euros

The federal finance court has directed a request for a preliminary ruling to the ECJ with regard to the Austrian energy fee compensation (BFG 10/31/2014, RE/5100001/2014). The energy fee compensation was restricted to production companies through the amendment to the Energy Fee Compensation Act in the budget act of 2011, applicable to the periods after December 31, 2010. The questions are concerned with a violation of obligations of the General Group Approval Ordinance *(AGVO)*, absent environmental protection measures in the compensation ruling, and the lack of a time limit of the approval. The classification of the energy fee compensation as "financial assistance" raised the possibility of retroactive activity for the time periods after December 31, 2010. At this time, the occurrence of the risk of a reversal is considered unlikely.

23. Financial instruments

General information

The principal financial instruments used by the voestalpine Group consist of bank loans, bonds, borrower's notes, and trade payables. The primary aim of the financial instruments is to finance the business activities of the Group. The Group holds various financial assets, such as trade receivables, short-term deposits, and non-current investments, which result directly from the Group's business activities.

The Group also uses derivative financial instruments. These instruments mainly include interest rate swaps, forward exchange transactions, and commodity swaps. These derivative financial instruments are used to hedge interest rate and currency risks and risks from fluctuations in raw materials prices, which result from the business activities of the Group and its sources of financing.

Capital management

In addition to ensuring availability of the liquidity necessary to support business activities and maximizing shareholder value, the primary objective of the Group's capital management is to ensure appropriate creditworthiness and a satisfactory equity ratio.

Capital management in the voestalpine Group is performed using the net financial debt to EBITDA ratio and the gearing ratio, i.e., the net financial debt to equity ratio. Net financial debt consists of interest-bearing loans less financing receivables and other loan receivables, securities, cash and cash equivalents. Equity includes non-controlling interests in Group companies and the hybrid capital.

The target amount for the gearing ratio is 50% and may only be exceeded up to a maximum of 75% for a limited period of time. The net financial debt to EBITDA ratio may not exceed 3.0. All growth measures and capital market transactions are based on these ratios.

The following table shows these two ratios for the reporting period:

	03/31/2015	03/31/2016
Gearing ratio in %	58.2%	54.5%
Net financial debt to EBITDA ratio	1.9	1.9

Financial risk management – Corporate finance organization

Financial risk management also includes the area of raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities for both the Group Treasury and individual Group companies. In addition, they govern the areas of pooling, money market, credit and securities management, currency, interest rate, liquidity, and commodity price risk, and reporting. The Group Treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which guarantees a six-eyes principle. Policies, policy compliance, and the ICS conformity of business processes are additionally audited at regular intervals by an external auditor.

It is part of the voestalpine Group's corporate policy to continuously monitor, quantify, and, where reasonable, hedge financial risks. The Group's willingness to accept risk is relatively low. The strategy aims at achieving natural hedges and reducing fluctuations in cash flows and income. Market risks are largely hedged by means of derivative financial instruments.

To quantify interest rate risk, voestalpine AG uses interest rate exposure and fair value risk as indicators. Interest rate exposure quantifies the impact of a 1% change in the market interest rate on interest income and interest expenses. Fair value risk means the change in the fair value of an interest rate-sensitive item with a 1% parallel shift of the interest yield curve.

voestalpine AG uses the "@risk" concept to quantify currency risk. The maximum loss within one year is determined with 95% certainty. Risk is calculated for the open position, which is defined as the budgeted quantity for the next twelve months less the quantity that has already been hedged. The variance-covariance approach is used to evaluate foreign currency risk.

Liquidity risk – Financing

Liquidity risk refers to the risk of not being able to fulfill the payment commitments due to insufficient means of payment.

The primary instrument for controlling liquidity risk is a precise financial plan that is submitted quarterly by the operating entities directly to the Group Treasury of voestalpine AG. The funding requirements with regard to financing and bank credit lines are determined based on the consolidated results.

Working capital is financed by the Group Treasury. A central clearing system performs intra-group netting daily. Entities with liquidity surpluses indirectly put these funds at the disposal of entities requiring liquidity. The Group Treasury places any residual liquidity with their principal banks. This allows the volume of outside borrowing to be decreased and net interest income to be optimized.

Financing is carried out in the local currency of the borrower in order to avoid exchange rate risk or is currency-hedged using cross-currency swaps.

voestalpine AG holds securities and current investments as a liquidity reserve. As of March 31, 2016, non-restricted securities amounted to EUR 334.3 million (March 31, 2015: EUR 383.8 million). Furthermore, cash and cash equivalents in the amount of EUR 774.8 million (March 31, 2015: EUR 464.5 million) are reported in the consolidated financial statements.

Additionally, adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have not been drawn. In addition to the possibility of exhausting these financing arrangements, contractually guaranteed credit lines of EUR 711 million (2014/15: EUR 896 million) are available to bridge any economic downturns.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 20 different domestic and foreign banks. Covenants agreed for a minor part of the total credit volume with a single bank are adhered to. The capital market is also used as a source of financing. The following capital market transactions were performed in the business year 2014/15:

Issue of new borrower's notes	EUR 221.0 million
Issue of new borrower's notes	USD 100.0 million
Restructuring of existing borrower's notes	
Early extensions	EUR 250.0 million
Early repayment	EUR 337.5 million
Issue of a new senior bond	EUR 400.0 million

The capital increase decided by the Management Board on March 9, 2015, and approved by the Supervisory Board on March 26, 2015, was entered on April 25, 2015 in the amount of 2.5 million shares and is therefore effective as of this date.

A maturity analysis of all liabilities existing as of the reporting date is presented below:

Liabilities

	Due within one year		Due between one and five years		Due after more than five years	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Bonds	0.0	0.0	995.4	947.6	391.8	392.9
Bank loans	742.6	851.9	1,349.9	1,545.5	176.7	370.5
Trade payables	1,260.4	1,136.2	0.1	2.3	0.0	0.0
Liabilities from finance leases	6.0	7.1	24.3	19.9	6.5	5.1
Liabilities from foreign currency hedges and commodity hedges	13.0	7.6	0.0	0.0	0.0	0.0
thereof designated as hedge accounting	1.4	3.1	0.0	0.0	0.0	0.0
Liabilities from interest hedges (incl. Cross-Currency-Swaps)	0.0	5.1	15.8	7.5	0.0	0.0
thereof designated as hedge accounting	0.0	0.0	4.4	4.5	0.0	0.0
Other financial liabilities	141.6	39.1	9.9	36.2	50.1	25.1
Total liabilities	**2,163.6**	**2,047.0**	**2,395.4**	**2,559.0**	**625.1**	**793.6**

In millions of euros

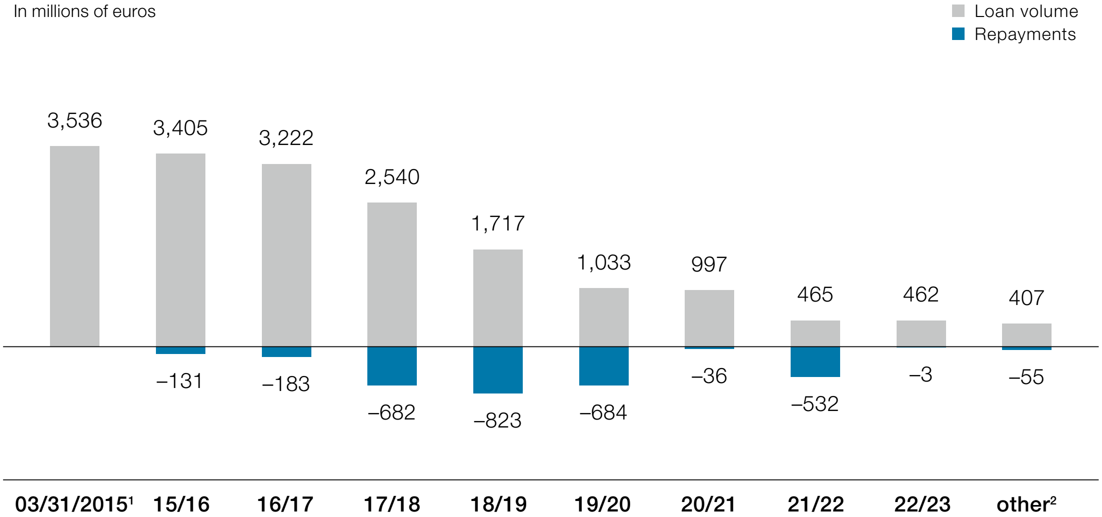
As estimated as of the reporting date, the following (prospective) interest charges correspond to these existing liabilities:

	Due within one year		Due between one and five years		Due after more than five years	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Interest on bonds	52.8	50.6	143.5	96.6	18.0	9.0
Interest on bank loans	38.3	40.5	95.3	78.1	13.7	14.5
Interest on liabilities from finance leases	1.6	1.7	2.9	1.8	0.8	0.6
Interest on interest hedges (incl. Cross-Currency-Swaps)	7.6	13.4	13.6	8.5	0.0	0.0
Interest on other financial liabilities	1.4	1.6	0.0	6.2	0.0	3.0
Total interest charges	**101.7**	**107.8**	**255.3**	**191.2**	**32.5**	**27.1**

In millions of euros

As of March 31, 2015, the maturity structure of the loan portfolio has the following repayment profile for the next several years:

Loan portfolio maturity structure as of March 31, 2015



[1] Debit balances with banks not included [2] Contains EUR 406.1 million of revolving export loans

As of March 31, 2016, the maturity structure of the loan portfolio has the following repayment profile for the next several years:

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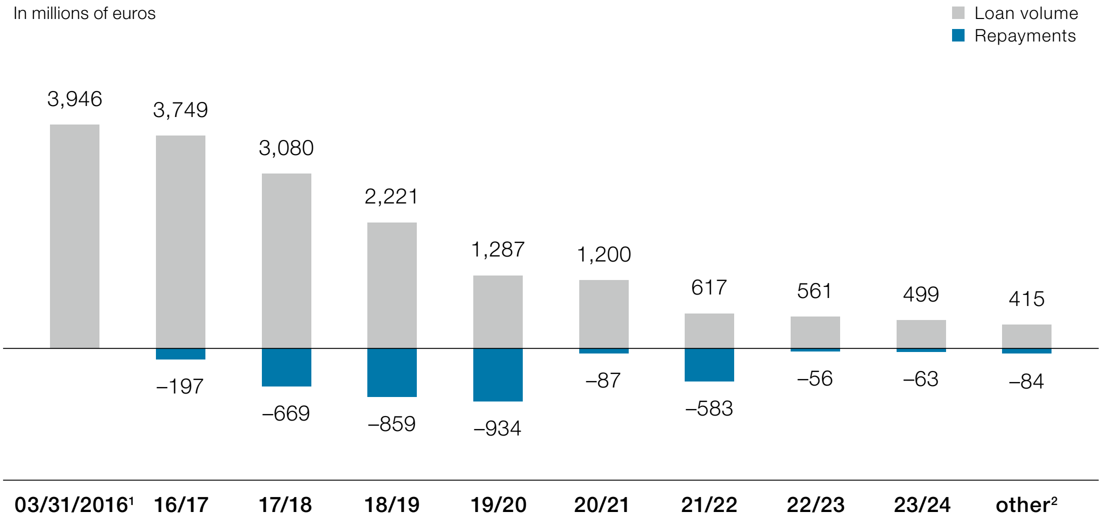


[1] Debit balances with banks not included [2] Contains EUR 406.1 million of revolving export loans

Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by business partners.

The credit risk of the underlying transactions is kept low by precise management of receivables. A high percentage of delivery transactions is covered by credit insurance. Bankable security is also provided, such as guarantees and letters of credit.

The following receivables, for which no impairment has yet been recorded, were past due as of the reporting date:

Receivables that are past due but not impaired

	2014/15	2015/16
Up to 30 days past due	149.8	137.2
31 to 60 days past due	35.1	33.4
61 to 90 days past due	12.7	12.9
91 to 120 days past due	10.0	8.3
More than 120 days past due	23.3	37.9
Total	**230.9**	**229.7**

In millions of euros

The following impairment was recorded for receivables of voestalpine AG during the reporting period:

Impairment for receivables

	2014/15	2015/16
Opening balance as of April 1	**33.7**	**34.8**
Additions	8.6	10.6
Net exchange differences	0.2	–1.4
Changes in the scope of consolidated financial statements	–0.2	4.4
Reversal	–2.5	–10.4
Use	–5.0	–7.0
Closing balance as of March 31	**34.8**	**31.0**

In millions of euros

As most of the receivables are insured, the risk of bad debt losses is limited. The maximum loss, which is theoretically possible, equals the amount at which the receivables are stated in the statement of financial position.

The management of credit risk from investment and derivative transactions is governed by internal guidelines. All investment and derivative transactions are limited for each counterparty, with the size of the limit dependent on the rating of the bank.

The credit risk for derivative financial instruments is limited to transactions with a positive market value and to the replacement cost of such transactions. Therefore, derivative transactions are only valued at their positive market value up to this limit. Derivative transactions are exclusively based on standardized master agreements for financial forward transactions.

Breakdown of investments at financial institutions by rating classes

	AAA	AA	A	BBB	<BBB/NR
Bonds	76.8	155.0	5.2	6.6	2.0
Money market investments excl. account credit balances	0.0	147.0	235.0	56.1	0.0
Derivatives[1]	0.0	1.6	3.2	6.7	13.1

[1] Only positive market value

In millions of euros

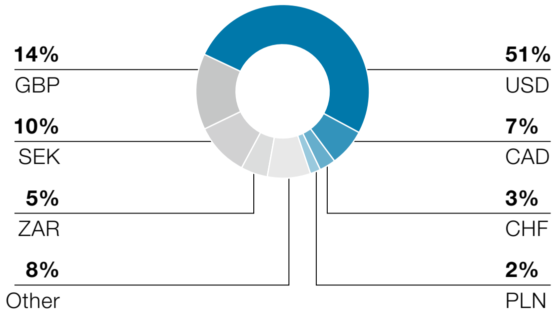
Currency risk

The largest currency position in the Group arises from raw materials purchases in USD and to a lesser degree from exports to the "non-euro area."

An initial hedge is provided by naturally covered items where, for example, trade receivables in USD are offset by liabilities for the purchase of raw materials also in USD (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted foreign currency payments over the next twelve months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 50% and 100%. The further in the future the cash flow lies, the lower the hedging ratio.

The net requirement for USD in the voestalpine Group was USD 530.9 million in the business year 2015/16. The decrease compared to the previous year (USD 716.8 million – including the joint venture voestalpine Tubulars GmbH & Co KG, which processes foreign currency transactions through the Group Treasury,) was due primarily to the decrease in prices of raw materials purchased. The remaining foreign currency exposure, resulting primarily from exports to the "non-euro area" and raw material purchases, is significantly lower than the USD risk.

Foreign currency portfolio 2015/16 (net)



Based on the Value-at-Risk calculation, as of March 31, 2016, the risks for all open positions for the upcoming business year are as follows:

Undiversified	USD	PLN	ZAR	GBP	CAD	CHF	SEK	Other
Position[1]	–148.7	–4.1	30.4	58.9	33.2	18.5	–27.9	18.9
VaR (95%/year)	22.6	0.5	6.6	7.3	5.1	3.1	3.2	3.8

[1] Unhedged planned positions for the business year 2016/17

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 17.5 million (March 31, 2015: EUR 42.1 million) for the voestalpine Group (as of March 31, 2015 including the joint venture voestalpine Tubulars GmbH & Co KG, which processes foreign currency transactions through the Group Treasury).

Interest rate risk

voestalpine AG differentiates between cash flow risk (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and present value risk for fixed-interest financial instruments. The positions shown include all interest rate-sensitive financial instruments (loans, money market, issued and purchased securities, as well as interest rate derivatives).

The primary objective of interest rate management is to optimize interest expenses while taking the risk into consideration. In order to achieve a natural hedge for interest-bearing positions, the modified duration of assets is closely linked to the modified duration of the liabilities.

The variable-interest positions on the liabilities side significantly exceed the positions on the assets side so that a 1% increase in the money market rate increases the interest expense by EUR 8.6 million (2014/15: EUR 2.9 million increase).

The weighted average interest rate for asset positions is 0.66% (2014/15: 0.89%) with a duration of 0.98 years (2014/15: 1.25 years) – including money market investments – and 2.26% (2014/15: 2.48%) for liability positions with a duration of 1.95 years (2014/15: 2.52 years).

	Position[1]	Weighted average interest rate	Duration (years)	Average capital commitment (years)[2]	Sensitivity to a 1% change in the interest rate[1]	Cash flow risk[1]
Assets	1,087.2	0.66%	0.98	1.33	–4.5	–8.7
Liabilities	–4,155.0	2.26%	1.95	2.91	86.0	17.3
Net	–3,067.8				81.5	8.6

[1] In millions of euros
[2] Excluding revolving export loans of EUR 406.1 million

The present value risk determined using the Value-at-Risk calculation for March 31, 2016, is equal to EUR 8.6 million (March 31, 2015: EUR 15.6 million) for positions on the assets side given a 1% change in the interest rate and EUR 130.8 million (March 31, 2015: EUR 181.5 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 122.2 million (March 31, 2015: EUR 165.9 million).

The asset positions include EUR 409.0 million (previous year: EUR 417.9 million) of investments in the V54 fund of funds. 100% of the fund assets are invested in bonds and money market securities in euros or in cash in the three sub-funds V101, V102, V103 and in various special funds as follows:

Funds		
Sub-fund V101	EUR 68.2 million	with a duration of 3.1
Sub-fund V102	EUR 139.5 million	with a duration of 3.3
Sub-fund V103	EUR 120.1 million	with a duration of 2.4
Special funds	EUR 79.5 million	(only included in V54)

In addition to the investment fund, there are also securities exposures in the amount of EUR 7.4 million (March 31, 2015: EUR 6.4 million).

In the business year 2015/16, gains in the amount of 0.47% (2014/15: 4.9%) were recorded in the V54 fund of funds.

Securities are measured at fair value. For the determination of the fair value, quoted prices for identical assets or liabilities in active markets (unadjusted) are used. Net profit amounting to EUR 1.3 million (2014/15: EUR 20.7 million) is recognized at fair value through profit or loss for financial instruments that are measured using the fair value option.

Derivative financial instruments

Portfolio of derivative financial instruments:

	Nominal value (in millions of euros)		Market value (in millions of euros)		Of which accounted for in equity		Maturity	
	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016
Foreign currency hedges	900.9	826.4	47.8	2.3	37.4	–2.7	< 1 year	< 1 year
thereof designated as hedge accounting	323.0	164.9	37.4	–2.7				
Interest hedges	455.5	456.2	–10.4	–7.0	–4.4	–4.5	< 4 years	< 3 years
thereof designated as hedge accounting	255.6	255.0	–4.4	–4.5				
Cross-Currency-Swaps	69.9	139.9	–3.9	8.4	0.0	0.0	≤ 5 years	≤ 4 years
thereof designated as hedge accounting	0.0	0.0	0.0	0.0				
Commodity hedges	24.8	19.1	–1.6	0.6	0.0	0.0	< 3 years	< 2 years
thereof designated as hedge accounting	23.0	16.6	–1.4	1.1				
Total	**1,451.1**	**1,441.6**	**31.9**	**4.3**	**33.0**	**–7.2**		
thereof designated as hedge accounting	601.6	436.5	31.6	–6.1				

The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method). Input for the calculation of market values are observable currency exchange rates and raw materials prices as well as interest rates. Based on the input, the market value is calculated using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are accounted for as follows:

- If the hedged asset or liability is already recognized in the statement of financial position or an obligation not recorded in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit and loss. At the same time, the hedged item is reported at fair value, regardless of its initial valuation method. The resulting unrealized profits and losses are offset with the unrealized results of the hedged transaction in the income statement, so that in total, only the ineffective portion of the hedged transaction is reported in profit or loss for the period (fair value hedges).

- If a future transaction is hedged, the effective portion of the unrealized profits and losses accumulated up to the reporting date is recognized in other comprehensive income. The ineffective portion is recognized through profit and loss. When the transaction that is hedged results in the recognition of a non-financial asset or a liability in the statement of financial position, the amount recognized in other comprehensive income is taken into account when the carrying amount of this item is determined. Otherwise, the amount reported in other comprehensive income is recognized through profit or loss in accordance with the income effectiveness of the future transaction or the existing obligation (cash flow hedges).

In the business year 2015/16, hedge accounting in accordance with IAS 39 was used for hedging foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. The interest rate and currency hedges are mainly cash flow hedges, while the raw material hedges are designated almost exclusively as fair value hedges. Hedge accounting is only applied to a part of any completed hedge transactions.

In the case of hedges of net investments in foreign operations the share of gain or loss from a hedging instrument that is reported as an effective hedge is included in other comprehensive income; the ineffective part is to be included through profit and loss. As of March 31, 2016 there were no hedged investments in a foreign operation of the Group, the hedged book value as of March 31, 2015 amounted to USD 110 million (fair value: EUR 13.8 million). EUR 13.8 million were taken from reserves.

In the business year 2015/16, no ineffective hedging was recorded in profit or loss in respect of the cash flow hedging mentioned.

Net gains of foreign currency and interest rate derivatives amounting to EUR 10.3 million (2014/15: net losses amounting to EUR 1.1 million) were recognized through profit and loss in the reporting period.

Gains amounting to EUR 2.3 million (2014/15: losses amounting to EUR 1.4 million) on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Losses for the corresponding underlying transactions amounting to EUR 2.3 million (2014/15: gains amounting to EUR 1.4 million) were also recognized through profit and loss.

Positive market values amounting to EUR 37.4 million (2014/15: negative market values amounting to EUR 2.0 million) previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss in cost of materials during the reporting period; negative market values amounting to EUR 2.7 million (2014/15: positive market values amounting to EUR 37.4 million) were allocated to the reserve. In business year 2015/16, the reserve for interest rate hedges was decreased by EUR 0.1 million (2014/15: EUR 4.3 million) due to changes in the fair values. There were no additional changes and no amounts were withdrawn or reclassified

Derivatives designated as cash flow hedges have the following effects on cash flows and profit or loss for the period:

	Total contractual cash flows		Contractual cash flows					
			< 1 year		> 1 year and < 5 years		> 5 years	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Interest hedges								
Assets	1.6	0.0	0.8	0.0	0.8	0.0	0.0	0.0
Liabilities	–6.0	–4.5	–1.7	–1.2	–4.3	–3.3	0.0	0.0
	–4.4	**–4.5**	**–0.9**	**–1.2**	**–3.5**	**–3.3**	**0.0**	**0.0**
Foreign Currency Hedges								
Assets	38.1	0.4	38.1	0.4	0.0	0.0	0.0	0.0
Liabilities	–0.7	–3.1	–0.7	–3.1	0.0	0.0	0.0	0.0
	37.4	**–2.7**	**37.4**	**–2.7**	**0.0**	**0.0**	**0.0**	**0.0**

In millions of euros

Categories of financial instruments

Classes	Financial assets measured at amortized cost			Financial assets measured at fair value		
Categories	Loans and receivables	Available for sale at cost	Available for sale at fair value	Financial assets measured at fair value through profit or loss		
				Held for trading (derivatives)	Other	Total
Assets 2014/15						
Other financial assets – non-current	19.0	18.0	36.7		4.0	77.7
Trade and other receivables	1,607.2			60.7		1,667.9
Other financial assets – current					405.7	405.7
Cash and cash equivalents	464.5					464.5
Carrying amount	**2,090.7**	**18.0**	**36.7**	**60.7**	**409.7**	**2,615.8**
Fair value	**2,090.7**	**18.0**	**36.7**	**60.7**	**409.7**	**2,615.8**
Assets 2015/16						
Other financial assets – non-current	17.6	16.7	32.1		3.4	69.8
Trade and other receivables	1,488.8			24.5		1,513.3
Other financial assets – current					355.7	355.7
Cash and cash equivalents	774.8					774.8
Carrying amount	**2,281.2**	**16.7**	**32.1**	**24.5**	**359.1**	**2,713.6**
Fair value	**2,281.2**	**16.7**	**32.1**	**24.5**	**359.1**	**2,713.6**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The item "Other" in the category "Financial assets measured at fair value through profit or loss" contains securities measured using the fair value option.

Subsidiaries, joint ventures, and investments in associates that are not fully consolidated in these consolidated financial statements or are included using the equity method are held as "available for sale at cost" and measured at cost because these investments do not have a price quoted in an active market, and their fair value cannot be reliably determined. Only the non-consolidated investment in Energie AG Oberösterreich is measured at fair value as "available for sale at fair value" because the fair value of this company as a whole can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich taking into account all relevant information.

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	
Categories	**Financial liabilities measured at amortized cost**	**Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)**	**Total**
Liabilities 2014/15			
Financial liabilities – non-current	3,004.6		3,004.6
Financial liabilities – current	890.2		890.2
Trade and other payables	2,180.7	28.8	2,209.5
Carrying amount	**6,075.5**	**28.8**	**6,104.3**
Fair value	**6,213.8**	**28.8**	**6,242.6**
Liabilities 2015/16			
Financial liabilities – non-current	3,342.8		3,342.8
Financial liabilities – current	898.2		898.2
Trade and other payables	2,012.1	20.2	2,032.3
Carrying amount	**6,253.1**	**20.2**	**6,273.3**
Fair value	**6,356.5**	**20.2**	**6,376.7**

In millions of euros

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation methods used to measure fair value into three levels.

The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
2014/15				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		60.7		60.7
Fair value option (securities)	409.7			409.7
Available for sale at fair value			36.7	36.7
	409.7	**60.7**	**36.7**	**507.1**
Financial liabilities				
Financial assets measured at fair value through profit or loss – Held for trading (derivatives)		28.8		28.8
	0.0	**28.8**	**0.0**	**28.8**
2015/16				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		24.5		24.5
Fair value option (securities)	359.1			359.1
Available for sale at fair value			32.1	32.1
	359.1	**24.5**	**32.1**	**415.7**
Financial liabilities				
Financial assets measured at fair value through profit or loss – Held for trading (derivatives)		20.2		20.2
	0.0	**20.2**	**0.0**	**20.2**

In millions of euros

The underlying assets of the fund of funds are reported as part of the "fair value option." The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value.

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

Level 3 – Available for sale at fair value

	2014/15	2015/16
Opening balance	**41.1**	**36.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income (impairment)	–4.4	–4.6
Closing balance	**36.7**	**32.1**

In millions of euros

Level 3 includes the non-consolidated investment in Energie AG Oberösterreich that is measured at fair value as "available for sale at fair value." The fair value of this company can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich as a whole and taking into account all relevant information.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

The table below shows net gains and losses on financial instruments, which are shown according to categories:

	2014/15	2015/16
Loans and receivables	9.3	13.9
Available for sale at cost	3.6	3.4
Held for trading (derivatives)	–2.6	12.4
Available for sale at fair value	–4.4	–4.6
Other	20.7	1.3
Financial liabilities	–127.8	–115.7

In millions of euros

Total interest income and total interest expense for financial assets and financial liabilities that were not measured at fair value through profit or loss were recorded as follows:

	2014/15	2015/16
Total interest income	13.4	11.2
Total interest expense	–127.8	–115.7

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 16.7 million (2014/15: EUR 16.0 million).

24. Consolidated statement of cash flows

The consolidated statement of cash flows was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks, and checks. The effects of changes in the scope of consolidated financial statements were eliminated and reported in the cash flows from investing activities.

	2014/15	2015/16
Interest received	8.6	7.7
Interest paid	155.8	132.8
Taxes paid	115.2	118.8

In millions of euros

Interest received and paid as well as taxes paid are included in the cash flows from operating activities.

Non-cash expenses and income

	2014/15	2015/16
Depreciation, amortization, and impairment	636.6	705.2
Result from sale of assets	2.5	–2.3
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	4.0	–5.2
Other non-cash income and expenses	–62.4	–131.5
	580.7	**566.2**

In millions of euros

Cash flows from operating activities include dividend income of EUR 19.9 million (2014/15: EUR 69.1 million) from associates and joint ventures as well as other investments. In the previous year 2014/15 EUR 53.0 million accounted for voestalpine Tubulars GmbH & Co KG.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 26.5 million (2014/15: EUR 0.1 million) from initial consolidation of acquired and/or newly consolidated companies and outflows of the purchase price in the amount of EUR 39.7 million (2014/15: EUR 52.2 million). The sale of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.0 million (2014/15: EUR 12.6 million) and an inflow of the sale price in the amount of EUR 0.1 million (2014/15: EUR 137.4 million).

The additions to assets contain non-cash investments amounting to EUR 4.2 million.

25. Related party disclosures

Business transactions between the Group and non-consolidated subsidiaries and associates or their subsidiaries as well as joint ventures are carried out at arm's length and are included in the following items of the consolidated financial statements:

	2014/15		2015/16	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	206.0	291.6	1.3	243.7
Material expenses	20.0	186.2	3.3	127.1
Other operating expenses	0.0	33.8	0.0	1.7
	03/31/2015		03/31/2016	
Trade and other receivables	14.4	47.0	0.0	32.7
Financial liabilities/ trade and other payables	75.4	46.9	0.1	26.3

In millions of euros

Receivables and liabilities with associates and joint ventures as well as with non-consolidated subsidiaries comprise both direct and indirect relationships.

In addition, there are business transactions with core shareholders that have a significant influence due to consolidation of the voestalpine shares using the equity method. Business transactions are carried out at arm's length and can be depicted as follows:

	03/31/2015	03/31/2016
Cash and cash equivalents	73.0	110.7
Financial liabilities/trade and other payables	100.5	110.3
Guarantees received	5.4	1.0

In millions of euros

The non-inclusion of non-consolidated entities in the consolidated financial statements has no significant impact on the Group's net assets, financial position, or results of operations.

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to the Austrian legal situation and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board and consisting of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the Chairman of the Management Board. If the agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are EBIT and the return on capital employed (ROCE). Specific target amounts are determined periodically (for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the medium-term business plan, i.e., budget compliance does not mean achieving a bonus. The qualitative targets for the business year 2015/16 were first of all the presentation of a long-term voestalpine Group strategy for China and, secondly, the update of the voestalpine Group's "Strategy 2020," which was adopted in 2012.

The amount of the contractually approved company pension depends on the length of service for members of the Management Board Dr. Eder, Mag. Dipl.-Ing. Ottel, and Dipl.-Ing. Eibensteiner. The amount of the annual pension equals 1.2% of the last annual gross salary for each year of service. The pension benefit cannot exceed 40% of the last annual gross salary (without variable compensation). A defined contribution arrangement was made with the members of the Management Board Dipl.-Ing. Rotter, Dipl.-Ing. Dr. Kainersdorfer, and Dipl.-Ing. Dr. Schwab; whereby 15% of their annual gross salary (without bonuses) is paid by the Company into the pension fund.

The members of the Management Board receive severance benefits at the time of termination of their employment by way of analogous application of the Salaried Employees Act *(Angestelltengesetz)*.

For the members of the Management Board (as well as for executives) and for the members of the Supervisory Board there is a D&O insurance, the costs of which amounting to EUR 0.1 million (2014/15: EUR 0.1 million) are borne by the entity.

The compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the business year 2015/16:

	Current fixed compensation	Current variable compensation	Total
Dr. Wolfgang Eder	0.97	1.56	**2.53**
Dipl.-Ing. Herbert Eibensteiner	0.72	0.92	**1.64**
Dipl.-Ing. Dr. Franz Kainersdorfer	0.72	0.92	**1.64**
Mag. Dipl.-Ing. Robert Ottel	0.72	0.92	**1.64**
Dipl.-Ing. Franz Rotter	0.72	0.92	**1.64**
Dipl.-Ing. Dr. Peter Schwab	0.59	0.74	**1.33**
2015/16	**4.44**	**5.98**	**10.42**
2014/15	4.07	6.00	10.07

In millions of euros

In addition to the remuneration in accordance with the above table, the following service costs (personnel expenses) are recognized in the consolidated financial statements for members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2014/15: EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.35 million (2014/15: EUR 0.19 million), and Dipl.-Ing. Eibensteiner EUR 0.31 million (2014/15: EUR 0.17 million). The following additional pension costs are recognized in the consolidated financial statements for members of the Management Board with defined contribution pension agreements: Dipl.-Ing. Rotter EUR 0.11 million (2014/15: EUR 0.11 million), Dipl.-Ing. Dr. Kainersdorfer EUR 0.11 million (2014/15: EUR 0.11 million), and Dipl.-Ing. Dr. Schwab EUR 0.09 million (2014/15: EUR 0.03 million; as of October 1, 2014 member of the Management Board). Pension payments amounting to EUR 0.93 million (2014/15: EUR 0.74 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements.

At the reporting date, the outstanding balance of the variable compensation was EUR 4.92 million (2014/15: EUR 4.91 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Directors' dealings notices of the members of the Management Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

Supervisory Board

Under Sec. 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit after tax reported in the approved consolidated financial statements as compensation. The total amount is distributed in accordance with an allocation key as follows: 100% for the Chairman, 75% for the Vice-Chairman, and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman, and EUR 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance honorarium amounting to EUR 500 per Supervisory Board meeting. There is no separate compensation for meetings of the committees of the Supervisory Board, but they receive an attendance honorarium of EUR 500 per meeting.

According to this regulation, the shareholders' representatives on the Supervisory Board received the following compensation for the business year 2015/16: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2014/15: EUR 80,000); Dr. Heinrich Schaller (Vice-Chairman): EUR 60,000 (2014/15: EUR 60,000); Dr. Josef Krenner (member until July 2, 2014): EUR 0 (2014/15: EUR 10,000), Univ.-Prof. (em) Dr. Helga Nowotny (member as of July 2, 2014): EUR 40,000 (2014/15: EUR 30,000); all other shareholders' representatives: EUR 40,000 (2014/15: EUR 40,000). The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

The annual compensation of members of the Supervisory Board and the mode of calculation have been definitively regulated by the Articles of Incorporation since the 2006 Annual General Meeting and do not require a separate resolution by the Annual General Meeting every year.

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2014/15: EUR 0.4 million) in the business year 2015/16. Payment of the compensation of the Supervisory Board for the business year 2015/16 is carried out at the latest 14 days after the Annual General Meeting on July 6, 2016. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Directors' dealings notices of the members of the Supervisory Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

As legal counsel to voestalpine AG and its subsidiaries, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is a partner, provided legal advisory services relative to matters concerning corporate law issues in the reporting period 2015/16. Fees for these matters were invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2015/16, total net fees of EUR 36,994.00 (2014/15: EUR 55,480.00) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

26. Employee information

Total number of employees

	Reporting date		Average	
	03/31/2015	**03/31/2016**	**2014/15**	**2015/16**
Workers	26,932	28,155	26,859	28,080
Salaried employees	16,232	16,891	16,298	16,710
Apprentices	1,407	1,377	1,495	1,482
	44,571	**46,423**	**44,652**	**46,272**

The personnel expenses included in these consolidated financial statements amount to EUR 2,785.3 million (2014/15: EUR 2,656.7 million).

27. Expenses for the Group auditor

Expenses for the Group auditor in the business year are structured as follows:

	2014/15	**2015/16**
Expenses for the audit of the financial statements	0.24	0.25
Expenses for other certifications	1.12	1.07
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.00	0.02
	1.36	**1.34**

In millions of euros

28. Disclosures of transactions not recorded in the statement of financial position

In the voestalpine Group, trade receivables are sold monthly to various banks on a revolving basis. In this context, there are four different types of factoring agreements.

In the first type of factoring agreement, trade receivables totaling EUR 507.1 million (March 31, 2015: EUR 518.3 million) were sold to various banks. Receivables covered by credit insurance were assigned to banks to the amount 100% of the nominal value, with the acquiring banks assuming the risk of default. Any claims arising from credit insurance are assigned to the acquiring bank. The Group company that is selling only assumes a liability for default to the amount of – generally – 10% of the retention level from the credit insurance. On the reporting date, the maximum risk associated with liability for default was EUR 51.3 million (March 31, 2015: EUR 54.7 million).The liability for default corresponds to the theoretical maximum loss. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is assessed at EUR 0.3 million. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the second type of factoring agreement, uninsured trade receivables of EUR 107.9 million (March 31, 2015: EUR 109.6 million) are sold. 100% of the risk of default is assumed by the purchasing bank. All of the receivables are fully derecognized. With the exception of the capitalized service fee mentioned below for administration of receivables, there is no ongoing commitment.

In the third type of factoring agreement (introduced in October 2014), both insured and uninsured trade receivables of EUR 123.7 million (March 31, 2015: EUR 126.1 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. At the time of the sale of the receivable, loss reserves of 0.9% and dilution reserves of 1.6% (with reference to the sold receivables) are deducted from the purchase price. The dilution reserves totaling EUR 2.0 million for receivables sold on the reporting date are for payment of discounts, bonuses, etc. and are posted as other receivables. The carrying amount corresponds to the fair value. A loss reserve to cover any defaults to the amount of EUR 1.1 million for receivables sold on the reporting date was posted as an expenditure which is reversed in the absence of any defaults. The theoretical maximum loss is limited to the loss reserve. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the fourth type of factoring agreement, both insured and uninsured trade receivables of EUR 23.6 million (March 31, 2015: EUR 26.0 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. For any bad debts, a "first loss reserve account" was funded to the amount of EUR 0.2 million for 12 months by the selling Group company. The first loss reserve account was EUR 0.2 million on the reporting date and was reported as cash. The carrying amount corresponds to the fair value. The theoretical maximum loss is limited to the amount within the "first loss reserve account." Because of the transfer of significant rewards and risks and the transition of control to the purchaser, the receivables were fully derecognized pursuant to the provisions of IAS 39.

In all of the types of factoring agreements, the payments received from customers during the period between the last sale of receivables and the reporting date are recognized on an accrual basis under other short-term financial liabilities in the voestalpine Group.

Administration of receivables for all types of factoring contracts remains with the particular companies of the Group. For the receivables that were sold, as of March 31, 2016, a total service fee of 0.15% of the sold amount of receivables of EUR 1.1 million was recorded as other provision. The carrying amount corresponds to the fair value of the ongoing commitment.

29. Events after the reporting period

No significant events have occurred after the reporting period.

30. Earnings per share

Diluted and basic (undiluted) earnings per share are calculated as follows:

	2014/15	2015/16
Profit attributable to equity holders of the parent (in millions of euros)	**549.1**	**585.3**
Issued ordinary shares (average)	172,449,163	174,949,163
Effect of own shares held (average)	–28,597	–28,597
Weighted average number of outstanding ordinary shares	**172,420,566**	**174,920,566**
Diluted and basic (undiluted) earnings per share (euros)	**3.18**	**3.35**

31. Appropriation of net profit

In accordance with the Austrian Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2016. These financial statements show net retained profits of EUR 184.0 million. The Management Board proposes a dividend of EUR 1.05 per share (2014/15: EUR 1.0).

Linz, May 25, 2016

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

The consolidated financial statements of voestalpine AG and associated documents will be filed with the Commercial Register of the Commercial Court of Linz under company register number FN 66209 t.

Appendix to the notes: Investments

This report is a translation of the original report in German, which is solely valid.

Unqualified auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of voestalpine AG, Linz, for the fiscal year from April 1, 2015 to March 31, 2016. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2016, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended March 31, 2016, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of March 31, 2016 and of its financial performance and its cash flows for the fiscal year from April 1, 2015 to March 31, 2016 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, May 25, 2016

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Univ.-Doz. Dr. Walter Platzer m.p.   Mag. Josef Töglhofer m.p.

Austrian Chartered Accountants

This report is a translation of the original report in German, which is solely valid.

Management Board statement in accordance with Sec. 82 (4) of the Stock Exchange Act *(Börsegesetz, BörseG)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 25, 2016

The Management Board

Wolfgang Eder Chairman of the Management Board	Herbert Eibensteiner Member of the Management Board	Franz Kainersdorfer Member of the Management Board
Robert Ottel Member of the Management Board	Franz Rotter Member of the Management Board	Peter Schwab Member of the Management Board

This report is a translation of the original report in German, which is solely valid.