

voestalpine AG

Notes to the consolidated financial statements 2010/11

A. General information and corporate purpose

voestalpine AG and its Group companies (hereinafter referred to as the "Group") are primarily engaged in the production, processing, and distribution of materials made of steel, research and development in the area of metallurgy, metal processing, and materials technology.

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, 2011, (including comparative figures for the year ended March 31, 2010) have

been prepared 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 euros (= functional currency of the parent company) rounded to the nearest thousand.

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

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 18, 2011.

B. Summary of accounting policies

General information

With the exception of financial instruments, which are measured at fair value, the consolidated financial statements are prepared on the historical cost basis.

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

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profillorm Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profillorm Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

The following new and revised Standards were adopted for the first time in the business year 2010/11:

Standard	Content	Effective date ¹
IAS 27 (2008)	Consolidated and Separate Financial Statements	July 1, 2009
IAS 32	Classification of Rights Issues	February 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	July 1, 2009
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 1, 2009/ January 1, 2010
IFRS 2 (2009)	Group Cash-Settled Share-Based Payment Transactions	January 1, 2010
IFRS 3 (2008)	Business Combinations	July 1, 2009
Various Standards	Improvements to IFRS 2009	January 1, 2010

¹ These Standards are applicable to reporting periods beginning on or after the effective date.

The first-time adoption of the revised IFRS 3 and IAS 27 did not have any impact on the Group's consolidated financial statements during this or previous reporting periods as they refer exclusively to future acquisitions of entities and no entities were acquired during the business year 2010/11 that fall within the scope of application of IFRS 3. The most important change within the revised IFRS 3 and IAS 27 concerns the recognition of acquisitions of less than 100% of the shares in an entity. The option, which could be exercised anew for each acquisition, is being introduced to recognize the goodwill from an acquisition under the full goodwill method, i.e., including the amount of the share allocable to the non-controlling shareholders. In addition, acquisitions and/

or partial sales of shares without loss of control will be reported as transactions between shareholders with no effect on profit or loss (as had been the case previously in the voestalpine Group). Moreover, the full incidental acquisition costs will now be reported as expenses.

The first-time adoption of the remaining new Standards in the business year 2010/11 had no impact on the consolidated financial statements.

The following Standards have been endorsed by the European Union as of the reporting date, but their application was not yet mandatory for the business year:

Standard	Content	Effective date¹
IAS 24 (2009)	Related Party Disclosures	January 1, 2011
IFRS 1 (2010)	First-Time Adoption of International Financial Reporting Standards	July 1, 2010
Various Standards	Improvements to IFRS 2010	January 1, 2011

¹ These Standards are applicable to reporting periods beginning on or after the effective date.

The Group did not early adopt these Standards and does not expect that the new Standards will have a significant impact on the consolidated financial statements.

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

Basis of consolidation

The annual financial statements of fully consolidated or proportionately consolidated entities are prepared using uniform accounting policies. For entities included using the equity method, local accounting policies and different reporting dates are maintained 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 immediately in profit or loss. Non-controlling interests in the acquired entity are stated at the non-controlling proportion of the net fair values of the acquired assets, liabilities, and contingent liabilities.

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:

Closing exchange rate	03/31/2010	03/31/2011
USD	1.3479	1.4207
GBP	0.8898	0.8837
Average annual rate		
	2009/10	2010/11
USD	1.4136	1.3223
GBP	0.8856	0.8496

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 the next business year:

- 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.
- Where the fair values of financial instruments cannot be derived from active markets, they are determined using alternative mathematical models. The underlying parameters used in the determination of the fair values are based partially on assumptions concerning the future.
- The valuation of existing severance payments and pension obligations is based on assumptions regarding interest rate, retirement age, life expectancy, labor turnover, and future salary/wage increases.
- 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.

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 the 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 11.5 million (2009/10: EUR 17.9 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 109.0 million (2009/10: EUR 108.8 million) in the business year 2010/11.

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%

In respect of 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. Lease agreements in which the Group assumes substantially all the risks and rewards of ownership as a lessee are considered asset purchases subject to long-term financing and are classified as finance leases; otherwise, they 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 liability to the lessor is 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.

Goodwill is allocated to 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 also includes the carrying amount of goodwill.

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

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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. Usually, the relevant criteria are not satisfied. Capitalized development costs are therefore not significant. 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	5 years

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

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 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the management monitors cash flows.

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 greater of the fair value less cost to sell and value in use. Impairment losses recognized in respect of cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces pro-rata the carrying amounts of the assets of the cash-generating unit.

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

Investments in associates

The proportional results and equity of associates that are not of minor significance are included in the consolidated financial statements using the equity method.

Financial instruments

Derivative financial instruments are used exclusively 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. Hedge accounting in accordance with IAS 39 is used for the majority of the Group's derivative financial instruments. Gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or directly in equity, depending on whether a fair value hedge or cash flow hedge is involved.

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. 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,

proportionate consolidation, or the equity method are reported under other investments at the lower of cost or market value.

Securities are carried at fair value. The fair value option is applied. Changes in the fair value are recognized through profit or loss in the income statement.

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 carry-forwards 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.

The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted.

Emission certificates

Emission certificates are measured at zero cost, as the rights have been allocated free of charge. In the case of under-allocation, proportional

amounts for CO₂ emission certificates are included in the other provisions. The necessary certificates are measured using the average hedged prices or the fair value at the reporting date.

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 similar methods. Cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Interest costs and general administrative and sales expenses are not recognized in inventory.

Trade and other receivables

Trade and other receivables are stated at their nominal value. Credit insurance is acquired to cover individually identifiable risks. 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, for which the default risk is transferred to the buyer and for which the seller assumes a contingent liability to the extent of the retained amount from credit insurances, are derecognized because the power of disposition has transferred to the buyer.

For construction contracts, the percentage of completion method is used to realize profit over time based on a reliable estimate of the degree of completion, total costs, and total revenue.

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.

Employees of Austrian entities who started their employment before January 1, 2003, are entitled to receive a one-off 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, severance obligations are transferred to a contribution-based system. The contributions to external employee pension funds are recognized as expenses.

Both defined contribution and defined benefit pension plans exist within the Group. Defined contribution plans involve no additional future

obligations after the payment of premiums. Defined benefit plans guarantee the employee a specified pension, which is based on a certain percentage of salaries or wages depending on years of service or on a valorized fixed amount per year of service. Defined benefit obligations are stated in the annual financial statements of the respective entities until the contractual vesting date. After that date the pensions are transferred to a pension fund.

In accordance with IAS 19.93A, actuarial gains and losses in respect of severance and pension obligations are recognized directly in equity in the year in which they are incurred. Actuarial gains and losses in respect of provisions for long-service bonuses are recognized immediately in profit or loss.

The calculation of employee benefits in all countries where the Group has material operations is based on the following parameters:

	2009/10	2010/11
Interest rate (%)	5.25	4.75
Salary/wage increases (%)	3.50	3.25
Pension increases (%)	2.50	2.25
Retirement age men/women (years)	max. 65	max. 65
Mortality tables	AVÖ 2008-P	AVÖ 2008-P

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

Other provisions

Other provisions due to present obligations arising from past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, 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.

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 are invoking the safeguard clause according to which 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.

Stock option program

A resolution approving a stock option plan for members of the Management Board and executives of the voestalpine Group was passed at the Annual General Meeting on July 5, 2006.

These stock options can be exercised at any time between July 1, 2008, and June 30, 2011, in compliance with the Issuer Compliance Directive. The options can be exercised if the participant is a current employee or member of the Management Board of voestalpine AG or a Group company.

Each option entitles the holder to receive one voestalpine AG share after the exercise requirements have been fulfilled. voestalpine AG's intention at the time the options were granted was to provide settlement in shares. The holder of the option has no choice of settlement. Under IFRS 2, the transaction is therefore considered a share-based payment transaction. Due to the changed circumstances after the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft, the Management Board of voestalpine AG has decided to settle the obligation related to the options in cash. Options (personnel expenses) are carried at fair value at the time of the grant. The offsetting entry is recorded directly in equity. The cash settlement on the exercise date is also recognized directly in equity.

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, and 2008/09, 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, and 2008, applying an annual increase of 3.5%.

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 countries so that a total of 34 companies are participating in the international employee stock ownership program in 2010/11.

In addition, employee bonuses are partially provided in the form of shares. Under IFRS 2, share-based payments settled with equity instruments are recognized as personnel expenses at fair value, with the offsetting entry recognized directly in equity.

On March 31, 2011, the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme) held approximately 13.0% 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 established 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).

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint ventures are included in the consolidated financial statements using proportionate consolidation. The annual financial statements of subsidiaries and joint ventures are included in the consolidated financial statements from the acquisition date until disposal date.

Associates are entities over which the Group has significant influence without having control over the financial and operating policies. The annual financial statements of associates are included in the consolidated financial statements using the equity method, from the acquisition date until disposal date. The Group's associates are listed in the "Investments" appendix to the notes.

The following table shows the proportionate amounts included in the consolidated financial statements by proportionate consolidation:

	03/31/2010	03/31/2011
Non-current assets	29.4	27.4
Current assets	53.6	91.0
	83.0	118.4
Equity	28.2	30.4
Non-current provisions and liabilities	10.0	11.3
Current provisions and liabilities	44.8	76.7
	83.0	118.4
	2009/10	2010/11
Revenue	144.9	245.9
Cost of sales	104.4	179.8
Profit for the period	25.2	42.0

In millions of euros

The following table shows the values (100%) for entities included in the consolidated financial statements using the equity method:

	03/31/2010	03/31/2011
Non-current assets	315.6	328.2
Current assets	577.8	700.7
	893.4	1,028.9
Equity	334.7	369.1
Non-current provisions and liabilities	66.7	69.5
Current provisions and liabilities	492.0	590.3
	893.4	1,028.9
	2009/10	2010/11
Revenue	1,742.9	2,129.5
Profit for the period	52.8	88.5

In millions of euros

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2010	296	2	13
Acquisitions			
Change in consolidation method			
Acquisitions	4		
Disposals			-1
Reorganizations	-9		
Divestments or disposals	-3		
As of March 31, 2011	288	2	12
Of which foreign companies	231	0	5

The two proportionately consolidated entities are voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG that are jointly controlled with NOV Grant Prideco.

The following entities were deconsolidated during the business year 2010/11:

Name of entity	Date of deconsolidation
Full consolidation in the previous year	
Hilarius Haarlem Holland B.V.	January 31, 2011
Hilarius Holding B.V.	January 31, 2011
voestalpine Elmsteel Romania SRL	September 30, 2010
Reorganization	
Bohler-Uddeholm Specialty Metals, Inc.	April 1, 2010
Buderus Edelstahl Band GmbH	April 1, 2010
HBW Light Rail B.V.	April 1, 2010
Nordmark-Klarälvens Järnvägsaktiebolag	April 1, 2010
Villares Metals Suomi Oy	April 1, 2010
voestalpine Hügel GmbH & Co KG	April 1, 2010
voestalpine Hügel Verwaltungsgesellschaft mbH	April 1, 2010
voestalpine Polynorm B.V.	April 1, 2010
voestalpine Rotec Vertriebs GmbH	April 1, 2010
Equity method in the previous year	
COGNOR Stahlhandel GmbH	April 1, 2010

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 2010/11:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
Bohler High Performance Metals Private Limited	100.000%	April 1, 2010
voestalpine Steel Service Center Romania SRL	100.000%	April 1, 2010
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	51.000%	May 26, 2010
voestalpine Straßensicherheit GmbH	100.000%	April 1, 2010

These entities have contributed EUR –0.5 million to the profit for the period and EUR 6.8 million to sales since initial consolidation.

The pro-forma values "as though the acquisition date had been at the beginning of the period" are not stated due to immaterial differences of the above mentioned figures.

Additions to the scope of consolidated financial statements include one start-up, one spin-off, and the consolidation of previously non-consolidated entities.

In accordance with IFRS 3, the acquired companies are included in the consolidated financial statements at the fair value of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. In accordance with IFRS 3, intangible assets, inventories, and provisions shall be considered provisional due to uncertainties.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the business year 2010/11, EUR 16.9 million were paid for the acquisition of non-controlling interests. Non-controlling interests amounting to EUR 4.6 million were derecognized, and the remaining amount of EUR 12.3 million (2009/10: EUR 3.5 million) was charged directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are disclosed 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. Where the risks and rewards have not been transferred, the non-controlling interest continues to be shown in equity. The liability is covered by a direct transfer from Group capital reserves with no effect on profit or loss (double credit approach).

Open put options, which are charged against equity, had a fair value of EUR 2.5 million (2009/10: EUR 13.9 million) as of March 31, 2011.

E. Explanations and other disclosures

1. Operating segments

The voestalpine Group operates in six reportable segments: Steel Division, Special Steel Division, Railway Systems Division, Profilform Division, Automotive Division, and Other. The reporting system, which is essentially based on the nature of the products provided, reflects the internal financial reporting, the management structure of the organization, and the predominant sources of risks and rewards of the Company.

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profilform Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

The *Steel Division* focuses on the production and processing of flat steel products for the automotive, white goods, and construction industries. This division is a top-three European supplier of high-quality strip steel and heavy plate for the most demanding applications. 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, a foundry, and a number of downstream processes.

The *Special Steel Division* is a global market leader in tool steel. Furthermore, it has a leading position in the special forging segment. The division manufactures long steel products, medium-wide strip steel, open-die forgings, and drop forgings. The main customer group is the tool industry, which mainly supplies the automotive industry and the consumer goods industry. The division's second foothold is energy technology—from exploration to components for gas and steam turbines. Furthermore, the Special Steel Division is a global supplier of the aviation industry.

The *Railway Systems Division* is the global market leader in switches, the European market leader in rails and processed wire, as well as a leader in welding technology. The division has access to its own steel production and manufactures the world's widest range of high-quality rails and switch products, rod wire, drawn wire, prestressing steel, seamless tubes, welding filler materials, and semi-

finished products. Furthermore, the division is also a full-service provider for railway construction, including planning and engineering, transportation, logistics, and system installation.

The *Profilform Division* combines the tube and section production activities of the voestalpine Group. It manufactures welded tubes and hollow sections, open standard sections, and all types of custom roll forming of special tubes and sections. In addition, the division also produces high-bay racking systems and components for road safety. The division is the global market leader in the special sections and the custom roll forming segments as well as a leader in precision strip steel. It focuses on supplying the construction and automotive supplier industries as well as the transportation, storage, and furniture industries.

The *Automotive Division* combines all activities of the voestalpine Group involving the processing of steel and other materials, such as plastics and composite material, into components, modules, and systems for the automotive industry. It focuses on body-in-white components, precision parts, and safety technology components. The Automotive Division has become a top-three player in the European automotive component supplier industry for body-in-white components, laser-welded blanks, and tubular components.

The holding company, several Group financing companies, as well as the entities of group-IT are included in *Other*. These companies are combined in this segment because their focus is on providing coordination 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 the profit from operations (EBIT) to measure the performance of the segments because it is commonly used in the steel and steel processing industry as a comparative measure of financial performance. In addition, the voestalpine Group considers it a widely accepted indicator for measuring the Group's profitability.

The operating segments¹ of the Group are presented as follows:

Operating segments

	Steel Division		Special Steel Division		Railway Systems Division	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Segment revenue	3,098.7	4,175.0	1,895.4	2,631.3	2,295.8	2,723.3
Of which revenue with third parties	2,746.2	3,548.5	1,862.6	2,567.0	2,264.6	2,688.3
Of which revenue with other segments	352.5	626.5	32.8	64.3	31.2	35.0
EBITDA	423.3	595.1	93.6	388.1	367.7	422.4
Depreciation and amortization of property, plant and equipment and intangible assets	221.9	223.3	196.8	179.6	126.5	113.5
Of which impairment	0.0	0.0	0.0	7.7	3.1	0.0
Of which reversal of impairment	0.0	0.0	0.0	0.0	0.0	0.0
Profit from operations (EBIT)	201.4	371.9	-103.2	208.5	241.2	308.9
EBIT margin	6.5%	8.9%	-5.4%	7.9%	10.5%	11.3%
Share of profit of associates	10.5	15.9	0.0	0.0	3.8	7.7
Interest and similar income	3.7	1.9	14.2	14.3	4.4	3.9
Interest and similar expenses	57.9	58.2	47.2	53.1	34.0	32.4
Income tax expense	-25.0	-67.8	24.8	-52.5	-51.0	-74.5
Profit for the period	139.5	270.0	-106.8	118.9	164.2	213.5
Segment assets	3,342.3	3,724.5	3,925.5	4,095.0	2,319.3	2,428.6
Of which investments in associates	83.5	92.6	0.0	0.0	13.3	18.5
Net financial debt	949.3	797.3	784.4	728.4	414.0	402.2
Investments in property, plant and equipment and intangible assets	240.7	152.6	146.6	87.5	77.8	94.7
Employees (excl. temporary personnel and apprentices)	9,510	9,622	10,968	11,364	9,730	10,078

¹ Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In these consolidated financial statements, the two cash-generating units were therefore allocated to the operating segments Profilform Division (Precision Strip) and Railway Systems Division (Welding Consumables). The previous year's comparative figures were adjusted accordingly.

Profilform Division		Automotive Division		Other		Reconciliation		Total Group	
2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
871.3	1,139.3	835.4	1,040.1	88.4	94.7	-535.0	-850.0	8,550.0	10,953.7
841.8	1,109.7	833.1	1,037.4	1.7	2.8	0.0	0.0	8,550.0	10,953.7
29.5	29.6	2.3	2.7	86.7	91.9	-535.0	-850.0	0.0	0.0
83.0	159.5	73.8	121.1	-60.8	-56.3	23.7	-24.3	1,004.3	1,605.6
44.4	41.5	55.9	57.1	6.7	5.8	0.1	0.0	652.3	620.8
0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	3.1	10.4
0.0	0.0	9.3	3.4	0.0	0.0	0.0	0.0	9.3	3.4
38.6	118.0	18.0	64.0	-67.7	-62.2	23.7	-24.3	352.0	984.8
4.4%	10.4%	2.2%	6.2%					4.1%	9.0%
0.0	0.0	0.0	0.0	6.0	5.7	0.1	0.8	20.4	30.1
3.8	2.6	2.2	1.4	162.6	128.4	-123.2	-106.1	67.7	46.4
20.0	18.2	10.9	11.6	234.3	218.4	-124.9	-108.4	279.4	283.5
-1.9	-27.5	8.2	-2.4	51.7	33.1	-3.3	5.2	3.5	-186.4
20.5	75.4	16.4	51.5	-233.5	626.8	186.5	-761.5	186.8	594.6
1,000.3	1,083.7	866.7	930.2	8,662.8	9,107.4	-7,822.8	-8,293.0	12,294.1	13,076.4
0.0	0.0	0.0	0.0	1.0	2.3	28.7	29.4	126.5	142.8
178.0	151.6	283.8	228.6	504.4	449.1	-76.6	-44.1	3,037.3	2,713.1
47.6	52.3	22.5	28.0	4.4	5.3	0.1	0.0	539.7	420.4
4,014	4,200	4,551	4,789	633	647	0	0	39,406	40,700

In millions of euros

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

EBITDA	2009/10	2010/11
Net exchange differences incl. result from valuation of derivatives	18.3	-3.5
Value adjustments for receivables/waiver of receivables	-1.7	-18.5
Consolidation	7.2	-1.9
Other	-0.1	-0.4
EBITDA – Total reconciliation	23.7	-24.3

In millions of euros

EBIT	2009/10	2010/11
Net exchange differences incl. result from valuation of derivatives	18.3	-3.5
Value adjustments for receivables/waiver of receivables	-1.7	-18.5
Consolidation	7.2	-1.9
Other	-0.1	-0.4
EBIT – Total reconciliation	23.7	-24.3

In millions of euros

For the most part, all other key ratios 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 geographical location of the companies.

	Austria		European Union		Other countries	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
External revenue	774.3	1,079.4	5,345.1	6,834.7	2,430.6	3,039.6
Non-current assets	4,350.0	4,225.4	1,598.5	1,537.0	544.9	547.6
Investments in property, plant and equipment and intangible assets	403.9	271.3	105.7	109.8	30.1	39.3

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.

2. Other operating income

	2009/10	2010/11
Gains on disposal of property, plant and equipment	11.1	6.3
Income from reversal of provisions	34.3	37.8
Exchange profits and income from the valuation of derivatives	78.5	47.8
Other operating income	241.3	242.1
	365.2	334.0

In millions of euros

In the business year 2010/11, operating income of EUR 105.1 million (2009/10: EUR 130.1 million) from the sale of products and services not generated in the course of ordinary activities is included in other operating income.

3. Other operating expenses

	2009/10	2010/11
Taxes other than income taxes	13.9	15.6
Losses on disposal of property, plant and equipment	3.3	4.1
Exchange losses and expenses from the valuation of derivatives	45.6	43.4
Other operating expenses	258.0	206.1
	320.8	269.2

In millions of euros

In the business year 2010/11, expenses of EUR 117.7 million (2009/10: EUR 124.5 million) from operating products and services not generated in the course of ordinary activities are included in other operating expenses.

4. Share of profit of associates

	2009/10	2010/11
Income from associates	20.7	30.1
Expenses from associates	-0.3	0.0
	20.4	30.1

In millions of euros

Income from associates is primarily attributable to CNTT Chinese New Turnout Technologies Co., Ltd., Scholz Austria GmbH, and VA Intertrading Aktiengesellschaft.

5. Finance income

	2009/10	2010/11
Income from investments	6.7	5.0
Of which from affiliated companies	5.1	3.5
Income from other long-term securities and loans	3.4	2.9
Of which from affiliated companies	0.0	0.0
Other interest and similar income	64.3	43.5
Of which from affiliated companies	1.3	0.6
Income from disposals and fair value measurements of investment at fair value through profit or loss	19.5	2.7
	93.9	54.1

In millions of euros

6. Finance costs

	2009/10	2010/11
Expenses from investments		
Net loss from fair value measurement of investment at fair value through profit or loss	1.6	4.1
Expenses from affiliated companies	1.7	0.0
Other expenses	0.2	0.5
	3.5	4.6
Other interest and similar expenses	279.4	283.5
Of which from affiliated companies	2.3	0.3
	282.9	288.1

In millions of euros

7. Income tax expense

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

	2009/10	2010/11
Current tax expense	55.7	163.6
Effective tax expense	55.8	161.4
Adjustments of taxes of previous periods	-0.1	2.2
Deferred tax expense	-59.2	22.8
Origination/reversal of temporary differences	-56.6	44.9
Impact of changes in tax rates	-0.8	-0.5
Consideration of tax losses of previous periods	-1.8	-21.6
	-3.5	186.4

In millions of euros

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

	2009/10		2010/11	
Profit before tax		183.3		781.0
Income tax using the Austrian corporate tax rate	25.0%	45.8	25.0%	195.3
Difference to foreign tax rates	-4.2%	-7.7	1.1%	8.5
Non-taxable income and expenses	-0.5%	-0.9	1.4%	11.1
Non-taxable income from participations	-3.7%	-6.8	-1.1%	-8.8
Effects from the depreciation of participations and utilization of previously unrecognized losses carried forward	3.0%	5.5	0.5%	4.0
Taxes from previous periods	-8.1%	-14.9	0.3%	2.7
Own shares	-0.3%	-0.5	0.1%	0.8
Hybrid bond	-9.9%	-18.2	-2.3%	-18.2
Other differences	-3.2%	-5.8	-1.1%	-9.0
Effective Group tax rate (%)/income tax expense	-1.9%	-3.5	23.9%	186.4

In millions of euros

In Austria, dividends (interest) on hybrid capital represent a tax-deductible expense. The tax reduction is recognized through profit and loss.

8. Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,259.4	7,260.5	880.8	812.8	11,213.5
Accumulated depreciation and impairment	-1,112.2	-5,083.4	-637.7	-1.9	-6,835.2
Carrying amount as of April 1, 2009	1,147.2	2,177.1	243.1	810.9	4,378.3
Gross carrying amount	2,454.8	7,670.2	923.7	594.1	11,642.8
Accumulated depreciation and impairment	-1,165.7	-5,316.1	-675.5	-1.5	-7,158.8
Carrying amount as of March 31, 2010	1,289.1	2,354.1	248.2	592.6	4,484.0
Gross carrying amount	2,542.6	8,159.7	926.8	275.6	11,904.7
Accumulated depreciation and impairment	-1,222.5	-5,612.5	-698.2	-0.1	-7,533.3
Carrying amount as of March 31, 2011	1,320.1	2,547.2	228.6	275.5	4,371.4

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, 2011:

	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2009	1,147.2	2,177.1	243.1	810.9	4,378.3
Changes in the scope of consolidated financial statements	0.0	1.2	-0.6	0.0	0.6
Additions	52.7	183.8	38.9	247.8	523.2
Transfers	125.1	321.4	25.6	-476.0	-3.9
Disposals	-3.3	-3.5	-1.8	-2.9	-11.5
Depreciation	-59.2	-376.5	-65.1	-0.2	-501.0
Impairment	-1.5	-0.9	-0.1	0.0	-2.5
Reversal of impairment	4.2	4.4	0.2	0.5	9.3
Net exchange differences	23.9	47.1	8.0	12.5	91.5
Carrying amount as of March 31, 2010	1,289.1	2,354.1	248.2	592.6	4,484.0
Changes in the scope of consolidated financial statements	0.8	0.0	0.0	0.8	1.6
Additions	20.6	171.4	41.6	176.6	410.2
Transfers	67.1	413.1	-0.7	-493.7	-14.2
Disposals	-1.2	-3.2	-1.9	-2.4	-8.7
Depreciation	-61.8	-392.0	-60.9	0.0	-514.7
Impairment	-0.3	-7.6	0.0	0.0	-7.9
Reversal of impairment	3.4	0.0	0.0	0.0	3.4
Net exchange differences	2.4	11.4	2.3	1.6	17.7
Carrying amount as of March 31, 2011	1,320.1	2,547.2	228.6	275.5	4,371.4

In millions of euros

As of March 31, 2011, restrictions on the disposal of property, plant and equipment amounted to EUR 11.2 million (March 31, 2010: EUR 23.9 million). Furthermore, as of March 31, 2011, commitments for the purchase of property, plant and equipment amounted to EUR 179.9 million (March 31, 2010: EUR 211.2 million).

As in the previous year, immaterial borrowing costs relating to qualifying assets were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 4.4% (2009/10: 4.4%).

As of March 31, 2011, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2010	03/31/2011
Gross carrying amount	31.5	38.5
Accumulated depreciation and impairment	-8.2	-11.7
Carrying amount	23.3	26.8

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, 2011:

	2009/10	2010/11
Carrying amount as of April 1	23.3	23.3
Additions	0.0	7.0
Depreciation	0.0	-3.5
Carrying amount as of March 31	23.3	26.8

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 29.0 million (March 31, 2010: EUR 23.9 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:

2009/10

	Property, plant and equipment				Intangible Assets	Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
Gross carrying amount	78.0	32.3	2.0	1.9	1.3	115.5
Accumulated depreciation and impairment	-19.2	-16.7	-1.3	0.0	-1.3	-38.5
Carrying amount	58.8	15.6	0.7	1.9	0.0	77.0

In millions of euros

2010/11

	Property, plant and equipment				Intangible Assets	Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
Gross carrying amount	84.6	33.3	1.3	0.0	1.3	120.5
Accumulated depreciation and impairment	-21.2	-17.8	-0.9	0.0	-1.3	-41.2
Carrying amount	63.4	15.5	0.4	0.0	0.0	79.3

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		Present value of the minimum finance lease payments	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Less than one year	8.6	7.5	-2.6	-2.4	6.0	5.1
Between one and five years	34.6	34.1	-8.7	-8.3	25.9	25.8
More than five years	37.4	30.5	-7.0	-4.5	30.4	26.0
	80.6	72.1	-18.3	-15.2	62.3	56.9

In millions of euros

The most significant finance lease agreements for buildings and production plants have a term between 5 and 22 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:

	2009/10	2010/11
Less than one year	30.6	34.5
Between one and five years	87.3	100.7
More than five years	63.1	59.7
	181.0	194.9

In millions of euros

Payments of EUR 41.0 million (2009/10: EUR 34.7 million) under operating leases have been recognized as expenses.

The most significant operating lease agreements are related to buildings with a lease term of at least 15 years and with a renewal obligation of about 10 years in certain cases. At the end of the lease term there are purchase options. There are no restrictions concerning dividends, additional debt, and further leases.

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

	2009/10	2010/11
Cost of sales	523.5	521.0
Distribution costs	82.6	51.9
Administration expenses	34.0	36.6
Other operating expenses	12.2	11.3
	652.3	620.8

In millions of euros

Impairment losses and reversal of impairment losses

Impairment losses on property, plant and equipment (primarily due to lower usage thereof) amounting to EUR 7.9 million (March 31, 2010: EUR 2.5 million) were recognized during the reporting period (they affect primarily plant and equipment in the Special Steel Division). These are primarily recognized in the cost of sales.

Reversals of impairment losses on property, plant and equipment amounting to EUR 3.4 million were recognized through profit and loss in the Automotive Division due to an increase of the fair value during the reporting period (March 31, 2010: EUR 9.3 million). These are primarily recognized in other operating income.

9. Goodwill

	03/31/2009	03/31/2010	03/31/2011
Gross carrying amount	1,436.3	1,435.8	1,435.0
Impairment loss	-15.4	-15.4	-15.4
Carrying amount	1,420.9	1,420.4	1,419.6

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, 2011:

	Goodwill
Carrying amount as of April 1, 2009	1,420.9
Additions	3.9
Disposals	-3.9
Net exchange differences	-0.5
Carrying amount as of March 31, 2010	1,420.4
Net exchange differences	-0.8
Carrying amount as of March 31, 2011	1,419.6

In millions of euros

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units:

	2009/10	2010/11
Total Steel Division	160.2	160.2
High Performance Metals	622.5	621.7
Special Forging	14.0	14.0
Total Special Steel Division	636.5	635.7
Switches	129.9	129.9
Rail	25.2	25.2
Steel	25.8	25.8
Welding Consumables	169.4	169.4
Total Railway Systems Division	350.3	350.3
Tubes and Sections	46.0	46.0
Storage Technology	11.2	11.2
Precision Strip	103.8	103.8
Total Profilform Division	161.0	161.0
Precision Parts and Safety Technology	16.9	16.9
Laser-Welded Blanks	4.5	4.5
Large Pressed Parts	20.9	20.9
Structural Parts	70.1	70.1
Total Automotive Division	112.4	112.4
voestalpine Group	1,420.4	1,419.6

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 before tax of a 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. Cash flows are discounted using a pre-tax discount rate (WACC) of 8.4% (2009/10: 8.2%).

Since April 1, 2010, the cash-generating units Precision Strip and Welding Consumables have been managed and reported within the Profilform Division and the Railway Systems Division (previously Special Steel Division). In the course of this restructuring process, Buderus Edelstahl Band GmbH was reclassified from the cash-generating unit Precision Strip to the cash-generating unit High Performance Metals and was then merged with another entity. Allocation of goodwill of the cash-generating unit Precision Strip was based on the values at the time of reorganization.

Both internal and external market forecasts for the sales of flat steel products in Europe were used for the three-year medium-term business plan of the *Steel Division*. The figures allocated to the most significant assumptions in the plan generally correspond to external sources of information. Cash flows of the last plan year are the basis of the terminal value's determination. The terminal value is calculated with a growth rate of 1%.

The impairment tests for the *Special Steel Division* are performed on the basis of a detailed three-year planning period. The actual degree of utilization has been adapted to the market expectations in the plan years. In the Special Steel Division, the growth rate in terminal value amounts to 1%, which is lower than the rate of inflation.

The three-year medium-term business plan for the significant cash-generating units in the *Railway Systems Division* was based on external market forecasts for the sales of switches and rails. On the procurement side, global market forecasts were used for assumptions concerning the use of raw materials. The income level of the third plan year was used to determine the terminal value. Growth rates were not used.

In the *Profilform Division*, the planning assumptions on the sales side are based on market assessments for the most significant customer industries and industry segments and take specific market studies (e.g., the Global Truck Report) into consideration. Forecasts of international research institutes were used as a basis for the trend of pre-materials prices. The third plan year is the basis for the determination of the terminal value. Growth rates were not used.

In the *Automotive Division*, the determination of the degree of utilization was based on automotive production forecasts. External forecasts were revised downward as a result of internal estimates. Impairment tests in the Automotive Division are based on a detailed three-year planning period. The terminal value is calculated with a growth rate of 1%.

The calculation showed that no impairment of goodwill was necessary for the business year 2010/11. A sensitivity analysis showed that with an increase of the discount rate (8.4%) by 10%, the carrying amounts are still covered and there is no need to recognize an impairment loss.

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

	2009/10	2010/11
High Performance Metals	62.5	62.5
Special Steel	149.9	149.9
Total Special Steel Division	212.4	212.4
Welding Consumables	12.6	12.6
Total Railway Systems Division	12.6	12.6
Precision Strip	2.6	2.6
Total Profilform Division	2.6	2.6
voestalpine Group	227.6	227.6

In millions of euros

Intangible assets with indefinite useful lives are 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.

10. Other intangible assets

	Rights	Intangible assets in accordance with IFRS 3		Advance payments	Total
		Brands	Other		
Gross carrying amount	233.0	227.6	799.7	4.7	1,265.0
Accumulated amortization and impairment	-181.5	0.0	-486.8	0.0	-668.3
Carrying amount as of April 1, 2009	51.5	227.6	312.9	4.7	596.7
Gross carrying amount	236.6	227.6	799.6	0.9	1,264.7
Accumulated amortization and impairment	-189.7	0.0	-612.6	0.0	-802.3
Carrying amount as of March 31, 2010	46.9	227.6	187.0	0.9	462.4
Gross carrying amount	244.9	227.6	799.7	1.4	1,273.6
Accumulated amortization and impairment	-201.8	0.0	-691.9	0.0	-893.7
Carrying amount as of March 31, 2011	43.1	227.6	107.8	1.4	379.9

In millions of euros

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, 2011:

	Rights	Intangible assets in accordance with IFRS 3		Advance payments	Total
		Brands	Other		
Carrying amount as of April 1, 2009	51.5	227.6	312.9	4.7	596.7
Changes in the scope of consolidated financial statements	-0.1	0.0	0.0	0.0	-0.1
Additions	9.6	0.0	0.0	1.2	10.8
Transfers	8.4	0.0	-0.1	-4.2	4.1
Disposals	-0.8	0.0	0.0	-0.8	-1.6
Amortization	-22.7	0.0	-125.8	0.0	-148.5
Net exchange differences	1.0	0.0	0.0	0.0	1.0
Carrying amount as of March 31, 2010	46.9	227.6	187.0	0.9	462.4
Changes in the scope of consolidated financial statements	-1.1	0.0	0.0	0.0	-1.1
Additions	7.3	0.0	0.0	0.8	8.1
Transfers	9.5	0.0	0.0	-0.3	9.2
Disposals	0.0	0.0	0.0	0.0	0.0
Amortization	-19.0	0.0	-76.6	0.0	-95.6
Impairment	0.0	0.0	-2.5	0.0	-2.5
Net exchange differences	-0.5	0.0	-0.1	0.0	-0.6
Carrying amount as of March 31, 2011	43.1	227.6	107.8	1.4	379.9

In millions of euros

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

Impairment losses on intangible assets amounting to EUR 2.5 million (March 31, 2010: EUR 0.0 million) were recognized in the Automotive Division due to lower earnings expectations relative to individual customer relationships.

11. Investments in associates and other financial assets

	Investments in affiliated companies	Investments in associates	Other investments	Securities	Loans granted	Total
Gross carrying amount	25.2	131.7	56.9	65.2	14.3	293.3
Accumulated depreciation	-8.1	-2.5	-2.2	-8.2	-1.6	-22.6
Carrying amount as of April 1, 2009	17.1	129.2	54.7	57.0	12.7	270.7
Gross carrying amount	24.3	129.0	61.2	85.1	11.8	311.4
Accumulated depreciation	-7.5	-2.5	-2.2	-3.9	-1.6	-17.7
Carrying amount as of March 31, 2010	16.8	126.5	59.0	81.2	10.2	293.7
Gross carrying amount	19.6	143.2	59.8	85.4	10.4	318.4
Accumulated depreciation	-7.5	-0.4	-2.2	-4.9	-1.9	-16.9
Carrying amount as of March 31, 2011	12.1	142.8	57.6	80.5	8.5	301.5

In millions of euros

	Investments in affiliated companies	Investments in associates	Other investments	Securities	Loans granted	Total
Carrying amount as of April 1, 2009	17.1	129.2	54.7	57.0	12.7	270.7
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	0.0	0.0	0.0
Additions	1.7	15.2	0.4	20.3	0.8	38.4
Transfers	-0.4	-11.9	4.2	0.0	11.6	3.5
Disposals	-0.3	-6.0	-0.3	-0.4	-14.7	-21.7
Depreciation	-1.6	0.0	0.0	0.0	-0.1	-1.7
Revaluation	0.3	0.0	0.0	4.3	0.0	4.6
Net exchange differences	0.0	0.0	0.0	0.0	-0.1	-0.1
Carrying amount as of March 31, 2010	16.8	126.5	59.0	81.2	10.2	293.7
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.0	23.1	2.0	0.5	1.2	26.8
Transfers	-3.8	0.0	0.0	-0.1	-0.3	-4.2
Disposals	-0.4	-6.8	-3.4	-0.2	-2.3	-13.1
Depreciation	-0.5	0.0	0.0	-0.9	-0.3	-1.7
Net exchange differences	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amount as of March 31, 2011	12.1	142.8	57.6	80.5	8.5	301.5

In millions of euros

Loans granted comprise the following items:

	03/31/2009	03/31/2010	03/31/2011
Loans to affiliated companies	1.3	1.3	1.1
Loans to associates	0.0	0.0	0.0
Loans to other investments	0.0	0.0	0.0
Other loans	9.5	8.4	6.9
Other receivables from financing	1.9	0.5	0.5
	12.7	10.2	8.5

In millions of euros

Other current investments include shares in the V54 investment fund amounting to EUR 321.4 million (March 31, 2010: EUR 323.1 million), EUR 115.6 million (March 31, 2010: EUR 185.1 million) in another liquidity fund, and other securities amounting to EUR 16.6 million (March 31, 2010: EUR 28.6 million).

Current and non-current securities amounting to EUR 195.2 million (March 31, 2010: EUR 104.5 million) are pledged for investment loans granted by the European Investment Bank.

12. Deferred taxes

In accordance with IAS 12.39, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized.

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 items¹:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2010	03/31/2011	03/31/2010	03/31/2011
Non-current assets	54.5	42.8	105.7	100.7
Current assets	48.8	33.2	55.7	62.8
Non-current provisions and liabilities	101.2	110.8	30.0	25.7
Current provisions and liabilities	47.6	42.2	31.9	32.5
Losses carried forward	57.6	71.3	0.0	2.8
Netting of deferred taxes to the same tax authority	-146.6	-132.3	-146.6	-132.3
	163.1	168.0	76.7	92.2
Intercompany profit elimination (netted)	21.2	22.1	0.0	0.0
Revalued assets (netted)	0.0	0.0	143.6	125.5
Acquisition-related tax credit	198.7	180.6	0.0	0.0
Other	28.7	12.5	25.7	19.3
Net deferred taxes	411.7	383.2	246.0	237.0

¹ In the previous year, the allocation of temporary differences, tax losses carried forward, and tax credits as well as the reconciliation for reported deferred taxes based on the Group tax rate were shown in this table. Deferred taxes on losses carried forward were allocated to non-current assets in the previous year.

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 over a period of 14 years with an amount of EUR 18.1 million per year. This is offset by actual tax savings.

Deferred tax assets on losses carried forward in the amount of EUR 71.3 million (March 31, 2010: EUR 57.6 million) were recognized. As of March 31, 2011, there is a total of unused tax losses of approximately EUR 53.5 million (corporate income tax) (March 31, 2010: total of approximately EUR 38.6 million), for which no deferred tax asset has been recognized. Up to 2021, approximately EUR 26.0 million of tax loss carryforwards (corporate income tax) will expire.

Deferred tax assets and liabilities in the amount of EUR 5.5 million (March 31, 2010: EUR 8.2 million) for items recognized directly in equity were also recognized in equity with no effect on profit or loss during the reporting period.

Additional disclosures pursuant to IAS 12.81 (a) and IAS 12.81 (ab):

	Change 2009/10	03/31/2010	Change 2010/11	03/31/2011
Deferred taxes on actuarial gains/losses	2.5	44.4	7.2	51.6
Deferred taxes on hedge accounting	5.7	8.4	-1.7	6.7
Total of deferred taxes recognized in equity (Other comprehensive income)	8.2	52.8	5.5	58.3

In millions of euros

13. Inventories

	03/31/2010	03/31/2011
Raw materials and supplies	707.4	947.4
Work in progress	532.9	787.8
Finished goods	745.3	854.0
Merchandise	198.4	217.2
As yet unbillable services	8.0	6.3
Advance payments	6.3	11.4
	2,198.3	2,824.1

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 78.6 million (March 31, 2010: EUR 78.8 million) are recorded in the consolidated financial statements. Inventories of EUR 3.1 million (March 31, 2010: EUR 3.1 million) are pledged as security for liabilities. An amount of EUR 6,403.3 million (March 31, 2010: EUR 4,427.3 million) has been recognized as cost of materials.

14. Trade and other receivables

	03/31/2010	Of which over one year	03/31/2011	Of which over one year
Trade receivables	1,114.6	6.0	1,360.3	5.7
Receivables from affiliated companies	12.0	0.0	10.4	0.0
Receivables from other investments	46.1	0.0	41.7	0.0
Other receivables and other assets	285.4	12.6	297.4	7.7
	1,458.1	18.6	1,709.8	13.4

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2010	03/31/2011
Aggregate amount of costs incurred	99.8	118.5
Aggregate amount of accrued profits	11.8	8.6
Aggregate amount of incurred losses	-1.0	-2.0
Gross receivables from construction contracts	110.6	125.1
Less amount of advances received	-74.9	-87.0
Receivables from construction contracts	35.7	38.1

In millions of euros

Revenue from construction contracts amounts to EUR 181.3 million in the business year 2010/11 (2009/10: EUR 122.2 million).

15. Cash and cash equivalents

	03/31/2010	03/31/2011
Cash on hand, cash at banks, checks	1,028.6	1,233.4

In millions of euros

16. Equity

Share capital (incl. disclosures according to § 240 of the Austrian Commercial Code (UGB))

The share capital remained unchanged during the reporting period. As of March 31, 2011, the share capital amounts to EUR 307,132,044.75 and is divided into 169,049,163 ordinary no-par value shares. All shares are fully paid up.

Under § 4 (2) 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 152,521,231.38 by issuing up to 83,949,516 ordinary no-par value bearer shares (about 49.66%) up to June 30, 2014, against cash contributions and/or, if necessary, by excluding shareholders' subscription rights in full or in part, (i) against contributions in kind, including but not limited to contributions of equity interests, companies, businesses, or business units, and/or (ii) to be issued to employees, executives, and members of the Management Board of the Company or an affiliated company under an employee stock ownership plan or stock option plan (authorized capital increase). The Management Board did not exercise this authority during the reporting period.

Under § 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 145,345,668.35 by issuing up to 80,000,000 ordinary no-par value bearer shares (= 47.32%) for issuance to creditors of financial instruments within the meaning of § 174 of the Austrian Stock Corporation Act (convertible bonds, income bonds, participation rights); the Management Board was authorized to issue these shares during the Annual General Meeting on July 1, 2009 (contingent capital increase). During the reporting period, the Management Board did not exercise the authority granted on July 1, 2009, to issue financial instruments within the meaning of § 174 of the Austrian Stock Corporation Act.

During the Annual General Meeting on July 7, 2010, the Management Board was authorized to repurchase own shares up to December 31, 2012, 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 stock exchange 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), profit/loss from the sale of own shares, and share-based compensation.

Reserves for own shares include cost of acquisition and disposal at cost of repurchased own shares.

Retained earnings include the profit for the period less dividend distributions. When increasing the majority interests, the difference between the costs 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 in respect of severance and pension obligations are recognized directly in equity 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 on the hedged transactions recognized in the reserves are recognized in the income statement only if the hedged transaction affects the result as well.

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2011, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
Balance as of April 1, 2009	167,899	895	167,004
Additions	1,150		1,150
Disposals		-237	237
Balance as of March 31, 2010	169,049	658	168,391
Additions			0
Disposals		-190	190
Balance as of March 31, 2011	169,049	468	168,581

In thousands of shares

Hybrid capital

On October 16, 2007, voestalpine AG issued a EUR 1 billion subordinated bond with an indefinite term (hybrid bond). The coupon rate of the bond, which can also be suspended if dividends are suspended, is 7.125%. Seven years after issue of the bond, voestalpine AG, but not the creditors, will have its first opportunity to redeem the bond or to continue it at a variable interest rate (3-month Euribor plus 5.05%).

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognized as part of equity. Accordingly, coupon payments are also presented as dividend payments. The issue costs and the bond discount amounted to EUR 10.5 million. A tax benefit related to this position in the amount of EUR 2.6 million was recognized. Thus, the increase in equity was EUR 992.1 million.

Non-controlling interests

The non-controlling interests as of March 31, 2011, result primarily from non-controlling interests in the VAE Group, voestalpine Railpro B.V., and the Danube Equity companies.

17. Pensions and other employee obligations

	03/31/2010	03/31/2011
Provisions for severance payments	424.6	436.1
Provisions for pensions	323.0	289.8
Provisions for long-service bonuses	105.4	107.3
	853.0	833.2

In millions of euros

Provisions for severance payments

	2009/10	2010/11
Present value of defined benefit obligation (DBO) as of April 1	444.3	424.6
Service costs for the period	10.3	11.6
Interest costs for the period	24.9	21.6
Changes in the scope of consolidated financial statements	-0.4	0.0
Severance payments	-47.8	-32.8
Actuarial gains (-)/losses (+)	-6.7	11.1
Present value of defined benefit obligation (DBO) as of March 31	424.6	436.1

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	359.8	447.8	444.3	424.6	436.1
Actuarial gains (+)/losses (-) due to parameter changes in %	-3.0%	2.7%	3.5%	-2.4%	-2.7%

In millions of euros

Provisions for pensions

	2009/10	2010/11
Present value of defined benefit obligation (DBO) as of April 1	595.4	671.2
Service costs for the period	18.2	8.4
Interest costs for the period	33.4	34.2
Changes in the scope of consolidated financial statements	0.0	0.0
Pension payments	-28.3	-27.0
Net exchange differences	4.3	3.7
Actuarial gains (-)/losses (+)	48.2	22.9
Present value of defined benefit obligation (DBO) as of March 31	671.2	713.4
Plan assets as of March 31	-348.2	-423.6
Provisions for pensions as of March 31	323.0	289.8

In millions of euros

As of March 31, 2011, the present value of the defined benefit obligations amounts to EUR 713.4 million (March 31, 2010: EUR 671.2 million), with EUR 480.3 million (March 31, 2010: EUR 468.0 million) thereof wholly or partly funded; EUR 233.1 million (March 31, 2010: EUR 203.2 million) are unfunded.

	2009/10	2010/11
Plan assets as of April 1	297.0	348.2
Expected return for the period	17.5	20.3
Actuarial gains (+)/losses (-)	32.3	11.2
Net exchange differences	0.5	1.2
Changes in the scope of consolidated financial statements	0.0	0.0
Employer contributions	18.2	59.4
Pension payments	-17.3	-16.7
Plan assets as of March 31	348.2	423.6

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	381.4	616.8	595.4	671.2	713.4
Plan assets	-270.0	-337.9	-297.0	-348.2	-423.6
	111.4	278.9	298.4	323.0	289.8
Actuarial gains (+)/losses (-) due to parameter changes in %	1.1%	1.3%	7.4%	-7.3%	-4.3%

In millions of euros

The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2011, are as follows:

	2009/10	2010/11
Equity instruments	26.7%	28.1%
Debt instruments	52.9%	49.1%
Property	6.7%	6.2%
Other	13.7%	16.6%
	100.0%	100.0%

The plan assets include own shares with a fair value of EUR 2.2 million (March 31, 2010: EUR 1.0 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, as well as future estimates of investment returns. The calculation of the provisions for pensions was based on an expected interest rate of 6% on plan assets. The actual interest rate was 9.0%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 20.5 million (2009/10: EUR 14.4 million).

Provisions for long-service bonuses

	2009/10	2010/11
Present value of defined benefit obligation (DBO) as of April 1	111.9	105.5
Service costs for the period	5.0	5.2
Interest costs for the period	5.9	5.2
Changes in the scope of consolidated financial statements	0.0	0.0
Long-service bonus payments	-10.3	-9.2
Actuarial gains (-)/losses (+)	-7.0	0.6
Present value of defined benefit obligation (DBO) as of March 31	105.5	107.3

In millions of euros

	03/31/2007	03/31/2008	03/31/2009	03/31/2010	03/31/2011
Present value of defined benefit obligation (DBO)	94.9	112.6	111.9	105.5	107.3

In millions of euros

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

	2009/10	2010/11
Service costs for the period	33.5	25.2
Interest costs for the period	64.2	61.0
Expected return on plan assets for the period	-17.5	-20.3
Expenses/revenue recognized in the income statement	80.2	65.9

In millions of euros

Interest costs for the period are recognized in the finance costs. The balance of the other two items is included in the functional areas of cost of sales, distribution costs, and administration expenses and to a negligible extent in the functional area of other operating expenses.

18. Provisions

	Balance as of 04/01/2010	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversal	Addition	Balance as of 03/31/2011
Non-current provisions							
Other personnel expenses	18.9	0.0	0.0	-4.0	-0.1	9.4	24.2
Warranties	11.5	0.0	0.1	-3.5	-1.4	0.0	6.7
Other non-current provisions	27.0	0.0	0.0	-2.8	-0.1	28.3	52.4
	57.4	0.0	0.1	-10.3	-1.6	37.7	83.3
Current provisions							
Vacations	90.1	0.0	1.0	-51.4	-0.1	61.1	100.7
Other personnel expenses	107.7	-0.1	0.3	-108.3	-2.7	139.4	136.3
Warranties	54.1	0.0	0.0	-9.3	-17.4	26.7	54.1
Onerous contracts	40.0	0.0	0.0	-34.1	-3.8	17.9	20.0
Other current provisions	90.1	-0.1	0.1	-57.1	-12.1	70.1	91.0
	382.0	-0.2	1.4	-260.2	-36.1	315.2	402.1
	439.4	-0.2	1.5	-270.5	-37.7	352.9	485.4

In millions of euros

The provisions for personnel expenses mainly include bonuses. Provisions for warranties 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 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 other non-current provisions include a provision amounting to EUR 17.1 million for an antitrust fine. In June 2010, the European Commission imposed a fine amounting to EUR 22.0 million on voestalpine Austria Draht GmbH (Railway Systems Division) and on voestalpine AG with joint and several liability due to a violation of EU antitrust law. voestalpine AG and voestalpine Austria Draht GmbH have taken legal action against the decision before the European General Court.

19. Financial liabilities

	Up to one year		Over one year	
	03/31/2010	03/31/2011	03/31/2010	03/31/2011
Bank loans and bonds	1,393.2	1,363.0	3,211.3	3,018.4
Liabilities from finance leases	6.0	5.1	56.3	51.8
Liabilities from affiliated companies	17.7	20.6	0.0	0.0
Liabilities from other investments	21.6	22.8	0.1	0.1
Other payables and liabilities	9.5	16.4	0.6	0.3
	1,448.0	1,427.9	3,268.3	3,070.6

In millions of euros

On December 17, 2008, voestalpine AG issued a fixed-interest bond amounting to EUR 333.0 million. The bond is to be redeemed in two tranches: The first payment of EUR 222.0 million was due on December 17, 2010, and the second payment of EUR 111.0 million will be due on December 17, 2011. The fixed interest rate over the entire term of both tranches is 5.75%.

On March 30, 2009, voestalpine AG issued a fixed-interest bond amounting to EUR 400.0 million. The bond will be redeemed on March 30, 2013. The interest rate amounts to 8.75% p.a.

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.

20. Trade and other payables

	03/31/2010	03/31/2011
Prepayments received on orders	64.2	65.9
Trade payables	898.7	1,113.2
Liabilities from bills payable	274.8	491.0
Liabilities from affiliated companies	8.3	6.4
Liabilities from other investments	3.0	3.9
Other liabilities from taxes	91.3	114.6
Other liabilities related to social security	38.9	42.0
Other payables and other liabilities	346.7	359.6
	1,725.9	2,196.6

In millions of euros

21. Contingent liabilities

	03/31/2010	03/31/2011
Obligations from bills payable	1.4	0.1
Guarantees	5.1	2.9
Other contingent liabilities	0.0	4.5
	6.5	7.5

In millions of euros

22. Financial instruments

General information

The principal financial instruments used by the voestalpine Group consist of bank loans and short-term demand notes, bonds, 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 and forward exchange transactions. 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 Group's maximum sustainable gearing ratio has been set at 70% and may only be exceeded 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:

	03/31/2010	03/31/2011
Gearing ratio in %	71.3%	57.8%
Net financial debt to EBITDA ratio	3.0	1.7

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 all business processes are additionally audited once a year by an external auditor.

It is part of our corporate policy to continuously monitor, quantify, and, where reasonable, hedge financial risks. Our willingness to accept risk is relatively low. The strategy aims at reducing fluctuations in cash flows and income. Hedging of market risks is done to a large extent 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 12 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 in respect of financing and bank credit lines are determined by 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 mostly 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, 2011, non-restricted securities amounted to EUR 318.9 million (March 31, 2010: EUR 394.6 million) and current investments to EUR 1,233.4 million (March 31, 2010: EUR 1,028.6 million).

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, a contractually guaranteed liquidity reserve of EUR 150 million is 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 25 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. In the business year 2010/11, a senior bond with a volume of EUR 500.0 million and a term of seven years was issued.

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	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Bonds	222.0	111.0	510.5	399.7	0.0	496.0
Bank loans	1,171.2	1,252.1	2,676.0	2,109.3	24.8	13.4
Trade payables	898.3	1,113.1	0.4	0.0	0.0	0.0
Liabilities from finance leases	6.0	5.1	25.0	25.8	31.3	26.0
Other financial liabilities	9.5	16.4	0.6	0.3	0.0	0.0
Total liabilities	2,307.0	2,497.7	3,212.5	2,535.1	56.1	535.4

In millions of euros

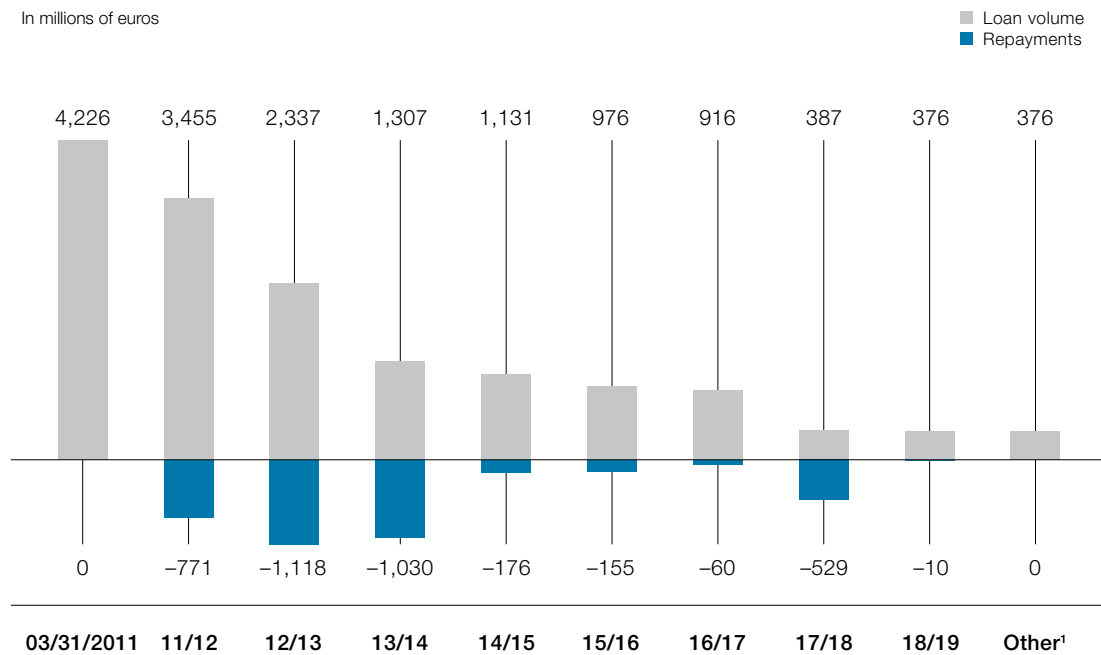
As estimated as of the reporting date, the following prospective interest charges correspond to these existing liabilities:

	Due within one year		Due between one and five years		Due after more than five years	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Interest on bonds	54.1	65.3	76.4	130.1	0.0	47.6
Interest on bank loans	113.6	114.4	232.3	181.9	2.5	3.9
Interest on trade payables	0.0	0.0	0.0	0.0	0.0	0.0
Interest on liabilities from finance leases	2.6	2.4	8.7	8.3	7.0	4.5
Interest on other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total interest charges	170.3	182.1	317.4	320.3	9.5	56.0

In millions of euros

The maturity structure of the loan portfolio has the following repayment profile for the next several years.

Loan portfolio maturity structure



¹ Contains EUR 376.0 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 valuation allowance has been recorded, were overdue as of the reporting date:

Overdue receivables, for which no valuation allowance has been recorded

	03/31/2010	03/31/2011
Up to 30 days past due	123.4	145.3
31 to 60 days past due	35.8	39.5
61 to 90 days past due	13.7	13.5
91 to 120 days past due	7.3	7.2
More than 120 days past due	22.4	18.2
Total	202.6	223.7

In millions of euros

The following valuation allowances were recorded for receivables during the reporting period:

Valuation allowances for receivables

	2009/10	2010/11
Opening balance as of April 1	48.5	45.4
Additions	13.6	17.5
Net exchange differences	1.1	-0.4
Changes in the scope of consolidated financial statements	0.2	-0.1
Reversal	-5.6	-9.3
Use	-12.4	-6.6
Closing balance as of March 31	45.4	46.5

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	NR
Bonds	332	41	74	17	26
Money market investments excl. account credit balances	0	199	710	0	0
Derivatives ¹	0	7	12	0	0

¹ Only positive market value

In millions of euros

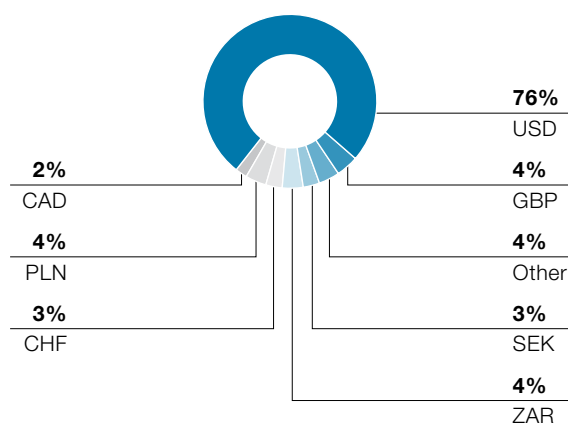
Currency risk

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 (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted (net) foreign currency payments over the next 12 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 was USD 1,143.9 million in the business year 2010/11. The increase compared to the previous year (USD 324.9 million) was due to the rise in quantities and prices of raw materials purchased as well as higher sales prices. 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 2010/11 (net)



Based on the Value-at-Risk calculation, as of March 31, 2011, the risks for all open positions for the upcoming business year are as follows:

Undiversified	USD	PLN	ZAR	GBP	CAD	CHF	SEK	Other
Position	-447.53	-51.71	0.95	10.61	11.51	7.27	5.30	4.19
VaR (95%/year)	72.92	8.49	0.18	1.45	2.10	1.05	0.61	0.82

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 69.0 million.

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.

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 6.4 million.

The weighted average interest rate for asset positions is 1.35% with a duration of 0.64 years (including money market investments) and 4.57% for liability positions with a duration of 1.46 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	1,756.7	1.35%	0.64	0.69	-10.0	-14.2
Liabilities	-4,360.4	4.57%	1.46	3.54	63.8	20.6
Net	-2,603.7				53.8	6.4

¹ In millions of euros

² Excluding revolving export loans of EUR 376.0 million

The present value risk determined using the Value-at-Risk calculation for March 31, 2011, is equal to EUR 29.7 million (2009/10: EUR 8.3 million) for positions on the assets side given a 1% change in the interest rate and EUR 199.4 million (2009/10: EUR 64.2 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 169.7 million (2009/10: EUR 55.9 million).

The asset positions include EUR 407.4 million (previous year: EUR 413.1 million) of investments in the V47 and V54 funds of funds. 92.0% of the fund assets are invested in bonds and money market securities in euros or in cash in the three sub-funds V101, V102, and V103 and in three special funds as follows:

Funds	Investment currency	
Sub-fund V101	EUR 132.7 million	with a duration of 0.75
Sub-fund V102	EUR 128.6 million	with a duration of 2.59
Sub-fund V103	EUR 113.7 million	with a duration of 4.67
Special funds	EUR 14.5 million	(only included in V54)

The funds of funds include EUR 16.2 million in equities (3.9% of fund assets), which are divided among two global equity funds with different investment approaches.

For reasons of credit risk management, an amount of EUR 115.6 million has been invested in daily realizable, externally managed money market funds with an AAA rating as a replacement for money market investments.

In the business year 2010/11, the following gains in the funds of funds were recorded:

Funds of funds	Performance
V47	1.34%
V54	1.29%

Securities are measured at fair value. For the determination of the fair value, quoted prices (unadjusted) for identical assets or liabilities in active markets are used. Net profit amounting to EUR 6.9 million (2009/10: net profit EUR 19.4 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 as of March 31, 2011:

	Nominal value (in millions of euros)	Fair value (in millions of euros)	Of which accounted for in equity	Maturity
Forward exchange transactions (incl. currency swaps)	923.3	-15.4	-5.7	< 2 years
Interest rate derivatives	1,402.4	-25.9	-21.2	< 5 years
Commodity swaps	46.7	5.6	0.0	< 1 year
Total	2,372.4	-35.7	-26.9	

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 fair values are observable currency exchange rates and raw materials prices as well as interest rates. Based on the input, the fair 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 directly in equity. The ineffective portion is recognized through profit and loss. When the transaction that is hedged results in the recognition of an asset or a liability in the statement of financial position, the amount recognized in equity is taken into account when the carrying amount of this item is determined. Otherwise, the amount reported in equity 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 2010/11, 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 currency and raw material hedges.

Net losses of foreign currency and interest rate derivatives (cash flow hedges) amounting to EUR 16.7 million were recognized through profit and loss in the reporting period.

Profits amounting to EUR 2.8 million on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Losses for the corresponding hedged items amounting to EUR 2.8 million were also recognized through profit and loss.

Positive fair values amounting to EUR 10.7 million previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss during the reporting period; negative fair values amounting to EUR 5.7 million were allocated to the reserve. The reserve for interest hedges increased by EUR 25.3 million following changes in the fair values of the hedges.

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	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Interest derivatives								
Assets	137.5	4.5	49.4	2.8	88.1	1.7	0.0	0.0
Liabilities	-184.0	-25.7	-59.8	-6.7	-124.2	-19.0	0.0	0.0
	-46.5	-21.2	-10.4	-3.9	-36.1	-17.3	0.0	0.0
Currency derivatives								
Assets	10.7	1.5	10.4	1.0	0.3	0.5	0.0	0.0
Liabilities	0.0	-7.2	0.0	-7.2	0.0	0.0	0.0	0.0
	10.7	-5.7	10.4	-6.2	0.3	0.5	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		Total
		Loans and receivables	Financial assets measured at fair value through profit or loss	
Categories		Held for trading (derivatives)	Other	
Assets 2009/10				
Other financial assets – non-current	10.2		157.0	167.2
Trade and other receivables	1,433.1	25.0		1,458.1
Other financial assets – current			536.8	536.8
Cash and cash equivalents	1,028.6			1,028.6
Carrying amount	2,471.9	25.0	693.8	3,190.7
Fair value	2,471.9	25.0	693.8	3,190.7
Assets 2010/11				
Other financial assets – non-current	8.5		150.2	158.7
Trade and other receivables	1,697.7	12.1		1,709.8
Other financial assets – current			453.6	453.6
Cash and cash equivalents	1,233.4			1,233.4
Carrying amount	2,939.6	12.1	603.8	3,555.5
Fair value	2,939.6	12.1	603.8	3,555.5

In millions of euros

The item "Other" in the category "Financial assets measured at fair value through profit or loss" contains securities measured using the fair value option as well as other non-consolidated investments.

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	Total
Categories	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)	
Liabilities 2009/10			
Financial liabilities – non-current	3,268.3		3,268.3
Financial liabilities – current	1,448.0		1,448.0
Trade and other payables	1,678.0	53.4	1,731.4
Carrying amount	6,394.3	53.4	6,447.7
Fair value	6,467.4	53.4	6,520.8
Liabilities 2010/11			
Financial liabilities – non-current	3,070.6		3,070.6
Financial liabilities – current	1,427.9		1,427.9
Trade and other payables	2,154.3	48.1	2,202.4
Carrying amount	6,652.8	48.1	6,700.9
Fair value	6,716.0	48.1	6,764.1

In millions of euros

The table below analyzes financial instruments measured at fair value, by valuation method. The different levels of valuation methods have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2009/10

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		25.0		25.0
Other	618.0		75.8	693.8
	618.0	25.0	75.8	718.8
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		53.4		53.4
	0.0	53.4	0.0	53.4
Total	618.0	78.4	75.8	772.2

In millions of euros

2010/11

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		12.1		12.1
Other	534.1		69.7	603.8
	534.1	12.1	69.7	615.9
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		48.1		48.1
	0.0	48.1	0.0	48.1
Total	534.1	60.2	69.7	664.0

In millions of euros

Level 3 contains other investments that are measured at fair value in accordance with IAS 39. As the fair value is not reliably determinable for all other investments, amortized costs serve as an approximation. The costs (in the current reporting period as well as in the previous year) either correspond to the fair value, or the deviations are immaterial.

Financial instruments that are classified as Level 3 declined in the reporting period from EUR 75.8 million to EUR 69.7 million. The change is primarily the result of consolidation and the disposal of previously non-consolidated entities.

The table below shows net gains and losses on categories of financial instruments:

	2009/10	2010/11
Loans and receivables	48.8	34.8
Held for trading (derivatives)	35.8	-7.6
Other	26.0	5.7
Financial liabilities	-215.1	-212.6

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:

	2009/10	2010/11
Total interest income	51.8	41.7
Total interest expense	-205.8	-217.0

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 23.8 million (2009/10: EUR 21.4 million).

23. 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.

	2009/10	2010/11
Interest received	64.3	43.5
Interest paid	227.3	236.2
Taxes paid	121.6	76.2

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

	2009/10	2010/11
Depreciation, amortization, and impairment	640.0	619.0
Result from sale of assets	1.7	-1.3
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	-79.6	5.3
Other non-cash income and expenses	-15.2	-23.0
	546.9	600.0

In millions of euros

Cash flows from operating activities include dividend income of EUR 15.0 million (2009/10: EUR 15.2 million) from associates and other investments.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 2.6 million (2009/10: EUR 0.4 million) from initial consolidation of previously non-consolidated subsidiaries. The sale of a subsidiary resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.1 million (2009/10: EUR 0.8 million) and an inflow of the sale price in the amount of EUR 2.8 million (2009/10: EUR 6.0 million).

24. Related party disclosures

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

	2009/10		2010/11	
	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries
Revenue	48.2	191.8	86.9	453.1
Material expenses	2.9	96.1	8.4	192.5
Other operating expenses	0.0	34.9	0.0	35.6

	03/31/2010		03/31/2011	
	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries	With proportionately consolidated entities	With equity-consolidated entities and non-consolidated subsidiaries
Trade and other receivables	8.9	18.1	14.8	8.8
Financial liabilities/trade and other payables	23.1	27.4	28.4	28.5

In millions of euros

In the business year 2010/11, 862 temporary employees (2009/10: 843) from a company reported under other investments were employed to cover short-term personnel shortages.

The non-inclusion of non-consolidated entities in the consolidated financial statements has no significant impact on the Group's net assets, financial position, and 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 135% of the annual gross salary for members of the Management Board and to 175% 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 the profit from operations (EBIT) and return on capital employed (ROCE). Specific target amounts are determined periodically (generally 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 three-year medium-term business plan, i.e., budget compliance does not mean achieving a bonus. In addition to an ambitious cost savings target, in the business year 2010/11, an explicit, precisely quantified reduction of the gearing was agreed as the qualitative target.

The amount of the contractually approved company pension depends on the length of service for Wolfgang Eder, Franz Hirschmanner, Josef Mülner, Robert Ottel, and Wolfgang Spreitzer. 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 Dipl.-Ing. Franz Rotter; thereby 15% of his 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 0.2 million (2009/10: EUR 0.2 million) are borne by the entity.

The fixed and variable compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the reporting period:

	Fixed compensation	Variable compensation	Total
Dr. Wolfgang Eder	0.8	1.2	2.0
Dipl.-Ing. Franz Hirschmanner	0.6	0.8	1.4
Dipl.-Ing. Josef Mülner	0.6	0.8	1.4
Mag. Dipl.-Ing. Robert Ottel	0.6	0.8	1.4
Dkfm. Dr. Claus J. Raidl (until 12/31/2010)	0.4	0.6	1.0
Dipl.-Ing. Franz Rotter (as from 01/01/2011)	0.1	0.1	0.2
Mag. Wolfgang Spreitzer	0.6	0.8	1.4
2010/11	3.7	5.1	8.8
2009/10	3.2	3.0	6.2

In millions of euros

Furthermore, EUR 1.3 million were paid to the members of the Management Board from the final accounting of variable compensation for the previous year. In addition to the aforementioned compensation, Dkfm. Dr. Claus J. Raidl received a severance payment amounting to EUR 1.3 million by way of analogous application of the Salaried Employees Act.

Defined benefit (current service costs) and defined contribution pension expense for members of the Management Board amounted to EUR 0.3 million in the reporting period.

At the reporting date, the outstanding balance of the variable compensation was EUR 4.3 million. No advances or loans were granted to the members of the Management Board of voestalpine AG. For disclosures of share-based payments (stock option plan), please refer to Item 26.

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 § 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit for the period reported in the approved consolidated financial statements as compensation. The total amount is divided in proportion to the assigned fractions of 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.

According to this regulation, the shareholders' representatives in the Supervisory Board received the following compensation for the business year 2010/11: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2009/10: EUR 38,300); Dr. Ludwig Scharinger (Vice-Chairman): EUR 60,000 (2009/10: EUR 28,700); all other shareholders' representatives: EUR 40,000 (2009/10: EUR 19,200). 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 are conclusively regulated by the Articles of Incorporation and do not require an Annual General Meeting's resolution.

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2009/10: EUR 0.2 million) in the business year 2010/11. Payment of the compensation of the Supervisory Board for the business year 2010/11 is carried out at the latest 14 days after the Annual General Meeting on July 6, 2011. 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, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is partner, provided legal advisory services relative to the minority shareholder squeeze-out procedure related to BÖHLER-UDDEHOLM Aktiengesellschaft, the placing of a bond 2011 as well as issues relating to the stock exchange law in the reporting period 2010/11. Fees for these matters are invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2010/11, total net fees of EUR 59,410.84 were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

25. Employee information

Total personnel expenses include the following items:

	2009/10	2010/11
Wages	804.2	917.7
Salaries	741.8	816.9
Expenses for severance payments	36.6	25.4
Expenses for pensions	23.3	22.5
Expenses for statutory benefits and payroll-based contributions	353.9	401.6
Other social security expenses	38.9	49.0
	1,998.7	2,233.1

In millions of euros

Total number of employees

	Reporting date		Average	
	03/31/2010	03/31/2011	2009/10	2010/11
Laborers	24,361	25,533	24,796	24,840
Salaried employees	15,045	15,167	15,270	15,099
Apprentices	1,472	1,330	1,580	1,522
	40,878	42,030	41,646	41,461

26. Share-based payments

Stock option plan

A stock option plan was resolved by the Management Board and approved by the Supervisory Board of the Company in the business year 2006/07. The vesting period ended June 30, 2008. Members of the Management Board (with the exception of the former member of the Management Board Dkfm. Dr. Claus J. Raidl, who retired in the business year 2010/11, and the new member of the Management Board Dipl.-Ing. Franz Rotter, who was appointed in the business year 2010/11) were granted a total of 900,000 options and executives were granted 3,309,795 options. The options and the right to exercise the options are not transferable. The options can be exercised if the participant is a current employee or officer of voestalpine AG or a Group company.

If the share closing price on the exercise date is at least 15% above the exercise price, each stock option plan participant is allowed to exercise 50% of his options. The exercise price is calculated as the average of the closing prices during the period from August 1, 2006, to September 30, 2006. The market value of these options at the time of grant was calculated by an independent expert using the Monte Carlo simulation.

The other 50% of the options may be exercised if the closing price of voestalpine shares is above the Dow-Jones EUROSTOXX 600 on the exercise date, using July 1, 2006, as the starting point for calculating relative performance. The market value of these options at the time of grant was calculated by an independent expert using the binomial method.

The market value of the options at the time of grant is EUR 5.26 per option and was recognized over a period of 22 months on a straight-line basis until the end of the vesting period. The following parameters were used for determining the value of the options at the time of grant:

Strike price	euros	29.78
Share price at grant date	euros	30.16
Expected volatility	%	28.90
Risk-free interest rate	%	3.60
Dividend yield	%	4.00

Expected volatility was calculated using the historical volatilities of the last three years. Based on an expected early exercise of stock options as compared to normal options, early exercise after two or three years was assumed. The requirement that the relative performance of voestalpine shares must exceed that of the Dow Jones EUROSTOXX 600 index was included in the calculation by way of a 7% discount.

During the reporting period, the outstanding options developed as follows:

	2009/10	2010/11
Outstanding options as of April 1	3,855,330	3,855,330
Expired options	0	-12,000
Exercised options	0	-1,188,083
Outstanding options as of March 31	3,855,330	2,655,247

Option exercises averaged a price of EUR 35.6 per option. In the business year 2010/11, the members of the Management Board of voestalpine AG did not exercise any options.

As the relative performance of voestalpine shares since July 1, 2006, has exceeded that of the Dow Jones EUROSTOXX 600, one of the two exercise requirements has been met as of the end of the reporting period. The intrinsic value of the stock options amounted to EUR 4.4 million at the end of the reporting period (March 31, 2010: EUR 0.3 million).

27. Expenses for the Group auditor

Expenses for the Group auditor are structured as follows:

	2009/10	2010/11
Expenses for the audit of the financial statements	0.2	0.2
Expenses for other certifications	0.9	0.9
Expenses for tax consulting services	0.0	0.0
Expenses for other services	0.0	0.0
	1.1	1.1

In millions of euros

28. Disclosures of transactions not recorded in the statement of financial position according to § 266 (2a) of the Austrian Commercial Code (UGB)

Trade receivables amounting to EUR 614.2 million (March 31, 2010: EUR 418.6 million) were sold and derecognized. With regard to factoring, credit insured trade receivables are assigned to banks at 100% of their nominal value, whereby the acquiring banks assume the default risk (del credere

risk and political risk); moreover, the power of disposition is transferred to the buyer of the receivables. The seller assumes a contingent liability in the amount of the deductible of the credit insurance (range from 10% to 30%). At the reporting date, the maximum risk from the contingent liability amounts to EUR 68.3 million (March 31, 2010: EUR 50.5 million).

29. Events after the reporting period

On May 11, 2011, and May 12, 2011, voestalpine AG published the following notifications:

"voestalpine AG hereby announces that today (May 11, 2011) the German Federal Cartel Office conducted searches at the premises of voestalpine Klöckner Bahntechnik GmbH in Duisburg, whose activities include selling rails produced by the Railway Systems Division in Germany. The reason for the searches is the suspicion of anti-competitive practices in the German rail market. voestalpine AG takes these allegations seriously and will openly and fully cooperate with the authorities. Further information cannot be provided at this time."

"voestalpine AG hereby announces that today (May 12, 2011) the German Federal Cartel Office also conducted a search at the premises of rail manufacturer TSTG Schienen Technik GmbH & Co KG in Duisburg. The reason for the search is the suspicion of anti-competitive practices in the German rail market as was the case yesterday at voestalpine Klöckner Bahntechnik GmbH. Further information cannot be provided at this time."

An assessment of the consequences of the searches is not possible at this time. In the interest of the Company, no further disclosures can be made at this time.

30. Earnings per share

Basic (undiluted) earnings per share are calculated as follows:

	2009/10	2010/11
Profit attributable to equity holders of the parent	108,403	512,745
Issued ordinary shares (average)	168,204,587	169,049,163
Effect of own shares held (average)	-718,610	-513,338
Weighted average number of outstanding ordinary shares	167,485,977	168,535,825
Basic (undiluted) earnings per share (euros)	0.65	3.04

In thousands of euros

Diluted earnings per share are calculated as follows:

	2009/10	2010/11
Profit attributable to equity holders of the parent	108,403	512,745
Interest charged for convertible bonds (net)	191	0
Base for diluted earnings per share	108,594	512,745
Weighted average number of outstanding ordinary shares	167,485,977	168,535,825
Weighted average potential shares	0	0
Weighted average number of ordinary shares for diluted earnings per share	167,485,977	168,535,825
Diluted earnings per share (euros)	0.65	3.04

In thousands of euros

31. Dividend

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, 2011. These financial statements show net retained profits of EUR 136.0 million. The Management Board proposes a dividend of EUR 0.80 per share (2009/10: EUR 0.50).

Linz, May 18, 2011

The Management Board



Wolfgang Eder



Franz Hirschmanner



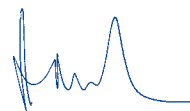
Josef Mülner



Robert Ottel



Franz Rotter



Wolfgang Spreitzer

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

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, 2010 to March 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2011, 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, 2011, 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, 2011 and of its financial performance and its cash flows for the fiscal year from April 1, 2010 to March 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments 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.

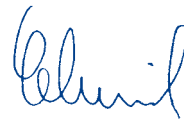
In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, May 18, 2011

Grant Thornton
Wirtschaftsprüfungs- und Steuerberatungs-GmbH



Univ.-Doz. Dr. Walter Platzer



Dr. Franz Schiessel

Certified Public Accountants

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

Management Board statement in accordance with § 82 (4) of the Stock Exchange Act

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 18, 2011

The Management Board



Wolfgang Eder
Chairman of the Management Board



Franz Hirschmanner
Member of the Management Board



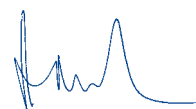
Josef Mülner
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