Half-year report 2016

vimetco

Contents

Financial and Operational Highlights

		H1 2016	H1 2015
Sales	USD million	1,245	855
EBITDA[1)]	USD million	147	129
EBITDA margin		12%	15%
Net (loss)/ profit	USD million	-34	-142
Production			
Electrolytic aluminium production	metric tonnes	452,600	428,600
Processed aluminium production	metric tonnes	166,600	54,800
Alumina production	metric tonnes	231,200	195,300
Bauxite production	metric tonnes	679,100	689,000
Coal production	metric tonnes	330,800	309,300
Energy production	MWh	3,463,600	3,281,300

[1]EBITDA: profit before tax, net finance items (operating profit), depreciation, amortisation and impairment.

Note 1:
In this half-year report, the terms ‘the Company’, ‘Vimetco’ and ‘the Group’ are sometimes used for convenience where references are made to Vimetco N.V. and its subsidiaries, in general.

The financial statements included in this half-year report are unaudited and they present the consolidated results of Vimetco Group prepared in accordance with IFRS. The indicators/ figures are rounded to the nearest whole number, and therefore, minor differences may result from summing and comparison with the figures mentioned in the financial statements.

This half-year report and the data contained in it was prepared and verified with the greatest possible care. However, rounding and transmission errors, and misprints cannot be entirely ruled out.

Note 2:
A list of all abbreviations and definitions used in this report can be found on page 11.

Letter of the CEO

We achieved improved results in H1 2016 despite operating in a highly volatile market, which continues to be impacted by pricing pressures due to an LME below 1,600 USD/tonne, combined with lower conversion premiums. These results once again demonstrate that we have succeeded in adapting our business to evolving market conditions and that our strategy of reducing overall costs and increasing efficiency is the right one.

The Chinese segment made a major step forward by beginning operations on its deep processing plant after the completion of the testing period; this project benefits from the latest technology and represents a key asset for the Group. As a direct consequence, the hot rolling mill capacity for the Chinese segment reached 600,000 tpa, while the cold rolling mill has a 250,000 tpa capacity, which resulted in higher sales to third parties during H1 2016. The intensified trading of aluminium and coal in China was also a factor behind the increased sales.

The Romanian segment reported positive results for H1 2016, with enhanced levels of output in terms of quantities, as well as costs reductions and increased efficiency of its processes. Another major achievement for this segment during H1 2016 was the fact that Airbus, the leading aircraft manufacturer has selected Alro, the Romanian subsidiary as a provider for aluminium. The agreement is for a multi-year period, starting 2017. Under the terms of the Contract, Alro will supply aluminium flat rolled products for aircraft manufacturing. Alro holds the NADCAP (National Aerospace and Defence Contractor Accreditation Programme) performance certification for conformity with aerospace industry requirements. The certificate was awarded by the NADCAP Management Council, in accordance with SAE Aerospace Standard AS 70003, following the testing of aluminium alloys produced at Slatina for heat treatment, conductivity measurement, tensile testing, hardness and metallography. We are looking forward to starting this partnership with Airbus and supplying best quality aluminium plates for the aerospace industry. This opportunity is yet another confirmation that the significant investments we made in upgrading our production facilities and extending our portfolio were successful. We are committed to offering our customers the best products available on the market and to meeting all their requirements and specifications in terms of quality, portfolio and supply.

Despite the fact that the Romanian segment reported a profit and the Chinese segment improved its results, the Group reported a loss of USD 34 million for H1 2016, due to the levels of overproduction in China that have added more pressure on both the LME and premiums and by the high leverage of the Chinese segment. This also makes it more difficult to enter new markets or to attract new clients.

However, we believe that this challenging environment also offers opportunities for growth and innovation. As such we continue to closely monitor the evolution of the international markets while intensifying our efforts to innovate by expanding our clients' portfolio and entering new markets. For example, we recognise that the automotive and construction markets reported strong gains in the first half of 2016. Furthermore, the usage of aluminium cans in the beer market continues to increase given the opportunities they provide for superior graphics and innovation in can design. Moreover, we believe that there is space in the market for new packaging such as the aluminium bottle. All of these areas could represent future lines of business, so we continue to monitor the latest developments.

Within this volatile environment, we believe it is essential to remain focused maintaining a strong and flexible balance sheet while achieving sustainable growth. We will continue our investment strategy to reduce the costs of our inputs and the consumption rates, while monitoring the LME in international markets, so that we are able to adapt our business to the new market conditions.

Gheorghe Dobra,
Chief Executive Officer

Overview

In the first six months of 2016, the LME continued to register low pricing levels, compared with the equivalent period last year; in H1 2016, the LME average was 1,544 USD/ tonne, compared to H1 2015, when it was 1,783 USD/ tonne. However, the trend in the first six months of 2016 is a more positive one, considering that quotes towards the beginning of the year were around 1,470 USD/tonne and by 30 June 2016, this had arisen to 1,635 USD/ tonne (the maximum level was registered at the end of April and was 1,673 USD/ tonne).

In H1 2016, the Group's management focused on obtaining a production cost structure that would allow it to maintain its position in the local and international aluminium markets, based on increased competitiveness. The Group continues to focus its strategy on further reducing consumption and energy dependency. The Group's aim is to achieve "green company" status as management recognises the positive impact of energy efficiency and state-of-the-art technology. The steps being taken will result in both innovative equipment and lower emissions, and therefore is key from a business and from a corporate social responsibility perspective.

The main investment projects in H1 2016 were the Eco Cast House in Romania and the deep processing plant in China. In Romania, the majority of the investment undertaken was for the aluminium scrap recycling facility which will look to expand its processing capacity to 90,000 tpa. Aside from the positive ecological impact of using aluminium scrap, the processes involved in the Eco Cast House consume less electricity, which represents more than two thirds of Alro's costs. Alro has now reached 99% of the maximum possible efficiency in the electrolysis sector, through successive investments in efficiency.

In China, the largest investment has been in the deep processing plant, which began operations at the end of 2015, after the testing period was completed.

The purchasing prices for the main raw materials in H1 2016 were at decreased levels for both segments compared to H1 2015, which partially offset the impact of the lower LME prices.

In H1 2016, Vimetco entered a number of non-material related party transactions. These transactions were entered at arm's length and under customary market terms. For more details about related party transactions please refer to Note 19 *"Related party transactions"* of the Condensed Consolidated Interim Financial Statements included in this report.

During the first half of 2016, there were no other significant changes in the economic context, neither in the Group's activity to affect the fair value of the Group's assets and liabilities, except for the normal volatility of the aluminium price on international markets and of exchange rates. However, during the reporting period, a change took place within the Board of Directors structure as Mr. Bogdan Ciobotaru's mandate as non-executive director was not renewed for the coming year during the Annual General Shareholders Meeting on June 20, 2016, which leaves a vacancy of one member in Vimetco's Board of Directors.

The Group developed its strategy of vertical integration to secure future profitability and to reduce major risks. A key priority for management is to continuously identify risks at an early stage, so that they are able to respond and, if possible, to mitigate them once they arise.

However, no significant changes arose in respect to the risks and uncertainties the Group faced during the first six months of 2016, as compared to the ones described in the 2015 Annual Report under the Corporate Governance chapter, Risks & Risk Management section. For a detailed description of the Group's risk exposures and its risk management and internal control systems, please refer to Vimetco 2015 Annual Report, which is available in the Investors Relations area of our website (www.vimetco.com).

Financial Review

Sales for H1 2016 were USD 1,245 million (H1 2015: USD 855 million), 46% higher than the comparable period in 2015, mainly due to the Chinese segment sales that secured additional revenues from the trading of aluminium and coal. Lower LME prices and premiums were offset by higher quantities sold and increased trading in China, which amounted to USD 531 million during H1 2016 at a gross profit of USD 3 million (H1 2015: trading sales of USD 268 million at a gross loss of USD 1.5 million).

The ***cost of goods sold*** also increased to USD 1,106 million in the first half of the year from USD 734 million during H1 2015 as a direct consequence of higher quantities sold and trading. The Group's ***gross profit*** increased in H1 2016 by USD 18 million compared to the same period in 2015: the Chinese segment reported a gross profit two times higher than that achieved in H1 2015 due on higher sales, while in Romania it decreased by 45%. The Group's ***gross profit margin*** was 11% compared to 14% in H1 2015.

In H1 2016, the Group reported an improved ***EBITDA*** of USD 147 million (up from USD 129 million in H1 2015), primarily due to the performance of the Chinese segment; however the ***EBITDA margin*** decreased from 15% in H1 2015 to almost 12% in H1 2016, as both segments reported lower EBITDA margins for the reporting period. Aditionally, the high leverage of the Chinese segment continues to have a significant impact on the Group's results and therefore, for the first half of 2016, the Group reported a ***net loss*** of USD 34 million (H1 2015: loss of USD 142 million).

Net finance costs (finance costs less finance income) increased to USD 113 million in H1 2016 from USD 103 million, in H1 2015, due primarily to the interest expense in the Chinese segment where the deep processing plant was partially placed into operation at the end of 2015 and thus the segment stopped capitalising the corresponding borrowing costs which were no longer eligible for capitalisation in the first half of 2016. For more details, please see Note 7 *"Finance costs and income"* of the Condensed Consolidated Interim Financial Statements.

The Group's ***total assets*** reported for 30 June 2016 were USD 4,924 million (31 December 2015: USD 4,875 million), out of which the non-current assets amounted to USD 3,317 million, a slightly lower level to that of 31 December 2015, which was USD 3,351 million.

The ***cash and cash equivalents*** at the end of H1 2016 reached USD 826 million, up from USD 783 million at the end of 2015, out of which restricted cash represents USD 731 million (31 December 2015: USD 740 million). The net cash generated by operating activities increased significantly to USD 174 million in H1 2016, from USD 59 million in H1 2015.

The Group's ***total liabilities*** were USD 4,711 million at 30 June 2016 (31 December 2015: USD 4,632 million), due to the increase in current liabilities of USD 134 million, determined mainly by the increase in the current portion of the Group's loans and borrowings position at 30 June 2016, especially in China.

During H1 2016, the Group continued its ***investment*** strategy. In Romania, the Alro investment program for H1 2016 remained focussed on reducing its energy dependence by increasing the energy efficiency of its processes and the capacity of its recycling facility to provide some of the liquid aluminium from alternative sources. It has already partially replaced the aluminium produced by electrolysis, a process that requires significant consumption of electricity. For 2016, Alro has approved investment expenses of over USD 53 million and it aims to expand its portfolio and increase the competitiveness and the quality of its products, as well as to further increase its energy efficiency and modernise existing equipment.

In China, the Group made its most significant investment of recent years with the construction of a deep processing plant. The six roll, wholly hydraulic mill, located in Henan Province, can produce coils with a standard width in a range of 900 – 2,400 mm, the highest performance in terms of standard width reached at present in China. The Group has invested more than USD 800 million in this project, which has state-of-the-art technology and facilities. At the end of 2015, this plant was partially put into operation and during H1 2016 it started to have a positive impact in the coils output and sales volumes. Moreover, the hot rolling mill capacity has now reached 600,000 tpa while the cold rolling mill has a 250,000 tpa capacity which led to higher sales to third parties during H1 2016.

At the end of June 2016, Vimetco employed 12,600 people in Asia, Europe and Africa, 300 fewer compared to 31 December 2015, mainly due to the fact that some of the Group's coal mines in China were idled during recent months due to low levels of demand in the coal market. However, Vimetco's employees remain the Group's first priority and closing down facilities is a last resort, only done if alternative solutions are not found. Moreover, management is continuing to invest in safety and protection equipment, safety materials and health & safety training programmes. Vimetco aims to ensure the continuing professional development of its employees and offers training to future employees in order to secure the necessary qualified personnel to achieve its goals.

Operational Update

Romania & Sierra Leone (Romanian segment)

In H1 2016, the Romanian segment reported positive results and higher quantitative sales, compared to the same period last year, while it continued its growth strategy by increasing the quantity of high value-added products sales, both in primary and processed aluminium.

The segment reported total production of primary aluminium of 137,900 tonnes in H1 2016, a slightly higher level compared to the one reported in the same period of last year (H1 2015: 134,800 tonnes). A similar positive trend was reported for processed aluminium production, which increased by 5% in H1 2016 to 54,000 tonnes compared with production reported last year (H1 2015: 51,600 tonnes). Alumina production also increased in H1 2016 to 231,200 tonnes, compared with 195,300 tonnes, in H1 2015, while bauxite production showed a slight decrease to 679,100 tonnes, in H1 2016, from 689,000 tonnes produced in H1 2015.

Romania

Alro is the only producer of primary aluminium and aluminium alloys in Romania and the largest producer in Continental Europe (excluding Russia and Scandinavia). In H1 2016, the company continued to improve its mix of products sold, as part of its strategy to focus on high value-added products and as a result, the sales of processed products continued to increase.

In H1 2016, primary aluminium sales significantly increased and reached 79,500 tonnes, compared to 68,700 tonnes in H1 2015. Processed alumium sales increased by 5% in H1 2016 to 41,800 tonnes (H1 2015: 39,600 tonnes). During H1 2016, Alro reported a slight increase in primary aluminium production compared to H1 2015, respectively of 2% (3,123 tonnes more), while production for the processed aluminium segment increased by 4% to approximately 42,000 tonnes, in H1 2016.

In terms of quantities sold, the results improved from H1 2015; however this increase was not reflected in the financial results due to the unfavourable international aluminium market which was marked by lower aluminium prices during H1 2016. The LME continued to register lower prices in H1 2016 compared to H1 2015, the average for the first six months being 1,544 USD/tonne (H1 2015: 1,783 USD/tonne). However, the trend was an improving one during H1 2016 and allowed Alro to hedge an important proportion of its H2 2016 sales. At the end of June, the referendum in the United Kingdom, resulting in a majority vote in favour of its exit from the European Union, led to further volatility in the European and international markets immediately and soon after the result was announced, generating positive results for Alro as the LME and exchange rates showed higher levels. Alro must follow its strategy to streamline its operations and maintain a strict control on costs, these being the elements that can sustain the viability of aluminium producers in the medium and long term.

In December 2015, Alro signed a loan facility of USD 60 million with the Black Sea Trade and Development Bank (‘BSTDB’) in order to sustain its investment program. Also, Alro successfully finalized the refinancing of its working capital facility of USD 137 million for the next two years. Also, by the end of March 2016, the company repaid in line with maturity dates, the last instalments of a loan amounting to RON 75 million for working capital, representing the purchase of the green certificates quota for 2014, a loan which was signed in March 2015. For 2016, Alro has budgeted an investment programme of USD 53 million, which includes expanding the Eco Cast House capacity to reach 90,000 tpa, up from 60,000 tpa. Through this recycling facility, Alro has managed to generate some of its liquid aluminium from alternative sources, partially replacing the aluminium produced by electrolysis, a process which requires significant consumption of electricity. Thanks to the investments made over the last 10 years, Alro has reached 99% of the maximum possible efficiency in the electrolysis sector. This result is presented in the study “Energy Efficiency and Greenhouse Gas Emissions: Possible Scenarios for the Aluminium Industry” published last year by the Joint Research Center, at the request of the European Commission. The study emphasizes that Alro has implemented three out of four possible phases for optimizing the electrolysis process and was ranked fourth out of 18 plants in Europe. In addition to energy efficiency projects, in 2016 Alro also invested in expanding its clients portfolio by increasing the production capacity of the Processed Aluminium Segment (heat treated plates, cladded products), as well as ensuring the continuity and safety of the company’s operations.

Moreover, within the Competitiveness Operational Programme (COP) 2014-2020, Alro received European Commission approval for continuing the strategic investments already started within the program “Increase of Economic Competitiveness 2007 – 2013”; as a result, in March 2016, the company was informed that its project regarding the “Investments in its Research and Development Department to improve the research infrastructure for the heat treated aluminium alloy plates with highly qualified industrial applications” was selected to be financed through European funds. The total approved value of the project is RON 115 million and the European funds financing will be of 50% of the eligible amount of RON 72 million.

Another achievement for Alro is that Airbus, the leading aircraft manufacturer selected the company as a provider for aluminium. The agreement is for a multi-year period, starting 2017. Under the terms of the Contract, Alro will supply aluminium flat rolled products for aircraft manufacturing.

For the short and medium term, Alro is focused on the extension of its portfolio of clients, the increase of production capacities for the processed aluminium segment (heat treated plates, cladded products), as well as continuity and safety assurance of the technological processes within the company. At the same time, during H2 2016 – 2017, the Group will also continue its investment policy in other fields, such as: the reduction of scrap output and gas emission, recycling, renewable energy, research and development, health, safety and environment and will focus its efforts to increase the share of sales to sectors that use large quantities of aluminium, such as automotive, aerospace, building, cable and infrastructure and packaging.

Other main subsidiaries in the Romanian segment are Alum (Tulcea, Romania), the only alumina refinery producer in Romania, which is listed on the Bucharest Stock Exchange, and Vimetco Extrusion, the extrusion products processor, an important supplier of aluminium profiles in the European market. During H1 2016, Alum was notified that it was considered eligible for receiving European funds for strategic investments related to its products and clients portfolios, while Vimetco Extrusion obtained one of its best results in the recent years.

Sierra Leone

Sierra Mineral Holdings I, Ltd. (SMHL) represents a component of the Romanian segment's production chain, being at its base: extraction of bauxite. The bauxite obtained by SMHL is sold to Alum to be refined into calcinated alumina, which is further used by Alro in the aluminium production. In H1 2016, SMHL produced 679,100 tonnes of bauxite compared to 689,000 tonnes produced in H1 2015. In terms of sales for H1 2016, SMHL reported a slight increase in deliveries to Alum, with the additional production delivered to third parties. Total sales in H1 2015 were higher by 10%, compared to the equivalent period in 2015. Also, the efforts made in previous years and the investment made in order to increase the efficiency of its operations were reflected in the positive results in H1 2016, with the net profit being of USD 3 million (compared to a loss of USD 3 million in H1 2015), while EBITDA was USD 6 million, compared to a negative EBITDA for the similar period of 2015.

Vimetco management, together with local management, are actively involved in the community in Sierra Leone, with increased attention being paid to environmental protection and to the ecological footprint of the bauxite mining activity. In addition, special attention is given to social and educational projects for supporting the local community's daily activities. Although the results obtained during the first six months of 2016 are promising, management continues to closely monitor the activity in Sierra Leone, where external factors (i.e. the unfavourable climate, social and cultural differences and the beginning of the rainy season) can have a major influence on the extracted quantity and on the quality of the delivered bauxite, two variables that have a significant impact on the Romanian segment's financial results.

Other information

Within the Romanian segment, intensive efforts are made to operate as a green organisation minimising emissions and waste as much as possible, and considering the industry in which Vimetco operates.

At 30 June 2016 Vimetco employed 4,015 persons within its Romanian segment (31 December 2015: 3,986 employees).

China

During recent years, in order to strengthen its competitive capacity in the market, the Chinese segment (Zhongfu Industry) has gradually formed a full integration process that involves the sourcing of coal, power generation, electrolytic aluminium and aluminium deep processing. The company's aim is to position the aluminium deep processing as the core business and improve its international competitiveness.

In H1 2016, the Chinese segment achieved primary aluminium sales of 446,700 tonnes, a significantly higher level compared to the 243,100 tonnes achieved in H1 2015, mainly due to ingots sold that were two times higher than in the equivalent period of 2015; from the total quantity sold, 267,500 tonnes of ingots were traded (H1 2015: 72,900 tonnes). Processed aluminium sales were boosted in H1 2016 to 72,000 tonnes, compared to 3,500 tonnes in H1 2015 mainly due to the coils produced in the newly commissioned deep processing plant. The same trend was also reported for alumina and coal sales: alumina sales levels for H1 2016 was 186,100 tonnes (H1 2015: nil), while coal sales significantly increased to 1,609,300 tonnes (H1 2015: 645,700 tonnes); the significant increase in coal sales is mainly thanks the trading transactions made in H1 2016.

The same trend was also reported for production levels. Therefore, primary aluminium production was 371,300 tonnes compared to 241,300 tonnes in H1 2015 and the production of processed aluminium increased significantly in H1 2016 to 112,600 tonnes from 3,200 tonnes in H1 2015, mainly thanks to the significant increase in coils production at the deep processing plant. Coal production was 330,800 tonnes, a similar level to the 309,300 tonnes produced in H1 2015.

On March 3, 2016, Zhongfu Industry and Zhongfu Power won the "2015 advanced industrial enterprise" prize from Gongyi City Government and its Committee.

Moreover, in April 2016, Zhongfu Industry received a certificate of approved manufacturer of wrought aluminium and aluminium alloys from DNVGL Group - a new company formed by Det Norske Veritas (DNV) and Germanischer Lloyd (GL) after a restructuring - recognizing the company's processing capabilities in making alloy aluminium plates for the maritime industry. The validity of this certificate is from 25 April 2016 to 24 April 2019.

Other information

At 30 June 2016, Vimetco had 8,583 employees within its Chinese segment (31 December 2015: 8,924 employees).

Outlook 2016-2017

The first half of 2016 was marked by high volatility and the longer-term economic outlook also looks uncertain, which may lead to significant revisions to long-term metal price forecasts and, as a direct consequence, planning for the future and setting medium and long term objectives will become even harder.

Vimetco will continue to closely monitor the evolution of the aluminium price on international markets (LME and SME), the energy prices and FX rates, considering this significant volatility, thus being able to review and adjust its business forecasts and take the necessary decisions to preserve the Group's stability and viability. At the same time, Vimetco will continue its investment strategy, which remains the key priority for sustainable growth in the aluminium industry.

Considering the Group's exposure to China, Europe and Africa, more attention has to be paid to developments in each region as the business mindset, culture and market evolution are very different. Moreover, the impact of China and emerging markets demand is also difficult to predict. The same issue is prevalent in price fluctuations as there is limited pricing and demand visibility, which brings additional challenges in planning both operations and CAPEX.

In terms of business strategy, in both segments, the Group's aim for the next remainder of the financial year is on increasing the high value-added products output and sales, with a focus on the automotive and aerospace industries, while monitoring new developments in the packaging area – i.e. aluminium cans, new aluminium bottles or other aluminium recipients.

Vimetco management is aware that the key to success is being agile and having a productive, well-managed and cost-effective end-to-end value chain. Therefore, attention continues to be given to cost management, cash-flow improvement and asset management to ensure a strong balance-sheet and to achieve future growth and increasing shareholder value. Nowadays, in the industry in which Vimetco operates, productivity improvements remains crucial and it has to be the contribution of everyone in the organization to impact the performance and capability of the business.

In the second half of 2016, Vimetco will remain commited to its vertical integration strategy and will keep a focus on strong leadership and culture. Having talented and inspirational management is critical for each organization as they are the main drivers for transforming a business and ensuring its success.

Abbreviations used in the report

Chinese segment - companies

Bao Shuo	Shanghai Bao Shuo Trading Co. Ltd.
Chenlou	Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.
Datang Gongyi	Datang Gongyi Power Generation Co., Ltd.
Datang Linzhou	Datang Linzhou Thermal Power Co., Ltd.
Dengcao	Zhengzhou City Dengcao Investment Co., Ltd.
Everwide	Everwide Industrial Ltd.
Guangxian	Zhengzhou Guangxian Industry and Trade Co., Ltd.
Huixiang	Zhengzhou City Huixiang Coal Industry Co., Ltd.
Jinhe Electrical Power	Linzhou Jinhe Electrical Power Equipment Co., Ltd.
Jinling	Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.
Jinxing	Dengfeng City Jinxing Coal Mine Co., Ltd.
Jinyao	Yichuan County Jinyao Coal Mine Co., Ltd.
Zhongfu Lanxun	Henan Zhongfu Lanxun Technology Co., Ltd.
Linfeng Product	Linzhou Linfeng Aluminium Product Co., Ltd.
Linfeng	Linzhou Linfeng Aluminium and Power Co., Ltd.
OUKAI	Shenzhen OK (OUKAI) Industry Development Co., Ltd.
Shang Zhuang	Gongyi City Shang Zhuang Coal Mine Co., Ltd.
Xinfu	Shanghai Xinfu Industry Development Co., Ltd.
Xing Cun	Gongyi City Xing Cun Coal Mine Co., Ltd.
Yellow River Heluo	Henan Yellow River Heluo Branch Water Supply Co., Ltd.
Yinhu	Henan Yinhu Aluminium Co., Ltd.
Yonglian	Henan Yonglian Coal Industry Co., Ltd.
Yulian Coal	Henan Yulian Coal Industry Group Co., Ltd.
Yulian Energy	Henan Yulian Energy Group Co., Ltd.
Zhongfu Aluminium	Henan Zhongfu Aluminium Co. Ltd.
Zhongfu Aluminium Alloy	Henan Zhongfu Aluminium Alloy Co., Ltd.
Zhongfu Anodes Carbon	Henan Zhongfu Anodes Carbon Co., Ltd.
Zhongfu Industry	Henan Zhongfu Industry Co., Ltd.
Zhongfu Power	Henan Zhongfu Power Co., Ltd.
Zhongfu Specialized Aluminium	Henan Zhongfu Specialized Aluminium Product Co., Ltd.
Zhongfu Thermal Power	Henan Zhongfu Thermal Power Co., Ltd.
Zhongfu Technology	Henan Zhongfu Technology Center Co., Ltd.

Other abbreviations

BSE	Bucharest Stock Exchange
CAPEX	Capital expenditure
COP	Competitiveness Operational Programme for 2014-2020
CSRC	China Securities Regulatory Commission
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EU	European Union
EURIBOR	Euro Interbank Offered Rate
GD	Government Decision
GSM	General Shareholders' Meeting
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
LIBOR	London Interbank Offered Rate
LME	London Metal Exchange
NADCAP	National Aerospace and Defence Contractor Accreditation Programme

Condensed consolidated interim financial statements for the six months ended 30 June 2016
Vimetco N.V.

Condensed consolidated statement of profit or loss and other comprehensive income - unaudited

in USD '000
except per share data

	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015
Sales	5	1,245,224	854,771
Cost of goods sold		-1,106,466	-734,212
Gross profit		**138,758**	**120,559**
General and administrative expenses		-51,248	-49,588
Impairment of property, plant and equipment	11	209	-19,227
Impairment of mineral rights	13	-	-92,744
Share of result of associates	14	-1,519	553
Other income	6	6,018	6,036
Other expenses	6	-868	-1,942
Operating result		**91,350**	**-36,353**
Finance costs	7	-126,954	-118,271
Finance income	7	13,890	15,565
Fair value gains / (losses) from derivative financial instruments	15	-3,768	-7,464
Foreign exchange gain / (loss)		-694	-8,913
Profit / (loss) before income taxes		**-26,176**	**-155,436**
Income tax	8	-7,658	13,257
Profit / (loss) for the period		**-33,834**	**-142,179**
Other comprehensive income / (expense):			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment		3,818	-21,996
Other comprehensive income / (expense) for the period, net of tax		**3,818**	**-21,996**
Total comprehensive income / (expense) for the period		**-30,016**	**-164,175**
Profit / (loss) attributable to:			
Shareholders of Vimetco N.V.		**-31,177**	**-66,421**
Non-controlling interests		**-2,657**	**-75,758**
		-33,834	-142,179
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-16,935**	**-89,228**
Non-controlling interests		**-13,081**	**-74,947**
		-30,016	-164,175
Earnings per share			
Basic and diluted (USD)	9	-0.142	-0.303

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position - unaudited

in USD '000

	Notes	30 June 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	11	2,566,374	2,585,305
Mineral rights	12	232,779	240,069
Goodwill	13	177,325	179,510
Land use rights		61,395	63,532
Other intangible assets		2,831	3,045
Investments in associates	14	79,701	75,724
Derivative financial instruments asset, non-current	15	286	3,277
Deferred tax asset		119,659	120,417
Long-term loans to related parties	19	23,487	23,223
Other non-current assets		53,443	57,277
Total non-current assets		**3,317,280**	**3,351,379**
Current assets			
Inventories	16	344,135	343,630
Trade receivables, net		213,095	153,853
Accounts receivable from related parties	19	33,906	50,270
Current income tax receivable		586	496
Other current assets		189,053	190,733
Derivative financial instruments asset, current	15	609	916
Restricted cash	17	731,453	739,590
Cash and cash equivalents		94,256	43,779
Total current assets		**1,607,093**	**1,523,267**
Total assets		**4,924,373**	**4,874,646**

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position - unaudited

in USD '000

	Notes	30 June 2016	31 December 2015
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital		27,917	27,917
Share premium		348,568	348,568
Other reserves		-44,953	-59,193
Retained earnings		-453,446	-164,474
Loss for the year		-31,177	-266,849
Equity attributable to shareholders of Vimetco N.V.		**-153,091**	**-114,031**
Non-controlling interest		365,997	356,724
Total equity		**212,906**	**242,693**
Non-current liabilities			
Loans and borrowings, non-current	18	672,701	739,009
Loans from related parties, non-current	18	227,405	213,915
Finance leases, non-current	18	1,194	478
Provisions, non-current		11,903	11,801
Post-employment benefit obligations		8,958	8,723
Other non-current liabilities		17,146	17,524
Deferred tax liabilities		108,495	110,434
Total non-current liabilities		**1,047,802**	**1,101,884**
Current liabilities			
Loans and borrowings, current	18	1,726,035	1,717,203
Loans from related parties, current	18	48,623	55,905
Finance leases, current	18	421	175
Trade and other payables		1,853,053	1,713,301
Accounts payable to related parties	19	17,675	20,952
Provisions, current		9,674	16,209
Current income taxes payable		7,299	6,299
Derivative financial instruments liability, current	15	885	25
Total current liabilities		**3,663,665**	**3,530,069**
Total liabilities		**4,711,467**	**4,631,953**
Total shareholders' equity and liabilities		**4,924,373**	**4,874,646**

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity - unaudited

	Share capital	Share premium	Revaluation reserve	Hedging reserve
Balance at 1 January 2015	**27,917**	**348,568**	**-**	**-**
Loss for the period	-	-	-	-
Other comprehensive income / (expense)				
Translation adjustment	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**
Appropriation of prior year loss	-	-	-	-
Non-controlling interests arised in Henan Zhongfu Industry Co., Ltd.	-	-	-	-
Balance at 30 June 2015	**27,917**	**348,568**	**-**	**-**
Balance at 1 January 2016	**27,917**	**348,568**	**-**	**-**
Loss for the period	-	-	-	-
Other comprehensive income / (expense)				
Translation adjustment	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**
Appropriation of prior year loss	-	-	-	-
Transactions between consolidated entities (Note 20)	-	-	-	-
Non-controlling interest on setting up of ZF Lanxun (Note 20)	-	-	-	-
Balance at 30 June 2016	**27,917**	**348,568**	**-**	**-**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

in USD '000

Hedging reserve - deferred tax	Translation reserve	Total other reserves	Retained earnings	Profit / (loss) for the period	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total shareholders' equity
-	**-37,302**	**-37,302**	**-36,798**	**-155,886**	**146,499**	**528,247**	**674,746**
-	-	-	-	-66,421	-66,421	-75,758	-142,179
-	-22,898	-22,898	91	-	-22,807	811	-21,996
-	**-22,898**	**-22,898**	**91**	**-**	**-22,807**	**811**	**-21,996**
-	**-22,898**	**-22,898**	**91**	**-66,421**	**-89,228**	**-74,947**	**-164,175**
-	-	-	-155,886	155,886	-	-	-
-	-	-	26,047	-	26,047	23,324	49,371
-	**-60,200**	**-60,200**	**-166,546**	**-66,421**	**83,318**	**476,624**	**559,942**
-	**-59,193**	**-59,193**	**-164,474**	**-266,849**	**-114,031**	**356,724**	**242,693**
-	-	-	-	-31,177	-31,177	-2,657	-33,834
-	14,240	14,240	2	-	14,242	-10,424	3,818
-	**14,240**	**14,240**	**2**	**-**	**14,242**	**-10,424**	**3,818**
-	**14,240**	**14,240**	**2**	**-31,177**	**-16,935**	**-13,081**	**-30,016**
-	-	-	-266,849	266,849	-	-	-
-	-	-	-22,125	-	-22,125	22,125	-
-	-	-	-	-	-	229	229
-	**-44,953**	**-44,953**	**-453,446**	**-31,177**	**-153,091**	**365,997**	**212,906**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows - unaudited

in USD '000

	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015
Cash flow from operating activities			
Profit / (loss) before income taxes		-26,176	-155,436
Adjustments for:			
Depreciation and amortisation		56,330	53,848
Interest and guarantee income	7	-13,890	-15,565
Net foreign exchange losses / (gains)		396	7,909
Gain / (loss) on disposal of property, plant and equipment	6	-848	649
Impairment of property, plant and equipment	11	-209	19,227
Impairment of mineral rights	13	-	92,744
Charge / (release) of provisions		-6,532	-154
Interest and guarantee expense	7	125,030	114,276
Share of result of associates	14	1,519	-553
Effect of derivative financial instruments		4,300	7,634
Changes in working capital:			
(Increase) / decrease in inventories		4,408	-37,261
(Increase) / decrease in trade receivables and other assets		-42,942	40,837
(Increase) / decrease in trade and other payables		177,879	58,371
Income taxes paid		-6,833	-6,262
Interest paid		-98,376	-121,560
Proceeds / (payments) from derivatives		-48	25
Net cash generated by operating activities		**174,008**	**58,729**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-79,653	-48,586
Proceeds from sale of property, plant and equipment		2,042	573
Investments in associates	14	-11,747	-3,753
Dividends received from associates	14	4,598	-
Proceeds from sale of subsidiaries, net of cash disposed	20	-	49,371
Proceeds from sale of available-for-sale financial assets		-	1,468
Increase in restricted cash		-7,295	-121,875
Interest received		7,225	13,417
Net cash used in investing activities		**-84,830**	**-109,385**
Cash flow from financing activities			
Proceeds from loans		761,672	721,409
Repayment of loans		-800,337	-666,164
Net cash generated by/(used in) financing activities		**-38,665**	**55,245**
Net increase / (decrease) in cash and cash equivalents		**50,513**	**4,589**
Cash and cash equivalents at beginning of period		**43,779**	**50,456**
Effect of exchange rate differences on cash and cash equivalents		-36	-2,329
Cash and cash equivalents at end of period		**94,256**	**52,716**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

in USD '000, except per share data

1. Organisation and nature of business

Vimetco N.V. ("the Company") was established on 4 April 2002 as a limited liability company and its registered office is located at Strawinskylaan 403, WTC, A Tower, 4th floor, 1077 XX Amsterdam, The Netherlands. Vimetco N.V. has been listed on the London Stock Exchange since 2 August 2007.

The Company and its subsidiaries (collectively referred to as "the Group") form a global, vertically integrated producer of primary and processed aluminium products. The aluminium operations are located in Romania and China. The Company through its subsidiaries controls also a number of entities engaged in energy production and coal mining business in China and bauxite mining operations in Sierra Leone, which are mainly intergrated in Group' aluminium operations.

The Group's administrative and managerial offices are located in the Netherlands and Romania.

A list of the principal companies of the Group is shown in Note 23. Details of changes in the Group structure are reported in Note 20.

The Group's parent is Vi Holding N.V., which controls 59.4% of votes of the Company and its registered office is at Landhuis Joonchi, Kaya Richard J. Beaujon Z./N, Curacao. The ultimate controlling entity in respect of 59.4% of the votes in the Company is Maxon Limited (Bermuda).

These are not the Company's statutory financial statements prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 25 August 2016.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report are unaudited and have been prepared in accordance with IAS 34 *Interim financial reporting* as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with IFRS as adopted by the EU.

Going concern

The Groups' business continued to be significantly impacted by the adverse impact of the low aluminium prices. The current economic conditions continue to create uncertainty particularly over the level of demand for the Group's products and will likely continue to impact the Group's future development, performance and financial position and financial results, its cash flows, liquidity requirements and borrowing facilities.

The consolidated financial statements for 6 months ended 30 June 2016 show that the Group generated a loss for the period of USD 33,834. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Significant accounting policies

The accounting policies adopted by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group:

- Amendments to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 24 November 2015. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

- Amendments to IAS 1 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 18 December 2015. The amendments further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. These amendments do not have any impact on the Group.

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 2 December 2015. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 23 November 2015. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after 1 February 2015), adopted by the EU on 17 December 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments do not have any impact to the Group.

- Amendments to IAS 27: *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 18 December 2015. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. The amendment is not applicable to consolidated financial statements.

- *Annual Improvements 2010-2012 Cycle* (effective for annual periods beginning on or after 1 February 2015 for companies in the EU), adopted by the EU on 17 December 2014. The improvements do not have a material impact on the Group's financial statements. These annual improvements amend standards from the 2010 – 2012 reporting cycle and include changes to:

- IFRS 2 *Share-based Payment*: This improvement amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition" (which were previously part of the definition of "vesting condition").

- IFRS 3 *Business combinations*: This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

- IFRS 8 *Operating Segments*: This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

- IFRS 13 *Fair Value Measurement:* This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- IAS 16 *Property Plant & Equipment:* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- IAS 24 *Related Party Disclosures*: The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- IAS 38 *Intangible Assets*: The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- *Annual Improvements to IFRSs 2012–2014 Cycle* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 15 December 2015. The improvements do not have a material impact on the Company's financial statements. These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- IFRS 7 *Financial Instruments: Disclosures:* The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

- IAS 19 *Employee Benefits:* The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- IAS 34 *Interim Financial Reporting*: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

in USD '000, except per share data

In addition to those standards and interpretations that have been disclosed in the financial statements for the year ended 31 December 2015, the following new standards, amendments to standards and interpretations have been issued in 2016, but are not effective for the financial year beginning 1 January 2016 and have not been early adopted by the Group:

- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018), issued on 12 April 2016, not yet adopted by the EU. The amendments in Clarifications to IFRS 15 *Revenue from Contracts with Customers* address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts.

- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (effective for annual periods beginning on or after 1 January 2018), issued on 20 June 2016, not yet adopted by the EU. The amendments clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The directors do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

4. Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2015.

5. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. The Group’s geographical segments are: China and Romania. A list of the principal companies included in each segment is shown in Note 23.

The Chinese operations are located in Gongyi, Zhengzhou and Linzhou, Henan Province. The integrated operations in China principally consist of primary aluminium production, processed aluminium production, thermal power generation and coal extraction, all located in Henan Province.

The Group’s operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary and processed aluminium. Sierra Leone component is aggregated and presented within the Romania segment.

Reconciliation to Group includes corporate activities, intercompany eliminations and non-allocatable items.

Segment income and expenses, assets and liabilities are measured and disclosed using the same accounting policies and valuation methods as for the Group.

Segment revenues and results for the six month ended 30 June 2016 and 2015 were as follows:

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2016				
Total segment sales	946,517	298,707	-	**1,245,224**
Segment results (operating profit/(loss))	74,321	18,137	-1,108	**91,350**
Finance costs	-117,529	-8,882	-543	-126,954
Finance income	13,591	614	-315	13,890
Fair value gains/(losses) from derivative financial instruments	-	-3,768	-	-3,768
Foreign exchange loss				-694
Group loss before income taxes				**-26,176**

in USD '000, except per share data

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2015				
Total segment sales	533,905	320,866	-	**854,771**
Segment results (operating profit/(loss))	-83,395	48,034	-992	**-36,353**
Finance costs	-110,031	-7,527	-713	-118,271
Finance income	15,217	534	-186	15,565
Fair value gains/(losses) from derivative financial instruments	-193	-7,271	-	-7,464
Foreign exchange loss				-8,913
Group profit before income taxes				**-155,436**

Out of the total sales of the Group, USD 530,940 represent revenues from the trading activities in China during the 6 months to 30 June 2016 at a gross profit of USD 3,120 (in the 6 months to 30 June 2015: traded sales of USD 268,305 at a gross profit of -USD 1,455).

Segment assets at 30 June 2016 and 31 December 2015, respectively, were as follows:

	30 June 2016	31 December 2015
Segment assets		
China	4,292,150	4,277,024
Romania	593,464	556,544
Reconciliation to total Group	38,759	41,078
Total consolidated assets	**4,924,373**	**4,874,646**

Segment liabilities at 30 June 2016 and 31 December 2015, respectively, were as follows:

	30 June 2016	31 December 2015
Segment liabilities		
China	4,281,828	4,225,906
Romania	356,977	332,153
Reconciliation to total Group	72,662	73,894
Total consolidated liabilities	**4,711,467**	**4,631,953**

6. Other income and expenses

	Six months ended 30 June 2016	Six months ended 30 June 2015
Other income		
Government grants	513	3,886
Aged payables written off	578	245
Net gain on disposal of property, plant and equipment	848	-
Reimbursements from insurance claims and other compensations	1,023	503
Rental income	1,164	1,059
Other income	1,892	343
Total other income	**6,018**	**6,036**

Government grants represent mainly awards for applying advanced technical know-how and improvement of energy savings received from the government of China, and subsidies for supporting aluminium industry.

An amount of USD 1,234 included in "Other income" in 2016 (in 2015 nil) represents provisions reversed for civil litigations concerning intellectual property rights.

in USD '000, except per share data

	Six months ended 30 June 2016	Six months ended 30 June 2015
Other expenses		
Idle plants depreciation expense	-200	-233
Net loss on disposal of property, plant and equipment	-	-649
Expenses for claims, penalties and compensations	-407	-818
Other expenses	-261	-242
Total other expenses	**-868**	**-1,942**

Idle plants depreciation expense is in connection with some idle capacities in Romania.

7. Finance costs and income

	Six months ended 30 June 2016	Six months ended 30 June 2015
Finance costs		
Interest expense	-113,633	-102,508
Interest expense to related parties (Note 19)	-8,510	-8,592
Finance guarantee expense	-2,637	-2,893
Bank charges	-2,563	-3,921
Interest on post employment benefits	-159	-202
Interest from unwinding of provision	-91	-81
Other financial costs net	639	-74
Total	**-126,954**	**-118,271**

	Six months ended 30 June 2016	Six months ended 30 June 2015
Finance income		
Interest income	10,087	12,521
Finance guarantee income	3,803	3,044
Total	**13,890**	**15,565**

The increase of the interest expense comparatively to the same period of the previous year is mainly attributable to the Chinese segment, where the deep processing project has been partially put into operation in the second half of the previous year.
As a consequence the segment stopped capitalising the corresponding borrowing costs which were not anymore eligible for capitalisation in the first half of 2016.

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 12,159 (6 months ended 30 June 2015: USD 18,960).

There was no ineffectiveness of cash flow hedges recognised in profit or loss during the 6 months ended 30 June 2016 and 30 June 2015.

8. Income tax

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The estimated average annual tax rate for the 6 months ended 30 June 2016 is -29.3% (6 months ended 30 June 2015 was 8.5%).

The major components of the income tax expense in the interim consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June 2016	Six months ended 30 June 2015
Income tax		
Current income tax	-7,869	-7,411
Deferred income tax	211	20,668
Total income taxes	**-7,658**	**13,257**

in USD '000, except per share data

The change in effective tax rate was caused mainly by the following factors:

- change in mix of pre-tax profits over the various jurisdictions in which the Group operates;
- unused tax losses and deductible temporary differences not recognised as deferred tax assets, because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the tax losses and deductible temporary differences.

9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2016	Six months ended 30 June 2015
Result for the period attributable to shareholders of Vimetco N.V.	-31,177	-66,421
Weighted average number of ordinary shares outstanding during the period	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.142	-0.303

Basic and diluted per share data are the same as there are no dilutive securities.

10. Dividends

No dividends were declared and paid by Vimetco NV relating to the year 2015 and 2014.

No dividends relating to the year 2015 were declared by the subsidiaries in respect of non-controlling interests (2014: nil). Also no payments of dividends took place during the 6 months ended 30 June 2016 (6 months ended 30 June 2015: nil).
No dividends were declared and paid by Vimetco NV relating to the year 2015 and 2014.

No dividends relating to the year 2015 were declared by the subsidiaries in respect of non-controlling interests (2014: nil). Also no payments of dividends took place during the 6 months ended 30 June 2016 (6 months ended 30 June 2015: nil).

11. Additions and disposals of property, plant and equipment

During the 6 months ended 30 June 2016 the Group acquired property, plant and equipment in the amount of USD 87,061 (6 months ended 30 June 2015: USD 53,276).

From January to June 2016, the Group disposed of property, plant and equipment in the net amount of USD 1,130 (6 months ended 30 June 2015: USD 1,519).

The value of property, plant and equipment pledged for securing the Group's borrowings amounts to USD 1,348,091 (31 December 2015: USD 1,422,081).

in USD '000, except per share data

12. Mineral rights

Cost	
Balance at 1 January 2015	569,053
Translation adjustment	503
Balance at 30 June 2015	**569,556**
Balance at 1 January 2016	536,226
Translation adjustment	-11,128
Balance at 30 June 2016	**525,098**
Amortisation and impairment	
Balance at 1 January 2015	-167,756
Amortisation charge	-2,420
Impairment charge	-92,744
Translation adjustment	-385
Balance at 30 June 2015	**-263,305**
Balance at 1 January 2016	-296,157
Amortisation charge	-2,345
Translation adjustment	6,183
Balance at 30 June 2016	**-292,319**
Net book value	
Balance at 31 December 2015	**240,069**
Balance at 30 June 2016	**232,779**

The amortisation charge has been included in the Cost of goods sold.

No significant changes with an adverse effect on the coal mines CGUs have taken place during the reported period and no indications of impairment were determined as at 30 June 2016, therefore the management has not updated the impairment calculations made as at 31 December 2015.

13. Goodwill

	2016	**2015**
Balance 1 January	179,510	191,143
Translation adjustment	-2,185	-2,299
Balance 30 June	**177,325**	**188,844**

Impairment test for goodwill

The goodwill is allocated to the cash-generating units as follows:

	30 June 2016	**31 December 2015**
China	130,555	133,323
Romania	42,171	41,588
Sierra Leone	4,599	4,599
Total	**177,325**	**179,510**

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement.

As there were no indicators for impairment of any of the CGUs at 30 June 2016, the management has not updated the impairment calculations made as at 31 December 2015.

in USD '000, except per share data

14. Investments in associates

Details of the carrying value of the Group's investments in associates are set out below:

	2016	2015
Balance 1 January	75,724	72,375
Additions	11,747	3,753
Share of result of associates	-1,519	553
Dividends received	-4,598	-
Translation adjustment	-1,653	73
Balance 30 June	**79,701**	**76,754**

In 2016 the Group increased the investment in its existing associate Datang Gongyi Power Generation Co., Ltd. by a cash contribution of USD 11,747, maintaining its shareholding in the entity of 49%.

In 2016 the Group received dividends from its associate Datang Linzhou Thermal Power Co., Ltd. in amount of USD 4,598.

15. Derivative financial instruments

Embedded derivatives

The Group has a contract of electricity supply valid until January 2018 that includes an embedded derivative financial instrument, which was separated from the host contract and accounted for at fair value.

The contract was renegotiated several times, and the valuation model of the derivative instrument embedded in it was adapted accordingly. At 30 June 2016, the embedded derivative consists of:

- a series of monthly forward contracts to sell aluminium at a fixed price denominated in RON, whose notional amounts are determined on the basis of energy quantities specified in the host contract;
- a series of monthly long call options on aluminium, corresponding to the maximum energy price and quantity set in the host contract;
- a series of monthly short put options on aluminium, corresponding to the minimum energy price and quantity set in the host contract;
- a series of monthly long call options on energy at the price set in the host contract, with annual exercising dates and monthly settlements during the following year.

For the measurement of the energy call options, the Monte Carlo simulation was used as a valuation method, by using the following variables as inputs: aluminium quotation on the London Metal Exchange, energy prices on the Day Ahead Market, RON/USD exchange rates, the minimum and maximum quantities estimated by the Management to be purchased during the following period.

In June 2016, the Group exercised its option not to purchase energy for 2017 on the basis of this contract, so that the value of the option included in the embedded derivative instrument decreased significantly, in such a way that at 30 June 2016 it is fair-valued only for the remaining quantity related to the month of January 2018.

The embedded derivative has a fair value of USD 895 at 30 June 2016, of which USD 286 are non-current and USD 609 are current (at 31 December 2015: USD 4,192, of which USD 3,277 non-current assets and USD 916 current assets).

The loss from the change in fair value of the embedded derivative instrument during the 6-month period ended 30 June 2016, amounting to USD 2,905 was debited to the profit or loss account, being presented under "Fair value gains/(losses) from derivative financial instruments" (for the 6 months ended 30 June 2015: USD 7,271).

USD 508 were debited to the statement of profit or loss as "energy cost" under "Cost of goods sold", being the fair value of the monthly derivative instruments related to the electricity quantities acquired each month during the 6 months to 30 June 2016 (for the 6 months ended 30 June 2015: USD 385).

The embedded derivatives were classified within Level 2 of the fair value measurement hierarchy.

in USD '000, except per share data

Commodity options

In 2016, for the purpose of protecting its revenues against the volatility of the aluminium price, the Group entered into several transactions with financial institutions consisting of 100% zero-cost collar of Asian options by taking long positions on put options and short positions on call options for a quantity of 50,000 tonnes of aluminium, with monthly settlements during July - December 2016, by securing for the respective quantity a minimum price of 1,583 USD/t. The options have a negative value of USD 885 at 30 June 2016, with the net loss resulting from the mark-to-market of these options at 30 June 2016 versus the moment when the contracts were concluded, amounting to USD 863 (for the 6 months ended 30 June 2015: nil) being presented under "Fair value gains / (losses) from derivative financial instruments", and the exchange difference of USD 22 is included in the category "Foreign exchange (loss)/gain".

The options were classified within Level 2 of the fair value measurement hierarchy.

There were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

The Group does not have level 3 financial instruments.

During the 6 months ended 30 June 2016 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities, except for the normal volatility of aluminium prices on international markets, and of foreign exchange rates.

16. Inventories

	30 June 2016	31 December 2015
Raw and auxiliary materials	137,184	132,573
Work in progress	147,923	152,370
Finished goods	66,496	75,772
Less: allowance for obsolescence	-7,468	-17,085
Total	**344,135**	**343,630**

The movements in the provision for obsolescence are as follows:

	2016	2015
Balance at 1 January	-17,085	-14,020
Credit to cost of goods sold	9,709	1,302
Translation adjustment	-92	348
Balance at 30 June	**-7,468**	**-12,370**

The value of inventories pledged for securing the Group's borrowings amounts to USD 97,304 (31 December 2015: USD 114,959).

In 2016, the allowance for obsolescence decreased mainly due to the sale in the first half of 2016 of inventories provided for at 31 December 2015 and due to the appreciation of the value of the aluminium and alumina inventories as a consequence of better prices on international markets at 30 June 2016 versus 31 December 2015.

17. Restricted cash

Restricted cash represents mainly amounts:

- pledged to banks to guarantee repayment of bills of exchange issued by the Group and for issuance of letters of credit;

- pledged under the provisions of some loan agreements concluded by several companies in the Group.

in USD '000, except per share data

18. Borrowings

	30 June 2016	31 December 2015
Long-term borrowings		
Long-term bank loans	654,233	703,125
Less: Short-term portion of long-term bank loans	-111,336	-158,428
Bank loans	*542,897*	*544,697*
Other loans	31,243	93,950
Corporate bonds	98,561	100,362
Bank and other loans	*672,701*	*739,009*
Loans from related parties (Note 19)	227,405	213,915
Finance leases	1,194	478
Total long-term borrowings	**901,300**	**953,402**
Short-term borrowings		
Short-term bank loans and overdrafts	587,642	587,091
Short-term portion of long-term bank loans	111,336	158,428
Bank loans and overdrafts	*698,978*	*745,519*
Other loans	731,154	701,830
Corporate bonds	295,903	269,854
Bank loans, overdrafts and other loans	*1,726,035*	*1,717,203*
Loans from related parties (Note 19)	48,623	55,905
Finance leases	421	175
Total short-term borrowings	**1,775,079**	**1,773,283**
Total borrowings	**2,676,379**	**2,726,685**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks with recourse in amount of USD 149,228 (31 December 2015: USD 105,538).

Bank borrowings mature until 2023 and bore interest (fix and variable for different currencies) at annual interest rates between 0.27% for EUR and 21.00% for SLL (Sierra Leonean leone) (2015: 0.51% for EUR and 21.00% for SLL).

Other loans are loans received in China from financial institutions other than banks and other non-financial entities.

The borrowings are secured by property, plant and equipment, inventory, actual and future accounts receivables, current bank accounts and by some financial investments of the Group companies.

According to the existing borrowing agreements some of the Group companies are subject to certain restrictive covenants. These covenants require several companies in the Group, among other things, to refrain from paying dividends to their shareholders unless certain conditions are met, and to maintain a minimum or maximum level for certain financial ratios, including: debt service coverage ratio, debt to worth leverage ratio, current ratio, debt to EBITDA (adjusted earnings before interest, taxation, depreciation and amortisation), tangible net worth to tangible assets, interest cover, solvency rate and gearing ratio.

At 30 June 2016, some of the Group subsidiairies were in breach of certain covenants in respect of their loans. The situations were discussed with the banks and the necessary waivers were received (except for the loan discussed below). A breach of covenants in respect of a liability that entitles the creditor to require repayment at a future date within one year from the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

At 30 June 2016, one of the Group companies did not obtain a waiver for the breach before the end of the period. Consequently, it classified the entire long-term loan from that bank into short term in the statement of financial position, amounting to USD 894.

During the 6 months ended 30 June 2016 one of the Group subsidiaries in China reimbursed a significant part of the 2015 bonds issue. During the same period, the same subsidiary made another corporate bonds issue, which was privately subscribed (denominated in CNY, with a total face value of CNY 200,000,000). These bonds are not listed and they have short term maturity.

in USD '000, except per share data

Except for the corporate bonds, for which the fair value is presented below, the Company estimated that the fair value of the other borrowings approximates their carrying amount, due to the short nature of the borrowing for the short-term borrowings and for the long-term borrowings based on the fact that most of the borrowings bear interest at floating interest rates, while the remaining fixed rate long term loans are recently contracted.

The fair value and the carrying amounts of the bonds issued by the Group are listed below:

	30 June 2016	31 December 2015
Fair value		
2011 bonds issue	225,728	224,991
2012 bonds issue	97,677	97,863
2015 bonds issue	20,544	32,082
2016 bonds issue	30,160	-
Total fair value	**374,110**	**354,936**
Carrying amount	**394,464**	**370,216**

19. Related party transactions

The Group enters, under normal terms of business, into certain transactions with its major shareholder, companies under common control, directors and management. The transactions between the related parties are based on mutual agreements and management considers such transactions to be on an arm's length basis.

The immediate parent and Group's main shareholder is Vi Holding N.V., which controls 59.4% of the shares of the Company. The ultimate controlling entity in respect of 59.40% of the votes in the Company is Maxon Limited (Bermuda).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The balances and transactions with related parties are presented below.

Financing from related parties

Related party	**30 June 2016**	**31 December 2015**
Vi Holding N.V.	228,662	221,699
Associates	47,366	48,121
Total borrowings from related parties	**276,028**	**269,820**
Thereof:		
Short-term portion of borrowings	48,623	55,905
Long-term portion of borrowings	227,405	213,915

The loan payable to Vi Holding N.V. is subject to interest at LIBOR plus 5.75% and has final maturity on 31 May 2022.

Interest expense related to loan from Vi Holding N.V. amounted to USD 6,963 (6 months ended 30 June 2015: USD 6,154).

The loans payable to associates mature until May 2017 and are denominated in CNY. Interest expense related to the loans amounted to USD 1,547 (6 months ended 30 June 2015: USD 2,438).

in USD '000, except per share data

Loans provided to related parties

Related party	30 June 2016	31 December 2015*
Vi Holding N.V.	-	-
Associates	42,213	38,962
Total long-term loans to related parties	**42,213**	**38,962**
Thereof:		
Short-term portion of loans	18,726	15,739
Long-term portion of loans	23,487	23,223

Loans receivables from associates represent the financing provided to the projects related to water supply and heat capture of the power plants owned by the Group in China. Loans are interest bearing, measured at amortised cost and are included under the Long-term loans to related parties for the long-term portion and under the Accounts receivable from related parties for the short-term portion in the consolidated statement of financial position.

*The comparative amounts have been reclassified in accordance with the current presentation, as follows: the amount of USD 15,739 presented previously under Trade and other accounts receivable was reclassified as Short-term portion of loans.

Interest income related to loans to associates amounted to USD 981 (6 months ended 30 June 2015: USD 640).

The Group provided and purchased goods and services to related parties as follows:

Goods and services provided to related parties

	Six months ended 30 June 2016	Six months ended 30 June 2015
Vi Holding N.V.	-	-
Companies under common control	33	36
Associates	91,071	36,274
Other related parties	1	-
Total goods and services provided to related parties	**91,105**	**36,310**

Goods and services purchased from related parties

	Six months ended 30 June 2016	Six months ended 30 June 2015
Vi Holding N.V.	-134	-133
Companies under common control	-24,459	-24,005
Associates	-6,080	-17,359
Other related parties	-5	-27
Total goods and services purchased from related parties	**-30,678**	**-41,524**

Furthermore, the following balances were outstanding at 30 June 2016 and 31 December 2015:

Trade and other accounts receivable

	30 June 2016	31 December 2015*
Vi Holding N.V.	-	-
Companies under common control	225	316
Associates	14,954	34,215
Other	1	-
Total trade and other accounts receivable from related parties	**15,180**	**34,531**

*The comparative amounts have been reclassified in accordance with the current presentation, as follows: the amount of USD 15,739 presented previously under Trade and other accounts receivable was reclassified as Short-term portion of loans.

Trade and other accounts payable

	30 June 2016	31 December 2015
Vi Holding N.V.	671	580
Companies under common control	256	16
Associates	16,747	20,355
Key management personnel	-	-
Other	1	1
Total trade and other accounts payable to related parties	**17,675**	**20,952**

in USD '000, except per share data

Management compensation

Total compensation of the Group's key management personnel included in "General and administrative expenses" in the statement of profit or loss and other comprehensive income:

	Six months ended 30 June 2016	Six months ended 30 June 2015
Short-term employee benefits	538	675
Post-employment benefits	48	58
Total	**586**	**733**

20. Acquisitions and disposals of subsidiaries

Set up of new subsidiaries

Set up of a new subsidiary Henan Zhongfu Lanxun Technology Co., Ltd.
On 2 February 2016, Henan Zhongfu Industry Co., Ltd. ("ZF Industry") and a third party company set up and registered a new subsidiary of the Group, namely Henan Zhongfu Lanxun Technology Co., Ltd. ("ZF Lanxun") for operating the Group's new project - Internet Data Center in Henan China. ZF Industry and the third party company directly hold equity interest of 85% and 15% respectively in the new company. The Company's effective percentage of shareholding in ZF Lanxun is 43.84%. The contribution of the non-controlling party to the share capital of the new subsidiary amounts to USD 229.

Set up of a new subsidiary Henan Zhongfu Power Sales Co., Ltd.
On 24 February 2016, ZF Industry set up a new wholly owned subsidiary, namely Henan Zhongfu Power Sales Co., Ltd. ("ZF Power Sales"). The business nature of the company is mainly trading of electricity. The Company's effective percentage of shareholding in ZF Power Sales is 51.57%.

Transactions between consolidated entities

On 14 December 2015, Henan Yulian Energy Group Co., Ltd. ("Yulian Energy") concluded several agreements with Henan Yulian Coal Industry Group Co., Ltd. ("Yulian Coal") and Henan Zhongfu Industry Co., Ltd. ("ZF Industry") in relation to the acquisition of 49% of equity interest in Zhengzhou Guangxian Industry and Trade Co., Ltd. ("Guangxian") and 19% of Zhengzhou City Huixiang Coal Industry Co., Ltd. ("Huixiang") from Yulian Coal and the acquisition of equity interest of 49% in Yulian Coal from ZF Industry. After the transactions, Yulian Energy directly holds Guangxian, Huixiang and Yulian Coal with percentage of 49%, 19% and 49% respectively and the Company's effective percentage of shareholding in these 3 subsidiaries after the change of group structure increased further from 51.57%, 36.10% and 51.57% to 85.02%, 55.99% and 73.72% respectively. No goodwill was recognized on these transactions between consolidated entities and the difference between the consideration transferred and the amount by which the non-controlling interests of the subsidiaries were adjusted was recognised in Equity on the line "Transactions between consolidated entities". The Group recognised a decrease in retained earnings of USD -22,125 with a corresponding increase in non-controlling interests of USD 22,125.

On 26 February 2016, Henan Yulian Coal Industry Group Co., Ltd. ("Yulian Coal") sold its 100% equity interest in Henan Zhongfu Power Co., Ltd. ("ZF Power") to Henan Zhongfu Industry Co., Ltd. ("ZF Industry"). After the acquisition, ZF Power has become a wholly owned subsidiary of ZF Industry and the Company's effective percentage of shareholding in ZF Power remains unchanged at 51.57%.

21. Commitments and contingencies

Commitments

Investment commitments

The Group has commitments for the purchase of property, plant and equipment associated with certain production and environmental projects. The contracts for these projects require the Group to make certain investments, which are estimated at USD 55,147 at 30 June 2016 and USD 79,640 at 31 December 2015.

The Group has further investment commitments in China amounting to USD 62,344 at 30 June 2016 (at 31 December 2015: USD 68,713), mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the projects.

Raw material purchase contracts

At 30 June 2016, the Group had various contracts to purchase energy, gas, materials and consumables amounting to USD 277,667 (at 31 December 2015: USD 244,584).

The Group has committed to purchase electricity until 2018 under a long-term agreement with an electricity supplier. The contract relates to a yearly quantity of up to 3 TWh/year, the price being linked to LME with a certain floor and cap, as detailed in Note 15.

Contingencies

Litigations

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Currently, two of the Group's subsidiaries in China are involved in a legal case defending an action brought by a business partner who is claiming damages in respect of a business developed in the past together with the respective partner. In May 2016, a decision for settlement was issued by the local High Court but an appeal is in progress with the Supreme Court. The Management could not make a reliable estimation of the outcome of the legal case. Consequently, no provision was booked with respect to this legal case at 30 June 2016.

In May 2015, one of the Group's subsidiaries in Romania (Alro) acknowledged a legal civil action at the Bucharest Court of Law brought by Hidroelectrica S.A., regarding material claims by the electricity producer for alleged unrealized benefits from the bilateral contract with Alro. In December 2015, the Primary Court rejected a significant part of the claims of Hidroelectrica as being time-barred, and consequently only remaining claims are under discussion, related to a small period from the contract of less than 2 months, which were subsequently rejected by the Primary Court in June 2016. Based on Management's best estimate, it is not possible to make a reliable estimation of the outcome of the legal case. Consequently, the Group did not recognize a provision in relation to the legal case at 30 June 2016.

On the other hand, Alro filed several cases against the force majeure clause applied by the same energy producer in the years 2011 and 2012, along with a file of the Group's deemed claim from the Statement of Affairs of Hidroelectrica S.A. in the context of the insolvency procedure of the latter, and the request to reverse the measures applied by the Official Receiver. The case against the force majeure clause applied by Hidroelectrica in 2011, i.e. the claim against Hidroelectrica creditors table generated by the refusal of the Official Receiver to include in the table Alro's receivable from the loss incurred as a consequence of the force majeure clause applied by Hidroelectrica in 2011, was rejected by the Primary Court in February 2016. In May 2016 the Court also rejected the challenge filed against the Official Receiver's declaring force majeure in 2012. Alro shall file an appeal within the legal timeframe.

In 2016 Alro also contested before the Court of Law a decision of the Competition Council that fined Alro for an alleged vertical agreement on the energy market, which was firmly challenged by the Group, as well as several Romanian Energy Regulatory Authority ("ANRE") orders regarding the calculation of green certificate quota for the Group's energy consumptions in 2015 and regarding the quota settlement methodology. Having in view the enforceability of the decision issued by the Competition Council, the Group subsidiary paid the fine amounting to USD 5,271 in 2016, provided for at the end of the year 2015, but at the same time the disputes are ongoing before the competent Courts of Law.

22. Events after the balance sheet date

During 15-19 August 2016, approximately 70% of the 2011 issue bondholders, equivalent to 10.68 million bonds, exercised their put options and asked for repayment of their bonds. As a consequence, Zhongfu Industry has to pay an amount of USD 161 million (CNY 1,068 million) to the bondholders on 29 August 2016 according to the buy-back arrangement. For the remaining bondholders, owning

in USD '000, except per share data

4.32 million bonds, the equivalent of USD 65 million (CNY 432 million) in face value, they did not exercise their options and accepted to hold the company's bonds for the next 3 years at an interest rate of 7.3% p.a. Zhongfu Industry plans to use external financing for the settlement of the exercised options.

There were no other material subsequent events that would affect the interpretation of the financial statements.

23. Principal companies in the Vimetco Group

The principal companies in the Vimetco Group at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016		31 December 2015	
	shareholding	votes[1]	shareholding	votes[1]
China				
Datang Gongyi Power Generation Co., Ltd.	47.42%	49.00%	47.42%	49.00%
Datang Linzhou Thermal Power Co., Ltd.	16.13%	20.00%	16.13%	20.00%
Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.	73.72%	100.00%	51.57%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	40.55%	100.00%	28.37%	100.00%
Everwide Industrial Ltd.	100.00%	100.00%	100.00%	100.00%
Gongyi City Xing Cun Coal Mine Co., Ltd.	27.28%	37.00%	19.08%	37.00%
Gongyi City Shang Zhuang Coal Mine Co., Ltd.	29.49%	40.00%	20.63%	40.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	22.69%	44.00%	22.69%	44.00%
Henan Yinhu Aluminium Co., Ltd.	51.57%	100.00%	51.57%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	23.21%	45.00%	23.21%	45.00%
Henan Yulian Energy Group Co., Ltd.	96.78%	96.78%	96.78%	96.78%
Henan Yulian Coal Industry Group Co., Ltd.	73.72%	100.00%	51.57%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	38.16%	100.00%	38.16%	100.00%
Henan Zhongfu Aluminium Co., Ltd.	73.72%	100.00%	73.72%	100.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	43.08%	83.53%	43.08%	83.53%
Henan Zhongfu Industry Co., Ltd.	51.57%	53.29%	51.57%	53.29%
Henan Zhongfu Lanxun Technology Company Ltd.[2]	43.84%	85.00%	0.00%	0.00%
Henan Zhongfu Power Co., Ltd.	51.57%	100.00%	51.57%	100.00%
Henan Zhongfu Power Sales Co., Ltd.[3]	51.57%	100.00%	0.00%	0.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	38.16%	73.99%	38.16%	73.99%
Henan Zhongfu Technology Center Co., Ltd.	51.57%	100.00%	51.57%	100.00%
Henan Zhongfu Thermal Power Co., Ltd.	25.27%	49.00%	25.27%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	41.13%	51.00%	41.13%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	80.64%	100.00%	80.64%	100.00%
Anyang Gao Jing Aluminium Product Co. Ltd.[4]	80.64%	100.00%	80.64%	100.00%
Shanghai Xinfu Industry Development Co. Ltd.	46.42%	90.00%	46.42%	90.00%
Shanghai Bao Shuo Trading Co. Ltd.	10.31%	20.00%	10.31%	20.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	51.57%	100.00%	51.57%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	40.55%	100.00%	28.37%	100.00%
Zhengzhou City Yujin Energy Co., Ltd.[5]	40.55%	55.00%	28.37%	55.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	55.99%	70.00%	36.10%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	40.55%	100.00%	28.37%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	85.02%	100.00%	51.57%	100.00%

[1] For this purpose, the voting rights reported are those of the immediate parent company or companies, where the immediate parent company or companies are, themselves, controlled by Vimetco Group. Consequently, the voting rights reported above may differ significantly from the effective shareholding. Companies in which the voting rights as reported above are greater than 50% are fully consolidated, even if the effective shareholding is less than 50%, since the Vimetco Group is deemed to have control over them.

[2] The company was newly established on February 2, 2016.

[3] The company was newly established on February 24, 2016.

[4] Formerly named as Linzhou Linfeng Aluminium Product Co., Ltd.

[5] Formerly named as Zhengzhou City Dengcao Investment Co., Ltd.

in USD '000, except per share data

	30 June 2016		31 December 2015	
	shareholding	votes[1)]	shareholding	votes[1)]
Romania				
Alro S.A.	87.50%	87.97%	87.50%	87.97%
Alum S.A.	86.98%	99.40%	86.98%	99.40%
Conef S.A.	87.47%	99.97%	87.47%	99.97%
Vimetco Extrusion S.R.L.	87.50%	100.00%	87.50%	100.00%
Vimetco Management Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Power Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Trading S.R.L.	100.00%	100.00%	100.00%	100.00%

	30 June 2016		31 December 2015	
	shareholding	votes[1)]	shareholding	votes[1)]
Sierra Leone				
Bauxite Marketing Ltd.	86.98%	100.00%	86.98%	100.00%
Global Aluminium Ltd.	86.98%	100.00%	86.98%	100.00%
Sierra Mineral Holdings I, Ltd.	86.98%	100.00%	86.98%	100.00%

	30 June 2016		31 December 2015	
	shareholding	votes[1)]	shareholding	votes[1)]
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

[1)] For this purpose, the voting rights reported are those of the immediate parent company or companies, where the immediate parent company or companies are, themselves, controlled by Vimetco Group. Consequently, the voting rights reported above may differ significantly from the effective shareholding. Companies in which the voting rights as reported above are greater than 50% are fully consolidated, even if the effective shareholding is less than 50%, since the Vimetco Group is deemed to have control over them.

Statement of management responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA) the Company is required to prepare financial statements which present fairly, in all material respects, the state of affairs of Vimetco N.V. and its subsidiaries (together referred to as the "Group") at the end of each financial period and of the Group's results and its cash flows for each financial period. Management is responsible for ensuring that the Group keeps accounting records, which disclose, with reasonable accuracy, the financial position and which enable them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the EU. Management also has a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Management considers that, in preparing the Condensed Consolidated Interim Financial Statements set out on pages 12 to 35, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that appropriate International Financial Reporting Standards as adopted by the EU have been followed.

The Condensed Consolidated Interim Financial Statements, which are based on the statutory accounting reports and restated in accordance with IFRS as adopted by the EU, are hereby approved on behalf of the Board of Directors. To the best knowledge of the members of the Board of Directors: (a) the Condensed Consolidated Interim Financial Statements set out on pages 12 to 35 have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and (b) the Business Review set out on pages 3 to 11 includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

Pursuant to the art. 5:25d section 2 paragraph c under 1 and 2 of the Dutch Act on financial supervision (Wet op het financieel toezicht or Wft), the management of the Company states that to the best knowledge of the members of the Board of Directors:

1. The half-year financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole

and

2. The half-year management report includes a fair review of a) the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, b) the principal risks and uncertainties for the remaining six months of the financial year and c) for issuers of shares the major related parties transactions.

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

25 August 2016

Addresses

Vimetco N.V.
Strawinskylaan 403,
World Trade Center
A Tower, 4th floor
1077 XX Amsterdam
The Netherlands
www.vimetco.com