Annual Report 2007

vimetco

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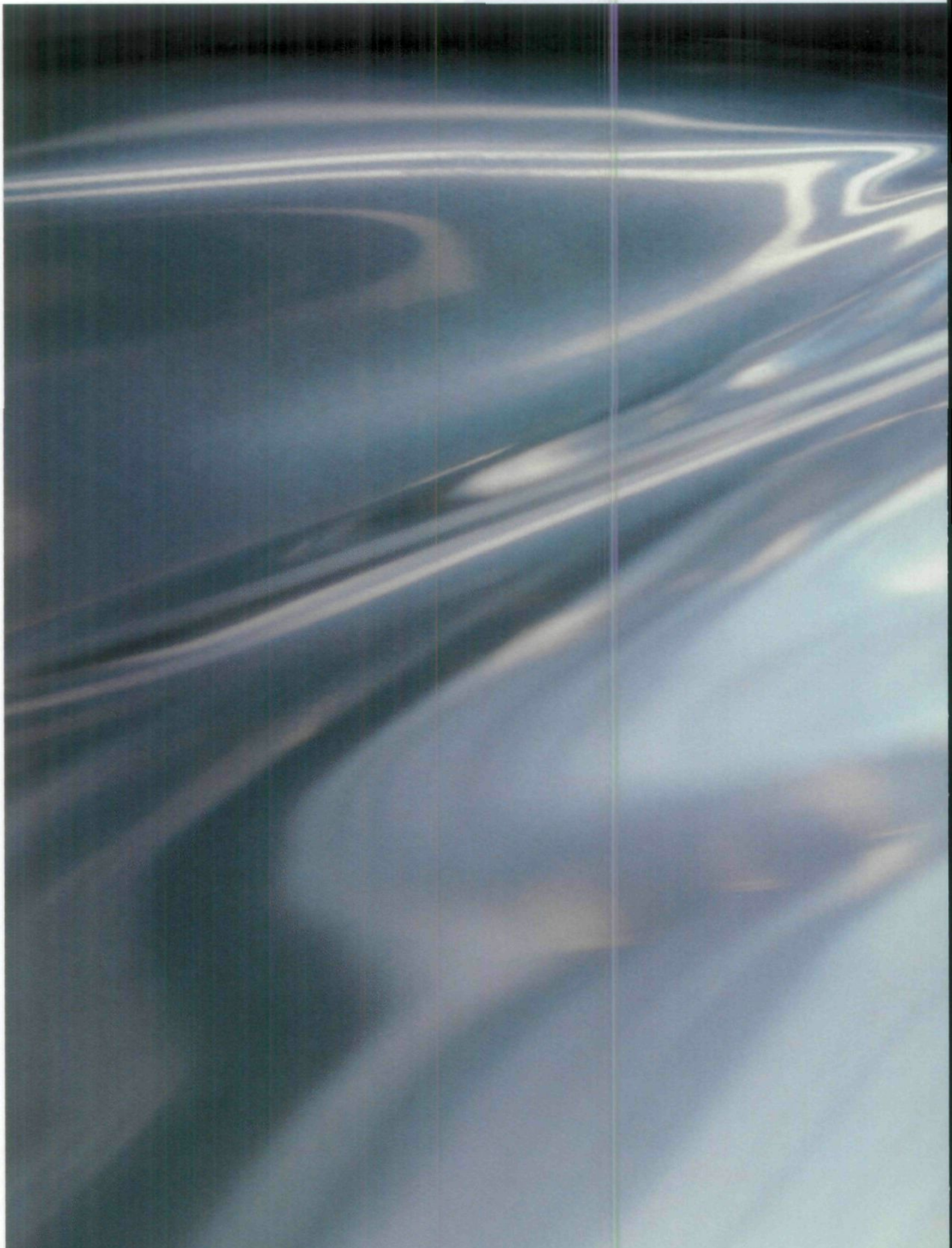


Highlights in 2007

Marco Group announces name change to Vimetco NV

19 April 2007

Share swap agreement with Ever-wide completed

21 June 2007

Intention to conduct global share offering

4 July 2007

Vimetco NV announces indicative price range for global offering

14 July 2007

Vimetco NV offering price set at USD 9.00 per GDR

27 July 2007

Vimetco NV admission to the official list and commencement of unconditional dealings on the London Stock Exchange

2 August 2007

Vimetco NV exercise of over-allotment option

24 August 2007

Vimetco NV distinguished as ECM deal of the Quarter

19 October 2007

Vimetco NV announces partnership with Interagro S.A. for the development of a power plant in Romania

26 October 2007

Vimetco NV announces the acquisition of Linfeng Aluminium

7 November 2007

Zhongfu's shareholder meeting supports the acquisition of Linfeng Aluminium

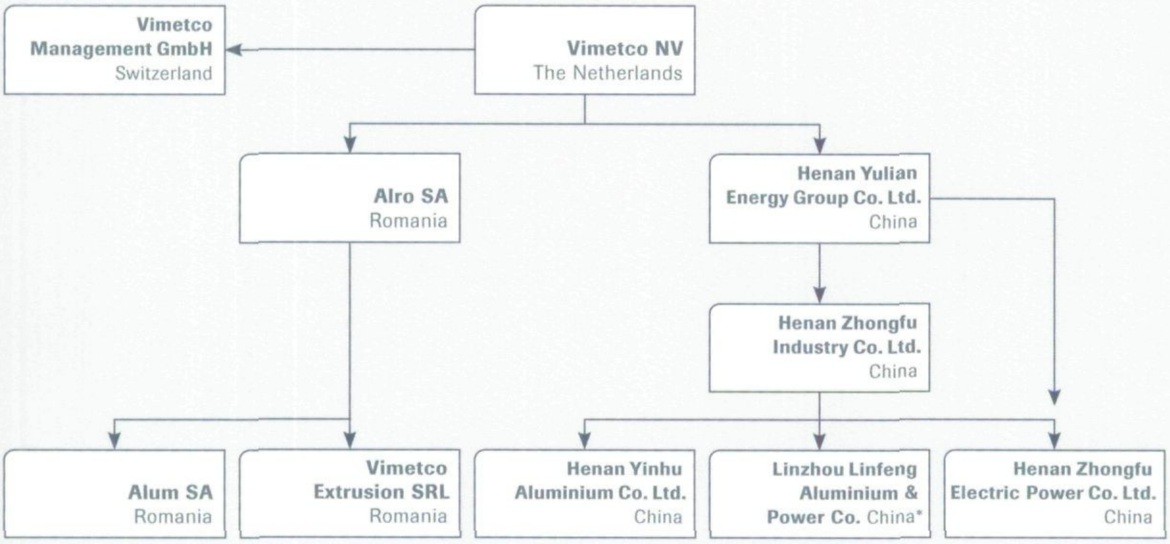
27 November 2007

Alro SA receives excellency award "Corporate Social Responsibility" from Romanian Chamber of Commerce

6 December 2007

Vimetco NV granted new reconnais-sance license in Guinea, West Africa

21 December 2007



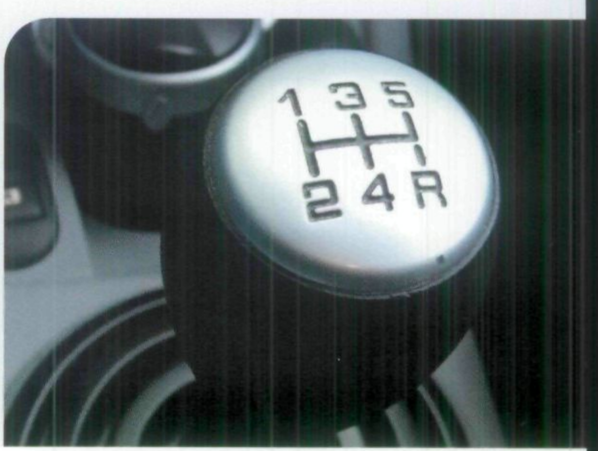
*Consolidation in 2008

Vimetco NV is an international industrial and investment group that focuses on the aluminium industry. Our corporate investment centre is situated in The Netherlands and our management and services centre, in Switzerland.

The Group is present in several countries, including The Netherlands, Switzerland, China, Guinea and Romania. In 2007, it had an average work force of 9,700 employees and pro-forma revenues of USD 1,565 million.

The majority of the Group's industrial output is sold on international markets, including the London Metal Exchange (LME) as well as the Shanghai Metal Market (SMM). Additional details may be found on the company website at www.vimetco.com.

This organisational chart represents a simplified group structure.



Financial Highlights

		2007	2006
Consolidated financial statements			
Revenue	USD million	1,210	813
EBITDA[1]	USD million	295	232
EBITDA margin		24,4%	28,5%
Net profit	USD million	194	129
Total assets	USD million	2,380	858
Shareholders' equity	USD million	1,135	445
Net debt[2]	USD million	673	253
Earnings per share	USD	0.81	0.64
Equity per share	USD	3,79	2,18
P/E	USD	11,2	n.a.
Share price at year-end	USD	**9.55**	**n.a.**
Production[3]			
Primary aluminium production	Metric tonnes	567,000	260,000
Processed aluminium production	Metric tonnes	52,000	41,000
Average number of employees		**9,700**	**6,100**

[1] EBITDA: profit before tax, net finance items (operating profit), depreciation and amortization
[2] Net debt: total of short and long-term bank loans, loans from related parties and lease obligation less cash and cash equivalents
[3] Assuming the full integration of the Chinese operations as of 1 January 2007

Letter from the Chairman

Vimetco had an impressive year in 2007, in which the management team delivered a performance that was outstanding by any measure.

This is unequivocally expressed in the annual result: a net profit of USD 194 million and sustainable growth among the Group companies *as well as an increase of 125,000 tonnes in* smelting and 60,000 tonnes in processing capacities. The fact that this was achieved all within the same year in which the company went public, highlights our entrepreneurial strengths.

In the past year, the attention of our Management was to focuse on the successful execution of our Initial Public Offering. Vimetco's listing on the London Stock Exchange since August 2007 represents a vital step that enhances the company's visibility within the industry and provides access to the financial market to back its ongoing growth strategy. Despite the tremendous effort involved in this undertaking, our operations were continuous, whilst both growing and riding the crest of the momentum built up over recent years.

In a very dynamic and rapidly changing market environment our ambitious business strategy can be summarized in four major orientations:

- To grow rapidly in the area of primary aluminium in China and to become one of the major contributors in the industry;
- To achieve world-wide upstream integration in energy, bauxite and alumina to enhance our smelter positions;
- To create more value by producing downstream products, also in China where downstream potential is second to none;
- To achieve excellence in our operations.

Enormous growth potential in China

The long-term outlook looks bright for aluminium producers in China, where the demand for primary aluminium alone increased by 38% from 2006 to 2007. China is by far the most exciting and fastest growing market in the world today, with a staggering hunger for commodities. China accounts for a fifth of the world's population and one third of global demand for aluminium. Considering that current per capita consumption of aluminium in China is just 9.5 kilos in comparison to 30 kilos per capita in Europe, China's potential is simply breathtaking.

As one of the top ten aluminium producers world-wide, Vimetco is excellently positioned to participate in the boom in China.

- In June 2007, Vimetco acquired the remaining 49% of the Chinese venture Everwide, the holding company of the Group's operations in China, in exchange for a stake in Vimetco. In November 2007, we announced the acquisition of Linfeng Aluminium, a move that provided us with an additional annual production capacity of 110,000 tonnes along with a further 110 MW in power generation facilities. These assets will require restructuring, but ultimately represent a valuable platform for a smelter project with a 250,000 tpa capacity and the construction of a 300 MW power plant in a joint venture with a major national Chinese energy producer. The approval of this takeover of control by the Chinese authorities is a clear sign of confidence in our professionalism.
- Vimetco is investing in new production facilities at the Gongyi site, such as a new smelter that will be placed in operation in the second half of 2008 and will boost the estimated production capacity to over 500,000 tonnes per annum.
- Furthermore, even though the market is not currently clambering for sophisticated products, given the rapid evolution, we foresee the potential for significant sales of primary added-value products by 2010.

Vertical integration

Both operating centres, China and Romania, are to benefit from Vimetco's strong strategic focus on vertical integration.

Several projects are in discussion in both countries and elsewhere in the world to achieve the integration of energy and bauxite supplies as well as further alumina production. Towards this end, we are currently assessing bauxite opportunities in West Africa and India, and are also evaluating investments in coal mines and an alumina refinery in China.

Promising platform in Romania

While we see China as our high-growth asset, the operations in Romania provide a steady yet promising platform to build upon for further growth. Alro, the company through which we conduct our Romanian operations, accounted for 75% of the Group's earnings in 2007. Through Alro, Vimetco operates the largest primary aluminium production facility in Central and Eastern Europe.

The relatively low-cost Romanian business gives unrestricted access to other EU countries, such as Hungary, Poland, Greece, the Czech Republic, Slovenia and Bulgaria, all of which are on Alro's doorstep, enabling the company to export 80% of its products in 2007.

Our strategic focus on increasing production of value-added products is particularly evident in Romania. In concrete terms, our objective is to boost the share of premium products from 30,000 tonnes in 2007 to 100,000 tonnes by 2010. Our teams in Romania are playing a key role in this strategic shift and have already started to share their expertise with our Chinese operations.

Excellence in our operations

There is still room for improvement and innovation in all that we do. The markets remain demanding and force Vimetco to strive for excellence. It goes without saying that our success relies to a large degree upon the quality and the commitment of our employees. Within our industry, this is no mere platitude, but a statement of tangible significance. People are the key to our success in all stages of production, from energy and primary metal to value-added products.

Affirmative actions are being taken toward operating excellence: transfers of expertise between our Romanian and Chinese operating centres have begun; methods are being unified and new talents are being brought on board.

In conclusion, I feel that we can look back with pride upon all we have achieved in this past business year.

There is no doubt that the entire Vimetco team has done and continues to do its utmost to make our ambitious vision become a reality. Our willingness to improve and to grow is by no means exhausted.

There is still vast potential in Vimetco. I would like to take this opportunity to thank all the employees for their dedication, hard work and passion, all of which have made the Group a major player in the fascinating world of aluminium.

Pierre Baillot
Chairman of the Board

Markets, Strategy, Business

Vimetco has grown from a promising start-up to a full listing on the London Stock Exchange in 2007. Today Vimetco is among the top five producers in Europe and among the top ten in China, the world's largest aluminium market.

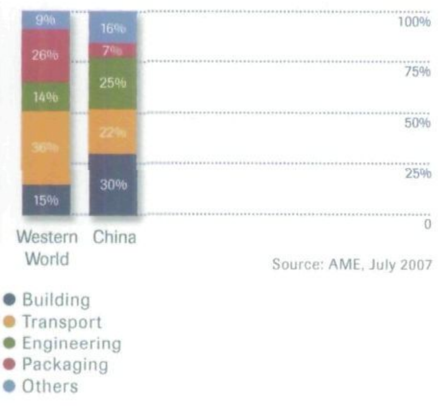
Markets

Primary aluminium is the world's second-largest metals industry after steel, in terms of annual tonnage consumption. Estimated global bauxite resources range between 55 and 75 billion tonnes. Large bauxite deposits are concentrated primarily in tropical areas, with the main global reserves found in Australia, Brazil, Guinea, Jamaica and India.

World bauxite production in 2007 was approximately 190 million tonnes; of which 90% was used for alumina production. AME expects many of the bauxite mines that currently supply the international market will instead begin to supply future refinery projects in their own domestic markets. This is likely to raise the prices that European and American refineries need to pay for imported metallurgical bauxite. However, the cost of bauxite makes up a small portion of the total cost of producing primary aluminium.

Over the long term, the average costs of aluminium production have fallen due to improvements in technology, increasing economies of scale and the reduction of trade and investment barriers, which have improved the efficiency of the smelting process and reduced the costs of raw materials. The historical trend of falling production costs has placed downward pressure on aluminium prices,

The aluminium industry serves a wide range of markets



with a long-term real price decline of approximately 1% per year since the 1950's. However, a major shift in the fundamentals of the energy industry is expected to have significant and far-reaching effects on both the primary aluminium and alumina industries, with rising costs of energy being a primary driver in reversing this long-term historical trend and providing support for much higher long-term average prices than in the past.

Prices for primary and processed aluminium products are typically expressed as a premium to an underlying aluminium benchmark price. The most common benchmark is the London Metal Exchange (LME). In China the reference price is the Shanghai Metal Market (SMM). Prices are published daily by the Information Service Center of the Shanghai Non-ferrous Metals Trade Association. In general, consumption has shifted to aluminium as copper and steel prices rose earlier and higher than aluminium prices. In 2007, world aluminium prices averaged USD 2,640 per tonne – 3% higher than in 2006, driven primarily by strong demand for aluminium in China. According to AME, global demand for primary aluminium is expected to increase from 34 million tonnes in 2006 to 46 million tonnes in 2011. Continuing the trend of recent years, developing countries are expected to be the primary drivers of consumption growth. In contrast, developed countries are expected to account for less than one sixth of the growth in consumption.

Aluminium is a unique metal: strong, durable, flexible, impermeable, lightweight, corrosion-resistant and 100 percent recyclable, all of which makes it the ideal choice of material for a wide array of applications.
The characteristics that make aluminium so attractive are its low weight, a high strength-to-weight ratio, good electrical conductivity and treatability. Aluminium was a semi-precious metal until the development of the Bayer alumina refining process and the Hall-Héroult electrolytic aluminium smelting process in the Late 19th Century. This made its widespread industrial use viable. Following strong demand from the defence industry during the Second World War, post-war demand shifted to civil applications, such as transport, consumer goods packaging, construction, electrical applications, consumer durables and general engineering. Aluminium has so many applications that today it is impossible to imagine a world without it.

Predicted contribution to the growth of aluminium consumption 2008-2013

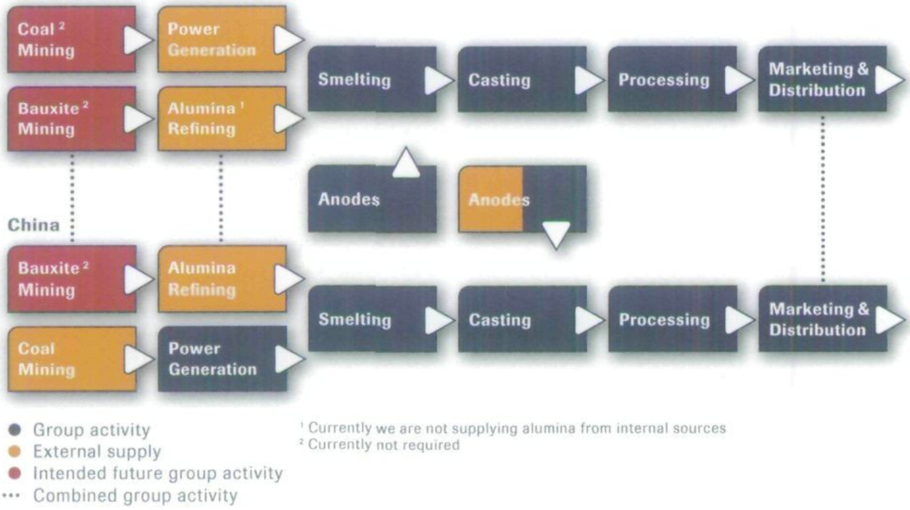
- 68.9% China
- 6% United States
- 7.6% Europe
- 3.9% India
- 1.8% Japan
- 5.3% Other Asia
- 6.5% Other

Source: Abare, March 08

China's ongoing industrialisation is responsible for the consumption of increasing quantities of aluminium for the production of long-lifespan products. China accounted for a third of total world aluminium consumption in 2007. Due to this industrialisation phase, the proportion of aluminium consumed in its construction and engineering sectors is relatively high in comparison to developed economies, in which end-use consumption patterns are relatively stable. As China develops, consumption patterns are likely to shift closer to those of developed economies. However, the transport and construction sectors will nevertheless consume large amounts of aluminium over the coming years.

The three largest primary aluminium producers account for a third of global production. One of the main drivers of the industry is consolidation. BHP Billiton's offer for Rio Tinto, announced in November 2007, takes consolidation to a new level. The formation of new and larger aluminium players as seen in other metal production industries suggests that consolidation trends shall continue. Vimetco sees this as an opportunity to acquire further assets predominantly in emerging markets.

Our vertical integration strategy is key to Vimetco's success

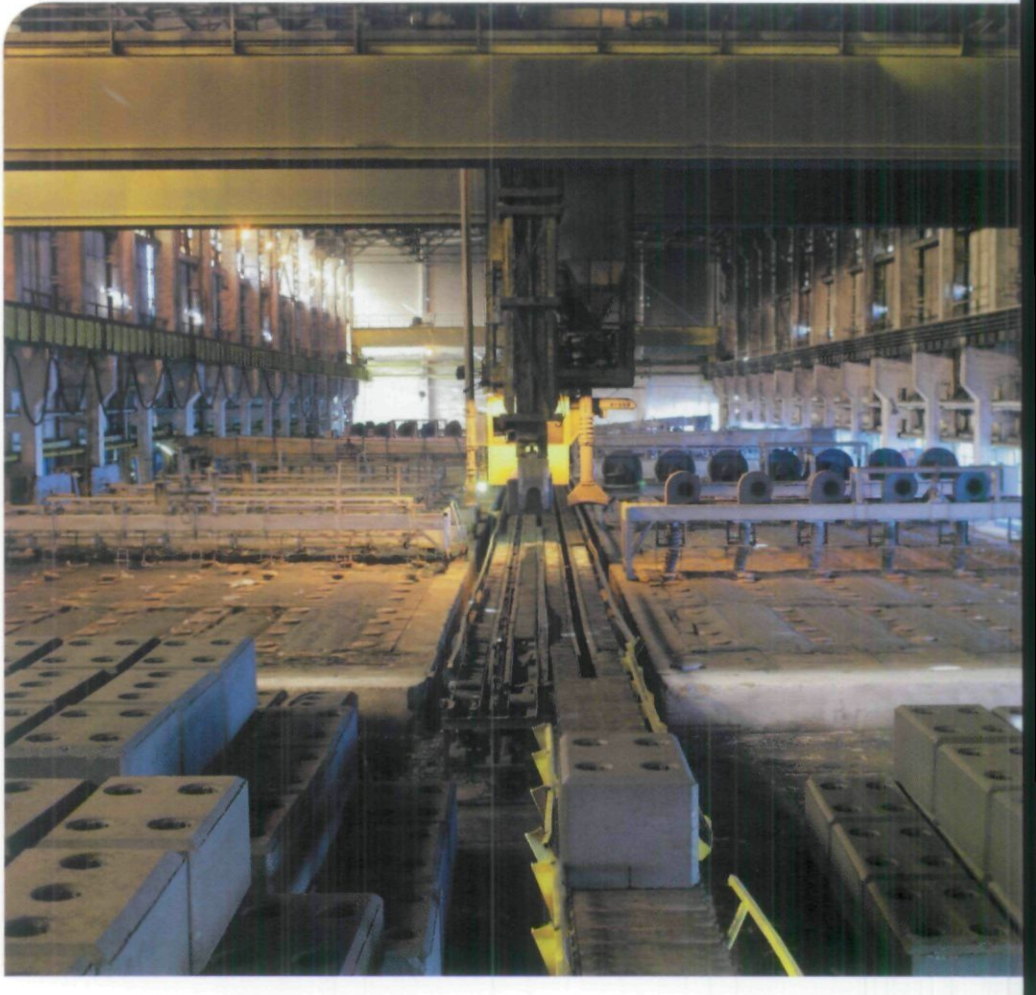


[1] Currently we are not supplying alumina from internal sources
[2] Currently not required

Strategy

Vimetco's success is based on a long-term plan to capitalise on the increasing global demand for aluminium by acquiring newly privatised production facilities in emerging markets and providing them with the development capital and management skills needed to increase productivity and generate growth. In just five years, Vimetco has grown from a promising start-up to a full listing on the London Stock Exchange in August 2007. The Group's story began with an investment in the Romanian aluminium producer Alro, and has progressed, with considerable vertical integration, to the acquisition of Everwide, its Chinese operations. Today, Vimetco is among the top five producers in Europe and among the top ten in China, the world's largest aluminium market.

Vimetco's business plan focuses on delivering increased value to its shareholders, customers, employees and the community within which it operates. Its core strengths include its effective vertical integration, expertise in value-added products, favourable geographic spread and its proximity to attractive end-markets. The plan is based on the Group's ambitious strategy for global expansion – growing its businesses both organically as well as through acquisitions.



Vimetco's strategy is driven by two main parameters: to achieve full vertical integration and to focus on value-added products. Through full vertical integration the company seeks to control the entire aluminium production process, from the mining of bauxite to the production and sales of semi-finished products and high-speed expansion of its expertise and production into the field of added-value products. The integration process also includes power production – a key element and critical cost factor for any aluminium producer: electricity is a major element of the aluminium production process, accounting for 25-30% of total operating costs.

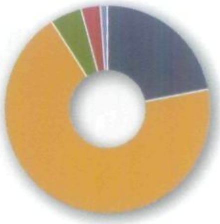
The Group realises cost savings and operating efficiencies as well as the security of supply through vertical integration, whether for electricity, anodes, bauxite or alumina. The Group is currently exploring the feasibility of investing in bauxite mines and in alumina refineries in West Africa and India. Vimetco operates its own energy plants in China and intends to build generators in Romania. Nevertheless, the management constantly monitors and compares market and third-party pricing to assess whether any part of the vertically integrated value chain has ceased to be beneficial to Vimetco's overall profitability or whether certain aspects can be sourced more effectively elsewhere.

The second strategic angle is Vimetco's focus on value-added products, of which there are two types:

1. Primary value-added products include billets, slabs, wire rod. Alro, Vimetco's Romanian operation generates good added-value in this field because additional production costs are marginal.

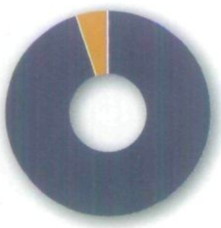
2. Processed value-added products, such as plates, sheets, coils and extrusions. This is an area in which Alro shall concentrate in the future because of the excellent premia that can be achieved (3-10 times higher than primary value-added products).

Alro intends to boost its processed production from currently 35,000 to 120,000 tonnes by 2010, while Chinese processed products are set to rise from 17,000 to over 30,000 tonnes by the end of 2008 – as these products achieve a steady premium over commodity-priced aluminium ingots. The Group sees a huge potential here and is investing in new equipment and technical expertise. It is focusing its increased production capacity on new markets for obvious reasons, because the more sophisticated the technical and manufacturing expertise, the greater the profit margin. In China, Vimetco operates high-amperage smelters to convert refined alumina into pure aluminium. This primary aluminium can be sold to the market as ingots or billets – or it can be further processed into value-added products.



Alro's markets 2007
(Romanian segment)

- 22% Romania
- 69% EU
- 5% Non EU
- 3% USA
- 1% Others



Zhongfu's markets 2007
(Chinese segment)

- 95% China
- 5% Rest of Asia

Interesting for local producers is the fact that the Chinese government offers incentives to boost processed production. In Romania, the Group is concentrating on the plate market mainly for aircraft with an upcoming qualification expected by the end of 2008. This qualification shall enable Alro to supply hard alloy aluminium to the civil aviation industry, significantly increasing the company's strength in this sector.

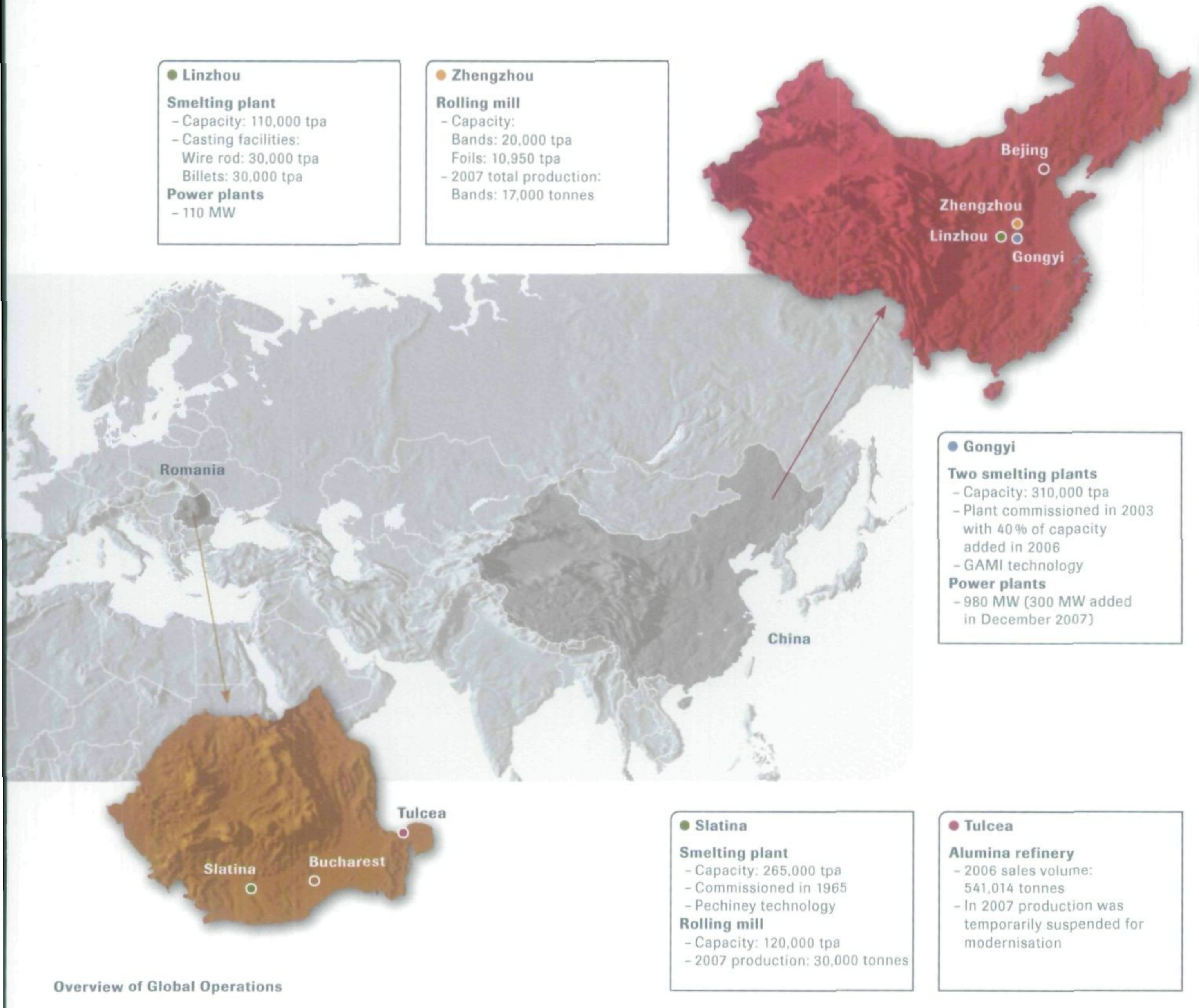
As part of the ambitious business plan, Vimetco is constantly improving its productivity and cost control. This includes the use of risk management to control the costs of raw materials and energy as well as the considerable investments in research and development and in the latest technology to ensure the Group's leading edge in terms of production capabilities.

Business

Vimetco sees its geographical spread as a significant competitive advantage. It provides the company with unrestricted access to other European Union nations. Hungary, Poland, Greece, the Czech Republic, Slovenia and Bulgaria are all on Alro's doorstep and account for nearly 70% of total sales. While 80% of Alro's products are exported, the situation is considerably different in China. Because China is the fastest growing aluminium market and the local demand is huge, Vimetco sold most of its local production to Chinese customers in 2007 (95% of sales).

In Romania, Vimetco controls more than 87% of Alro SA shares, and 99.4% of Alum SA shares. The shares of Alro SA and Alum SA are listed on the Bucharest Stock Exchange and on RASDAQ respectively.

Vimetco has local facilities in Romania, with 4,960 employees, who produced 262,500 tonnes of primary aluminium and over 35,000 tonnes of processed aluminium such as plates, sheets, coils and extruded products in 2007. The production facilities include a smelter with casting facilities, an anode plant, a processing plant in Slatina and an alumina refinery in Tulcea. Through operational investments of USD 210 million since 2002, Vimetco has constantly modernized its operations to facilitate an increase of the local production capabilities from year to year of 7% on average. In 2007 and 2008 alone, the Group will invest further USD 130 million in order to leverage Alro's potential. At Alro, operational investments made in the smelter ensure sustainable operation and have resulted in increased productivity and efficiency. More than USD 60 million were invested in 2007 in environmental protection projects and in an upgrade of the processing facility. The company implemented a unified corporate information system based on SAP's ERP platform, successfully commissioned a state-of-the-art Wagstaff slab caster and upgraded the hot rolling mill.



Overview of Global Operations

In China, Vimetco holds 95% of Henan Yulian Energy Group Co. Ltd., which is the majority shareholder in Henan Zhongfu Industry Co. Ltd., a Shanghai Stock Exchange listed company. The Group's presence in the biggest and fastest growing aluminium market is characterized by its controlling stake in its Chinese operations – a differentiating factor that cannot easily be copied by the competition. 4,800 people work for Vimetco in China, where the Group is present in Gongyi, Henan Province, and after the announcement of the acquisition of Linfeng Aluminium in November 2007, also in Linzhou, Henan Province. The Group's production output in Gongyi was 303,000 tonnes of primary aluminium in 2007, and 17,000 tonnes of processed aluminium. With the completion of a new high-tech smelter in December 2006, production capacity increased from 185,000 to 310,000 tonnes by the end of 2007. Through Linfeng Aluminium, the Group will add another 110,000 tonnes of annual capacity in 2008. An additional expansion project will increase the total primary aluminium production capacity to approximately 775,000 tonnes by the end of 2008. Moreover, the Group is in the process of increasing its baked anode capacity from 75,000 tonnes to 150,000 tonnes. The greater energy demand that comes along with this increase is compensated by the expansion of its power generation facilities. A new 300 MW power block came on stream in December 2007 and completion of an additional one is planned for the forth quarter 2008.

The synergy of the two businesses in Romania and China will give the Group the critical mass needed to leverage its buying position and to reduce the costs of raw materials in the future. Equally important, it allows Vimetco to share best practice and expertise between its Romanian and Chinese operations. Thirty Chinese operators received six months of training in Romania to learn how to handle the new equipment that will enable the production of approximately 300,000 tonnes of primary added-value products, such as billets, slabs and wire rod, by 2009. This is just one example of Vimetco's conviction that the opportunities to improve the productivity of their operations and the margins of their businesses are by no means exhausted.

"Our favourable position in China cannot be replicated with ease"

Christian Wüst, CEO Vimetco, on the strategic highlights, his view of the industry and his company's unique positioning in China.

What do you consider Vimetco's biggest success in 2007?

While we have seen constant improvements on almost all levels of our operations, there were two highlights that were particularly noteworthy; the first of which was the acquisition of the remaining 49% of Everwide Industrial, the holding company of our Chinese operations, which shall enable us to fully benefit from the tremendous dynamics in China. Now that we are in full control of the company we will not only consolidate the operations financially but also start leveraging our synergies, particularly in regard to the transfer of know-how. The second highlight of 2007 was our Initial Public Offering at the London Stock Exchange, which was successful despite challenging market conditions. This undoubtedly represents a significant milestone in the history of our company, which provides us with access to the financial market to support our ambitious growth strategy.

Do the results for 2007 meet your expectations?

Yes, I am pleased with what we achieved in 2007. While several factors contributed to the success – including the favourable aluminium prices, of course – the result has been mainly driven by our own performance throughout Vimetco's value creation chain. This makes the result sustainable and therefore all the more valuable.

What is your view on the industry?

I think the main driver currently on the global stage is certainly the huge demand for aluminium in China. This is reflected in metal prices in general and in the prices for alumina specifically. Vimetco is benefitting from the boom in this giant aluminium market through our Chinese operations. Then, there is the large-scale consolidation ongoing world-wide, which we view as an opportunity to complement our portfolio.

You seek to leverage the synergies of your production sites in Romania and China. How exactly shall this occur?

At this point in time, synergies are primarily achieved through the transfer of technology. In China we are heavily expanding into processes for higher value products and investing in new equipment to foster business development along these lines. This is a complex venture that requires a great deal of expertise and technological know-how, both of which are found within our company in Romania. Towards this end, 30 key members of our Chinese team spent six months in Romania receiving training on equipment similar to that which we are introducing in China this year.

You often refer to vertically-integrated primary and processed aluminium operations. What do you mean by "vertically-integrated"?

Vertical integration refers to control of the entire process, from the mining of bauxite to the production and sales of semi-finished products, as well as the incremental expansion of our expertise and production into the field of higher quality products. This integrated chain also includes growing our capacity as a producer of electrical power, a path that we are pursuing both in China and Romania.

What is the benefit of this approach?

Given the growing prices for energy and the essential role of electric power in the production process for aluminium, this approach makes our model even more valuable and solid. With vertical integration we can control the flow of raw materials and therefore become far less dependent on the market and pricing swings, which inevitably will help us build a much more stable and sustainable business.

What was your biggest personal success in 2007?

I am extremely pleased with the progress we have made with the development of our company. We were able to rapidly integrate a wide range of professionals with different cultural and professional backgrounds, and to quickly and effectively act within the market as a unified group. People make the difference and Vimetco's teams throughout the organization have shown their potential.
I am confident that we will be able to continue to enhance the corporate glue and to attract the talent that is essential to the realization of our ambitions.

Are you satisfied with the share price development?

We are not yet where we aim to be. The share price development in 2007, a year that saw significant market turbulence, does not reflect the success of our operations. However, in comparison to our peer group, upside potential certainly exists, so we at Vimetco shall continue to work hard to translate our successes into a fair market valuation for the company.

What makes Vimetco unique?

In comparison to our competitors, it is certainly the fact that we have successfully implemented our vertical integrated business model, which promotes an ambitious and sustainable growth strategy. We operate across the value chain, combining energy, smelting and processing capabilities. This organizational advantage helps us to move forward quickly, without running the risk of energy shortages, because we produce sufficient energy in our own power plants, and also have long-term contracts that ensure the supply. Moreover, we are the only player in the aluminium industry that owns all stakes in a Chinese aluminium company. This enables us to take full advantage of the world's fastest growing market – a market with a fascinating outlook regarding the future demand for aluminium. Given the political restrictions in China, this favourable position cannot be replicated by our competitors with ease.

Business and Performance Review

In a year with major milestones, Vimetco increased its revenues in 2007 by 49% and exceeded the USD 1 billion mark in revenue, primarily due to the integration of the Chinese operations. The Group's net profit rose by 50% to USD 194 million. The reporting period also saw major investments in the Chinese and Romanian segments.

Vimetco increased its revenues on a consolidated basis by 49% to USD 1,210 million for the reporting period, which ended on 31 December 2007. The major portion of this increase is due to the consolidation of the results of the Chinese segment as of 21 June 2007, which added USD 360 million to the Group's revenues. Cost of revenues increased by 62% to USD 869 million as a result of the Chinese operations' integration on a line by line basis, rising energy tariffs, the weakening of the USD to the RON by 14% and a general increase of production labour costs in Romania.

Profits on the rise

Vimetco's gross profit was up 23% to USD 341 million in the reporting year, while the gross margin was down from 34% to 28%. The decrease is mainly due to a lower margin from the newly consolidated Chinese segment, which amounted to 21%, partially offset by the low overhead costs in China. The Group's profit before tax rose by 57% to USD 241 million, and the net profit also increased significantly by 50% to USD 194 million due to the equally increased contribution from the Romanian segment as well as the contribution of the Chinese segment. Compared to the previous year the Group's net margin remained unchanged at 16% in 2007.

Vimetco's net cash generated through operating activities was up from USD 105 million in 2006 to USD 239 million in 2007. Net cash used in investing activities increased by 16% to USD 201 million, primarily as a result of cash used for the purchase of property, plant and equipment, the acquisition of 40% of Henan Non-Ferrous in China and the prepayment for Linfeng. Net cash provided by financing activities amounted to USD 31 million (2006: USD 104 million) as a result of net cash inflows from loan facilities, net IPO proceeds and the payment of dividends.

Different cost structures

The key cost elements within the Romanian segment are alumina and electricity, which together amount to more than 50% of production costs. In 2007, the overall cost of electricity increased by 30%. This increase resulted from the amendment of the Hidroelectrica contract and additional purchases of electricity on the market at spot prices. Following the closing of Alum, Alro benefited from purchased alumina from external suppliers at lower rates, than the production costs at Alum.

The key cost elements of the Chinese operations consist of alumina and coal, which make up more than 60% of the production costs. Alumina costs in China were approximately 25% higher than in Romania in 2007. The electricity costs of the Chinese segment are not significant because nearly 90% is produced by Zhongfu Power and consumed by Zhongfu Industry.

Major projects and investments

The business year 2007 as a whole was an important and eventful period for Vimetco, a year in which the Group successfully prepared for its Initial Public Offering (IPO) despite challenging market conditions. On 2nd August 2007, Vimetco completed the placing of its Global Depositary Receipts (GDRs) on the London Stock Exchange, with each GDR representing an interest in one share. The offering price was set at USD 9.00 per share with a nominal value of EUR 0.10. On 24th August 2007, the banks exercised the over-allotment option, which resulted in a final free float of 26.5%. The IPO ultimately raised a total of USD 524 million, of which USD 90 million out of the total proceeds attributed to Vimetco were primarily used to finance the Group's capital expenditure programme.

Throughout the reporting year, the Group experienced major growth and substantially invested in the upgrading of its operations in Romania and expansion of its capacities in China. Towards this end in Romania, Vimetco launched a restructuring project at its alumina refinery and completed a major modernization programme at the rolling mill. These initiatives have significantly boosted productivity and ensured the further growth of sales in processed products. In China, the Group increased the production of primary aluminium and started to develop capacities for cast aluminium production. This active investing strategy is reflected by capital expenditure projects of USD 234 million on a cash basis in 2007.

Romanian segment

Vimetco allocated USD 62 million of capital expenditures to the Romanian segment with a focus on value-added aluminium products. One major project was the modernization of the rolling mill, which now allows Alro to increase its processing capacity substantially and improve the quality of its flat rolled products. The Alum production facility was temporarily shut down for a technological overhaul in February 2007 as part of a restructuring plan aimed at reducing the facility's production costs and increasing efficiency, while ensuring compliance with new EU environment regulations.

Sales of cast aluminium for the entire reporting period amounted to 227,000 tonnes, compared to 226,000 tonnes in 2006. Sales of processed aluminium decreased from 41,000 tonnes in 2006 to 35,000 tonnes in 2007. This decrease is mainly due to lower production volumes, resulting from the shut-down of the mill for modernization measures, together with technical problems encountered during the commissioning phase.

The Romanian segment posted revenues of USD 850 million in 2007, while costs stood at USD 584 million, resulting in a gross profit of USD 266 million and a gross margin of 31%. There were on average a total of 4,960 employed members of staff in 2007.

Chinese segment

Vimetco allocated USD 147 million of capital expenditures to the Chinese segment. Important projects were the expansion of the anode plant and the start of activities regarding the construction of a new 300 MW power plant, which reflect the Group's strategy of vertical integration. On 21st June 2007, Vimetco acquired the remaining 49% of Everwide and now owns 100% of the holding company for its Chinese operations. Yulian increased its direct share holding in Zhongfu from 30% to 51% via a capital increase on 9th May 2007.

The new 125,000 tpa smelter operated at full capacity throughout the entire reporting period. Production costs per tonne in local currency were significantly lowered, primarily due to the new smelter that was placed into operation in December 2006.

The Chinese segment posted revenues of USD 360 million in 2007, with costs of USD 285 million, which resulted in a gross profit of USD 75 million and a gross margin of 21%. There were a total of 4,700 employed members of staff in 2007.

Outlook

The investment phase shall continue in 2008, and Vimetco's strategy of vertical integration shall move forward with the planned bauxite projects. The Group is also placing strong emphasis on cost control and consolidation. The objective in China is to continue growing and to boost production capacities through expansion projects and other acquisitions. Moreover, infrastructure and equipment are being geared to produce cast products starting in 2009. Since the beginning of 2008, the production of energy has been boosted as a result of a new power block and there are plans to begin construction of an additional 300 MW power plant. The focus in Romania is to increase the share of processed products from 35,000 tonnes to 60,000 tonnes, while additional investments shall be made in the upgrading of the cold rolling mill.

Products Overview and Applications

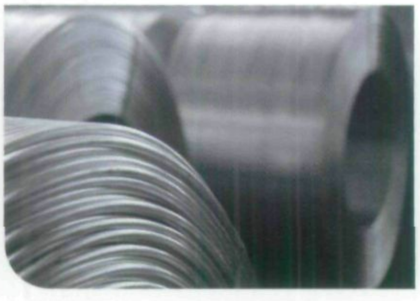
Aluminium products from Vimetco find their way into different applications. Part of the company's strategy is to develop more into being a manufacturer of value-added products.

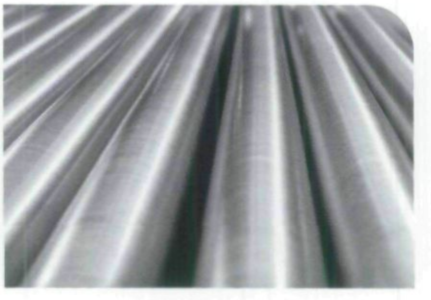
Overview of products and applications

Aluminium is the third most plentiful element found in the earth's crust, comprising 8% of the planet's soil and rocks. In its natural form, aluminium is found only in chemical compounds with other elements; such as sulphur, silicon, oxygen, etc. Only aluminium oxide ore can be used to produce pure, metallic aluminium.

Lightweight, strong, durable, non-magnetic and non-toxic, aluminium possesses many properties that make it the ideal metal for a wide range of applications. It conducts heat and electricity and also reflects heat and light, it is strong but easily workable and it retains its strength even in extreme temperatures, without becoming brittle. The surface of aluminium quickly oxidizes to form an invisible barrier to corrosion. Moreover, aluminium can be easily and economically recycled into new products.

Primary aluminium is produced in smelters by processing aluminium oxide (alumina), which is itself manufactured from bauxite, a natural mineral.
Together with recycled (also known as secondary) metal, smelter products are cast into primary added-value products, including wire rod, slabs and billets and then further processed into plates, sheets and extrusions.





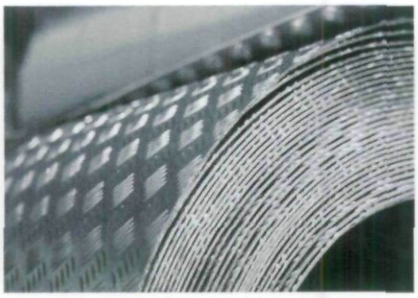
Production facilities

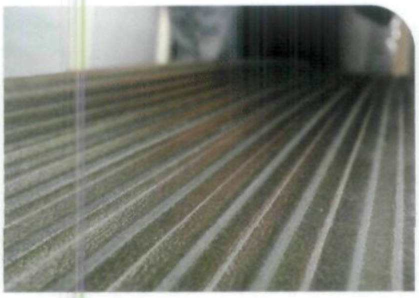
Romania

Alro is Romania's only aluminium producer and is also the largest primary aluminium production facility in Central and Eastern Europe (excluding CIS) by volume. Alro's focus is on the manufacture of primary added-value products. Facilities include a smelting plant in Slatina, which produced 283,500 tonnes of cast products and 35,000 tonnes of processed products in 2007. They also operate Alum, an alumina refinery in Tulcea, for which production was been temporarily suspended in February 2007 to carry out modernization. Romania is a location that offers several essential advantages; proximity to customers, especially those in Western Europe; a guaranteed, competitively priced energy supply through end of January 2013; and relatively low labour costs within the EU; and a low tax environment.

China

Vimetco is among the top ten producers in China by volume and mainly supplies the rapidly burgeoning demand for aluminium in China. Advantages in China include time-to-market, proximity to customers and low transportation costs. New pot lines were launched in December 2006, boosting production capacity by 125,000 tonnes per annum (tpa). The plants feature integrated power generation, making the Chinese operations fully self-sufficient.
Vimetco's Chinese holdings, include two smelting plants in Gongyi, with a combined capacity of 310,000 tpa, as well as processing facilities in Zhengzhou, which in 2007 produced 17'000 tonnes in processed products. Rounding off Vimetco's China operations is a newly acquired smelter in Linzhou, with a capacity of 110,000 tpa and casting facilities with capacities of 30,000 tpa in wire rod and 30,000 tpa in billets.





Product categories

Primary products are produced both in Romania and China in the form of ingots. In Romania, most of the primary aluminium is used to manufacture cast house products, including wire rod, billets and slabs.

Produced in Romania, wire rod is used for high-voltage cables and wires in general, which are further processed for end-products such as telecom cables and power cables. Also produced in Romania, billets are bars used for the extrusion process to make profiles and slabs, which are fed into Alro's rolling mill for further processing.

Flat rolled products are graded by thickness, including sheets, shates and plates. These products are further used by customers to produce end products, such as boxes, panels, mechanical parts, tools, moulds and white goods; products in which aluminium's good mechanical and corrosion characteristics are advantageous and for which low weight of the material plays an essential role.

Delivering a client-driver range of products

As we progress from functioning primarily as a commodity supplier to being a value-added manufacturer, we are committed to working closely with our customers to meet their needs. Discussions are being held with leading aircraft manufacturers to assess their future needs and in China experts are carefully researching the market requirements for value-added products like billets, wire rod or rolled products.

Impressive reference industries

While our list of customers consists of industry leaders, far more important than individual names are the industries we serve. Aluminium products from Vimetco find their way into different applications in the following industries:

The automotive industry is a rapidly growing market for aluminium as Western manufacturers seek to shed vehicle weight and to increase efficiency. Our key customers are producers of motor pistons and car cables. We are the sole supplier of registration plates in Romania.

Aerospace is a traditional aluminium market and one for which 5% annual growth is forecast for the long-term.

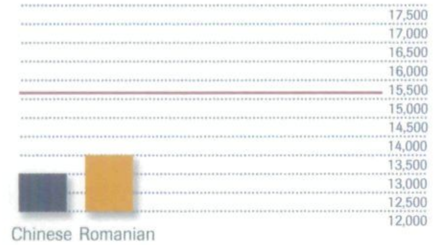
Aluminium is widely used in the construction industry in the form of extruded frames for windows and doors, prefabricated structures, roofing, exterior cladding, curtain walling, which is now augmented with highly effective aluminium insulation foil. Aluminium sheets, plates and insulation are also in increasing demand by the construction industry.

In the electrical power industry, its conductivity-to-cost ratio makes aluminium cables and conductors incomparable for the production of transmission lines.

Risks and Risk Management

Vimetco's strategy of vertical integration substantially facilitates Group profitability while reducing risk. Among the key factors for Vimetco's future success are intelligent evaluation and the implementation of appropriate measures and processes to mitigate risk.

Electricity efficiency – Vimetco versus global average
(per tonnes of aluminium)



Source: International Aluminium Institute (IAI)

Vimetco's operations are power and raw material-intensive and depend upon ensured supplies of energy – especially electricity – and alumina. International commodities markets set the prices paid for aluminium, which means that producers cannot necessarily pass on to customers any increases in the prices they pay for raw materials. Consequently, the availability of electricity and raw materials at commercially viable prices has a direct impact on profitability. The Group developed its strategy of vertical integration to secure future profitability and to reduce the major risks. In accordance to its corporate strategy, Vimetco is integrating key aluminium assets throughout the entire value-creation chain into its business, including production facilities for power generation and raw material.

Increasing energy price

In 2007, Vimetco's Romanian operations sourced the majority of its electricity requirements from a single supplier under a long-term supply contract, which considerably reduced the risk of increasing prices. However, the country faces a future electricity generation deficit. Without the introduction of new generating capacity, electricity demand will outstrip supply by 5,000 MW in 2010 and 7,700 MW by 2015. Vimetco is planning to set up its own power production assets in Romania in anticipation of this power shortage.

High energy costs in recent years have forced several competitors to shut down or reduce the capacity of production facilities in Europe. Energy costs are rising higher in Europe partially as a result of the introduction of the EU Emissions Trading Scheme (EU ETS), which was launched in January 2005 to reduce European greenhouse gas emissions. Energy costs are expected to continue to increase over the coming years due, in part, to compliance costs related to existing regulations, such as the EU ETS, or new environmental, health and safety laws and regulations, whether at the national or international level.

China has and continues to face major power supply deficits, primarily due to soaring energy demand driven by rapid economic growth, which is outstripping generating capacity. Against this backdrop, the Group's Chinese company, Zhongfu has remained unaffected by the frequent electricity shortages because it meets all of its energy requirements internally.

Alumina procurement synergies

Alumina is the principal raw material used to produce aluminium and the company depends on a limited number of alumina suppliers. The increasing costs of, and disruptions to, the availability of raw materials have a major impact on Vimetco's profitability. Disruptions may require Vimetco to purchase alumina on the spot market on less favourable terms than under its current supply agreements. To ward off this eventuality, the Group is considering capitalising on the strategic synergies of its Romanian and Chinese operations through the integration of its raw material procurement functions.

Emerging markets – potential and risks

While Vimetco's operations are located in the two emerging markets with the highest growth potential, both markets also come with higher risks and uncertainties than in more developed countries. Group's operations could potentially be affected by a strengthening of existing regulations or the introduction of new regulations and laws. The Group also depends on the continuing validity of its licenses, the issuance of new licenses and compliance with the terms of its licenses in Romania and China.

Conservative hedging policy (FX and aluminium price risks)

Aluminium prices are denominated in US Dollars while the Group's production is located outside the USA, which subjects Vimetco to foreign exchange rate fluctuations. Furthermore, the prices of many of the raw materials used depend on supply and demand relationships on a global scale and are thus subject to continuous volatility. The Group makes prudent use of derivative financial instruments to mitigate the risk of changes in the price of aluminium, foreign exchange rate fluctuations and potential losses on these derivative instruments. While doing so, Vimetco follows a conservative hedging policy.

Higher interest rate risk

The Group significantly increased its external financing during 2007, which is mainly due to the consolidation of its operations in China (+USD 426 million, short term debts with standard local terms) and long-term banking facilities (+USD 70 million). Therefore, Vimetco's interest rate risk was raised. Had there been a change of interest rates by 200 basis points, the impact on the Group's profit before tax for 2007 would have been USD 15.5 million, compared to USD 5.5 million in 2006. The Company benefited from the lower LIBOR.

Aluminium – competitive and cyclical

Vimetco's results depend on the market for primary aluminium, a highly cyclical commodity affected by global demand and supply conditions.
The price of aluminium has been historically volatile and subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty, the overall performance of the world and regional economies, currency fluctuations or speculative actions.
Moreover, the market for primary and processed aluminium is global and highly competitive. There is a recent and ongoing trend towards consolidation among Vimetco's major competitors. This development of the industry and its characteristics combined with excess production capacity for some aluminium products has exerted, and may in the future, continue to exert downward pressure on the prices of certain products.

Corporate Governance

Vimetco is committed to safeguarding the interests of its stakeholders and recognizes the importance of good corporate governance in achieving this objective. The Company adopted its corporate governance rules in June 2007 and will continue to make adjustments on a timely basis, to remain in compliance with the Dutch Corporate Governance Code as well as UK listing requirements.

The Vimetco Board of Directors.

Board of Directors

Pierre Baillot

Chairman,
Independent Non-Executive Director
Elected until: 2008
French national; age: 62

Mr. Baillot has served as Chairman of Vimetco's Board of Directors since 2007. He most recently served as Head of New Business Development for Alcan Primary. From 1999 to 2003, he served as Head of Smelter Operations at Pechiney and from 1985 to 1998 as Head of Technology Transfer and Business Development at Pechiney. Mr. Baillot holds degrees as Ingénieur Civil des Mines and from the Stanford Executive Program.

Directorship positions in other companies within the past five years

Previous: Pechiney Nederland, Aluminium of Greece, Aluminium Dunkerque, Alucam, Tomago Aluminium, E.C.L., Carbone Savoie and Aluminerie Becancour

Vitaliy Machitski

Vice Chairman,
Non-Executive Director
Elected until: 2008
Board committee memberships:
Audit Committee,
Remuneration Committee
Israeli national; age: 53

Mr. Machitski has served as Vice Chairman of Vimetco's Board of Directors since 2007. From 1999 to 2005, he served as Chairman of CJSC Rosinvestneft, and from 1997 to 2000, he served as Chairman of the Board of CJSC Petrol Complex Holding Company, a joint venture between ST Group and BP Amoco. Mr. Machitski holds a degree in engineering and economics from the Faculty of Economics of the Institute of National Economy in Irkutsk, Russia.

Directorship positions in other companies within the past five years

Previous: CJSC Rosinvestneft

Vyacheslav Agapkin

Non-Executive Director
Elected until: 2008
Russian national; age: 58

Mr. Agapkin has served on Vimetco's Board of Directors since 2007. He also serves as General Director for the International Institute of Construction in Moscow. Mr. Agapkin holds a degree in mechanical engineering, a master's degree in science and a doctorate degree from the Moscow Gubkin Oil and Gas Institute.

Directorship positions in other companies within the past five years

Current: International Institute of Construction (since December 1991)

James Currie

Independent Non-Executive Director
Elected until: 2008
Board committee membership:
Audit Committee (Chairman),
Remuneration Committee
British national; age: 66

Mr. Currie has served on Vimetco's Board of Directors since 2007. From 1997 to 2001, he served as the Director General for Environment and Nuclear Safety at the European Commission. He currently serves as a consultant to the law firm Eversheds LLP and to Burson-Marsteller, Brussels. Mr. Currie holds a master's degree from Glasgow University.

Directorship positions in other companies within the past five years

Current: Royal Bank of Scotland Group, Total Holdings UK, Davaar Associates, UK MetOffice

Previous: British Nuclear Fuels Ltd.

Valery Krasnov

Non-Executive Director
Elected until: 2008
Russian national; age: 64

Mr. Krasnov has served on Vimetco's Board of Directors since 2007. He also serves as First Vice President of Vi Holding NV (formerly Romal Holdings NV), and previously held senior positions at a number of Russian companies, including CJSC Rosinvestneft, where he served as First Vice President and General Director. From 1991 to 1993 Mr. Krasnov was Chief of Staff and Vice President of the Russian Federation. He also held several senior diplomatic positions in Russian embassies around the world. His diplomatic rank is that of an extraordinary and plenipotentiary Minister-counsellor. Mr. Krasnov holds a degree in international economics from Moscow State University and a diploma from the Diplomatic Academy under the Ministry of Foreign Affairs of the former USSR.

Directorship positions in other companies within the past five years

Current: Vi Holding NV (formerly Romal Holdings NV)

Rolf Steinemann

Executive Director
Elected until: 2008
Swiss national; age: 39

Mr. Steinemann has served on Vimetco's Board of Directors since 2007. He also serves as the company's Chief Financial Officer. From 2004 to 2006, he served as Director and Senior Debt Originator for Structured Trade and Project Finance at Caterpillar Financial Sarl.

Mr. Steinemann has more than ten years of banking and finance experience. He holds a degree in economics and business administration from the college of higher education in Zurich and is a chartered financial analyst ("CFA").

Directorship positions in other companies within the past five years

Previous: RoadtoData AG

Christian Wüst

Executive Director
Elected until: 2008
German national; age: 44

Mr. Wüst has served on Vimetco's Board of Directors since 2007. He also serves as the group's Chief Executive Officer, as well as Chairman of the Board of Directors of Alro since 2004. Mr. Wüst joined the Group in November 2003. He has more than twenty years of experience in banking and management, including fourteen years with Hypo Bank, Munich, where he concentrated on corporate banking and export, trade and project finance during assignments in Hamburg, Stuttgart, Munich, London and New York. In 1997, he joined Marc Rich & Co. Investment AG, where he served as Finance Director. From 1998 to 2003, he held senior management positions with ABB Export Bank, Zurich, including the position of Chief Executive Officer.

Gaobo Zhang

Non-Executive Director
Elected until: 2008
Chinese national; age: 43

Mr. Zhang has served on Vimetco's Board of Directors since 2007. From 2004 to June 2007, he served as the Chairman of Yulian. He previously served as Deputy Chief of the Policy Division of Hainan Province, deputy chief of the Financial Markets Administration Committee of the Hainan Branch of the People's Bank of China and Chairman of the Hainan Stock Exchange Centre. Mr. Zhang holds a degree in science from Henan University and a master's degree in economics from Peking University.

Directorship positions in other companies within the past five years

Current: Oriental Patron Holdings Limited, Oriental Patron Finance Limited, Oriental Patron Financial Services Group Limited, Pacific Top Holding Limited, Oriental Patron Derivatives Limited, Best Future International Limited, Million West Limited, Vitari Consultants Limited, Capital House Limited, Entrepreneur Investments Limited, Oriental Patron Select (OPS) Limited, OP Financial Investments Limited (formerly called Concepta Investments Limited), Partnerfield Investments Limited, Plansmart Investments Limited, Oriental Patron Resources Investment Limited, OPS Education Consulting Limited, Willast Investments Limited, Beijing Kava Online Technology Company Limited, Ottness Investments Limited, Oriental Patron Investment Consulting (Shenzhen) Limited

Previous: Lucky Unicom Investments Limited, Oriental Patron China Investment Limited, Oriental Patron Property Limited

Bernard Zonneveld

Independent Non-Executive Director
Elected until: 2008
Board committee membership: Remuneration Committee (chairman), Audit Committee
Dutch national; age: 51

Mr. Zonneveld has served on Vimetco's Board of Directors since 2007. Since May 2007, he has also served as Managing Director/Global Head of Structured Metals & Energy Finance at ING Bank's wholesale banking division in Amsterdam. Mr. Zonneveld joined ING Group in 1993 and has since held various senior positions, including Managing Director/Global Head of Structured Commodity Finance and Product Development and Director/Head of Structured Commodity & Export Finance. Since the beginning of 2006, he has served as Chairman of the Dutch-Russian Council for Trade Promotion. He holds a master's degree in business law from Erasmus University in Rotterdam.

Directorship positions in other companies within the past five years

Current: Severstal Auto, Netherlands-Russian Council for Trade Promotion, Netherlands-Ukraine Council for Trade Promotion, Netherlands-Kazakh Council for Trade Promotion

Previous: International Energy Credit Association (IECA)

The business address of each of the Member of our Board of Directors is Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands.

Board Committees

Audit Committee

Vimetco's Audit Committee is comprised of Mr. Currie (Chairman), Mr. Machitski and Mr. Zonneveld. They meet at least twice annually.

The role of the Audit Committee is to monitor Vimetco's financial, accounting and legal practices in terms of the applicable ethical standards; review, prior to its publication, any financial information made public through press releases on the Company's results; and to supervise the Company's compliance with accounting and financial internal control processes. The Audit Committee will also recommend the choice of independent auditors to the shareholders and approve the fees paid to them. They also conduct discussions with the auditors regarding their findings.

Remuneration Committee

Vimetco's Remuneration Committee consists of Mr. Zonneveld (Chairman), Mr. Machitski and Mr. Currie. They meet at least twice annually.

The role of the Remuneration Committee is to establish and control the internal practices and rules developed with regard to financial compensation for the Members of Vimetco's Board of Directors, Senior Management and other key employees. They advise the Board of Directors on the remuneration of the Management, including the fixed remuneration, incentive schemes to be granted and other variable remuneration components as well as the performance criteria and their application. They are also responsible for periodically reviewing the structure of the Board of Directors and identifying potential candidates to be appointed to the Board, as the need may arise.

Shareholders' Meeting

The Shareholders' Meeting is convened at least once a year, within six months following the end of the financial year. The Shareholder's Meeting is chaired by the Chairman of the Board. Minutes of the meeting are kept unless a notarial record is drawn up of the Meeting's proceedings.

Such proceedings can include a review of the Annual Report, confirmation of the annual accounts, determination of the appropriation of profits, discharging the responsibilities of the Members of the Board and amendments of the Articles of Association. It also appoints the Auditor. Should the Shareholders' Meeting not appoint the Auditor, then this power accrues to the Board.

Resolutions are adopted by an absolute majority of the votes cast, unless the law or the Articles of Association prescribe a larger majority or quorum.

Remuneration of the Board of Directors

The aggregate amount of remuneration paid by Vimetco to the Members of its Board of Directors as a group for services in all capacities provided to the Company during the year ended 31 December 2007 was USD 3.38 million in salary, bonuses and pension contributions. In 2006, no remuneration was paid to the members of the Board. No member of the Board of Directors are entitled to any benefits upon termination of their employment.

Equity Incentive Compensation Scheme

In connection with its Initial Public Offering in 2007, Vimetco established an equity incentive compensation scheme ("ICS") which enables certain directors and key employees to be granted a package of awards comprising restricted stock units (RSUs), representing the unsecured right to receive a global depository receipt (GDR) purchase option free of charge at a pre-determined future point in time, as well as cash and options on GDRs. The package of awards is linked to the performance of the Group as measured by its EBITDA. The purpose of the ICS is to retain senior management and to lend incentive to deliver strong profits in the future.

Dutch Corporate Governance Code

Dutch companies listed on a government recognised stock exchange, whether in the Netherlands or elsewhere, are required to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code pertaining to the management board, and should they not apply them, to explain why. The Dutch Code stipulates that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy of a company and endorses such company's explanation for any deviation from the best practice provisions, the company will be deemed to have applied the Dutch Code.

Vimetco acknowledges the importance of good corporate governance. Its Board of Directors has reviewed the Dutch Code, generally agrees with its basic provisions, and has taken and will take any further steps it considers appropriate to implement the Dutch Code. However, Vimetco is not applying the Dutch Code's provisions in the following areas:

- Board remuneration: While the Dutch Code recommends that the remuneration of the Board of Directors be determined by the general meeting of shareholders, Vimetco is of the opinion that Board remuneration is best determined by the Board of Directors itself. The Company's Articles of Association stipulate that the remuneration of the Board of Directors be based on a proposal from the Remuneration Committee and that it be in line with the remuneration policy adopted by the General Meeting of Shareholders.
- Selection and Appointment Committee: While the Dutch Code recommends the establishment of a separate selection and appointment committee, Vimetco is of the opinion that such activities can efficiently be dealt with by the Remuneration Committee as well as the Board of Directors as a whole.
- Independent Board members: While the Dutch Code recommends that a majority of the members of the Board of Directors be independent, the majority of Vimetco's Board Members do currently not fulfil the respective criteria. Vimetco is nevertheless convinced that its Board of Directors – of which seven members are Non-Executive and two are Executive Directors – meets the highest standards in terms of a strong and effective leadership of the Company.
- Company Secretary: Considering the size of the Company there is no formally appointed Secretary of the Company. The Chief Financial Officer performs the duties under this article qualitate qua.
- Internal Audit: In view of its size, Vimetco has decided to not yet create its own internal audit department.

LSE Model Code

Vimetco has adopted a Code of Securities pertaining to the GDRs (and the shares represented thereby) which is based on, and is at least as rigorous as the Model Code published in the Listing Rules of the London Stock Exchange. The code adopted applies to the members of the Board of Directors and other relevant employees of the Group.

Group Management

Christian Wüst

**Chief Executive Officer
President of SC Alro SA**

Please see page 27.

Rolf Steinemann

Chief Financial Officer

Please see page 26.

Jimmy Wong

Vice President, Head of Energy Project Development

Jimmy Wong is responsible for originating and implementing new energy projects and initiatives for Vimetco NV. Mr. Wong joined the Company from ABB Ltd., Zurich, where he served as Head of Financial Advisory and Group Vice President. In addition to seven years of experience in financing industrial and infrastructure projects, Mr. Wong has 18 years of commercial and technical experience with ABB Power Generation Ltd. (Switzerland) and Bechtel Power Corp (USA). During this period, Mr. Wong held various key positions in sales & business development, project execution and engineering. Mr. Wong holds degrees in engineering from the University of California, Berkeley and the University of Houston, Texas.

Simona Gambini

Vice President, Head of Corporate Communication and Investor Relations

Simona Gambini is an experienced communications and marketing professional with 15 years of experience in developing international communication and marketing strategies. Prior to joining Vimetco, Ms. Gambini served as Director of Global Marketing & Communication at Leica Geosystems AG and as Marketing Director at STOXX Ltd. and Sihl Landquart, Switzerland. Ms. Gambini started her professional career as Project Manager in the marketing department of the Zurich Transport Authority. She holds a masters degree in economics and organizational psychology from the University of Zurich, as well as an executive master degree in Communications Management from the University of Lugano, Switzerland.

Leslie W Leibenguth

Vice President, Head of Alumina and Bauxite Project Development

Leslie W. Leibenguth is responsible for the development and execution of bauxite mining and alumina refining projects.
He has more than 35 years experience in the bauxite and alumina industry. He joined Vimetco from SUAL Holdings where he had various managerial, engineering and commercial responsibilities in the Komi Refinery and Timan Mining projects. Prior to SUAL, Mr. Leibenguth held a number of positions with Kaiser Aluminium and Chemical Corporation. His experience in mining and refining in the USA, Venezuela, Jamaica and Russia includes alumina plant start-ups and projects at KACC Gramercy, Bauxilume, Alumina Partners of Jamaica, KACC Baton Rouge, Los Pijiguaos, and Kaiser Jamaica Bauxite Company. Mr. Leibenguth is a graduate of Buxton University and member of the American Society of Mechanical Engineers, American Welding Society and Project Management Institute.

Frank Müller

Vice President, Head of Aluminium Project Development

Frank Müller is responsible for Aluminium related projects and processing improvements at Vimetco NV. Mr. Müller joined the company from Alcan Singen GmbH, where he served as director of production for the rolling mill plant and the cast house. Previously Mr. Müller worked for Amag/Austria and Aleris/Koblenz (formerly Hoogovens Aluminium).
Mr. Müller has more than twenty years of experience in casting and processing of aluminium, working as manager for production departments in various positions. Mr. Müller has a PhD degree in Metallurgy from Technische Universität Bergakademie of Freiberg/Sachsen.

Marian Nastase

Alro Vice President and Country Manager Romania

Marian Nastase has served as Alro's Vice President and Country Manager since 2002. Mr. Nastase is responsible for the Group's operations in Romania and focuses on capital raising and restructuring issues. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche. He holds a degree in economics from the Academy of Economic Studies. Mr. Nastase is a member of several professional societies, including the National Association of Experts in Corporate Recovery in Romania, the National Association of Authorised Valuators in Romania and the Romanian Association for Energy Policies.

Gheorghe Dobra

Alro General Manager

Gheorghe Dobra has served as Alro's General Manager since 1993. Mr. Dobra has 22 years of experience in the aluminium industry and has worked for Alro since 1984. He has held a number of other different positions within Alro, including that of engineer and Head of Production, Planning and Purchase Department.
Mr. Dobra holds a degree in chemical engineering and a doctorate in material science and engineering from Polytechnic Institute of Bucharest, as well as an executive master's degree in business administration from the Business and Public Administration Institute.

Hong'en Zhang

Yulian General Manager and Zhongfu Chairman

Hong'en Zhang has served as Yulian's General Manager since 1993 and currently also serves as the Chairman of both Yulian and Zhongfu. From 1981 to 1993, Mr. Zhang served as factory manager at the Gongyi City Power Plant. Mr. Zhang is a member of the Chinese Communist Party and serves on the Gongyi City People's Congress Standing Committee and as a representative of the Henan Province People's Congress. He holds a law degree from Zhongnan University of Economics and Law Manager.

Luping Ma

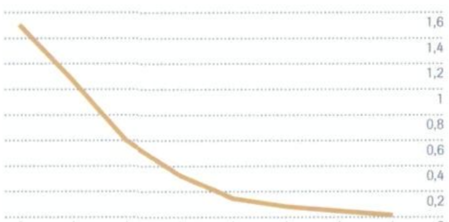
Zhongfu General Manager

Luping Ma has served as Zhongfu's General Manager since 1993.
From 1982 to 1993, Mr. Ma served as assistant factory manager at the Gongyi City Power Station. Mr. Ma is a member of the Chinese Communist Party. He holds a diploma in engineering from Zhengzhou Industrial College.

Corporate Social Responsibility

While Vimetco is proud of its track record of dynamic growth, it has not been achieved at the expense of sustainability, quality or sound corporate governance. The Company has invested tens of millions of dollars in environmental projects and remains committed to the highest standards of social, economic and environmental responsibility.

Through constant investment in new technology, Vimetco has reduced greenhouse gas emissions at Alro in Romania.
(Reductions in Carbon Fluoride (CF4) and Hexafluoroethane (C2F6))



Vimetco's focus on value-creation for shareholders is complemented by its commitment to the protection of the environment and human health, providing safe working conditions and the continuous improvement of business processes throughout the Group.

Within the strategic decision-making process, the Group carries out a comprehensive analysis of all requirements relating to environmental protection and sustainable economic growth. Vimetco aims to reduce emissions of greenhouse gas and other pollutants by continuously modernizing its production assets and through the introduction of innovative technologies.

Vimetco's stated business ethics stipulate that the value of the contributions made by individual employees be recognized and that the operating efficiency of its diversified staff be maximized. Vimetco respects the rights and uses the experience of the local communities in countries in which it operates.

The wealth of human capital is one of Vimetco's most valuable assets. Developing the knowledge and skills of its staff and maximizing their efficient use constitutes one of the main pillars of the Group's strategy.

Vimetco is committed to the highest standards of social, economic and environmental responsibility and fosters the sharing and application of best practice experience to reach and further develop those standards across the Group.

Best practice example: Alro

Alro, Vimetco's Romanian operations, is of the firm conviction that its strength is based on its ties with suppliers and customers as well as on its commitments to its employees and the local community in which it resides.

This philosophy translates into an ongoing program to promote safety among its employees, maintain transparent relationships with all its business partners and the local community as well as to minimize the impact of its operations on the environment.

Community

Alro is committed to improving the quality of life for its employees as well as those who live in the areas surrounding its plant. As part of this philosophy, the Company works closely with the local community to identify the areas in which support is needed. It thus actively participates in community life through its commitment to corporate responsibility programs, from rebuilding homes destroyed by natural disasters, to education, sports and health. Alro's charitable contributions amount to more than USD 3 million annually, including the sponsoring of five ambulances and other equipment at the local hospital in 2007.

In the same year, Alro received the Excellency Award in Corporate Social Responsibility from the Romanian Chamber of Commerce and Industry, in recognition of its contributions to economic development in Romania and regionally, with particular emphasis on its forward-looking environmental orientation as well as its focus on training programs and social responsibility.

The environment

Alro in 2005 became one of the first companies in Romania to receive an Environmental Authorization for more than ten years running, in recognition of its strong long-term investment plan in environmental projects, now worth over USD 20 million. The Environmental Authorization certifies that all the emissions created by the Company are in full compliance with European Union standards.

Alro replaced the wet-fluoride-capture technology it used with dry-gas treatment technology, thereby increasing the gas-capture rate from 65 to over 99%. Furthermore, all exhaust gases comply with the industry best practice standard. Greenhouse gas emissions have been more than quartered.
The Company built Romania's first ecological waste dump and halted the use of asbestos at the smelter several years ago.
Alro has also developed programs for the automatic monitoring of environmental impact factors, in cooperation with the Governmental Environmental Protection Agency and Public Health Directorate. An environmental protection officer was appointed for each of the Company's divisions.

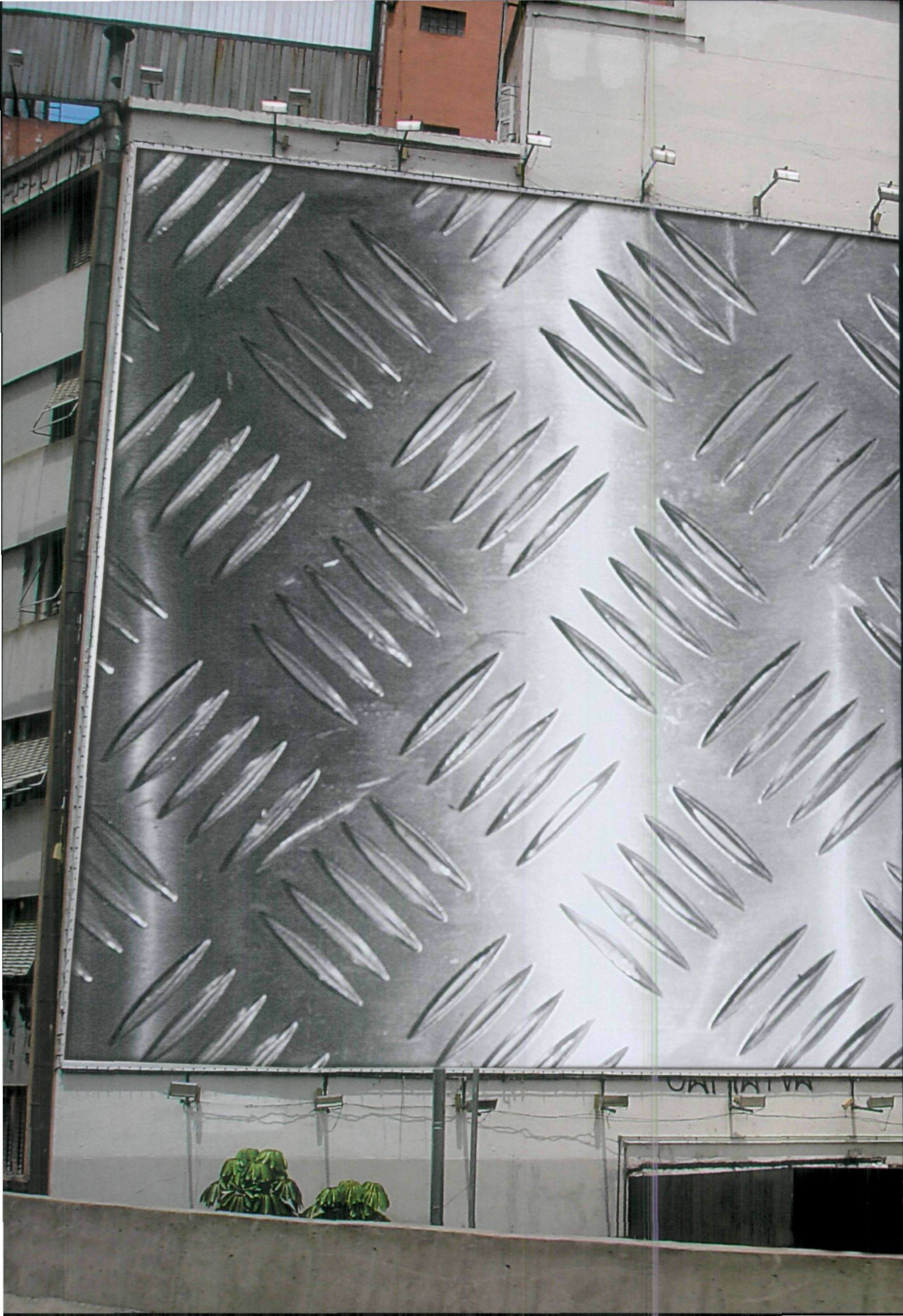
Its environmental investment programs also enabled Alro to obtain ISO 14001 certification for environment protection management. Alro was granted the Integrated Environmental Certificate in 2006, thus becoming the first company in its region and one of the top ten companies in Romania to acquire this certification.

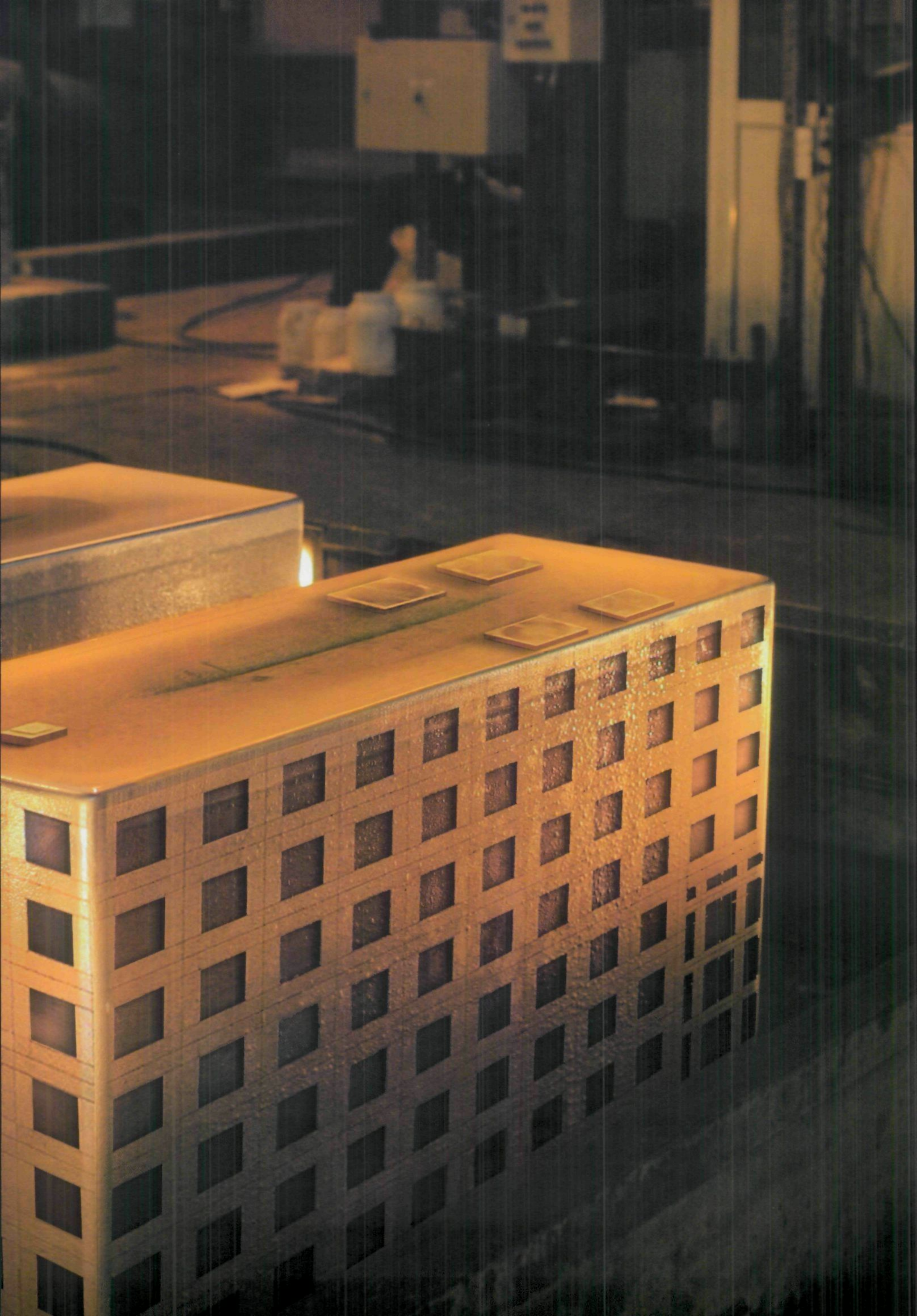
The Company is applying eco-efficiency and safety measures throughout the entire production process and successfully meeting customer requirements in this field. It is also involved in activities related to global environmental issues through active cooperation with international organizations on greenhouse gas emission reductions.

Employees

Because Alro's employees play a crucial part in the environmental strategy, it places special emphasis upon the training of its employees, ensuring that they become environmentally conscious and thereby develop and sustain an environmentally-friendly attitude.

Through investment in new technologies, maintenance, infrastructure and employee training, the Company also continuously strives to improve labour conditions. Alro's employees are optimally equipped with all necessary protection gear and attend ongoing training programs to ensure safety on the job. The Company is developing a system of occupational trauma prevention as well as early identification and elimination of occupational hazards and risks in a system involving broad staff participation and use of state-of-the-art methods. The Company seeks to ensure that work conditions at the facilities it operates are in compliance with the applicable international standards.





Annual Accounts

Consolidated Financial Statements Vimetco NV

Consolidated Balance Sheet

Assets — in thousands of US Dollars

Non-current assets	Notes	31 December 2007	31 December 2006
Property, plant and equipment	4	1,306,574	364,769
Intangible assets	5	11,335	1,349
Goodwill	6	265,934	36,274
Land use rights	7	52,137	-
Investments	8	20,825	105,438
Derivative financial instruments	31	347	-
Deferred tax asset	20	2,246	-
Total non-current assets		**1,659,398**	**507,830**

Current assets			
Inventories	9	265,883	168,632
Trade receivables, net	10	36,572	33,045
Other assets	11	144,238	68,248
Derivative financial instruments	31	10,659	-
Cash and cash equivalents	12	137,081	72,066
Restricted cash	13	126,525	8,000
Total current assets		**720,958**	**349,991**
Total assets		**2,380,356**	**857,821**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Shareholder's equity and liabilities

in thousands of US Dollars

Shareholder's equity	Notes	31 December 2007	31 December 2006
Share capital	14	(27,917)	(22,288)
Share premium		(366,126)	-
Translation reserve		(68,204)	(57,740)
Other reserves		(42,387)	(47,721)
Retained earnings		(166,521)	(146,149)
Profit for the year		(160,936)	(113,395)
Equity attributable to equity holder of the parent		**(832,091)**	**(387,293)**
Minority interests		(303,178)	(58,180)
Total shareholder's equity		**(1,135,269)**	**(445,473)**
Non-current liabilities			
Bank loans	15	(265,922)	(184,458)
Loans from related parties	28	(168)	(477)
Provisions and other liabilities	18	(9,926)	(6,073)
Post-employment benefit obligations	19	(8,575)	(6,994)
Lease obligations	16	(4,940)	(4,838)
Derivative financial instruments	31	(16,546)	-
Deferred tax liabilities	20	(12,865)	(1,894)
Total non-current liabilities		**(318,942)**	**(204,734)**
Current liabilities			
Short-term bank loans and current portion of long-term bank loans	15	(536,935)	(94,641)
Short-term loans from related parties	28	(36)	(37,599)
Trade and other payables	17	(368,778)	(65,923)
Income taxes payable		(17,530)	(6,569)
Derivative financial instruments	31	(480)	-
Lease obligations	16	(2,386)	(2,882)
Total current liabilities		**(926,145)**	**(207,614)**
Total liabilities		**(1,245,087)**	**(412,348)**
Total shareholders' equity and liabilities		**(2,380,356)**	**(857,821)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Income Statement

Consolidated Income Statement — in thousands of US Dollars, except per share data

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Revenues	30	1,210,207	812,774
Cost of revenues	21	(868,663)	(535,345)
Gross profits		**341,544**	**277,429**
General and administrative expenses	23	(104,330)	(76,661)
Restructuring charge	22	(5,818)	-
Impairment of property plant and equipment	4	-	(15,303)
Impairment of goodwill	6	-	(14,702)
Gain on disposal of subsidiaries	29	1,339	-
Share of profit of equity method investments	8	8,460	957
Other income	24	17,140	-
Other expenses	24	(12,810)	-
Operating profit		**245,525**	**171,720**
Finance costs, net	25	(32,857)	(19,590)
Gain/(loss) on derivative financial instruments	31	7,769	(25,817)
Foreign exchange gain		20,938	27,090
Profit before income taxes		**241,375**	**153,403**
Income tax expense	26	(47,565)	(24,504)
Profit for the year		**193,810**	**128,899**
Attributable to:			
Equity holders of the parent		**160,936**	**113,395**
Minority interest		**32,874**	**15,504**
Earnings per share			
Basic and diluted	27	**0.812**	**0.638**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholder's Equity

Consolidated Statement of Changes in Shareholder's Equity

in thousands of US Dollars

	Share capital	Share premium	Profit / (loss) for the year	Translation reserve
Balance at 1 January 2006	22,288	-	(13,877)	(6,932)
Translation adjustment	-	-	-	64,672
Profit for the year	-	-	113,395	-
Appropriation of last year result	-	-	13,877	-
Changes in minority interest share of net assets	-	-	-	-
Balance at 31 December 2006	**22,288**	**-**	**113,395**	**57,740**
Translation adjustment	-	-	-	10,464
Profit for the year	-	-	160,936	-
Appropriation of last year result	-	-	(113,395)	-
Dividends distribution	-	-	-	-
Issuance of new shares (share swap) for the acquisition of Everwide Industrial Ltd	4,201	277,994	-	-
Change in fair value of hedging instruments	-	-	-	-
Minority dilution in Everwide	-	-	-	-
Initial public offering	1,428	88,132	-	-
Minority interest arising on a business combination	-	-	-	-
Balance at 31 December 2007	**27,917**	**366,126**	**160,936**	**68,204**

The Revaluation reserve pertains to the revaluation as part of the capital increase at Alro in 2005 when property, plant and equipment fair value uplifts and USD 27,023 goodwill were recognized.

The accompanying notes are an integral part of these Consolidated Financial Statements.

in thousands of US Dollars

Hedge reserve	Revaluation reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total Equity
-	47,721	160,026	209,226	35,793	245,019
-	-	-	64,672	1,164	65,836
-	-	-	113,395	15,504	128,899
-	-	(13,877)	-	-	-
-	-	-	-	5,719	5,719
-	**47,721**	**146,149**	**387,293**	**58,180**	**445,473**
-	-	-	10,464	12,804	23,268
-	-	-	160,936	32,874	193,810
-	-	113,395	-	-	-
-	-	(96,400)	(96,400)	(13,807)	(110,207)
-	-	-	282,195	-	282,195
(5,334)	-	-	(5,334)	(730)	(6,064)
-	-	3,377	3,377	(3,377)	-
-	-	-	89,560	-	89,560
-	-	-	-	217,234	217,234
(5,334)	**47,721**	**166,521**	**832,091**	**303,178**	**1,135,269**

Consolidated Statement of Cash Flow

Consolidated Statement of Cash Flow — in thousands of US Dollars

Cash flow from operating activities	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Profit before income taxes		**241,375**	**153,403**
Adjustments for:			
Depreciation and amortization		57,302	30,437
Interest and guarantee income	25	(10,463)	(2,690)
Net foreign exchange gains		(20,938)	(27,090)
(Gain)/loss on disposal of property, plant, and equipment		668	(1,161)
Gain on disposal of subsidiaries	29	(1,339)	-
Goodwill impairment	6	-	14,702
Impairment of property, plant and equipment	4	-	15,303
Provisions		2,032	(2,744)
Interest and guarantee expense	25	43,320	22,280
Share of profit of equity method investments		(8,460)	(957)
(Gain)/loss on derivative financial instruments		(7,769)	25,817
Changes in working capital:			
(Increase) in inventories		(22,132)	(22,451)
(Increase)/decrease in trade receivables and other assets		26,649	(43,516)
(Decrease)/increase in trade and other payables		22,630	(9,750)
Income taxes paid		(39,932)	(24,109)
Interest paid		(43,577)	(22,687)
Net cash generated by operating activities		**239,366**	**104,787**

in thousands of US Dollars

Cash flow from investing activities	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Interest received		10,463	2,697
Purchase of property, plant and equipment, net		(233,694)	(45,112)
Increase in restricted cash		16,130	(4,854)
Proceeds from sale of fixed assets		4,244	9,277
Proceeds from sale of subsidiaries		3,775	-
Settlement of derivative instruments		13,789	(31,646)
Acquisition of Everwide (see Notes 3 and 8)		21,883	(100,121)
Acquisitions of investments		(37,549)	(3,740)
Net cash used in investing activities		**(200,960)**	**(173,499)**

Cash flow from financing activities			
Proceeds from initial public offer, net		89,560	-
Proceeds from loans		508,558	265,531
Repayments of loans		(456,551)	(158,307)
Dividends paid		(110,207)	(3,544)
Net cash provided by financing activities		**31,360**	**103,680**

Net increase in cash and cash equivalents		**69,768**	**34,968**
Cash and cash equivalents at beginning of year		**72,066**	**35,091**
Effect of exchange rate differences on cash and cash equivalents		**(4,752)**	**2,007**
Cash and cash equivalents at end of year		**137,081**	**72,066**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

in thousands of US Dollars, except share and per share data

1. Organization and Nature of Business

Vimetco N.V. (formerly Vimetco B.V., previously named Marco Industries B.V.) ("the Company") was established on 4 April 2002 as a limited liability company and its registered office is located at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands. Vimetco N.V. is listed at the London Stock Exchange since 2 August 2007. The Company and its subsidiaries (collectively referred to as "the Group") are a global, vertically integrated producer of primary and processed aluminium products. The aluminium operation in Romania has its customers primarily in Central and Eastern Europe. Since October 2006, the Group expanded to China through the investment in Everwide Industrial Limited ("Everwide"), which is involved in the production of aluminium and energy in China. Everwide has been acquired fully in June 2007. The Group's administrative and managerial offices are located in Switzerland.

The Group's main shareholder is Romal Holdings N.V. which owns 63.5% shares of the Company and its registered office at Landhuis Joonchi, Kaya Richard J. Beaujon Z/N, Curacao, Netherlands Antilles. The other major shareholder is Willast Investments Limited, British Virgin Islands which owns 10%. 26.5% are free floating at the London Stock exchange.

These group consolidated financial statements were authorized for issue by the board of directors on 28 April 2008.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a) Basis of preparation

These financial statements have been prepared in accordance with and comply with all standards and interpretations approved by the International Accounting Standards Board ("IASB") which are referred to as International Financial Reporting Standards ("IFRS") as endorsed by the EU. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in paragraph (u).

(i) Set out below are the standards, amendment and interpretations effective in 2007 that the Group has applied to these financial statements

- IFRS 7, "Financial Instruments": Disclosures ("IFRS 7"), and the related amendments to IAS 1 on capital disclosures, introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.
- IFRIC 8, "Scope of IFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the Group's financial statements.
- IFRIC 10, "Interim Financial Reporting" and Impairment, effective for annual periods beginning on or after 1 November 2006, does not have any impact on the Group's financial statements.

(ii) Set out below are the Standards that have been early adopted by the Group:

- IAS 23 (Amendment), "Borrowing costs" was early adopted in 2007. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The effective date is 1 January 2007.

(iii) At the date of these consolidated financial statements the following Standards, amendment and interpretations were effective in 2007 but not applicable to the Group:

- IFRS 4, "Insurance contracts";
- IFRIC 7 "Applying the Restatement Approach under IAS 29, "Financial Reporting in Hyperinflationary Economies"
- IFRIC 9 "Reassessment of Embedded Derivatives"

(iv) Change in accounting policy

With the acquisition of the Chinese operations, management monitors the performance of the group based on a geographical criteria. The segmental reporting and the comparative information has been adjusted to reflect such change. There is no financial impact due to such change.

At the date of these consolidated financial statements, the following Standards and Interpretations were not effective:

- IFRS 8, "Operating segments" (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009.
- IAS 27 (revised) Consolidated and separate financial statements - mandatory for year 2009. The standard requires the effects of all increases or decreases in the ownership of subsidiaries to be recorded in equity if there is no change in control. They will therefore no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost.
- IFRS 3 (Amendment) Business combinations - mandatory for year 2009
- IFRIC 11, "IFRS 2 - Group and treasury share transactions". IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.
- IFRIC 12, "Service concession arrangements" (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.
- IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.
- IFRIC 14, "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Group's accounts.

The Group is evaluating the impact of the above pronouncements. The effect of the revision to IAS 27 will depend on the extent of relevant future transactions. The Group anticipates that the adoption of these Standards and Interpretations in future periods will not have a material financial impact on the consolidated financial statements of the Group.

in thousands of US Dollars, except share and per share data

b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are consolidated when the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control was achieved by the Group and are no longer consolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Group. All inter-company transactions, balances, income and expenses are eliminated.

Following are the principal subsidiaries and joint ventures of the Group at 31 December:

Direct subsidiaries	Location	Nature of business	% held and voting rights 2007	% held and voting rights 2006
Alro S.A. ("Alro") (i, v))	Romania	Aluminum smelter and aluminum products	87.96	87.74
Vimetco Management GmbH (formerly Marco Group GmbH)	Switzerland	Management company	90.00	90.00
Everwide Industrial Ltd. (iv)	British Virgin Islands	Holding company	100.00	-
Indirect subsidiaries (subsidiaries of Alro)				
Alum S.A. ("Alum") (ii)	Romania	Alumina refinery	99.38	98.21
Vimetco (formerly Alro) Extrusion Srl (iii)	Romania	Extrusion plant	100.00	100.00
Conef S.A. ("Conef")	Romania	Management company	99.97	99.97
Indirect subsidiaries (subsidiaries of Everwide)				
Henan Yulian Energy Group Co., Ltd ("Yulian") (iv)	China	Power generation	94.93	-
Indirect subsidiaries (subsidiaries of Yulian)				
Henan Zhongfu Industry Co., Ltd ("Zhongfu") (iv)	China	Aluminium smelter	51.28	-
Henan Zhongfu Power Co., Ltd ("Zhongfu Power") (iv)	China	Power generation	31.81	-
Henan Zhongfu Anodes Carbon Co., Ltd ("Zhongfu Anodes") (iv)	China	Anode production	32.51	-
Indirect subsidiaries (subsidiaries of Zhongfu)				
Shenzhen OK (OUKAI) Industry Development Co., Ltd (iv)	China	Trading company	60.00	-
Henan Zhongfu Anodes Carbon Co., Ltd (iv)	China	Anode production	51.01	-
Henan Yinhu Aluminum Co., Ltd (iv)	China	Aluminium products	100.00	-
Henan Zhongfu Power Co., Ltd ("Zhongfu Power") (iv)	China	Power generation	45.97	-
Henan Zhongfu Heat and Power (iv)	China	Heat and power supply	100.00	-

(i) In September 2006 Alprom was merged into Alro. As a result of the merger all assets and liabilities of Alprom were transferred to Alro and Alprom was dissolved. Immediately prior to the merger, the Company acquired the minority interest in Alprom through the issuance of shares in Alro to the minority interest shareholders of Alprom. As a result, the Company's ownership in Alro decreased from 88.48% to 87.74%, which was accounted for as an increase in the minority interest's share of net assets.

(ii) Alum share issue. In January 2007 the Group, through Alro, made an additional investment of USD 118,900 in Alum as a result of a share issuance by Alum. Certain minority interest shareholders did not participate in the share capital offering; as a result, the Group's ownership interest increased from 98.21% to 99.38%.

(iii) Alro Security Srl was renamed to Alro Extrusion Srl in 2006. After the merger of Alprom and Alro, this subsidiary ceased to provide security and protection services to the Company's subsidiaries and continued its business as an extrusion plant.

(iv) In September 2006, the Company entered into a joint venture whereby it purchased a 51% shareholding in Everwide. On 21 June 2007, the remaining 49% were acquired by way of a share swap agreement and from that point in time is consolidated line by line. For details please refer to Note 3.

(v) In October 2007 the Group, through Conef, acquired a further 0.22% interest in Alro from Marco Acquisitions Ltd.

c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination represents the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

d) Transactions and minority interest

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. The Group accounts for increases in ownership of a controlled entity by revaluing all identified assets and liabilities of the subsidiary to fair value at the date of exchange in proportion to the amounts attributable to the additional interest acquired. Goodwill is recognized for any excess of the cost of the increase over the Group's interest in the net fair value of the identifiable assets and liabilities.

e) Investment in associates and joint ventures

An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Generally, significant influence occurs when the Group has between 20% and 50% of the voting rights. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results and assets and liabilities of associates and jointly controlled entities are included in these consolidated financial statements using the equity method of accounting. Investments in associates and jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's investment are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable assets of the associate or joint venture at the date of acquisition is recognized as goodwill. Any deficiency of the costs of the acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is credited to the statement of operations in the period of acquisition. The total investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Where a group of companies transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

f) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. In calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares.

g) Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate potential impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed if conditions improve.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units that are expected to benefit from synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill and are not larger than a segment. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the amount of any goodwill to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

h) Foreign currencies

The individual financial statements of each of the companies within the Group are prepared in the currency of the primary economic environment in which it operates (its functional currency). The presentation currency used in the consolidated financial statements is the US Dollar. The Group's management has elected to use the US Dollar as a presentation currency as it is the common currency for global metals and energy companies and management believes it is the relevant presentation currency for international users of the consolidated annual financial statements of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entities functional currency are recorded at the exchange rates prevailing at the date of the transactions. At each balance sheet date monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing at the date on which the most recent fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the re-measurement of monetary items, are recognised in the Consolidated Income Statement in the period.

For the purpose of presenting the consolidated financial statements in US Dollars, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rate for the periods presented. Exchange differences arising on the translation are recognized within shareholder's equity. Such translation differences are recognized as income or expense in the period in which the operation is disposed of.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the items. Major additions and the replacement of property, plant and equipment are capitalized. All other repair and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated based on the straight-line method, to write off the cost of each asset, excluding land and assets under construction, to their residual values, over the following estimated useful lives of assets:

Buildings and other constructions	5-60 years
Plant and machinery	3-34 years
Equipment and vehicles	3-20 years

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are recorded in the statement of operations.

j) Intangible assets

(i) Computer software

Costs directly associated with identifiable and unique software products controlled by the Group and that have probable economic benefit exceeding the cost beyond one year, are recognized as intangible assets. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software programs are expensed as incurred. Computer software development costs recognized as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Such depreciation is included in the income statement according to the nature of the use of the software.

(ii) Customer relationships

Customer relationships are recognized when acquired as part of an acquisition. Based on current experience of customer attrition, customer relationships are amortised using the straight-line method over 5 to 7 years and included in the income statement under the caption general and administrative expenses.

k) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

l) Land use rights

Land use rights represent prepaid lease payments on the use of land over respective lease periods and are accounted for as operating leases. The value of land use rights is amortised on straight-line basis over the period of the lease term.

m) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials, and where applicable, direct labour, other direct costs and related production overheads (based on normal operating capacity). Cost is determined by the first-in first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

n) Financial Instruments

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are investments for fixed maturity financial assets with fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. The Group uses this category only if it is virtually certain it will hold the financial asset to its maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Finance costs - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge);

(ii) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The gain or loss relating to the effective portion of swaps is recognised in the income statement within "finance costs", unless relating to borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Changes in the fair value of the hedges attributable to aluminium price risk are recognised in the income statement within "finance costs".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "finance costs".

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "finance costs". The gain or loss relating to the ineffective portion is recognised in the income statement within "finance costs".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "finance costs".

o) Employee benefits

Payments to defined contribution benefit plans are charged to expense as they become due. Payments made to state managed retirement programs are treated as defined contribution plans. These costs are treated as salary costs in the Consolidated Income Statement.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Equity incentive compensation scheme

The group operates an equity-settled, share-based compensation plan for key management. The fair value of the employee services received in exchange for the grant of the GDR's is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the GDR's granted excluding the impact of any non-market vesting conditions.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

p) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against expenses.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the relevant lease.

q) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or have been substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statements of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

r) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Sales of goods are recognised when goods are delivered, significant risks and rewards of ownership have passed to the buyer, when it is probable that economic benefits will flow to the Group and when those economic benefits can be reliably measured.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

t) Guarantees

A liability is recorded for the fair value of a guarantee issued by the Group. Subsequent to initial measurement, the fair value assigned to the guarantee would be reduced and recognized in the statement of operations as the Group is released from its risk under the guarantee, as appropriate. All other guarantees are disclosed as contingencies in the consolidated financial statements.

u) Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognized in the financial statements. These estimates require management to make certain assumptions. The key assumptions concern the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amounts of cash-generating units have been determined by reference to fair value less costs to sell. The fair value less costs to sell is based on the best information available to reflect the amount that the Group could obtain, at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Group has elected to estimate fair value using an EBITDA multiple approach. The determination of the respective multiple is founded on a peer group analysis and recent transactions in the industry. Such method has been adopted in 2007 because management is of the opinion that the results are more reliable than discounted cash flow projections.

3. Acquisitions

The Group has entered into purchase agreements to acquire an interest in various companies during the years presented in these financial statements. The Group uses the purchase method to account for these acquisitions, with the results of the subsidiaries being consolidated from the date of acquisition.

Acquisitions of Everwide. The Group acquired a 51% joint venture interest in Everwide in September 2006.

Purchase consideration in September 2006:

- Cash paid	98,600
- Direct costs relating to the acquisition	1,521
Total purchase consideration	**100,121**

Fair value of net assets as at 26 September 2006	93,333
Preliminary goodwill calculation as presented at 31 December 2006	6,788
Adjustment to net assets	1,761
Final goodwill	**8,549**

In June 2007 the remaining 49% of Everwide was acquired by way of a share swap agreement. Everwide's assets consisted of, in June 2007, a 92.45% shareholding in Yulian, which owned and operated power generators located in Gongyi. Yulian, in turn, owned, at such time, a 51.28% shareholding in Zhongfu, a Shanghai Stock Exchange listed company that owns Chinese aluminium production assets. Zhongfu owns 100% of Yinhu Aluminum, a processed aluminium production company. Together with Yulian, Zhongfu further owned at that point in time, 53.05% in Zhongfu Power - a power company selling over 90% of its power production to Zhongfu's aluminium production - and 83.52% of Zhongfu Anodes - an anode production company selling its anode production to Zhongfu.

The acquired business contributed revenues of USD 326,438 and net profit of USD 23,372 to the Group for the period from 21 June 2007 to 31 December 2007. If the acquisition had occurred on 1 January 2007, Group revenue would have been USD 1,565,000 and profit before allocations would have been USD 230,000. The amounts have been calculated using the Group's accounting policies and by adjusting the results of the sub group to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2007, together with the consequential tax effect.

Details of the 49% net assets acquired and goodwill are as follows:

- Fair value of shares issue, see note 14	282,195
- Direct costs relating to the acquisition	475
Total purchase consideration	**282,670**

Fair value of net assets acquired (49%)	81,860
Goodwill (Note 6)	**200,810**

The goodwill is attributable to the workforce of the acquired business and the significant growth potential of the China group.

The value of the ordinary shares used as the aggregate purchase price for the acquisition amounts to USD 9 and equals the issuing stock market price.

in thousands of US Dollars, except share and per share data

Everwide Group	Book Value	Fair Value Adjustment	Fair Value
Current assets	312,382	-	312,382
Property plant and equipment	714,535	18,478	733,013
Land use rights	22,386	28,062	50,448
Customer relationships	-	6,909	6,909
Current liabilities	(666,507)	(13,285)	(679,792)
Non-current liabilities	(38,665)	-	(38,665)
Net assets of Everwide	**344,131**	**40,164**	**384,295**
Minority Interests	(197,713)	(19,521)	(217,234)
Net assets acquired	146,418	20,643	**167,061**
49% thereof			**81,860**

Cash and cash equivalents in subsidiary acquired USD 21,883.

Increase in shareholdings of Alro

In October 2007 the Group, through Conef, acquired further 0.22% interest in Alro from Marco Acquisitions Ltd. The price of the shares acquired was determined according to the actual share price on the Bucharest Stock Exchange. The total acquisition price was USD 7,474. Goodwill of USD 6,345 has been recognized.

Increase in shareholdings of Alprom

In September 2006 the Group, through Alro, acquired the remaining 8.06% interest in Alprom from the minority interest holders, resulting in 100% ownership. The Group purchased this remaining interest by issuing the minority shareholders' shares in Alro. USD 6,160 goodwill was recognised out of this transaction.

Increase in shareholdings of Alum

In January 2006 the Group, through Alro, acquired an additional 24.89% of Alum shares from the minority interest holders. At the date of acquisition Alum continued to be in a net liability position, and results of Alum continued to be fully attributable to the Group. A goodwill of USD 3,276 has been recognised and subsequently been impaired, see Note 6.

In June 2006 the Group, through Alro, made an additional investment of USD 43,270 in Alum as a result of a share issuance by Alum. Certain minority interest shareholders did not participate in the share capital offering; as a result, the Group's ownership interest increased from 92.76% to 98.21%. Alum continued to be in a net liability position and consolidated at 100%.

See Note 32 for disclosures regarding the business combination that took place after the balance sheet date but before the approval of these financial statements.

4. Property, Plant and Equipment

Cost	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Balance at 1 January 2006	**23,981**	**242,032**	**419,581**	**86,215**	**20,100**	**791,909**
Additions	3,759	4,729	18,843	3,725	43,286	74,342
Disposals	(1,097)	(2,461)	(728)	(5,377)	(25,994)	(35,657)
Translation adjustment	5,342	51,453	90,634	16,829	5,832	170,090
Balance at 31 December 2006	**31,985**	**295,753**	**528,330**	**101,392**	**43,224**	**1,000,684**
Additions	124	59,509	143,901	1,849	197,708	403,091
Acquired on acquisition of subsidiary	-	122,455	509,063	1,804	101,020	734,342
Disposals	-	(5,118)	(11,650)	(2,429)	(194,489)	(213,685)
Translation adjustment	1,574	21,608	50,160	5,505	6,413	85,261
Balance at 31 December 2007	**33,683**	**494,207**	**1,219,804**	**108,122**	**153,877**	**2,009,693**
Accumulated depreciation						
Balance at 1 January 2006	**-**	**(152,325)**	**(282,480)**	**(53,619)**	**-**	**(488,424)**
Additions	-	(6,289)	(17,708)	(5,674)	-	(29,671)
Disposals	-	867	456	2,405	-	3,728
Impairment	-	(2,608)	(7,880)	(4,746)	(69)	(15,303)
Translation adjustment	-	(32,893)	(61,650)	(11,702)	-	(106,245)
Balance at 31 December 2006	**-**	**(193,248)**	**(369,262)**	**(73,336)**	**(69)**	**(635,915)**
Additions	-	(7,887)	(36,198)	(12,465)	-	(56,550)
Disposals	-	3,442	14,487	2,181	92	20,202
Translation adjustment	-	(9,988)	(16,850)	(3,976)	(40)	(30,856)
Balance at 31 December 2007	**-**	**(207,681)**	**(407,823)**	**(87,598)**	**(17)**	**(703,119)**
Net book value						
Balance at 31 December 2006	**31,985**	**102,505**	**159,068**	**28,056**	**43,155**	**364,769**
Balance at 31 December 2007	**33,683**	**286,526**	**811,981**	**20,524**	**153,860**	**1,306,574**

Leased assets included above have a net book value of USD 5,094 and USD 4,729 as at 31 December 2007 and 2006 respectively.

In 2006 an impairment of USD 8,523 was recognized on property, plant and equipment due to an estimated reduction in the fair value of the Alum cash generating units. Based upon the Group's annual goodwill impairment test goodwill was determined to be fully impaired and the remaining excess of carrying value of the cash generating unit when compared to its recoverable amount was allocated to property plant and equipment on a systematic basis. The Group used a value in use cash flow model discounted at a rate of 16% pre-tax to determine the recoverable amount. An impairment of USD 6,780 was recognized on assets management determined had no future economic benefit, for a total impairment in 2006 of USD 15,303.

As at December 31, 2007 the Company assessed the recoverable amount of property, plant and equipment and determined that no additional impairment is needed. The recoverable amount of the relevant cash-generating unit was assessed by reference to value in use. The disposal of the provision during 2007 is related to the disposal of assets on which a provision was previously recognized.

Bank borrowings are secured on land and buildings in the amount of USD 204,170 (2006: 0).

in thousands of US Dollars, except share and per share data

5. Intangible Assets

Cost	Software	Customer relationships	Other intangibles	Total intangibles
Balance at 1 January 2006	**1,522**	**-**	**406**	**1,928**
Additions	-		346	346
Disposals	(9)	-	(97)	(106)
Translation adjustment	323	-	109	432
Balance at 31 December 2006	**1,836**	**-**	**764**	**2,600**
Additions	2,599		1,623	4,222
Acquired on acquisition of subsidiary	-	6,909	-	6,909
Disposals	(90)	-	(36)	(126)
Translation adjustment	97	237	(41)	293
Balance at 31 December 2007	**4,442**	**7,146**	**2,310**	**13,898**
Amortization				
Balance at 1 January 2006	**(581)**	**-**	**(175)**	**(756)**
Additions	(351)	-	(52)	(403)
Disposals	9	-	87	96
Translation adjustment	(154)	-	(35)	(189)
Balance at 31 December 2006	**(1,077)**	**-**	**(175)**	**(1,252)**
Additions	(311)	(322)	(119)	(752)
Disposals	(60)	-	-	(60)
Translation adjustment	(232)	(193)	(74)	(499)
Balance at 31 December 2007	**(1,680)**	**(515)**	**(368)**	**(2,563)**
Net book value				
Balance at December 31, 2006	**759**	**-**	**590**	**1,349**
Balance at December 31, 2007	**2,762**	**6,631**	**1,942**	**11,335**

6. Goodwill

Balance as of 31 December 2005	**37,471**
Additions	9,436
Impairment	(14,702)
Translation adjustment	4,069
Balance as of 31 December 2006	**36,274**
Additions	207,155
Reclassification from investments (including final adjustment)	8,549
Translation adjustment	13,956
Balance as of 31 December 2007	**265,934**

Impairment tests for goodwill

The goodwill is allocated to the CGU's as follows:

	31 December 2007	31 December 2006
Romania	46,962	36,274
China *	218,972	-
Total	**265,934**	**36,274**

* in 2006, USD 8,549 (preliminary calculation: USD 6,788) goodwill was included as part of the equity investment

The recoverable amounts of cash-generating units have been determined by reference to fair value less costs to sell. The fair value less costs to sell is based on the best information available to reflect the amount that the Group could obtain, at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The method adopted by the Group is based upon an EBITDA multiple approach. The determination of the respective multiple is founded on a peer group analysis as well as recent transactions in the industry.

For the purpose of such fair value less costs to sell calculation, EBITDA has been defined as operating profit of the group plus depreciation, amortization and impairment charges.

Based upon information available in the market following EBITDA multiples were identified as comparable to our cash generating units:

Romania	8.1	
China	10.2	

Management determined budgeted gross margin based on past performance and its expectations of market development. The aluminum prices used are consistent with the forecasts included in industry reports.

In 2006, the impairment loss of goodwill related to Alum in the amount of USD 14,702. The impairment primarily resulted from a change in the estimated cash flows from prior year due to a decrease in market price of alumina at such time.

7. Land use rights

The land use rights are for property situated in the PRC and are usually rented over a period of 50 years.

	2007	2006
Beginning Balance	-	-
Acquired on acquisition of Everwide	50,448	-
Amortization	(307)	-
Translation effect	1,996	-
Ending Balance	**52,137**	**-**

in thousands of US Dollars, except share and per share data

8. Investments

Details of the Group's associates are as follows:

Name of Associate	Type of Investment	31 December 2007	31 December 2006
Everwide (i)	Equity	-	101,078
Henan Non-Ferrous (ii)	Equity	20,824	-
Other associated companies (iii)	Cost	1	235
Translation effect		-	4,125
Total		**20,825**	**105,438**

(i) The Group acquired a 51% joint venture interest in Everwide in September 2006. At 31 December 2006, the Group accounted for Everwide as an equity investment and has recognized goodwill on a preliminary basis of USD 6,788 included in the carrying value of the investment. The carrying value of the investment in Everwide as at 31 December 2006 includes the cost of the investment of USD 98,600, acquisition-related expenses of USD 1,521 and the share of associate profit for the period of USD 957. In 2007, the remaining 49% of Everwide have been acquired, see note 3.

(ii) Henan Non-Ferrous Metal Holdings Co., Limited (Henan Non-Ferrous), an investee company of Yulian Energy. Upon establishment of Henan Non-Ferrous on 11 July 2007 the stake of Yulian Energy was 40% which has been diluted to 30.77% upon increase of the share capital of Henan Non-Ferrous on 18 December 2007. The principal activity of Henan Non-Ferrous Metal Holdings is that of an investment company.

(iii) The Group holds investments of 3% - 6% in two Romanian companies. The Group accounts for these as cost investments as there is no significant influence over these investments.

The following is summarised financial data for Everwide at 31 December 2006:

	31 December 2006
Total assets	350,638
Total liabilities	(167,633)
Net assets	183,005
Group's share of associate's net assets	93,333

	Period from acquisition to 31 December 2006
Total revenue	13,811
Results from continuing operations	2,046
Results from discontinued operations	(5,598)
Loss for the period	(3,552)
Share of Everwide results attributable to the Group	(1,812)
Adjustment to reverse impairment of property, plant and equipment in Everwide's fourth quarter 2006 results (ii)	2,769
51% share of adjusted Everwide results for the period	**957**

Everwide is consolidated line by line since 21 June 2007. Until such time, the group's share of profits of Everwide amounted to USD 8,507.

The Group's basis in the property, plant and equipment of the non-core Chinese subsidiaries included in discontinued operations already reflects the fair value of these held for sale assets, therefore the Group has excluded this loss on impairment in determining its share of the results for the period.

The following is summarised financial data for Henan Non-Ferrous at 31 December 2007:

	31 December 2007
Total assets	86,114
Total liabilities	(10,970)
Net assets	75,144
Group's share of associate's net assets	23,122

	Period from acquisition to 31 December 2007
Total revenue	-
Loss for the period	(151)
30.77% share of Henan Non-ferrous results attributable to the Group	**(46)**

9. Inventories

	2007	2006
Raw Materials	132,120	87,868
Work in progress	96,284	58,290
Finished goods	46,280	32,737
Less Provision for obsolescence	(8,801)	(10,263)
Total	**265,883**	**168,632**

Cost of sales includes USD 2,279 and USD 1,836 in 2007 and 2006, respectively, related to the write down of inventory to net realisable value.

Movements in provision for obsolescence are as follows:

	2007	2006
Balance at beginning of year	(10,263)	(10,112)
Recorded in cost of sales	2,279	1,836
Utilisations and other movements	(298)	(3,025)
Translation	(519)	1,038
Balance at the end of the year	**(8,801)**	**(10,263)**

Balance of inventories include pledged inventory in the amount of nil and USD 15,518 as of 31 December 2007 and 2006 respectively.

All inventories are expected to be recovered within twelve months.

in thousands of US Dollars, except share and per share data

10. Trade receivables, net

	31 December 2007	31 December 2006
Trade accounts receivable	41,813	36,145
Provision for doubtful receivables	(5,241)	(3,100)
Total	**36,572**	**33,045**

The Group is exposed to significant concentration credit risk in 2007. As at 31 December 2007 there are three customers, who represent in aggregate 36% (2006: 36%) of the net trade receivable balance. The total balance for these three debtors comprise USD 13,128 (2006: USD 12,027).

A provision has been established for doubtful receivables based on historical experience.

The Group is also exposed to significant concentration credit risk related to one customer who individually represented more than 12% and 13% of total sales revenues of the Group in 2007 and 2006 respectively.

Movements in the provision for doubtful receivables are as follows:

	2007	2006
Balance at beginning of year	(3,100)	(3,339)
Release to general and administrative expenses	(267)	959
Utilizations and other movements	(1,670)	(1,063)
Translation	(204)	343
Balance at the end of the year	**(5,241)**	**(3,100)**

During the reporting periods the Group has sold significant amounts of trade accounts receivable under factoring agreements on a non-recourse basis. The Group effectively transfers all the risks and rewards related to the receivable to a factor and as a result derecognizes the transferred amount at the transfer date and recognizes factoring fees and commissions at the disbursement date.

Total amounts of trade accounts receivable factored under the agreements amounted USD 151,932 and USD 326,802 in 2007 and 2006, respectively. Amounts available to factor under the agreements was USD 74,410 and USD 50,730 at 31 December 2007 and 2006 respectively.

Trade receivables past due but not impaired are as follows:

	2007	2006
Up to 3 months	627	-
3 to 6 months	-	-
6 to 9 months	1,461	-
Total	**2,088**	**-**

They relate to a number of independent customers for whom there is no recent history of default.

11. Other assets

	31 December 2007	31 December 2006
Advances to suppliers	73,894	39,907
VAT receivable	22,038	17,906
Bills of exchange	12,497	-
Prepayments	12,286	3,496
Other debtors	28,735	7,029
Provision for doubtful debtors	(5,212)	(90)
Total	**144,238**	**68,248**

Advances to suppliers primarily relate to prepayments for energy suppliers.

12. Cash and cash equivalents

	31 December 2007	31 December 2006
Cash at banks and in hand	136,993	71,856
Cash equivalents	88	210
Total	**137,081**	**72,066**

13. Restricted cash

Restricted cash represents amounts:

Held in escrow and is classified as restricted cash as a guarantee under provisions of a loan agreement with a syndicate of banks. The guarantee represents estimated interest expenses to be paid by the Company within the following 15 months.

Pledged to banks to guarantee repayments of bills of exchange issued by the Group.

14. Share capital

The authorised share capital of the Company consists of 805,127,900 ordinary shares of EUR 0.10 of which the following number of ordinary shares are issued and paid in.

	2007	2006
Beginning balance	177,678,110	177,678,110
Issuance 21 June 2007	31,354,960	-
Initial Public Offering	10,451,650	-
Ending balance	**219,484,720**	**177,678,110**

Each ordinary share carries one vote per share and carries the right to dividends.

in thousands of US Dollars, except share and per share data

In June 2007, the company completed a share split with the ratio of 1:10. The comparable number of shares has been adjusted to reflect such split.

On June 21 2007 the Company issued 31,354,960 ordinary shares of the Company (15% of share capital) to acquire the remaining 49% of Everwide Limited. The agreed transaction share price was USD 9, the difference between this and the par value of the shares results in an increase of USD 277,994 thousand share premium of the Company.

On 1 August 2007 the Company finalized its Initial Public Offering at London Stock Exchange. As a result 10,451,650 shares were placed at the price of USD 9 and USD 88,132 thousand share premium was recorded. After the Closing Date, the share capital consisted of 219,484,720 shares, each with a nominal value of EUR 0.10.

Incentive compensation scheme (ICS)

The group grants restricted share units (RSUs) and cash to its key management personnel. RSUs represent the unsecured right to receive a GDR purchase option free of charge.

The first grant under the ICS has been made in connection with the Offering and, thereafter, the Company intends to grant awards on an annual basis. The RSUs are not transferable and are limited over the next five years to 3% of the share capital of Vimetco N.V. The cash component of the ICS is fully payable within a five-month period after the end of each calendar year. The RSUs themselves will generally vest, subject to exception, over five years in equal installments (i.e. 20% on each anniversary until the fifth anniversary (on which date 100% is vested)). The RSUs entitle the holder to an amount of GDRs equal to the RSU amount divided by the Offer Price (with respect to the grant on or about the time of the Offering) and the 60-day average GDR price prior to the grant date (with respect to each subsequent grant). The group can elect to settle the respective amounts in cash.

The number of RSUs and the cash amount granted is based on the EBITDA of the Group, 278,213 RSUs have been granted in 2007.

As of 31 December 2007, no RSUs have vested.

15. Bank loans

Long term bank loans	2007	2006
Bank borrowings	358,013	235,774
Less: Current portion of long-term loans	(92,091)	(51,316)
Total long term bank loans	**265,922**	**184,458**

Short term bank loans, including current portion of long term bank loans		
Bank borrowings	444,844	43,325
Current portion of long-term loans	92,091	51,316
Total short term bank loans	**536,935**	**94,641**

Bank borrowings mature until 2012 and bear average coupons of 8% annually (2006: 10% annually).

At 31 December 2007, 51% of the Company's shares in Alro and Everwide are pledged as collateral for the Company's borrowings from a syndicate of banks. The Company is also subject to certain restrictive covenants. These covenants limit, among other things, the Company's ability to dispose of significant assets and require the Group to maintain certain financial ratios including minimum debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") and debt coverage ratios.

Current and future receivables from certain customers are assigned in favor of another syndicate of banks.

Bank borrowings include secured liabilities. Such borrowings are secured by land and buildings of the group in the amount of USD 204,170 (2006: 0), (note 4) and by 9.7% of the shares of Zhongfu Industry.

For the exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates refer to Note 31.

The Company has estimated that the fair value of the borrowings equals their carrying amount, due to the short nature of the borrowing for the short term borrowings and for the long term borrowings based on fact the borrowings bear interest at floating interest rates.

The group has the following undrawn borrowing facilities:

Euro denominated floating rate (EUR thousands)	31 December 2007	31 December 2006
- expiring within 1 year	36,249	54,066
- expiring beyond 1 year	10,000	10,000
	46,249	**64,066**
US Dollar denominated floating rate (USD thousands)		
- expiring within 1 year	66,000	20,000
- expiring beyond 1 year	14,000	14,000
	80,000	**34,000**

16. Lease obligations

	31 December 2007	31 December 2006
Within one year	2,873	2,863
Later than 1 year	5,268	5,843
Total	**8,141**	**8,706**
Less future finance charges	(815)	(986)
Present value of lease obligations		
Short-term lease obligations	2,386	2,882
Long-term lease obligations	4,940	4,838

There are no lease obligations with maturity more than 5 years.

17. Trade and other payables

	31 December 2007	31 December 2006
Trade payables	135,220	39,467
Bills of exchange	140,046	-
Customer deposits	14,858	5,862
Wages and social security	11,350	5,460
Salary taxes	1,971	927
Sales and other taxes payable	1,514	3,938
Other accounts payable	63,819	10,269
Total	**368,778**	**65,923**

in thousands of US Dollars, except share and per share data

18. Provisions and other liabilities

	Provision for Alum waste dump	Other provisions	Total
Balance as at 1 January 2006	**3,428**	**865**	**4,293**
Additional provisions recognized	-	2,348	2,348
Utilization	-	(396)	(396)
Translation	729	(901)	(172)
Balance as at 31 December 2006	**4,157**	**1,916**	**6,073**
Additional provisions recognized	308	2,686	2,994
Utilization	-	(1,086)	(1,086)
Translation	202	1,743	1,945
Balance as at 31 December 2007	**4,667**	**5,259**	**9,926**

The provision in Alum was recognised in 2005 for the closure of the Red Lake waste dump which is expected to occur in 2010. The provision is calculated based on an independent valuation report and includes expected materials and the contractors costs.

19. Post-employment benefit obligations

Defined contribution plans

The employees of the Group are members of state-managed retirement benefit plans operated by the local government. The Group contributes a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

USD 15,203 (2006: USD 13,160) were recognised as expense in the income statement.

Defined benefit plan

According to the Collective Labour Agreement in Romania, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years of service and varies from 1 to 6 salaries.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2007 by a professional actuarial company. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31 December 2007	31 December 2006
Discount rate (%)	7.00	7.49
Expected rate of salary increase (%)	6.50	8.78
Expected inflation rate (%)	5.00	6.00

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	31 December 2007	31 December 2006
Current service cost	655	679
Interest on obligation	502	368
Benefits paid	(190)	(448)
Actuarial losses/(gains) recognised in the year	-	(332)
Past service cost	279	936
Total	**1,246**	**1,203**

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	31 December 2007	31 December 2006
Present value of defined benefit obligation	10,104	6,994
Net actuarial losses not recognised	(1,529)	-
Net liability arising from defined benefit obligation	**8,575**	**6,994**

Movements in the present value of the defined benefit obligation in the current period were as follows:

	31 December 2007	31 December 2006
Opening defined benefit obligation	6,994	5,733
Current service cost	655	679
Interest cost	502	368
Actuarial losses/(gains)	-	(332)
Past service cost	279	936
Benefits paid	(190)	(448)
PVDBO released by the merger of Alro and Alprom	-	(1,165)
Currency translation effect	335	1,223
Total	**8,575**	**6,994**

20. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred tax assets	31 December 2007	31 December 2006
Deferred tax assets to be recovered after more than 12 months	2,246	-
Deferred tax assets to be recovered within 12 months	-	-
Total	**2,246**	

Deferred tax liabilities

Deferred tax liabilities to be recovered after more than 12 months	12,865	1,894
Deferred tax liabilities to be recovered within 12 months	-	-
Total	**12,865**	**1,894**
Deferred tax liabilities (net)	**10,619**	**1,894**

in thousands of US Dollars, except share and per share data

The gross movement on the deferred income tax account is as follows:

	31 December 2007	31 December 2006
Beginning of the year	1,894	5,846
Exchange differences	(1,232)	813
Acquisition of subsidiary (Note 3)	13,285	-
Income statement charge (Note 26)	(3,328)	(4,765)
Total	**10,619**	**1,894**

The Group's deferred tax assets (liabilities) consist of the following:

	Cash	Inventories	PP&E	Trade receivables	Other	Total
1 January 2006	226	1,551	6,980	(2,174)	(737)	5,846
Charged / (credited) to income	(251)	(1,877)	(6,026)	2,562	827	(4,765)
Translation differences	25	160	940	(231)	(81)	813
31 December 2006	**-**	**(166)**	**1,894**	**157**	**9**	**1,894**
Charged / (credited) to income	-	176	(1,988)	93	(1,609)	(3,328)
Acquisition of subsidiary	-		13,285	-	-	13,285
Translation differences	-	(9)	(590)	7	(640)	(1,232)
31 December 2007	**-**	**1**	**12,601**	**257**	**(2,240)**	**10,619**

There are unrecognized deferred tax assets of USD 10,580 associated with the Romanian operations, which are not being recognized because the Entity in which the losses reside is in a cumulative loss position and it is not probable that sufficient profits will be generated by the entity to utilize the net operating loss and the Group does not have group relief in Romanian entities.

There are unrecognized deferred tax assets of USD 6,551 in the Netherlands, which are not being recognized because it is not probable that the Entity will produce taxable earnings due to the holding participation exemption.

21. Cost of revenues

	2007	2006
Electricity, water and gas	229,945	168,551
Raw materials	443,686	157,251
Consumables	60,690	119,963
Wages	70,008	52,880
Amortisation and depreciation	46,616	28,822
Provision for obsolete stocks	(2,279)	(1,836)
Other direct costs	19,997	9,714
Total	**868,663**	**535,345**

22. Alum restructuring

On 25 January 2007, the Board of Directors of the Group approved a restructuring plan, ("the Plan") that resulted in the shut down of the Alum production facility in February 2007 for a technological overhaul. The Plan objectives are to reduce the production costs of the facility and increase efficiency while ensuring compliance with certain new environmental regulations. As part of the Plan, the Group will dispose of certain assets and eliminate certain jobs during the technical overhaul.

Management expects the total Plan to cost approximately USD 55,000 including approximately USD 5,000 in redundancy payments and the cost to complete the actual overhaul of the facility is estimated at USD 50,000.

During 2006, the Group offered voluntary redundancy to certain employees in anticipation of the Plan being approved in early 2007. The Group approved the voluntary redundancy of 119 employees during the fourth quarter 2006 and recorded an expense of USD 993. During 2007 an additional 673 employees were made redundant and the Group recorded an expense of USD 5,818 during the period.

Management estimates the Alum production facility overhaul will take approximately one and a half to two years to complete.

23. General and administrative expenses

	2007	2006
Staff costs	43,801	39,256
Third party services	7,743	15,185
Amortization and depreciation	3,342	1,614
Taxes other than income	5,971	6,524
Transport	7,760	8,546
Provision for doubtful receivables	5,389	(925)
(Gain)/loss on disposal of property, plant and equipment	668	(1,161)
Other general and administrative expenses	29,656	7,622
Total	**104,330**	**76,661**

24. Other income and expenses

	2007	2006
Payment from a legal case (see Note 32)	12,000	-
Government grants	3,990	-
Other income	1,150	-
Total Other income	**17,140**	**-**
Alum maintenance expenses	11,984	-
Other expenses	826	-
Total Other expenses	**(12,810)**	**-**

As described in Note 22, Alum has been closed for the technological overhaul, which resulted in its costs being classified as non-operational in the period subsequent to the closure of the factory for modernisation.

in thousands of US Dollars, except share and per share data

25. Finance costs

	2007	2006
Interest income	9,295	2,690
Interest expense	(42,024)	(22,280)
Finance guarantee income	1,168	-
Finance guarantee expense	(1,296)	-
Total	**(32,857)**	**(19,590)**

26. Income tax expense

	2007	2006
Current tax	50,893	29,269
Deferred tax (Note 20)	(3,328)	(4,765)
Total	**47,565**	**24,504**

The tax charge for the year is reconciled to profit before taxation in the income statement as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Total profit before taxation	241,375	153,403
Expected weighted average income tax rate of our operations	19,9%	16,0%
Expected income tax expense	48,034	24,544
Difference between expected and actual tax rates of subsidiaries	(4,306)	(1,233)
Effect of derivative financial instruments	6,064	3,983
Goodwill impairment	-	2,297
Recognition of previously unrecorded tax assets	-	(6,182)
Non-taxable income	(9,754)	(3,029)
Non-deductible expenses	8,170	1,521
Other adjustments	(643)	2,603
Total income tax expense	**47,565**	**24,504**

During 2006, Alro acquired the remaining interest in Alprom, and Alprom was thereby legally merged into Alro. As a result of the merger, the merged entity recognized the tax benefit to the income statement of USD 3,529 on previously unrecognized deferred tax assets.

27. Earnings per share

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

	2007	2006
Profit for the year attributable to equity holders of the parent	160,936	113,395
Weighted average number of ordinary shares outstanding during the period for the purposes of basic and diluted earnings per share	198,193,261	177,678,110
Basic and diluted earnings per share in USD	0.812	0.638

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

28. Related party transactions

The Company enters, under normal terms of business, into certain transactions with its shareholder companies under common control, directors and management. The transactions between the related parties are based on mutual agreements and may not always be at arm's length.

The following companies are considered to be related to the Group:

Related Party	Character of relations
Romal Holdings N.V. ("Romal")	Parent
Ringas Management B.V.	Common ultimate ownership/common control
Ringas Holdings N.V.	Common ultimate ownership/common control
Ringas Invest B.V.	Company controlled by one of the beneficiaries of Vimetco N.V.
Cosgrove Group Inc. ("Cosgrove")	Company under significant influence of one of the beneficiaries of Vimetco N.V.
Imex Oil Ltd.	Company under significant influence of one of the beneficiaries of Vimetco N.V.
ABC Trading Establishment	Company under significant influence of one of the beneficiaries of Vimetco N.V.
RRA Oil B.V.	Common ultimate ownership/common control
Naftrad Limited	Company under significant influence of one of the beneficiaries of Vimetco N.V.

The primary related party transactions are described below.

Financing

Loans from related parties were the primary source of financing for the Group before the Initial Public Offer.

Related Party	31 December 2007	31 December 2006
Romal Holdings N.V.	187	37,326
Ringas Management B.V.	-	315
Naftrad Ltd	-	258
Ringas Holdings N.V.	-	158
ABC Trading Establishment	-	3
Ringas Invest N.V.	17	16
Total borrowings from related parties	**204**	**38,076**
Current portion of borrowings	**36**	**37,599**
Non-current portion of borrowings	**168**	**477**

in thousands of US Dollars, except share and per share data

The loans with Romal have a fixed interest rate of 5% per annum and were borrowed to finance a portion of its investment in Everwide (see Note 3) and its operating activity.

On 21 June 2007 the Group borrowed additional USD 50,000 from Romal to finance Yulian's operations. The loan has been repaid on 6 August 2007. The loan beared interest of 7.36% per annum.

Interest expense related to the loans amounted to USD 1,213 and USD 1,177 in the year ended 31 December 2007 and 2006 respectively.

The Group also recorded nil and USD 3,227 of interest to Cosgrove in 2007 and 2006 respectively.

Other services

Conef S.A., a wholly-owned subsidiary, rendered consulting services to Imex Oil Ltd, a company under common control, in the amount of USD 92 and USD 1,033 in 2007 and 2006 respectively. Accounts receivable associated with these services were nil and USD 775 in 2007 and 2006 respectively.

Management compensation

Total compensation of the Group's key management personnel included in general and administrative expenses in the accompanying consolidated statement of operations:

	2007	2006
Short-term employee benefits	3,334	3,861
Post-employment benefits	48	-
Total	**3,382**	**3,861**

The group was reorganized during 2007. The key management personnel has changed significantly compared to 2006.

29. Disposal of subsidiaries to a related party

In connection with the Group's long-term strategy to focus its operating activities in the aluminium production industry, the Group disposed of three subsidiaries, Centrul Rivergate Srl, Conef Gaz Srl and Conef Energy Srl on 29 March 2007, to RRA Oil BV. The aggregate cash proceeds for the three disposals were USD 3,775. RRA Oil BV is an entity ultimately controlled by the Group's beneficial shareholder. Management has recorded a gain on disposal of USD 1,339. The selling price of Centrul Rivergate Srl was established based on the fair market value as determined by an independent appraiser.

Details of the assets and liabilities disposed of are disclosed below:

Book value of net assets sold	Centrul Rivergate	Conef Gaz Srl	Conef Energy Srl	Total
Current assets	6,037	1 954	101	8,092
Non-current assets	31	-	361	392
Current liabilities	(620)	(1,690)	-	(2,310)
Non-current liabilities	(3,652)	(86)	-	(3,738)
Net assets disposed of	1,796	178	462	2,436
Consideration				
Cash received	2,990	320	465	3,775
Gain on disposals	**1,194**	**142**	**3**	**1,339**

30. Segment information

Primary segments

The Group's geographic segments are based on the location of its production sites. The Group's geographic segments are: China, Romania and other countries which are the location of the corporate management bodies.

The Group is organised on a geographical basis into two major operating divisions: China and Romania. The divisions are the basis on which the company reports its primary segment information.

Segment revenues and results for the year ended 31 December 2007 were as follows:

	China	Romania	Corporate and other	Elimination	Total
External revenues and other income	359,827	849,752	108,275	(107,647)	1,210,207
Inter-segment sales	-	-	-	-	-
Total segment revenues	**359,827**	**849,752**	**108,275**	**(107,647)**	**1,210,207**
Segment results (gross profit)	**74,861**	**266,055**	**108,275**	**(107,647)**	**341,544**
Share of result of equity associate	8,460	-	-	-	8,460
Capital expenditures	147,200	61,696	63	-	208,959
Depreciation and amortization	20,060	37,216	26	-	57,302

Segment revenues and results for the year ended 31 December 2006 were as follows:

	China	Romania	Corporate and other	Elimination	Total
External revenues and other income	-	812,449	32,353	(32,028)	812,774
Inter-segment sales	-	-	-	-	-
Total segment revenues	**-**	**812,449**	**32,353**	**(32,028)**	**812,774**
Segment results (gross profit)	**-**	**277,104**	**32,353**	**(32,028)**	**277,429**
Share of result of equity associate	-	-	957	-	957
Investments into Everwide	-	-	100,121	-	100,121
Capital expenditures	-	44,814	298	-	45,112
Depreciation	-	30,371	66	-	30,437

in thousands of US Dollars, except share and per share data

Segment assets and liabilities at 31 December 2007 and 2006, respectively, were as follows:

	31 December 2007	31 December 2006
Segment assets	**2,483,971**	**859,349**
China	1,491,889	-
Romania	833,780	688,698
Corporate	158,302	170,651
intersegment elimination	(103,615)	(1,528)
Total consolidated assets	**2,380,356**	**857,821**
Segment liabilities	**1,348,702**	**413,876**
China	824,434	
Romania	312,464	221,393
Corporate	211,804	192,483
intersegment elimination	(103,615)	(1,528)
Total consolidated liabilities	**1,245,087**	**412,348**

The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods where produced:

	Sales revenue by geographical market 2007	Sales revenue by geographical market 2006
China	342,695	-
Romania	188,908	128,248
European Union Countries	593,975	514,107
Non-European Union Countries	31,413	99,331
USA	23,891	54,174
Other countries	29,325	16,914
Total	**1,210,207**	**812,774**

Secondary segments

For management purposes, the Group is organised on a vertically integrated basis into three major operating divisions -alumina, primary aluminium and processed aluminium. The divisions are the basis on which the company reports its primary segment information.

The alumina segment refines bauxite to produce alumina - the principal raw material for aluminium smelting. Alumina comes from the Company owned refineries located in Tulcea, Romania, which has not been operating in 2007.

The primary aluminium segment receives alumina primarily from the alumina segment and manufactures primary aluminium in the form of ingots, slabs, billets, wire rod and other products. Primary aluminium is used as raw materials for production in the processed aluminium products segment and also is sold to external customers and aluminium traders. Intersegment sales in primary aluminium segment constitute transfers of primary aluminium for the production of processed products valued at prevailing market prices.

Processed aluminium products segment includes production of the products from primary aluminium. This segment's principal business is the production of hot and cold rolled products, extruded products and foil.

Corporate assets, liabilities, and expenses represent activities that cannot be directly allocated to the Group's segments. Other operations include revenues from ancillary services provided by the Group.

All major assets are located in Romania and China. Segment revenues presented by geographic destination for the years ended 31 December 2007 and 2006, respectively, are presented in the following table:

	External revenues 2007	External revenues 2006	Segment assets 2007	Segment assets 2006	Capital expenditure 2007	Capital expenditure 2007
Alumina	8,677	26,074	111,666	123,475	2,337	11,636
Primary aluminum products	991,831	624,936	1,606,218	458,436	176,245	26,598
Processed aluminum products	185,043	159,538	152,455	18,977	28,607	6,580
Corporate and other	24,656	2,020	510,017	256,933	1,770	298
Total	**1,210,207**	**812,774**	**2,380,356**	**857,821**	**208,959**	**45,112**

31. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a treasury under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 11 and 13 respectively.

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

in thousands of US Dollars, except share and per share data

During 2007, the group's strategy, which was unchanged from 2006, was to maintain the gearing ratio within 30% to 40%. The gearing ratios at 31 December 2007 and 2006 were as follows:

	31 December 2007	31 December 2006
Total borrowings (Note 15)	803,061	317,174
Less: cash and cash equivalents (Note 12)	(263,606)	(80,066)
Net debt	539,455	237,109
Total equity	1,135,268	445,473
Total capital	1,674,723	682,582
Gearing ratio	32%	35%

The decrease in the gearing ratio during 2007 resulted primarily from the significant capital increases (Note 14), partly offset by additional borrowings as a consequence of the consolidation of the Chinese operations on a line by line basis.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodities prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and market prices, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the US Dollars denominated sales; and
- swaps to manage the commodities prices risks associated with sales of aluminium based on London Metal Exchange price for High Grade Aluminium.

Foreign currency risk management

The Group operates internationally and undertakes certain transactions denominated in foreign currencies. Hence, the group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts. The group's risk management policy is to hedge between 45% and 55% of anticipated cash flows (Romanian sales and purchases) in US Dollar.

The Group's foreign currency exposure emanates from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary items (mainly trade receivables, trade payables and borrowings) denominated in foreign currencies.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

2007	Euro denominated RON '000	US Dollars denominated RON '000	US Dollars denominated Euro '000	Functional currency denominated USD '000	Total USD '000
Total current assets	54,526	86,696	18,961	561,122	721,305
Total non-current assets	-	-	-	1,659,051	1,659,051
Total assets	**54,526**	**86,696**	**18,961**	**2,220,173**	**2,380,356**
Total short-term liabilities	19,017	115,002	47,750	760,922	942,691
Total long-term liabilities	31,691	82,617	143,000	45,088	302,396
Total liabilities	**50,708**	**197,619**	**190,750**	**806,010**	**1,245,087**
2006					
Total current assets	32,033	28,554	25,227	264,178	349,991
Total non-current assets	-	-	-	507,829	507,830
Total assets	**32,033**	**28,554**	**25,227**	**772,007**	**857,821**
Total short-term liabilities	9,885	72,377	36,683	88,669	207,614
Total long-term liabilities	12,410	77,457	105,000	9,867	204,734
Total liabilities	**22,295**	**149,834**	**141,683**	**98,536**	**412,348**

Foreign currency sensitivity

The Group is mainly exposed to the European Currency (in Romania) and the US Dollars (in Romania). The following table details the Group's sensitivity to a 10% increase and decrease in the Romanian Lei against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rate. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency.

2007	Euro / RON USD '000		US Dollars / RON USD '000		US Dollars / Euro USD '000	
Profit or loss	382	(i)	11,092	(ii)	7,204	(iv)
Other equity	-		1,715	(iii)	-	

(i) This is mainly attributable to the exposure outstanding on Euro denominated receivables and borrowings at end of period.

(ii) This is mainly attributable to the exposure outstanding on US Dollar denominated receivables and short and long-term borrowings at end of period.

(iii) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

(iv) This is mainly attributable to exposure outstanding on US Dollar denominated trade payable

in thousands of US Dollars, except share and per share data

2006	Euro / RON USD '000		US Dollars / RON USD '000		US Dollars / EUR USD '000	
Profit or loss	336	(i)	(18,696)	(ii)	5,448	(iii)
Other equity	-		-		-	

(i) This is mainly attributable to the exposure outstanding on Euro denominated receivables and borrowings at end of period.

(ii) This is mainly attributable to the exposure outstanding on US Dollar denominated receivables and short and long-term borrowings at end of period.

(iii) This is mainly attributable to exposure outstanding on US Dollar denominated trade payable

The Group's sensitivity to foreign currency in 2007 has generally remained stable compared to 2006. The increase in the Group's sensitivity USD/RON has mainly decreased due to a weakend USD foreign exchange rate as of 31 December 2007.

Forward foreign exchange contracts

The Group's general policy is to hedge up to roughly 50% of its USD exchange risks associated with highly probable forecast foreign currency denominated or linked revenues.

The Group has entered into forward foreign exchange contracts with reputable counterparties to hedge foreign exchange risk.

The following table details the forward foreign currency contracts outstanding as at reporting date:

Forward contracts - sell US Dollars / buy Romanian Lei	Weighted average exchange rate	Contract amounts USD '000	Fair Value
Less than 1 year	2.51	83,865	287
Between 1 and 2 years	2.51	83,865	(2,699)
Between 2 and 5 years	2.51	209,163	(13,719)
Total	**2.51**	**376,494**	**(16,131)**

The Group has entered into forward foreign exchange contracts (for terms not exceeding 5 years) to hedge the exchange rate risk arising from future US Dollar denominated sales and RON denominated operational expenditures, which are designated as cash flow hedges and to hedge some.

As of 31 December 2007, the aggregate amount of unrealised losses under forward foreign exchange contracts relating to the exposure on the future sales is USD 16,131 (2006: nil). RON denominated and hedged purchases will take place twice a year at which stage the amount deferred in equity will be released into profit or loss.

Interest rate risk management

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings, on EURIBOR for borrowings in Euro and on the Chinese Central Bank for RMB borrowings. The Group maintains all of its long term interest bearing liabilities at floating rates if allowed by local legislation.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for EUR, US Dollars and Renminbi denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

The following table details the management's assessment of the possible change in interest rates:

2007	EUR denominated basis points	USD denominated basis points	RMB denominated basis points
Short-term bank loans	-	200	200
Long-term bank loans	200	200	200
2006			
Short-term bank loans	-	200	-
Long-term bank loans	200	200	-

The following table details the Group's sensitivity to above mentioned increase and decrease in basis points of the base rates:

2007	EUR denominated USD thousands	USD denominated USD thousands	RMB denominated USD thousands
Short-term bank loans	-	895	8,002
Long-term bank loans	651	5,992	-
Total	**651**	**6,887**	**8,002**
2006			
Short-term bank loans	-	800	-
Long-term bank loans	134	4,580	-
Total	**134**	**5,380**	**-**

If interest rates had been above mentioned basis points higher/lower and all other variables were held constant, the Group's profit for the period ended 31 December 2007 would increase/decrease by USD 15,540 (2006: USD 5,514). This is mainly attributable to the Group's exposure to interest rates on its variable rate RMB and US Dollar denominated borrowings.

in thousands of US Dollars, except share and per share data

Commodity price risk

Commodity price risk is the risk that Group's future earnings will be adversely impacted by changes in the market price of aluminium. Commodity prices are extremely significant to the Group's results of operations. Customers require the Group to enter into contracts whose price is determined by the then current aluminium commodity price which may be different to that applicable at the time of shipment. These contracts expose the Group to the risk of lower market prices at the time of shipment.

In line with Group's policy, commodity price risk is managed by forward swap agreements in case market conditions are deemed favorable In the normal course of business and in the absence of expectations of significant market movements, hedging activities of the Group are limited to approximately 25% the Group's expected annual aluminium output.

Because of such aluminium swap contracts concluded and classified on the consolidated balance sheet as derivatives, the Group is exposed to movements in the prices of the aluminium. The fair value of the swap contracts is based on the High Grade Aluminium quote of the London Metal Exchange. The following table provides information about the Group's significant cash settled aluminium swaps contracts. Contract amounts are used to calculate the volume and average prices to be exchanged under the contracts.

Aluminium (thousands of tonnes)	Volume	Contract fixed price, USD	Contract value '000 USD [1]	Fair Value, '000 RON
Forwards - sell fixed / buy floating up to 1 year [2]	51,892	2,642	137,098	23,487
Forwards - sell fixed / buy floating 1 to 2 years [2]	51,984	2,584	134,335	1,316
Total	**103,876**	**2,613**	**271,433**	**24,803**

[1] The notional amount represents the face of contracts at the fixes price specified, but is not a measure of the risk exposure or value.
[2] Floating commodity prices in future periods will be based on the benchmark (LME) applicable at the time of the price reset.

Management estimates that the alumina price can increase/decrease 10%. At 31 December 2007, such variance of the High Grade Aluminium quote on the London Metal Exchange market would increase / decrease other components of equity by USD 1,011 (2006: nil) as a result of a increase/decrease in the fair value of Aluminium forward swap agreements designated as hedges.

Summary of derivative financial instruments as at 31 December 2007:

	Assets	Liabilities
Forward foreign exchange contracts - cash flow hedge	554	16,685
Aluminium forward swaps	10,452	341
Total	**11,006**	**17,026**

Cash flow hedge derivatives are classified as a current asset or liabilities. The positive fair value of hedging derivatives is classified as a current asset and the negative fair value as a current liability. There were no ineffectiveness to be recorded from cash flow hedges as of 31 December 2007.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is required. In Romania, all the receivables are immediately sold to a bank on a non-recourse basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal's cash flows.

2007	within 1 year	1 to 2 years	2 to 5 years	more than 5 years	Total
Borrowings	537,810	99,936	169,511	-	807,257
Trade and other payables	386,612	3,204	17,586	34,621	442,023
Total	**407,421**	**99,096**	**143,733**	**599,030**	**1,249,280**
2006					
Borrowings	132,239	51,552	135,232	-	319,022
Trade and other payables	75,372	-	-	19,799	95,171
Total	**207,611**	**51,552**	**135,232**	**19,799**	**414,193**

32. Contingencies and commitments

Commitments

Investment commitments. The Group has investment commitments associated with certain production and environmental projects. The contracts for these projects require the Group to make certain investments, which are estimated as USD 400,256 at 31 December 2007 and as USD 44,100 at 31 December 2006.

Raw material purchase contracts. The Group has various contracts concluded for acquiring energy, gas and other material and consumables in the amount of USD 629,005 of which USD 196,130 relate to 2008.

Contingencies

Legal case: At the beginning of 2005, one of the main suppliers for the Group interrupted the supply of raw materials by cancelling the existing purchase agreements. There are two proceedings between the Group and the supplier (the Group as a plaintiff claiming damages for breach of existing agreements plus interest and the Group as a defendant (proceeding is stayed and is unlikely to continue). In summer 2007, the Group was awarded damages due from the supplier to the Group by reference to various formulae (exact amount and accrued interest to be determined by final award). In September 2007 the supplier made an interim payment of USD 12,000 to the Group. The parties are now dealing with the issue of costs and are waiting for final award from the tribunal. It is not anticipated that the Group will incur any liability to the supplier.

Guarantees

During 2007 bank guarantees to the amount of USD 23,060 (2006: USD 22,343) were issued and extended to sundry partners. Such guarantees were issued mainly for purchasing of electricity power energy.

In addition, the Company had guarantees issued to the amount of USD 6,894 as at 31 December 2007 (none as at 31 December 2006) relating to electricity purchasing contracts.

33. Subsequent events

Linzhou Linfeng transaction

On 3 January 2008, Henan Zhongfu Industry Co. Limited ("Zhongfu"), a subsidiary of Everwide Industrial Limited, legally acquired 100% of the equity interest of Linzhou Linfeng Aluminium & Power Ltd and its subsidiaries by way of a total consideration of RMB 266 million (USD 36 million). The Group is in the process of finalizing the relevant financial information of Linfeng Group and accordingly, the financial impact of the acquisition to the Group is not disclosed.

Shenzhen equity increase

On 18 January 2008, Zhongfu increased its equity interest in Shenzhen OK (OUKAI) Industry Development Co Ltd from 60% to 100% by way of a cash consideration. The acquisition price is RMB 9,120,000 (USD 1 million) and it was fully paid in December 2007.

Incorporation of TM Power SA

On April 15 2008, Vimetco N.V. incorporated together with InterAgro SA a joint venture (50% share each) to support the construction of a power plant in Romania. The new company, TM Power SA, will focus on implementing a state-of-the-art coal-fired power plant with a capacity of minimum 1,000 MW near Turnu Magurele.

Annual Accounts

Company-only Financial Statements Vimetco NV

Company-only Balance Sheet

Assets

in thousands of US Dollars

Non-current assets	Notes	31 December 2007	31 December 2006
Intangible fixed assets:			
Goodwill	3	259,482	38,148
Financial fixed assets:			
Investments	4	659,193	500,485
Loans to group companies	5	97,912	13
Total non-current assets		**1,016,587**	**538,646**
Current assets			
Other receivables from third parties		325	-
Prepaid expenses		473	179
Accrued income from group companies		3,174	-
Cash and cash equivalents		8,497	18,999
Restricted cash		10,560	8,000
Total current assets		**23,029**	**27,178**
Total assets		**1,039,616**	**565,824**

Shareholder's equity and liabilities

in thousands of US Dollars

Shareholder's equity	Notes	31 December 2007	31 December 2006
Share capital	6	(27,917)	(22,288)
Share premium	6	(366,126)	-
Revaluation reserve		(47,721)	(47,721)
Hedge reserve		5,334	-
Retained earnings		(166,521)	(146,149)
Profit for the year		(160,936)	(113,395)
Translation reserve		(68,204)	(57,740)
Total shareholder's equity		**(832,091)**	**(387,293)**

Non-current liabilities			
Loans from related parties	7	-	(16)
Loan from credit institutions	8	(140,220)	(103,192)
Total non-current liabilities		**(140,220)**	**(103,208)**

Current liabilities			
Current portion of loan from credit institutions	8	(47,500)	(35,000)
Loan from shareholder	9	(168)	(37,598)
Interest payable		-	(359)
Accrued expenses		(7,058)	-
Deferred income	10	(11,259)	-
Accounts payable	7	(1,320)	(2,366)
Total current liabilities		**(67,305)**	**(75,323)**
Total liabilities		**(207,525)**	**(178,531)**
Total shareholders' equity and liabilities		**(1,039,616)**	**(565,824)**

Company-only Income Statement

Company-only income statement

in thousands of US Dollars

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Fees from group companies		431	-
Other revenues	10	623	-
Professional fees	11	(10,829)	(3,467)
Salaries and directors' remuneration	12	(2,540)	-
General and administrative expenses		(825)	(156)
Result from operations		**(13,140)**	**(3,623)**
Interest income		4,138	553
Interest expenses	13	(16,241)	(6,314)
Foreign exchange gain		12,517	10,844
Result on ordinary activities before taxation		**(12,726)**	**1,460**
Taxation on result of ordinary activities	14	-	-
Result on ordinary activities after taxation		(12,726)	1,460
Share in the result of investments	15	173,662	111,935
Taxation on share in the result of investments		-	-
Profit for the year		**160,936**	**113,395**

Company-only Statement of Changes in Shareholders' Equity

Company-only statement of changes in shareholders' equity

in thousands of US Dollars

	Share capital	Share premium
Balance at 1 January 2006	**22,288**	**-**
Appropriation of last year result	-	-
Net profit for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2006	**22,288**	**-**
Balance at 1 January 2007	**22,288**	**-**
Appropriation of last year result	-	-
Dividend	-	-
Issuance of new shares (share swap) for the acquisition of Everwide Industrial Ltd	4,201	277,994
Share issue upon Initial Public Offering	1,428	88,132
Change in minorities' share of net assets	-	-
Gains / (losses) from cash flow hedges	-	-
Net profit for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2007	**27,917**	**366,126**

in thousands of US Dollars

Revaluation reserve	Hedge reserve	Retained earnings	Profit / (loss) for the year	Translation reserve	Total Equity
47,721	**-**	**160,026**	**(13,877)**	**(6,932)**	**209,226**
-	-	(13,877)	13,877	-	-
-	-	-	113,395	-	113,395
-	-	-	-	64,672	64,672
47,721	**-**	**146,149**	**113,395**	**57,740**	**387,293**
47,721	**-**	**146,149**	**113,395**	**57,740**	**387,293**
	-	113,395	(113,395)	-	-
	-	(96,400)	-	-	(96,400)
	-	-	-	-	282,195
	-	-	-	-	89,560
	-	3,377	-	-	3,377
	(5,334)	-	-	-	(5,334)
	-	-	160,936	-	160,936
	-	-	-	10,464	10,464
47,721	**(5,334)**	**166,521**	**160,936**	**68,204**	**832,091**

Notes to the Company-only Financial Statements

in thousands of US Dollars, except share and per share data

1. General

Reference is made to the description of the business and other general affairs in Note 1 of the notes to the consolidated financial statements of Vimetco N.V. and its subsidiaries.

2. Basis of preparation and accounting policies

General

The accounting principles as described in the notes to the consolidated financial statements also apply to the company-only financial statements, unless indicated otherwise.

General accounting principles

The company-only financial statements have been prepared according to generally accepted accounting principles in the Netherlands and also with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code (hereinafter named Dutch GAAP).

Foreign currency translation, functional and presentation currency

The company financial statements are prepared in the currency of the primary economic environment in which it operates. The functional currency of the company is the Euro. The presentation currency used in the company financial statements is the US Dollar. Group management has elected to use the US Dollar as presentation currency as it is the common currency for global metals and energy companies.

In preparing the financial statements of the individual companies, transactions in currencies other than the entities functional currency are recorded at the exchange rates prevailing at the date of the transactions. At each balance sheet date monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing at the date on which the most recent fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the re-measurement of monetary items, are recognised in the consolidated statements of operations in the period.

For the purpose of presenting the company financial statements, the assets and liabilities of Group's foreign operations are translated at the exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rate for the periods presented. Exchange differences arising on the translation are recognised within shareholder's equity. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Financial fixed assets

Where significant influence is exercised, investments are valued under the net asset value method, but no lower than a nil value. This net asset value is based on IFRS. For the determination of the respective net asset value, the total holdings of the Group are considered.

Investments with a negative equity are valued at nil. If the Company fully or partly guarantees the liabilities of the investment concerned a provision is formed, primarily comprising the receivables from this investment. The remainder is recognised under provisions, in the amount of the share in the losses incurred by the investment, or for the amount of payments the Company is expected to make on behalf of these investments.

Where no significant influence is exercised investments are valued at net asset value and if applicable less impairments in value. With the valuation of investments any impairment in value is taken into account. Furthermore reference is made to the consolidated financial statements.

Recognition of income and expenses

Revenues and expenses are recorded in the profit and loss account in the year to which they relate.

Taxation on share in the result of investments

Taxation is only calculated on the share in the result of investments when the result of the investment is not subject to corporate income tax itself.

3. Goodwill

The increase in goodwill is mainly related to the purchase of the remaining 49% of the shares of Everwide Industrial Ltd and to the currency translation effect. Reference is made to the disclosure note in the consolidated financial statements.

The movement in goodwill is as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Balance 1 January	38,142	27,025
Purchase of 51% of shares in Everwide Industrial Ltd		
(2007: purchase price allocation adjustment)	1,761	6,788
Purchase of 49% of shares in Everwide Industrial Ltd	200,810	-
Purchase of 0.22% of Alro shares by Conef S.A.	6,121	-
Change of translation adjustment	12,648	4,335
Balance 31 December	**259,482**	**38,148**

4. Investments

As of 31 December 2006 the Company participates in the following companies:

Company	Registered in	Share in issued capital
Vimetco Management GmbH	Switzerland	90.00%
Alro S.A. (including share of its subsidiary Conef S.A.)	Romania	87.96%
Everwide Industrial Ltd	China	100.00%

Due to the merger with Alprom S.A. Alro S.A. issued additional shares in 2006 causing the interest percentage of the Company to decrease from 88.48% as of December 31, 2005 to 87.74% as of 31 December 2006. Conef S.A. acquired an additional stake of 0.22% in Alro S.A. during 2007, increasing the overall stake in Alro S.A. to 87.96%.

In September 2006, the Company paid USD 98,600 to purchase 51% of the share capital of Everwide Industrial Ltd. The Company had accounted for its investment in Everwide Industrial Ltd under the equity method of accounting as the Company was not able to exercise unilateral control.

In June 2007 the Company acquired the remaining 49% in Everwide Industrial Ltd through the issuance of new shares equivalent to an additional share capital of USD 3,135 to Willast Investments Ltd. The estimated value of the ordinary shares used as the aggregate purchase price for the acquisition and the per share value was based on management's estimated value of the Group upon the Initial Public Offering in August 2007. The aggregate purchase price including an amount of USD 475 for direct costs incurred to acquire the 49% amounted to USD 282,670.

The purchase price on the total transaction (September 2006 and June 2007) has been allocated as follows:

in thousands of US Dollars	Book value after minority interest	Fair value Adjustment	Fair value
Net assets of Everwide – September 2006	**158,890**	**+20,662**	**179,552**
Interest purchased			51.00%
Net assets acquired			91,572
Consideration			100,121
Goodwill September 2006			**8,549**
Net assets of Everwide – June 2007	**146,418**	**+20,642**	**167,060**
Interest purchased			49.00%
Net assets acquired			81,860
Consideration			282,670
Goodwill June 2007			**200,810**
Total goodwill			**209,359**
Already recognised in 2006			(6,788)
Recognised in 2007			**202,571**

The movement in investments in subsidiaries is as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
Balance 1 January	500,485	253,054
Add: Purchase of 49% (2006: 51%) in Everwide Industrial Ltd	81,860	93,333
Add: Dilution gains from capital increases of Chinese entities	3,377	-
Add: Currency translation difference	10,464	71,041
Less: Change in Everwide net asset value acquired (51%) based on the purchase price allocation	(1,761)	-
Less: Hedge accounting at Alro	(5,334)	-
Less: Alro treasury shares acquired by Conef	(6,574)	-
Less: Dividend payments	(96,986)	(28,878)
	485,531	388,550
Add: Share in result of the investments	173,662	111,935
Balance 31 December	**659,193**	**500,485**

5. Loans to group companies

The loans to group companies as of 31 December 2007 concern two loans granted to Everwide Industrial Ltd. The loans have not been secured. Repayment dates are 30 June 2008 and 30 September 2008. The interest rates amount to 5.1425% and to 7.8% respectively. Both loans will be rolled over at the maturity date in 2008. As of 31 December 2006 the loan was granted to Vimetco Management GmbH (formerly Marco Group GmbH). The loan had not been secured. No repayment schedule had been concluded. The interest rate amounted to 5.0% per annum.

6. Share capital and share premium

The authorized share capital consists of 800,000,000 (previous year: 805,127,900) common shares. All shares have a par value of EUR 0.10. As of 31 December 2006, 177,678,110 common shares were issued and fully paid-in. On 21 June 2007 the Company issued 31,354,960 shares (measured after share split of 1:10) in connection with the acquisition of the remaining 49% of the shares in Everwide Industrial Ltd. On 2 August 2007 the Company issued additional 10,451,650 shares upon the Company's Initial Public Offering at London Stock Exchange.

As of 31 December 2007, the total issued and paid-in shares amount to 219,484,720. The share capital amounts to EUR 21,948,472 and is translated at the average historical rate of EUR/USD 1.272.

The above-mentioned capital increases resulted in share premiums as the transaction values exceeded the nominal values of the respective capital increase. The share premium for the Everwide Industrial Ltd share swap amounted to USD 277,944, whereas the share premium for the Initial Public Offering amounted to USD 92,637. Costs in connection with the Initial Public Offering of USD 4,505 have been set off against the share premium during 2007.

7. Accounts payable

	Year ended 31 December 2007	Year ended 31 December 2006
Third parties	1,271	1,512
Group company		
Vimetco Management GmbH	13	854
Shareholder		
Romal Holdings N.V.	19	-
Related party		
Ringas Invest B.V. (classified as loan as of 31 December 2006)	17	16
Total	**1,320**	**2,382**

in thousands of US Dollars, except share and per share data

8. Loan from credit institutions

On 21 June 2007, the Company entered into a new USD 190,000 term facility agreement with a syndicate of banks ("New Term Facility"). The New Term Facility bears interest at the London Interbank Offered Rate ("LIBOR") plus 2% and has the following maturity schedule:

Due date	% of principal due
30 May 2008	25
29 May 2009	20
31 May 2010	20
31 May 2011	20
31 May 2012	15
Total	**100**

51% of the Company's shares in Alro and Everwide are used as collateral for the Company's borrowings. The Company is also subject to certain restrictive covenants. These covenants limit, among other things, the Company's ability to dispose of significant assets and require the Group to maintain certain financial ratios including minimum debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") and debt coverage ratios.

As 25% of the loan, amounting to USD 47,500 has to be repaid in 2008, this part has been reclassified to the current liabilities.

9. Loan from shareholder

The loan from the shareholder is related to a credit facility granted by Romal Holdings N.V. ("the parent") for a maximum amount of USD 120,000. The interest rate amounts to 5.0% per annum over the average outstanding balance. In 2005 a subordination agreement was signed by the parent, the Company and a commercial bank in relation to this loan.

On 21 June 2007 the Company repaid in full the USD 23,900 outstanding under the Romal borrowing facility out of the proceeds of the New Term Facility (see loans from credit institutions). Subsequently, the Company entered into an addendum to the Romal borrowing facility and borrowed USD 50,000, bearing interest at 7.36% per annum. The proceeds were loaned to Everwide to finance its operations in China. The Romal borrowing matured on 22 September 2007 and was repaid.

No maturity date has been agreed on the remaining amount as of 31 December 2007. The loan therefore has been presented as current liabilities.

10. Deferred income

Deferred income refers to prepaid fees amounting to USD 11,929 for services until the end of 2014. An amount of USD 623 has been recognised as revenue from the fee arrangement in 2007.

11. Professional fees

In 2007, an amount of USD 3,754 (2006: USD 1,127) has been charged by the subsidiary Vimetco Management GmbH.

12. Salaries and directors' remuneration

4 employees, excluding directors, served the company as of 31 December 2007 (2006: 0). The salaries amount to USD 43 in 2007 (2006: 0). For the details of directors' remuneration on group level see note 16.

13. Interest expenses

	2007	2006
Romal Holdings N.V.	1,201	1,101
Banks	15,040	5,213
Total	**16,241**	**6,314**

14. Taxation on result of ordinary activities

The nominal rate for corporate income taxes in The Netherlands is 29.6%. The actual tax charge deviates from the nominal tax charge because of prefix tax losses. The remaining tax losses as of 31 December 2007 amount to USD 26,205 (2006: USD 12,638).

15. Share in the result of investments

	2007	2006
Vimetco Management GmbH	301	130
Alro S.A.	143,010	110,848
Everwide Industrial Ltd.	30,351	957
Total	**173,662**	**111,935**

in thousands of US Dollars, except share and per share data

16. Director's remuneration

The remuneration of the individual members of the board of directors for the financial year 2007 is as follows:

Independent directors	Gross periodical remuneration (salary and director's fee)	Bonus [1]	Pension contributions	Total
P. Baillot	171	-	-	171
B. Zonneveld	68	-	-	68
J. Currie	68	-	-	68
Executive directors				
C. Wüst	324	736	33	1,093
R. Steinemann	199	295	16	510
Non-executive directors				
V. Machitski	-	-	-	-
G. Zhang	-	-	-	-
V. Agapkin	-	736	-	736
V. Krasnov	-	736	-	736
Total	830	2,503	49	3,382

[1] including cash component from incentive compensation scheme.

Such remunerations are paid from various group entities where the directors have respective appointments.

During 2006 both former statutory directors of the Company, Fortis Intertrust Netherlands B.V. and B.V. Maatschappij voor Executele en Trustzaken, have not received any remuneration.

Amsterdam, 28 April 2008

The Management

Other Information

Auditors' report

To the shareholders of Vimetco N.V., Amsterdam

Report on the financial statements

We have audited the accompanying financial statements 2007 of Vimetco N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as of December 31, 2007, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as of December 31, 2007, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Vimetco N.V. as at December 31, 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Vimetco N.V. as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

Amsterdam, 28 April 2008

Signed by: J. Penon

Statutory rules concerning profit appropriation

Article 20 - Disposal of profits

1. Profits shall be at the unfettered disposal of the general meeting.

2. The company may distribute the profits available for distribution of the shareholders and other persons with a claim to such profits only to the extent of that the amount of the equity in the company's shares exceeds the amount of the sum of the paid-up and called part of the capital plus the reserves that must be maintained by law.

3. Any distribution of profits shall be made after adoption of the annual accounts from which it appears that any such distribution is permitted

4. Shares held by the company on its own capital shall not be included in computing the distribution of profits, unless such shares are subject to a right of user or registered depositary receipts for such shares have been issued with the cooperation of the company

5. The company shall not make an interim distribution of profits unless the provisions of paragraph 2 have been satisfied.

Article 21 – Dividends

1. The dividend paid on shares may be claimed by the shareholder one month after adoption of the annual accounts unless the general meeting determines another period. Such claims shall become prescribed upon expiry of a period of five years. A dividend not claimed within a period of five years from the moment such claim may be entered shall vest in the company.

Proposed result appropriation for the year

It is proposed to allocate the profit of financial year 2007 to the retained earnings and not to pay any dividend. A dividend amounting to USD 96,400 relating to the financial year 2006 was paid in 2007.

Subsequent events

Reference is made to the Consolidated Financial Statements, note 33.

Statement of Management Responsibilities

To the shareholders of Vimetco NV

Pursuant to the Listing Rules of the United Kingdom Listing Authority the Company is required to prepare annual financial statements which present fairly, in all material respects, the state of affairs of Vimetco NV 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 and that statutory accounting reports comply with Dutch laws and regulations.

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 consolidated financial statements set out on pages 42 to 91, 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 have been followed.

The consolidated financial statements, which are based on the statutory accounting reports and restated in accordance with International Financial Reporting Standards, are hereby approved on behalf of the Board of Directors.

To the best knowledge of the members of the Board of Directors:

(a) the consolidated financial statements set out on pages 42 to 91 have been prepared in accordance with IFRS, 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 and performance review set out on pages 16 to 17 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.

For and on behalf of the Board of Directors

Christian Wüst
Chief Executive Officer

Rolf Steinemann
Chief Financial Officer

28 April 2008

Shareholder Information

Following Vimetco's Initial Public Offering at the beginning of August 2007, its Global Depositary Receipts (GDRs) listed at the London Stock Exchange (LSE), each representing a single share, developed fairly well, particularly considering the generally difficult circumstances in the global financial markets.

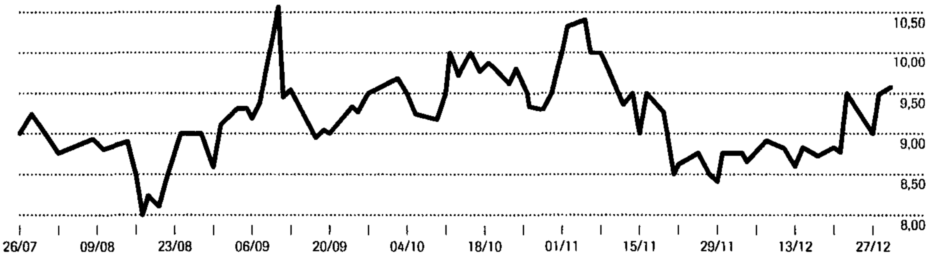
Objectives for investor relations

In its communications, Vimetco's investor relations department is committed to serving the interests of its equity investors. To the extent reasonably practicable, Vimetco's investor relations follows the guidelines and principles set forth by the AFM and FSA. Contact information can be found at the end of this chapter.

Vimetco's Initial Public Offering was completed successfully and trading commenced at the LSE on 2 August 2007. By year-end the Group's GDRs closed at USD 9.55, showing a yield of 6.11% over a period of five months, which is considerably better than the FTSE 100 (GBP) with +1.52% or the FTSE 250 with +1.12%, and far ahead of the FTSE 350 with -6.76% and the DJ Stoxx (EUR) with -4.06% for the full year 2007. Within these five months of trading, Vimetco's GDRs fluctuated between USD 8.00 and USD 10.40. By December 31, 2007, its market capitalisation stood at USD 2.1 billion, while daily average traded volume amounted to 110,593 GDRs.

Vimetco NV controls more than 87% of Alro SA shares, which are listed on the Bucharest Stock Exchange under the ticker symbol ALR. Alro SA, in turn owns 99.38% of Alum SA shares, which are listed on the RASDAQ platform of the Bucharest Stock Exchange under the ticker symbol BBGA. Vimetco NV indirectly holds 95% of Henan Yulian Energy Group Co. Ltd., which is the majority shareholder in Henan Zhongfu Industry Co. Ltd., a Shanghai Stock Exchange listed company with the ticker symbol SHA 600595.

Share performance July to December 2007 in USD



Source: Bloomberg

Shareholder structure

The Group has 219,484,720 shares with a nominal value of €0.10 per share and a free float of 26.5%. Vimetco's major shareholders as of December 31, 2007 were:

- Romal Holdings NV 63.5%
- Willast Investments Limited 10.0%

Dividend policy

The Group intends to make distributions to its shareholders of approximately 20% of consolidated income on average over the aluminium price cycle. In view of the expansion plans in China and other capital expenditures it is proposed not to pay out a dividend for 2007, all cash flow shall be invested in these projects.

Financial Calendar

- Annual General Meeting 2007: 17 June 2008
- Full-year results 2008: 28 April, 2009
- Annual General Meeting 2008: June 2009

LSE ticker symbol:	VICO
ISIN code:	US92718P2039
Reuters symbol:	VICOq.L
Bloomberg symbol:	VICO LI
SEDOL:	B231M74

Exchange Rates

	Average 2006	Year-end 2006
USD - RON	2.807	2.574
USD - RMB	na	na

	Average 2007	Year-end 2007
USD - RON	2.435	2.453
USD - RMB	7.606	7.304

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Design & Typesetting: Losego & Renfer, Zurich
Content: Lemongrass Communications AG, Zurich
Proof-Reading: Rachel Wenham, Cardiff
Photography (Board of Directors): Geri Krischker, Zurich
Printing: DAZ Druckerei Albisrieden AG, Zurich

Aluminium - simply essential

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Cautionary notice

This Annual Report contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements.

Many of these risks and uncertainties relate to factors that are beyond Vimetco's ability to control or estimate precisely, including but not limited to, Vimetco's ability to implement and complete successfully its plans and strategies and to meet its targets, the benefits from Vimetco's plans and strategies being less than those anticipated, the effect of general economic or political conditions, the actions of Vimetco's shareholders, competitors, customers, and other third parties, increases or changes in competition, Vimetco's ability to retain and attract personnel who are integral to the success of the business, Vimetco's IT outsourcing and information security, Vimetco's ability to address corporate social responsibility issues, fluctuations in exchange rates or interest rates, Vimetco's liquidity needs exceeding expected levels, compliance and regulatory risks and other factors discussed in this Annual Report, Risk management and internal control, Risk factors and in Vimetco's other public filings.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Vimetco does not assume any obligation to update any public information or forward-looking statement in this Annual Report to reflect events or circumstances after the date of this Annual Report, except as may be required by applicable securities laws.