Annual Report 2008

vimetco

2008 – an eventful year

	Internal events	External events
JAN	Full-year consolidation of China operations including Linfeng	
	Vimetco not affected by power shortage	Power crisis starts in China
		Heavy snow storms in China result in power shortages leading to losses of aluminium production
FEB	Vimetco granted reconnaissance licence by Government of Guinea – drilling results in early summer led to conclusion not to further pursue this project	
APR	Vimetco and Interagro set up joint venture to further pursue the project of a power plant in Romania	
MAY	Alro successfully upgrades cold rolling mill and doubles production capacity for cold rolled products from 18,000 tpa to 36,000 tpa	Earthquake in Sichuan Province, China
		Oil price forecasts of USD 200/barrel
JUN	Vimetco receives shareholder loan facility of USD 250 million by majority shareholder	
JUL		Aluminium price reaches USD 3,291/tonne
		China Nonferrous Metals Industry Association issues recommendation to its member to cut aluminium production by 10%
	Vimetco acquires bauxite mine in Sierra Leone	Oil price at USD 140/barrel
SEP	Vimetco Group participates at the aluminium exhibition in Essen	
OCT	Henan Zhongfu to acquire stake in Chinese coal mine	
	Alro receives prestigious Nadcap certificate	Competitor announces production cuts of 720,000 tpa
	Vimetco announces production cuts in China: 80,000 tpa taken out of operation	Major end markets for aluminium in steep decline: automotive and construction industry
NOV	Vimetco granted two prospecting licences in Guinea	
		Competitor announces production cut by 350,000 tpa
		Competitor to cut production in Russia and Ukraine by approximately 200,000 tpa
		Competitor to close Karmoy smelter
	Vimetco announces further production cuts in China of 15,000 tpa, reaching total of 95,000 tpa; Romanian production could be reduced in 2009 by up to 65,000 tpa	Oil price falls below USD 40/barrel
DEC		More companies announce production cuts
		LME aluminium stock levels reach highest levels since 1994
		LME aluminium price at USD 1,454/per tonne, the lowest price since October 2003
	Production line no 9 shut down in Romania: cut of 44,000 tpa	China's State Reserve Bureau buys 290,000 t of aluminium at current price levels

Vimetco N.V. 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, Sierra Leone and Romania. In 2008, it had an average work force of 10,770 employees and sales of USD 1,833 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.

Corporate investment centre

The Netherlands
Amsterdam

Management and services centre

Switzerland
Zurich

Smelting plant
– Capacity: 265,000 tpa

Hot rolling mill
– Capacity: 120,000 tpa

Cold rolling mill
– Capacity: 36,000 tpa

Extrusion shop
– Capacity: 15,000 tpa

Romania
Slatina

Alumina refinery
– Capacity: 600,000 tpa
– In 2007, production was temporarily suspended for modernisation

Romania
Tulcea

Sierra Leone
Gondama

Bauxite mine
– Capacity: 1.2 million tpa

China
Gongyi

Production plants
– Capacity: 550,000 tpa

Power plants
– Capacity: 600 MW (+300 MW planned for second half 2009)

China
Linzhou

Smelting plant
– Capacity: 110,000 tpa

China
Zhengzhou

Rolling mill
– Capacity:
Casted band: 80,000 tpa

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Consolidated Financial Statements

		2008	2007
Sales	USD million	**1,833**	1,210
EBITDA[1]	USD million	**259**	295
EBITDA margin		**14.1%**	24.4%
Net (loss)/profit	USD million	**–144**	194
Total assets	USD million	**3,091**	2,380
Shareholders' equity	USD million	**947**	1,135
Net debt[2]	USD million	**1,120**	673
Earnings per share	USD	**–0.753**	0.812
Equity per share	USD	**3.03**	3.79
P/E	USD	**n/a**	11.8
Share price at year-end	USD	**0.17**	9.55
Production[3]			
Electrolytic aluminium production	metric tonnes	**691,000**	567,000
Processed aluminium production	metric tonnes	**91,000**	52,000
Bauxite production[4]	metric tonnes	**422,000**	–
Average number of employees		**10,770**	9,700

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

2 Net debt: total of short- and long-term bank loans, loans from related parties and lease obligations less cash and cash equivalents

3 2007: Assuming the full integration of the Chinese operations as of 1 January 2007

4 Since acquisition of the mine by Vimetco N.V.: end July to December 2008, including moisture

Letter from the Chairman

Dear Shareholders,

The business strategy that we have been pursuing has allowed us, within a short time, to transform Vimetco from being a regional company to a major, publicly listed, global supplier of a wide range of aluminium products, with operations on three continents. This dynamic achievement is the result of a carefully elaborated, integrated approach aimed at increasing shareholder value, based on the expansion of production through organic growth as well as acquisitions, vertical integration, a focus on added value products and a continued commitment to ensuring high quality.

Strong first half and increase in sales

2008 was our first full financial year since our IPO in July 2007, which was a significant milestone in the history of our Company. We made good progress in achieving several of our strategic goals, had a strong first half year, and substantially increased sales year-on-year. As you are well aware, the global financial crisis seriously complicated the market conditions in the second half of 2008, and the aluminium industry could not escape its effects. Those negative trends unfortunately had a marked effect on our financial result. Nevertheless, we recorded sales for 2008 of USD 1,833 million, an increase of 52% over 2007, resulting in an EBITDA of USD 259 million and a net profit of USD 71 million before impairment charges for China.

Share price impacted

Concomitantly with the fall in the global stock markets, Vimetco's share price dropped steadily in the second half of 2008. The primary reasons for the depressed share price were the global financial crisis followed by the economic downturn, which resulted in a very sharp drop in overall industrial demand and, consequently, in aluminium prices. All this led to many forced sales of shares by investors. Although the evolution of our share price in the first half of the year was in line with the industry trend, our share price was more noticeably affected by the downturn than similar stocks. The limited free float of Vimetco's shares and low liquidity, amongst others, contributed to the higher volatility of our share price. We strongly believe that the current share price does not reflect the true value of our Company and its unique growth potential. We reasonably expect that once the market begins recovering, the vigorous cost-cutting and production optimisation measures we have taken will create positive opportunities for a further increase in capitalised value for all shareholders.

Market volatility and global financial crisis

In 2008, there was unusually high volatility in the aluminium market. Aluminium spot prices on the London Metal Exchange (LME) started the year at USD 2,365 per tonne, peaked at a near record high of USD 3,291 in July and subsequently dropped severely, ending the year at USD 1,454 – a 56% decline from the July peak. Beyond an overall increase in commodity prices in the first half, the initial rise in aluminium prices was also partly due to power disruptions early in the year in different parts of the world that led to concerns about production losses. Rising prices for energy and alumina, as well as for other raw materials, provided cost support to the high price levels. Demand, however, fell behind production, leading to a substantial increase in stock levels.

The global financial crisis and its effect on the world economy were noticeably felt soon after the July peak. Prices fell frantically as the market situation deteriorated steadily. Demand dropped sharply and did not pick up after the traditionally somewhat weaker summer period, with even China growing at a significantly reduced rate. Meanwhile, LME aluminium inventories more than doubled to over 2.3 million tonnes by the end of the year, a level last seen in 1994. A positive consequence of the drop in aluminium prices was that input costs started falling, as alumina prices are linked to the LME. Oil prices also reached very low levels, while coal prices declined more smoothly.

Decisive action by Vimetco

Vimetco responded rapidly and decisively to the fall in aluminium prices with a rigorous plan which involved a series of cost-cutting measures and an adjustment in the execution of our business strategy to ensure greater stability for the Company. The Company announced production cuts in China in October 2008, one of the first such measures taken in the industry, along with appropriate reductions in capital expenditures. The second phase of a head count reduction in Romania, initiated in the first half of 2008, was implemented. Production cuts in Romania were announced in November, followed by further cuts in January 2009. A set of additional cost-cutting measures was implemented across the Group, in all segments.

Many business objectives met

During a period of extraordinary market developments, Vimetco was nonetheless able to meet many of its business objectives. The Company reached several important milestones in support of its mid- to long-term strategy and proved its viability. In particular, we further pursued our goal of vertical integration. This included the full consolidation of the Linfeng site as of the beginning of 2008, the acquisition of a bauxite mine in Sierra Leone in July, as well as a stake in a Chinese coal mine. We explored projects to achieve greater energy self-sustainability in Romania – a situation that already exists at our Chinese operations, insulating the Company from disruptions in the power supply. We have also continued to focus increasingly on higher added value products, upgrading and increasing the overall capacity of the cold rolling mill in Romania and quadrupling the capacity of continuously casted band in China.

I consider it important to note that until the global recession, our expansion programme in China, based on the implementation of the latest technologies, progressed according to schedule. Primary aluminium producing and processing capacities grew by over 50% with the construction of highly energy-efficient plants in Gongyi. The project started in January and was partially commissioned in September, employing state-of-the-art 400 kA technology and advanced aluminium processing equipments. Construction of a new power plant with 300 MW capacity also proceeded on schedule, with completion expected in 2009.

We put further emphasis on our goal of achieving excellence in our operations and quality enhancement. At our Alro site, with its predominant focus on processed products, we have made great efforts to further increase product quality and adjust the product mix to better suit the actual needs of our customers.

Changes in management

On the management side, there have been recent changes with the resignation on personal grounds of Christian Wüst, Vimetco's CEO since 2004, and the resignation of the Group's CFO, Rolf Steinemann. We extend our appreciation to Mr. Wüst and Mr. Steinemann for their years of successful service to the Company. Currently, the Board of Directors has nominated Frank Müller as acting CEO and Marian Nastase as acting CFO. Many thanks also to Pierre Baillot for his contributions in developing the Company's strategy while presiding on the Board and his assuming the role of acting CEO at the start of this year. Pierre resigned from all functions in the Group in March 2009.

I would like to conclude by thanking all Vimetco Group employees for their endeavours and commitment in the face of difficult circumstances. I am confident that we will all contribute our best possible efforts to overcoming the current obstacles, restoring Vimetco's attractiveness for investment and proceeding effectively with our outlined business strategy.

Vitaliy Machitski
Acting Chairman of the Board

Sustainable Development

Vimetco is a major global player in the aluminium market, one of the top five producers in Europe and among the top ten in China, pursuing a mid- to long-term strategy centred on growth and vertical integration. The Company is focused on meeting its customers' increased needs for high quality, added value processed products. Vimetco places great emphasis on being a responsible corporate citizen, ensuring the welfare of its employees and supporting the communities in which it operates, while taking concrete measures to lessen the environmental impact of its activities.

In the space of just six years, Vimetco has grown from being an ambitious start-up to one of the world's most important aluminium producers, with a listing of the global depository receipts ("GDRs") on the London Stock Exchange. Vimetco's focus on growth, vertical integration and customer proximity has placed the Company in a strengthened position to gain further market share in the future and consolidate its reputation as a reliable, major global aluminium producer.

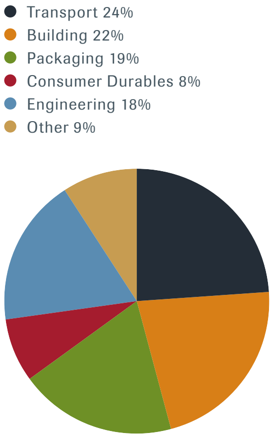
Aluminium is a unique metal with many favourable properties. It is strong, durable, flexible, impermeable, lightweight and corrosion-resistant, has good electrical conductivity and is 100% recyclable. These characteristics make it the ideal choice of material for a huge array of applications, especially in the transport, construction and engineering industries (see chart 1).

Primary aluminium is the world's second largest metals industry after steel in annual tonnage of consumption. Despite a drop in aluminium demand in 2008 due to the economic downturn, which is expected to persist for much of 2009, the aluminium industry remains attractive in the long term. Industry analysts are forecasting an average annual growth rate of 5% to 6% from 2010 to 2013, with global demand for aluminium expected to increase from 37.5 million tonnes in 2007 to over 46 million tonnes in 2012/13. Developing countries are expected to remain the primary drivers of growth in consumption, with China predicted to contribute close to two thirds of the growth in the coming years (see chart 2).

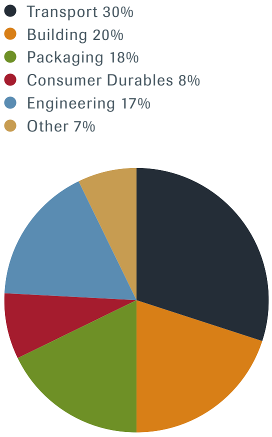
1

Main end market use for aluminium

1995



2008

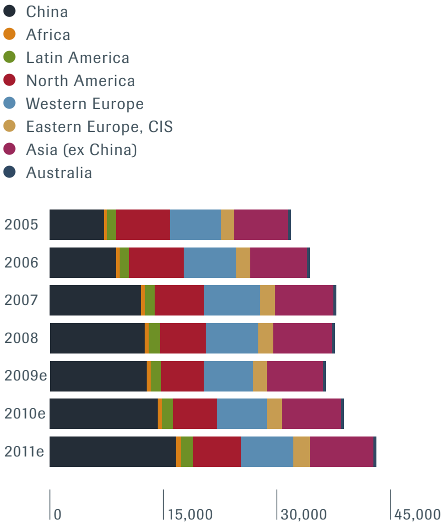


Source: AME, March 2009

2

World consumption 2005 – 2011e

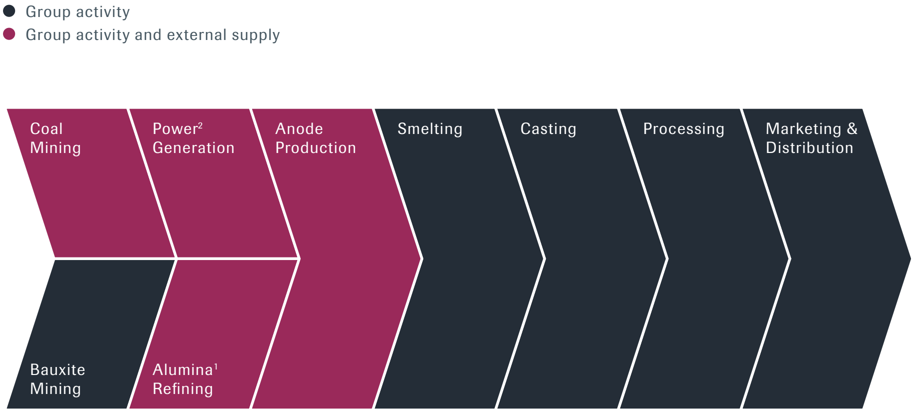
(in 000 tonnes)



Source: CRU, January 2009

3

Vimetco's vertical integration strategy



1 The refinery in Romania has temporarily suspended production.

2 In China fully self-sufficient

Strategy

Vimetco has been pursuing a clear and focused business strategy, comprised of a number of specific goals aimed at consolidating the Company's position and enabling it to increase its market share in the future. These strategic goals include vertical integration, a shift towards added value products, expansion of capacity, increase in operational efficiencies and the judicious use of capital. While the economic downturn in 2008 has required a marked reorientation towards cost-cutting measures and reductions, respectively postponements in capital expenditures, Vimetco's longer-term business strategy and goals remain unchanged.

A central pillar of Vimetco's business strategy is to achieve full vertical integration. By maintaining control of the entire supply chain, from the mining of bauxite through to the delivery of high added value processed products to its customers, Vimetco will be able to reduce its costs and ensure the stability of its entire production process. Given the relatively small number of independent raw material suppliers, vertical integration will shield the Company from sudden changes in costs and insulate it from disruptions in the supply of raw materials and energy. The Company will thus also be able to further cement its reputation among its customers as a dependable supplier.

Vimetco already has an enviable track record in acquiring assets and integrating them into its global structure, providing them with the development capital and management skills needed to increase productivity and generate growth. As part of its vertical integration strategy and in order to ensure access to raw materials and energy, the Company recently acquired a bauxite mine in Sierra Leone, and it plans to carry out additional prospecting in West Africa. The Company is already energy-sufficient in China and is evaluating energy projects in Romania.

A second pillar of the Company's strategy is an increased focus on added value primary and processed aluminium products. The product mix is defined by customer and market demand. With an increasing market potential for processed products, Vimetco regards this as a major growth opportunity. The steady shift towards higher margin, higher added value products will have a positive effect on the Company's bottom line.

As part of its long-term strategy for global expansion, Vimetco has taken steps to increase its production capacity, detailed below under "Activity and Products", until the recent economic decline demanded a refocus on cost containment, while it has continually aimed to optimise productivity. Increased operational efficiencies are being achieved in both Romania and China, taking advantage of the synergies between the two operations and instituting the latest technological advances and operating procedures. Vimetco has been able to achieve a strong position on the cost curve compared to the rest of the sector in China, and the Romanian operations are also positioned comfortably in the centre of the cost curve (second quartile).

Finally, Vimetco is pursuing a strategy of disciplined allocation of capital, investing in projects that will strengthen the Company's competitive position. While the events of 2008 have placed great strains on the global aluminium industry, Vimetco has reacted rapidly and wisely, immediately halting capital expenditures that were not already committed to while continuing to make efficient use of budgeted capital for integration and expansion projects that will poise the Company for growth once the economic situation recovers (see chart 3, page 7).

Customers and Markets

Alro, Vimetco's majority-owned subsidiary in Romania, is one of the top five aluminium producers in Europe. Romania is one of the countries in the European Union with relatively low labour costs and a low tax environment. From its Romanian operations, the company is well situated to serve its customer base throughout Europe, which accounts for nearly all of Alro's exports.

In China, the world's single largest aluminium market representing a third of both global demand and supply, the Company is currently the ninth largest producer and is rapidly expanding its production capacity, with the goal of becoming one of China's top three producers. Vimetco is well positioned to respond rapidly to developments in the Chinese market, currently still the fastest growing aluminium market in the world (see chart 4 and 5).

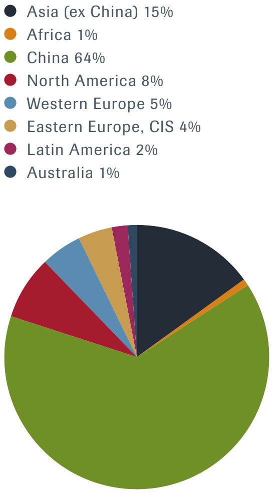
Alro has already taken the lead in focusing increasingly on added value processed products that provide higher margins. This strategic shift in the product mix will continue to progress in both Romania and China.

A key new market being targeted is the aerospace industry. Aluminium's corrosion resistance, low weight and high strength make it of increasing importance in the construction of more fuel efficient aircrafts, and this market is expected to display 5% annual growth over the long term. Vimetco intends to play a significant role in supplying this market as a niche player, delivering high added value products at attractive margins. The Company has already obtained the critical Nadcap certification in September 2008, and is now in the process of obtaining specific company certifications, which will enable Vimetco to become a regular supplier of hard alloy aluminium to this important sector.

The construction industry makes use of aluminium for a range of components, which include extruded window and door frames, pre-fabricated structures, roofing, exterior cladding and curtain walling. In China, Vimetco has access to the rapidly growing demand for aluminium stemming from a wide range of construction and infrastructure projects. Experts estimate that around 40% of China's consumption goes into the construction market.

4

Predicted contribution to the growth of aluminium consumption 2008–2013



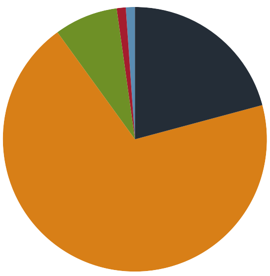
Source: Calculation based on CRU, Aluminium Quarterly January 2009

5

Main markets 2008

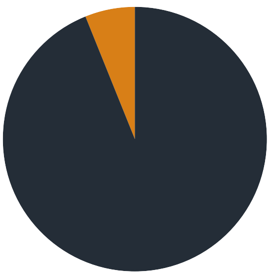
Alro
(Sales in USD)

- Romania 21%
- EU 69%
- Non EU 8%
- USA 1%
- Others 1%



Zhongfu Industry
(Sales in CNY)

- China 94%
- Rest of Asia 6%



Electrical cables are another key application for aluminium. Given their conductivity-to-cost ratio, aluminium cables and conductors are virtually unrivalled for the production of long-distance electrical transmission lines. Most major European cable producers rank among Alro's customers. Vimetco expects growth in demand in the wire rod business in China, as the Chinese government intends to invest in the national power grid structure. Around 20 tonnes of aluminium are required for every kilometre of power line. In view of these developments, Vimetco is putting into production a cast house in China that is due for completion in 2009.

The automotive industry also represents an interesting market for aluminium. Manufacturers are increasingly focused on building lighter, more fuel-efficient cars, and the amount of aluminium used has risen continuously over the past two decades. Furthermore, despite the economic slowdown, the key Chinese market is expected to show continued growth, albeit at a reduced pace.

As a result of the drop in the worldwide economy, all of the major aluminium market segments showed a substantial decrease in global demand in the second half of 2008. This was manifest in a drop in car sales, in the construction of new homes, in the sale of aircrafts, and in other sectors where aluminium is used. Nonetheless, all the industries cited remain key aluminium markets with strong growth potential in the mid to long term.

Activity and Products

Vimetco's plants in Romania and China all use pre-baked smelting technology to convert refined alumina into 99.7% pure aluminium. This primary aluminium can be sold on the market as ingots or further processed into a range of added value products. These products are manufactured through four basic processes. Casting plants are used to produce both slabs and billets, while rolling mills produce a range of flat rolled products including plates, sheets and coil. Wire rod is manufactured by drawing aluminium through a series of decreasing diameter dies. Finally, in a process known as extrusion, aluminium's high-temperature properties are exploited to force it through dies to produce consistent profiles, such as window frames.

Romania
Vimetco's Alro production site in Romania is the largest aluminium production facility by volume in Central and Eastern Europe (excluding CIS), producing over 285,000 tonnes of cast aluminium and 35,000 tonnes of processed aluminium in 2008. A primary focus is on added value products, including slabs, billets and wire rod. The billets are used for the extrusion process to make profiles, while the slabs are further processed in Alro's rolling mills. Wire rod is used to produce end products such as telecom cables and high-voltage power cables. Flat rolled products, including sheets, plates and coils, are graded by thickness and used by customers to produce end products, including boxes, panels, mechanical parts, tools, moulds, white goods, and other products that require aluminium's mechanical and corrosion

characteristics and lightness. Alro is continuing to shift to higher added value processed products with higher margins, such as plates for the aerospace industry.

The operations in Slatina comprise a smelting plant with a capacity of 265,000 tpa and processing facilities (hot and cold rolling mill, as well as an extrusion shop) with a name plate capacity of 135,000 tpa. The alumina refinery in Tulcea with a capacity of 600,000 tpa suspended production in February 2007. The Board of Directors recently agreed on the revised business plan, based on discounted cash flow projections. The business plan was prepared on the assumption of continuing the modernisation and technological upgrade study with an external engineering company, with a view to reopening the alumina refinery and restarting the alumina production in 2011.

Since 2002, the Company has invested over USD 245 million in developing the Romanian operations, with a focus on the improvement of the smelter's productivity and the efficiency of the processing facilities, as well as on environmental projects. The Romanian operation enjoys the security of a competitively priced energy supply until the end of January 2013 for approx. 75% of its energy needs. Alro is taking steps to further improve its leading productivity and efficiency levels, with the consumption of electricity per tonne of aluminium produced already approximately 15% below the world average.

China
Following the acquisition of Linfeng Aluminium, Vimetco is now the 9th largest aluminium producer in China, entirely self-sufficient through integrated power generation. In 2008, Vimetco's Chinese facilities produced over 425,000 tonnes of primarily aluminium ingots and over 56,000 tonnes of processed aluminium, mainly continuous-casted bands and foils. The Company plans to increase its market share in China while meeting market demand for more specialised processed products by shifting its product mix. Vimetco is closely following the market requirements for added value products such as billets, slabs and wire rod.

At the Gongyi site, the company already had two smelting plants at its disposal at the start of 2008, with a total capacity of 310,000 tpa, and coal-fired power plants with a generating capacity of 980 MW. In the course of the second half of 2008, several smaller power plants were closed reducing capacity to 600 MW, in line with the government's objective to shut smaller, less efficient production sites. Several expansion projects have been undertaken. Primary aluminium producing and processing capacity grew by over 50% with the construction of a highly energy-efficient state-of-the-art 400 kA technology operation in Gongyi. A cast house using advanced processing equipment with a capacity of 300,000 tpa is scheduled for completion in 2009. A new power plant with a power generating capacity of 300 MW is also to be completed in 2009, while a stake in a coal mine acquired in the second half of 2008 will further strengthen the integrated power generation for the existing smelting plants. This acquisition underlines the progress of Vimetco's vertical integration strategy and the securing of raw material supplies.

Processing facilities for the production of bands have also had their capacity greatly increased in 2008, from 20,000 tpa to 80,000 tpa. The Linzhou site has a smelter with a capacity of 110,000 tpa and a cast house that can produce wire rod (capacity: 30,000 tpa) and billets (capacity: 30,000 tpa). A planned expansion has been postponed after capital expenditure cuts were announced in fall of 2008.

West Africa
The bauxite mine in Sierra Leone that was acquired in July 2008 had a production of 420,000 tonnes between July and December 2008 and a resource base of 31 million tonnes. The acquisition provides Vimetco with a high quality in-house bauxite supply and allows it to control costs, while affording it a platform from which to explore other future development opportunities in Sierra Leone. Further exploration is planned in Guinea to find additional deposits. Given sufficient bauxite reserves, the construction of an alumina refinery in West Africa may be evaluated.

Quality

Vimetco's commitment to quality has been validated through numerous certifications. In Romania, the Company is certified ISO 9001, ISO 14001, EN 9100 and OHSAS-18001. The Nadcap certification obtained in 2008 is an important step towards becoming a future supplier to the aerospace industry. In China, the Company has ISO 14001 certification.

The Alro site, with its greater current focus on higher added value products, carries out continual quality improvements to ensure that the processed products manufactured fully meet customers' needs and expectations. Products other than ingots are alloyed according to customers' specifications in order to yield the desired properties. Beyond the principal properties of the manufactured materials, attention to quality also concerns the surface characteristics of finished products, the storage, transport and handling of materials, and the quality of packaging. Vimetco is also proud of its excellent delivery performance, free of lag times.

Employees

Vimetco places great importance on recruiting highly competent personnel for a wide range of posts, including managerial, commercial, technical, administrative and operational occupations. Aside from the management team located at the headquarters in Amsterdam and Zurich, almost all employees in Romania and China are nationals of these countries. Vimetco had an average staff count of 10,770 in 2008 (2007: 9,679 employees; see chart 6).

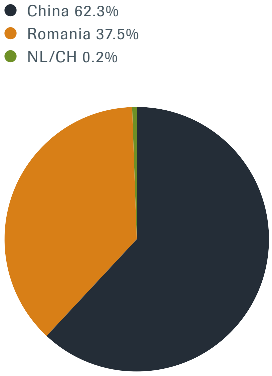
As the sites in Romania and China have very different operating constraints, there is a great deal of autonomy in the development and execution of local recruitment strategies. Nonetheless, Vimetco Group management has been working closely with Alro to support a new talent management system which will search for young, qualified people who can develop into a new generation of successful leaders.

Training of employees is a priority for Vimetco. Alro has a permanent training system in place which offers a wide range of programmes to all its employees as a function of their needs. An annual professional training programme prepares top and middle management with best practice in the aluminium industry, with a focus on professional improvement, the assessment of managerial skills, leadership, as well as more technical skills. In 2008, a new training programme was initiated entitled "Integrated management and leadership", which 31 managers attended. Alro offers certified vocational training for a range of occupations and has trained foreign specialists as well as students, of which those with the highest potential are often recruited.

The health, safety and well-being of its employees are of great concern to Vimetco. Through investments in new technologies, maintenance, infrastructure and employee training, the Company continuously strives to improve labour conditions while building greater awareness of risk and environmental issues. The Company is developing a system of occupational trauma prevention as well as early identification and elimination of occupational hazards and risks, involving broad staff participation and the 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. Health and safety was an area of particular focus in 2008, and various specific measures were taken to ensure a safe workplace. These included improving employees' visibility with appropriate clothing, promoting the regular use of hearing protection in noisy areas, revising procedures for the handling and transport of hazardous materials, and establishing a monthly report on accident rates. All employees attend ongoing training programmes to ensure safety on the job.

6

Distribution of global staff at Vimetco Group



As at 31 December 2008

Corporate Social Responsibility

Vimetco is committed to the highest environmental, safety and health standards. Corporate social responsibility issues at Vimetco are generally addressed at the regional level, taking into account local circumstances and legislation. Employees are trained on all relevant aspects of corporate social responsibility, with particular emphasis on the environment.

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

Environment
Vimetco has already invested millions of dollars in environmental projects and continues to invest in the environment, including in the reduction of greenhouse gases. Vimetco aims to reduce emissions of greenhouse gases and other pollutants by continuously modernising its production facilities and introducing innovative technologies.

Alro replaced its wet-fluoride-capture technology with dry scrubbing technology, which allows it to recover and reuse exhaust fluoride gases produced in the electrolysis process. The implementation of this technology has resulted in an increase in the fluoride gas-capture rate from 65% to over 99%. Furthermore, all exhaust gases comply with standard industry best practice. Overall greenhouse gas emissions have been more than quartered, and a drop in specific emissions was again achieved in 2008 (see chart 7). As an example, nitrogen is now used instead of carbon dioxide in the intermediate annealing furnace in Romania. The Company also built Romania's first ecological waste dump and halted the use of asbestos at the smelter many years ago.

Alro is also committed to meeting all the legal obligations under REACH (Registration Evaluation Authorisation and Restriction of Chemicals), a European legislation introduced in 2007 and regulating the use of chemicals in industry. Alro has started the pre-registration process and has established a specific team to deal with all the requirements of this legislation. Alro is also a member of the REACH Consortium, formed by the European Aluminium Association (EAA), which prepares chemical safety reports for aluminium and alumina.

Alro has a well-developed environmental management strategy, requiring it to regularly monitor and conduct environmental and health and safety assessments of its production facilities. This strategy has resulted in the certification of the Slatina facilities in accordance with ISO 9001, ISO 14001 and OHSAS-18001. Alro has installed advanced pollution control equipment to ensure cleaner operations and has received several awards and recognitions for its contribution to environmental conservation and safety over the last years.

The Company is applying eco-efficiency and safety measures throughout the entire production process, successfully meeting customer requirements in this field. 2008 saw a further decline in specific power and natural gas consumption. The Company is also involved in activities related to global environmental issues through active cooperation with international organisations on greenhouse gas emission reductions.

In 2005, Alro became one of the first companies in Romania to receive an Environmental Authorisation for more than ten years running, in recognition of its strong long-term investment plan in environmental projects. The Environmental Authorisation certifies that all the emissions created by the Company are in full compliance with EU standards.

Vimetco's Chinese operations regularly monitor and conduct environmental and health and safety assessments of their facilities. Yulian has held ISO 14001 certification since 1996, which also covers after-sale services. The Chinese operations have adopted a strategy related to environmental compliance that is based on the modification and enhancement of existing facilities with pollution control equipment to ensure cleaner operations. An environmental foreman who focuses on Yulian's compliance with environmental regulations is assigned to each of the Chinese facilities.

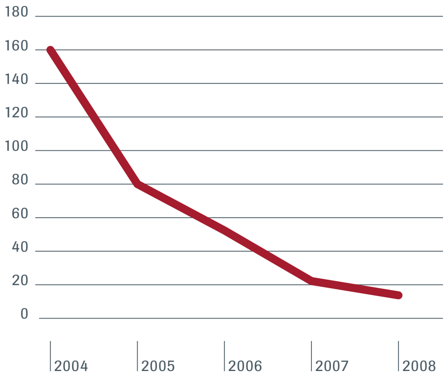
Both Yulian and Zhongfu provide on-going training programmes to their employees, with training exercises offered at least once a month. Zhongfu was awarded the Occupational Safety and Health Management certification by the Tinjian Quality Assurance Centre in 2001, and passed an audit in 2006 for the renewal of this certification.

7

Greenhouse gas emissions at Alro

Reductions in Carbon Fluoride (CF4) and Hexafluoroethane (C2F6)

(in g/t Al)



In Sierra Leone, an environmental assessment of the property acquired in 2008 was completed in 2003 and accepted by the government, which issued an Environmental Protection License for the operations. This license is valid until October 2013. The enforcement of health and safety standards on the property has improved substantially over the past few years.

Community

Alro is committed to improving the quality of life not only of its employees but also of residents of the areas surrounding its plant. The company works closely with the local community to identify areas where support is needed and actively participates in community life through corporate responsibility programmes, which include education, sports and health. Alro's charitable contributions amounted to more than USD 3 million annually. These have included the sponsorship of five ambulances at the local hospital in Slatina. In 2007, 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. Noted in particular were the Company's forward-looking environmental orientation as, well as its focus on training programmes and social responsibility.

In Sierra Leone, the Community Development Department ensures that dialogue is maintained with the communities in the Company's mining areas and that programmes agreed with the local community partners are implemented and monitored. In Sierra Leone, payments of surface rent to local communities and into the agricultural development for the area around the Company's operations have helped to stimulate the local economy, with the population of the district growing from 5,000 to over 100,000 people within a period of two years.

Vimetco contributes to the Sierra Rutile/Sierra Minerals Foundation, which was established for the purpose of financing sustainable community development initiatives in the mining area. These are intended to improve the socio-economic and infrastructural conditions in the chiefdoms affected by the Company's operations and in any other chiefdoms that may be affected by the Company's mining activities in due course. The work of the foundation includes overseeing and coordinating development activities, assessing and prioritising community needs, assisting infrastructure development and protecting and promoting community interests. The most recent donations, in October 2008, included grants to the Jenega Village Clinic and the Walihun Town Clinic and School.

Vimetco also contributes a percentage of its turnover from its mining operations in Sierra Leone to the Agricultural Development Fund. This money is then allocated to worthwhile agricultural projects in the mining area. Other community projects to which Vimetco has contributed have included the renovation and construction of water wells in a number of local villages, the clearing of a site and digging of foundations for a school and accommodation run by the Children of the Nations charity, and the supply of materials to community construction projects such as schools, churches and mosques.

In addition, Vimetco has a mine reforestation programme in place in Sierra Leone. When mines are closed, Vimetco carries out reforestation with cash crops such as cashew trees and oil palms, in consultation with the tribes, that will provide the best possible future income opportunities. Two to three years later, the land is handed over to its original owners in the tribe.

Business Review

Despite an eventful year marked by plummeting aluminium prices and high inventory levels, Vimetco achieved very good first half year results and then lessened the impact of the financial crisis through rapid cost-saving measures. The Company increased its sales on a consolidated basis by 52% and finished the year with a net profit of USD 71 million before impairment charge for China. The Company also made progress in implementing its vertical integration strategy.

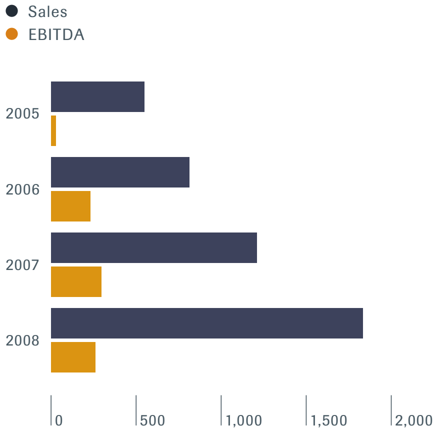
Financial Highlights

Sales and costs
Vimetco increased its sales on a consolidated basis by 51.5% to USD 1,833 million for the reporting period, which ended on 31 December 2008. Much of this increase is due to full-year consolidation of China, including the acquisition of Linfeng, gains from aluminium price hedges, as well as some sales originating from the newly acquired Sierra Leone bauxite mine, and higher production volumes over the whole year at existing operations. The production volume of electrolytic aluminium in China increased by 40% to 426,000 tonnes, while in Romania the production volume increased by 1% to 265,000 tonnes (see chart 1).

The cost of raw materials increased in the first 6 to 8 months of 2008 before falling, largely as a consequence of the drop in aluminium prices, which directly affect alumina prices, to reach USD 853 million for the year, an increase of 92% from 2007, mainly due to the full consolidation of the China segment and higher coal prices in China. Electricity, water and gas costs were USD 303 million, an increase of 32% from 2007. Reduction in personnel costs, despite an overall increase in staff levels, are a result of the cost saving measures in Romania, which were started early in 2008, and the strong depreciation of the RON during the second half of 2008. The total cost of goods sold for the entire year increased by 78.4% to USD 1,563 million.

1

Sales and EBITDA development 2005–2008



Positive net profit before impairment charge for 2008
Vimetco's gross profit for 2008 was down 19.1% to USD 270 million. EBITDA reached USD 259 million (–12.2% versus 2007), while the net profit before the impairment charge for China was down 63.5% to USD 71 million, a fairly good performance in light of the dramatic economic circumstances. However, an impairment charge of USD 215 million related to write-offs on goodwill in China led to a net loss for the period of USD 144 million.

The substantial depreciation of the RON versus the USD caused losses in foreign exchange hedging, but the overall outcome was in the Company's favour, as it has a large RON exposure, with electricity and labour, for example, purchased in RON while income from sales is mostly in USD.

Financial situation

Total cash available at Group level at year end 2008 (including restricted cash) amounted to USD 432 million. Most of the restricted cash is with the Chinese operation.

Net cash generated by operating activities increased 29.4% to USD 328 million. Net cash used in investing activities increased 218% to USD 682 million. The Group invested substantially, in particular in expansion projects in China. Capital expenditure on property, plant and equipment and intangible assets was USD 453 million in 2008, an increase of USD 220 million from 2007. Net cash provided by financing activities increased to USD 325 million (2007: USD 31 million), mainly a consequence of the net proceeds and repayments of loans.

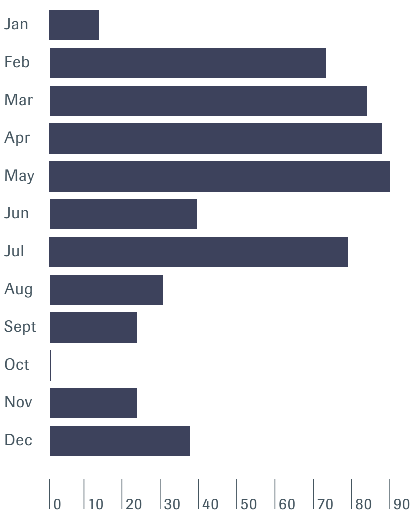
Debt increased at the Group level as a consequence of large budgeted investments in China. Vimetco's financial needs are covered through a shareholder loan granted by the majority shareholder Vi Holding which is due in 2013. Approximately USD 100 million of the shareholder loan was invested in China in the form of an intragroup loan, while the rest of the loan was mainly used to finance the acquisition of the bauxite mine in Sierra Leone.

Net debt increased by USD 446 million over the period to USD 1.12 billion. Net debt to total capital stood at 54.2% at 31 December 2008 (see chart 2 and 3).

2

Borrowing maturity profile in 2009

(monthly in USD million)

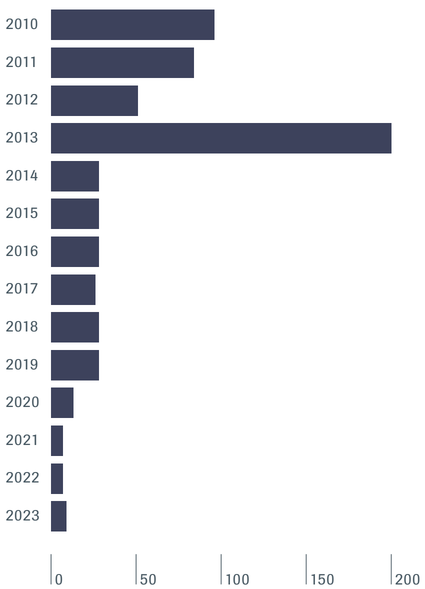


As at 31 December 2008

3

Borrowing maturity profile beyond 2009

(yearly in USD million)



As at 31 December 2008

Long-term loans can be secured in China against completed and commissioned projects. This was successfully achieved in February 2008 when Henan Zhongfu Power Co., Ltd. secured a 15 year loan in CNY, equivalent to approximately USD 270 million, against the two existing power plants. The conversion of short-term debt into longer-term debt will be continued, and Vimetco expects to secure another loan after completion of the third power plant during the first half of 2009. There is no cross-border finance in China, with financing provided by Chinese institutions. There is no indication of any issues in rolling short-term debt.

Romania has low indebtedness, most of which is long-term, and the site can cover interest and repayments by its own means and cash flow. At the holding level, aside from the shareholder loan there is a five year loan amortising annually with repayments in May.

Due to the current market situation, there has been a short-term shift towards maintaining financial stability and sufficient liquidity. The company's strategy remains valid but will be spread out over a longer time frame.

Operational Highlights

Vimetco made good progress in 2008 in implementing its vertical integration strategy and expanding its operations. The following is a summary of key highlights of Vimetco's operations in 2008 (described in more detail below):

- Upgrading of the cold rolling mill in Romania and doubling of production capacity for cold rolled products from 18,000 tpa to 36,000 tpa
- Establishment of a joint venture with Interagro for the evaluation of the construction of a power plant in Romania
- Full-year consolidation of the China segment, including Linfeng
- Increase in production capacity for primary and processed products in China by over 50%, including the completion of a 400 kA state-of-the-art facility in Gongyi and an increase in processing capacities at Yinhu by 60,000 tpa to 80,000 tpa for the production of casted band and foil
- Progress in construction of an additional power plant in China with 300 MW capacity, with completion expected in 2009
- Acquisition of a stake in a coal mine in Gongyi, China with workable reserves of 27 million tonnes, ensuring mining rights for 33 years
- Acquisition of a bauxite mine in Sierra Leone with a resource base of approximately 31 million tonnes of bauxite
- Grant of an exploration license for bauxite in Guinea.

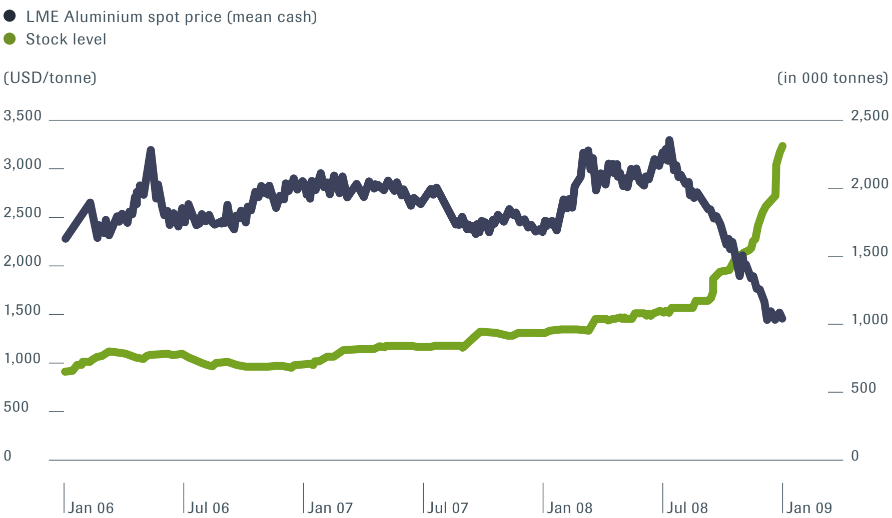
4

Aluminium price development

(USD/tonne)

5

LME 2006–2008 price and stock level developments



6

Expansion projects globally

Romania	West Africa	China
Power plant – Capacity: 2 x 660 MW	Bauxite mine – Further exploration to find additional deposits Alumina refinery – Given sufficient bauxite reserves the construction of a refinery will be evaluated	Production plants – Capacity: 490,000 tpa – 400 kA technology Cast house – Capacity: 300,000 tpa Processing plant – Capacity increase: 60,000 tpa Power Plant – Capacity: 300 MW

Market, price development
Aluminium price on the London Metal Exchange (LME) started 2008 at a spot price of USD 2,365 per tonne, rose to USD 3,291 in July and subsequently plummeted to a year end price of USD 1,454, a drop of 39% for the year and 56% from the peak. Chinese aluminium prices quoted on the Shanghai Metal Market (SMM) dropped in 2008 by 35.5% in local CNY currency and by 31% in USD, with a fall of 50.5% in CNY from the peak price in early March 2008. With the financial crisis and its effect on the economy, demand has remained weak while aluminium inventories have reached levels unseen since 1994, rising from 929,500 tonnes at the start of 2008 to 2,338,300 tonnes by the end of the year (see chart 4 and 5).

Important projects and investments
Vimetco budgeted approximately USD 800 million to be spent in 2008 on expansion projects and acquisitions in order to further pursue the Company's growth and vertical integration strategy. USD 550 million of this was to be spent in China on smelter expansion, a cast house and an additional power plant. USD 65 million was budgeted for Romania in order to further strengthen Alro's position on added value products. Further details on the projects in Romania and China are described above in the country segments (see chart 6).

The remainder of the expansion and acquisition budget was held ready for the acquisitions of coal and bauxite mines. In July 2008, Vimetco announced the purchase of a bauxite mine in Sierra Leone, a further step towards the Company's goal of achieving full vertical integration. The bauxite mining lease covers an area of 322 km^2 located approximately 150 km southeast of Freetown. The mine produces high grade metallurgical bauxite, which is used as a process "sweetener" by major alumina refineries. Vimetco was also granted exploration licenses in Guinea in autumn 2008.

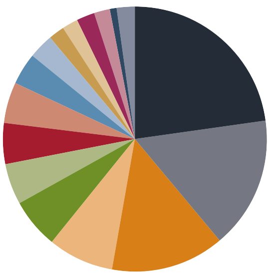
Romania segment
Vimetco invested a total of USD 60 million in Romania in 2008, which was used for the upgrading of processing facilities, the replacement of rectifiers, a new alumina silo and the support of environmental protection projects. These investments in modern equipment have provided the Company with greater flexibility in adapting the product mix to meet customer needs and meeting requests

7

Main markets for Alro's primary products in 2008

(in % of sales in USD)

- Romania 23%
- Greece 16%
- Hungary 14%
- Poland 8%
- UK 6%
- Slovenia 5%
- Switzerland 5%
- Czech Republic 5%
- Italy 4%
- Serbia/ Montenegro 3%
- Germany 2%
- Bulgaria 2%
- Slovakia 2%
- Austria 2%
- The Netherlands 1%
- Others 2%



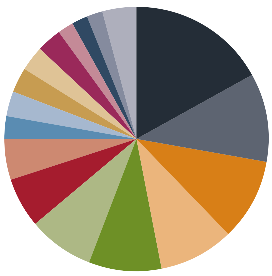
Net premia for primary products decreased on average by 8% in 2008 versus 2007.

8

Main markets for Alro's flat rolled products in 2008

(in % of sales in USD)

- Germany 17%
- Italy 11%
- Poland 10%
- UK 9%
- Israel 9%
- Romania 8%
- USA 6%
- Czech Republic 5%
- Spain 3%
- Denmark 3%
- Switzerland 3%
- Belgium 3%
- France 3%
- The Netherlands 2%
- Austria 2%
- Turkey 2%
- Others 4%

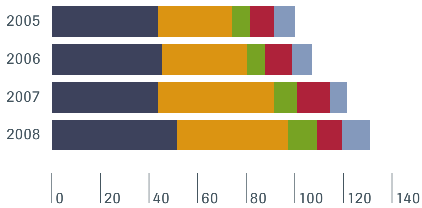


Net premia for flat rolled products remained stable in 2008, compared to 2007.

9

Romania: cash cost development 2005–2008

- Alumina
- Power
- Anodes
- Labour
- Others



Indexed: 2005=100; cost basis in USD; cash costs as defined by AME

for half-commercial tolerances in higher added value products.

In line with the Company's increasing shift towards higher added value products, the cold rolling mill was upgraded during the first quarter of 2008, doubling the production capacity for cold rolled products from 18,000 tpa to 36,000 tpa and further improving the quality. Despite the interruption, output increased by 13.8% over the full year 2008 to 11,215 tonnes of coils and sheets (2007: 9,864 tonnes).

Alro has been focussing for several years on improving the overall quality of flat rolled products. Significant progress was made in 2008, the result of the systematic investment programme of the last years covering the whole production chain. Dedicated customer focus and high flexibility are the Company's main guiding principles. The positive feedback received at the Aluminium Fair Essen confirmed the success of all the efforts undertaken.

In April, Vimetco announced the launch of a joint venture with Interagro – TM Power – to evaluate the construction of a power plant in Romania.

Cost-saving measures were initiated early in Romania, well before the financial downturn. The headcount was reduced by 936 employees in two phases over the course of 2008.

In November, Vimetco and Alro management agreed to cut production by reducing amperage in the pot lines and not recommissioning single pots needing to undergo regular maintenance. In December it was agreed to further reduce production as the market conditions continued to deteriorate, and at the end of the month the suspension of one of the six potlines in operation was carried out.

The Romania segment posted 2008 sales of cast aluminium of 214,000 tonnes, compared to 220,000 tonnes in 2007. Sales of processed products stood at 35,000 tonnes, comparable to 2007. Sales reached USD 825 million in 2008, while cost of goods sold stood at USD 599 million, resulting in a

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Romania segment

Production volumes (tonnes)	2005	2006	2007	2008
Electrolytic aluminium	239,000	255,800	262,505	**264,752**
Cast aluminium	243,606	262,056	283,449	**288,157**
Processed products	40,006	41,005	35,114	**34,599**

Sales volumes (tonnes)	2005	2006	2007	2008
Cast aluminium	186,057	226,294	219,882	**213,967**
Processed products	39,433	40,291	35,180	**35,602**

11

China segment

Production volumes (tonnes)	2006	2007	2008
Electrolytic aluminium	182,200	304,400	**426,244**
Processed products	14,720	17,000	**56,214**

Sales volumes (tonnes)	2006	2007	2008
Cast aluminium	185,000	303,000	**374,010**
Processed products	14,700	17,000	**54,870**

gross profit of USD 226 million and a gross profit margin of 27.3%. Profit for the year 2008 amounted to USD 83 million with a respective margin of 10%. On average a total of 4,392 employees worked for the Alro Group in 2008.

Net premia for flat rolled products remained stable in 2008, compared to 2007.

China segment

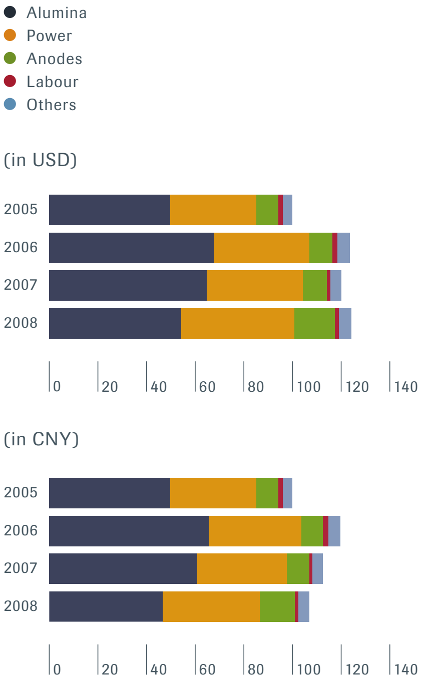
In China, expansion projects worth USD 480 million were carried out in 2008 at two sites, leading to an overall increase in production capacity for primary and processed products in China of over 50% in 2008. At the Yinhu site in Gongyi, capacity for processed products, specifically casted band and foil production, was increased from 20,000 tpa to 80,000 tpa, in line with the Company's strategic focus on added value processed products. An energy-efficient, state-of-the-art 400 kA technology production facility was constructed in Gongyi, completed in a record of less than ten months after work started in January 2008. A cast house using advanced processing equipment with a capacity of 300,000 tpa is scheduled for completion in 2009. Construction of an additional power plant with 300 MW capacity also progressed as planned, with completion expected during the second quarter of 2009.

In Linzhou, construction of an additional facility with a capacity of 250,000 tpa was postponed, although work already committed to will be completed.

The market situation in China started to become critical several weeks earlier than it did in other areas. Already in June-July, first production cuts were being discussed among members of the China Nonferrous Metals Industry Association. Vimetco decided jointly with local management at the end of September to reduce output, and in October announced a cut of 80,000 tpa, to which an additional cut of 15,000 tpa was added in November. Less efficient capacities have been taken out of operation,

12

China: Cash cost development 2005–2008



Indexed: 2005=100; cash costs as defined by AME

mainly smaller pots based on older technology. Smaller, less efficient power plants have also been taken out of production. At the end of 2008, electricity was being generated mainly by the two 300 MW power plants.

The original acquisition price for the Chinese entities anticipated considerable growth in smelter and processing capacity. Following the recent significant weakening of the global economy and the aluminium industry, many of these growth projects have been deferred or are not as profitable as originally anticipated. This resulted in the impairment charge of USD 215 million.

The China segment posted 2008 sales of cast aluminium of 374,000 tonnes, compared to 303,000 tonnes in 2007, on a pro-forma basis. Sales of processed products stood at 55,000 tonnes, over three times as high as in 2007. Sales reached USD 998 million in 2008, while cost of goods sold stood at USD 952 million, resulting in a gross profit of USD 45 million and a gross profit margin of 4.6%. Mainly due to the goodwill impairment charge the Chinese operations ended the year with a loss of USD 226 million. On average a total of 6,359 employees worked for Vimetco Group companies in China in 2008.

Sierra Leone segment

The acquisition of a bauxite mine in Sierra Leone (Sierra Mineral Holdings I, Ltd.) contributed a further USD 11 million to Group sales through the sale of bauxite to third parties. Cost of goods sold amounted to almost USD 12 million, resulting in a gross loss of USD 1 million and a net loss for the year of USD 3 million.

On a full year basis sold volumes decreased by 23% compared to 2007, while the sales price was 8% higher than in 2007.

The bauxite mine is operated by a subcontractor, PW Mining, under a mining lease with the Government of Sierra Leone. Operations are supervised by a mine manager employed by Vimetco, so SML employed no local staff in 2008.

13

Sierra Leone segment

Production volumes (tonnes)	2008*
Bauxite	**422,431**

Sales volumes (tonnes)	2008*
Bauxite (incl. moisture)	**399,561**

* Since acquisition by Vimetco: end July – December 2008

Priorities and Outlook for 2009

Experts calculated production cuts of 5.5 million tonnes globally, 3.5 million tonnes of which in China, as of January 2009. In light of the dramatic economic developments, aluminium demand is expected to fall by 2% – 3% in 2009. A sizeable surplus is expected, with no relief for aluminium prices in the first half of 2009. Inventories are likely to continue growing in 2009, and prices may stay depressed until inventory levels reverse course and drop. Relief is expected at the earliest during the second half of 2009, most probably towards the end of the year.

The impact of the actions taken by governments to support the local and global economies will play a decisive role in 2009. Support for domestic production in excess of current demand levels might lead to further increases in inventory levels and further pressure on prices. On the other hand, several governments have promised very large stimulus packages, mainly focused on infrastructure. It will take time until their effects are noticed in the market and a delay of 12 to 15 months may be needed until the aluminium industry begins to benefit.

Vimetco is committed to meeting the various challenges that exist. Production levels and the product mix will be adjusted in light of uncertain demand. Cost-cutting measures will be ongoing, and the Company will continue to source raw materials at the most affordable prices. It will be necessary to stabilise sales premia in Romania as much as possible, while in China the Company will strive to obtain suitably high premia for added value casted products such as wire rod, slabs and billets. Vimetco will continue to develop new products that it can make available to the respective sales teams and gain new customers in new and growing market segments, rather than continuing to depend on sales to intermediaries.

The near-term priorities are to maintain cash levels to service debt repayments and interest payments, ensure competitiveness by further reducing costs, and adjust output in a timely manner to stay in line with demand and consumption.

Corporate Governance

Vimetco is committed to safeguarding the interests of its shareholders. Effective oversight and control processes as well as transparent communication of information all play an important role. Vimetco respects the internationally recognised standards of the Dutch Corporate Governance Code as well as the Listing Rules of the London Stock Exchange.

Share Capital

Vimetco's issued share capital on 31 December 2008 was made up of EUR 21,948,472 split into 219,484,720 common shares of EUR 0.10 each. Each share gives the right to cast one vote. Pre-emptive rights accrue to shareholders upon the issue of shares against payments in cash.

In 2007, the GDR Depository, J.P. Morgan Chase Bank, N.A., issued 65,845,416 global depository receipts ("GDRs"), representing the interest in the same number of shares in Vimetco's capital, as well as any securities, cash or other property deposited with the Depositary but which have not been distributed directly to holders of GDRs ("the Offering"). A GDR holder may instruct the Depositary how to exercise the voting rights for the shares which underlie the GDRs. The Depositary will not itself exercise any voting discretion.

The General Meeting of Shareholders is competent to adopt a resolution for the issue of shares and to fix the issue price and any additional conditions of issue. Vimetco's Articles of Association provide that the General Meeting of Shareholders may designate the Board of Directors as the body competent to adopt such resolutions for the issue of shares, to fix the issue price and additional conditions and to restrict or exclude statutory pre-emption rights for a fixed period not exceeding five (5) years. This designation may be extended each time for a maximum period of five (5) years. A designation as set out above was made on 20 June 2007 in connection with the Company's equity incentive compensation scheme (ICS) as described below, on the understanding that this authority is limited to a maximum of 6,270,990 shares of EUR 0.10 each for a period ending five years from 20 June 2007.

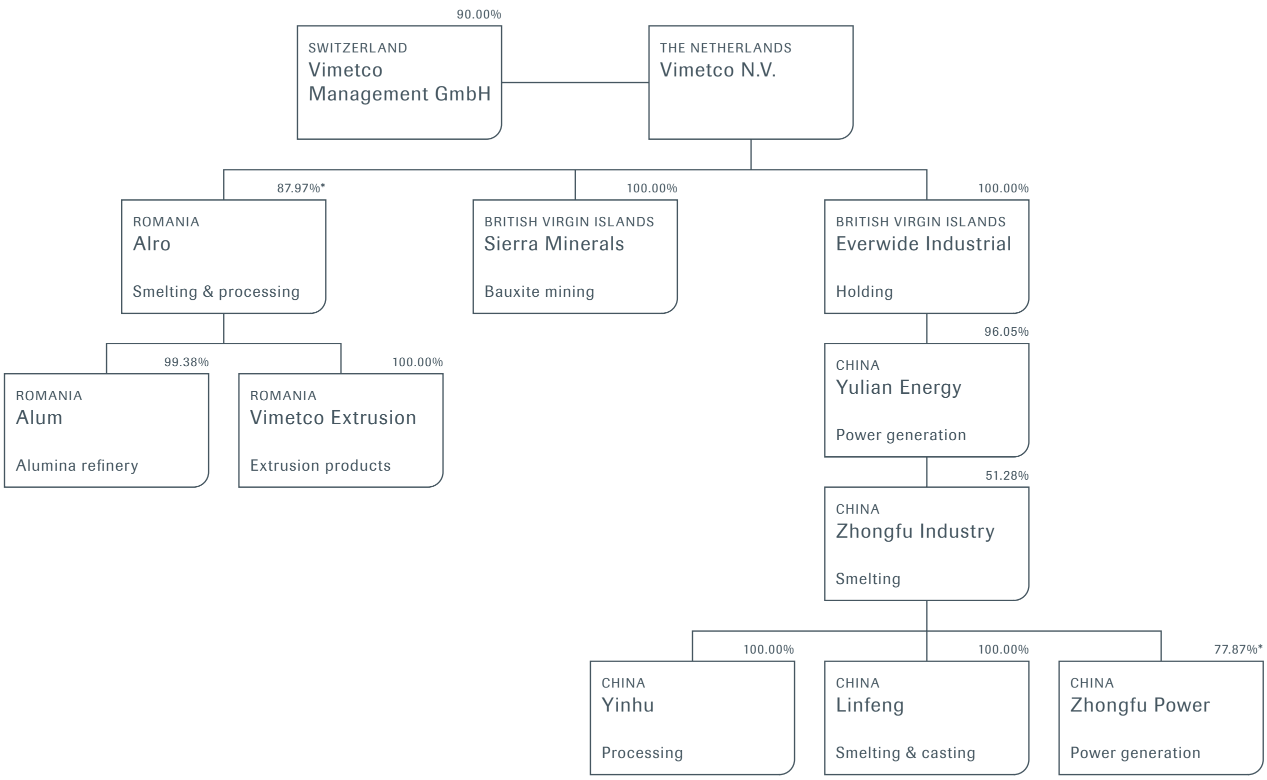
Subject to the authorisation of the General Meeting of Shareholders, Vimetco may acquire paid-up shares and GDRs on its own capital gratuitously or in case (a) the common equity, reduced by the price of the acquisition, will not be smaller than the paid and claimed part of the capital, increased by the reserves that shall be kept by virtue of the law, (b) the nominal amount of the shares or GDRs to be acquired in its capital held or held in pledge by Vimetco itself or held by a subsidiary, will not exceed one tenth part of the issued capital. The Board of Directors may adopt a resolution for the alienation of shares or GDRs acquired by Vimetco in its own capital. The General Meeting may also adopt a resolution for the reduction of issued capital by withdrawing shares or by reducing the nominal amount of the shares in an amendment of the Articles of Association. So far the General Meeting of Shareholders has not adopted such resolutions.

Shareholders

Significant shareholders in 2008 were Vi Holding N.V. (59.4%) and Willast Investments Limited (10%).

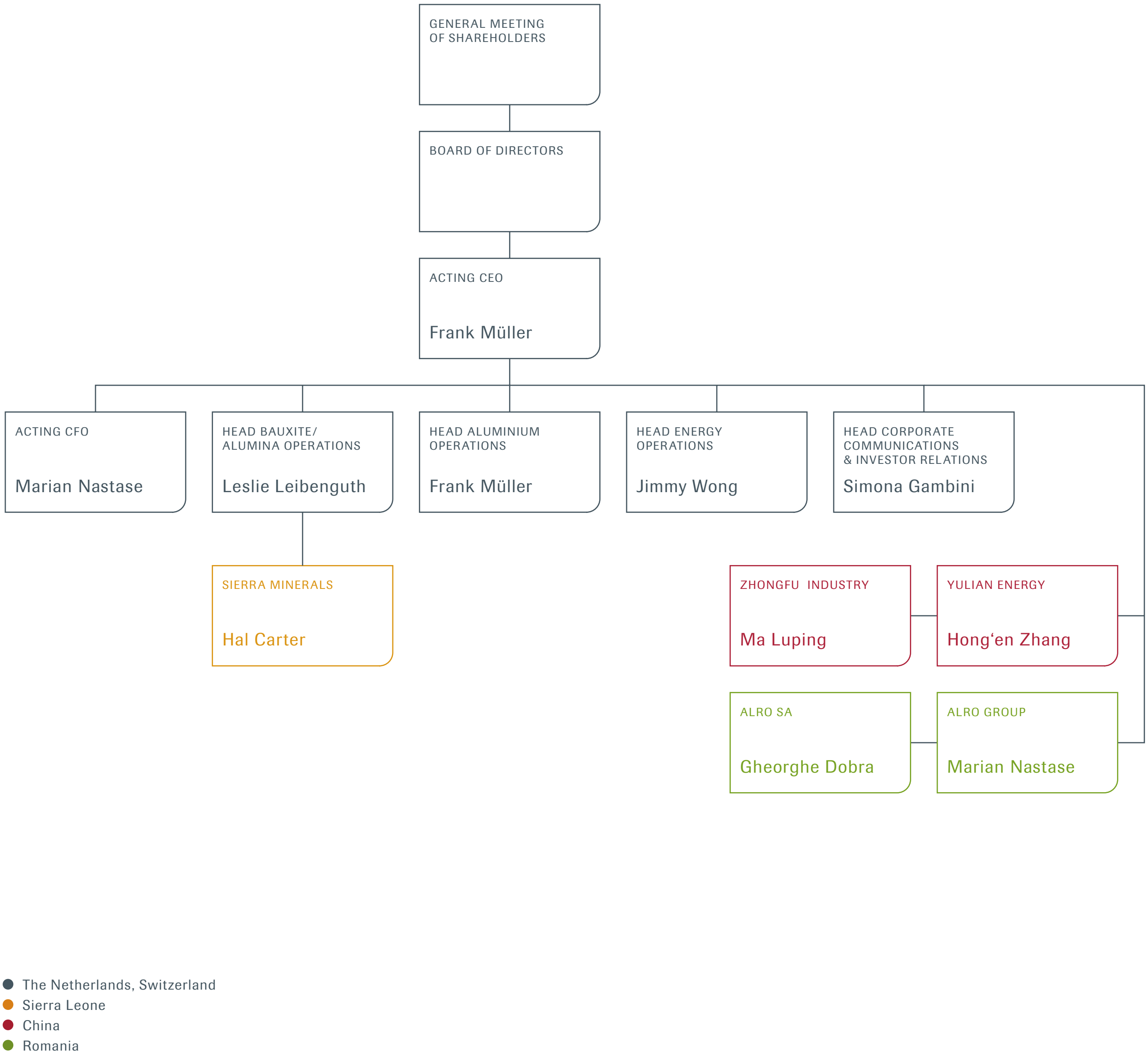
Vimetco's shareholders exercise their rights through an Annual and Extraordinary General Meetings of Shareholders. These meetings must be held in the Netherlands, and specifically in the municipalities of Amsterdam or Haarlemmermeer (Airport Schiphol). The General Meeting is convened at least once a year, within six months following the end of the financial year. The Shareholders' Meetings are chaired by the Chairman of the Board. Minutes of the meetings 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, on a relative proposal of the Board of Directors, amendments of the Articles of Association. They also include the appointment of the Auditor. Should the General Meeting not appoint the Auditor, then this power accrues to the Board.

Simplified Group structure (as at 31 December 2008)



* held directly and indirectly

Organisational chart (as at 20 March 2009)



Resolutions are adopted by a simple majority of the votes cast in a meeting at which at least 50% of the issued capital is represented, unless the law or the Articles of Association prescribe a larger majority or quorum. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting. There are no shareholders that hold shares with special control rights.

At the General Meeting of Shareholders held on 17 June 2008, the shareholders were informed that it is the general intention of the Board of Directors that Vimetco will make distributions to its shareholders of approximately 20% of consolidated net income on average over the aluminium price cycle. Any future determination regarding distributions to shareholders will be at the discretion of the Board of Directors and will depend on a range of factors, including the availability of distributable profits, Vimetco's financial position, restrictions imposed by the terms of loan instruments, tax considerations, ongoing capital and cash requirements, planned acquisitions, and any other factors the Board of Directors considers relevant. Due to the nature of Vimetco's strategy, focus on growth and the structure of earnings, dividend distributions may vary from year to year. The proposal of the Board of Directors not to pay a dividend for 2007 was adopted, as cash flows will be used to pay back a loan and for the investment in expansion projects.

Furthermore, the Annual Report 2007 was reviewed at the 2008 Annual General Meeting of Shareholders and the 2007 Annual Accounts were adopted.

Significant ownership of shares/GDRs

Pursuant to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Vimetco's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets ("Autoriteit Financiële Markten") (the "AFM") if, as a result of that acquisition or disposal, the percentage of outstanding capital interest or voting rights held by that person or legal entity reaches, exceeds or falls below any of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

The obligation to notify the AFM also applies when a percentage of outstanding capital interest or voting rights held by any person or legal entity reaches, exceeds or falls below a threshold as a result of a change in the total outstanding capital or voting rights of Vimetco.

Takeover Directive

Following implementation of the EU Takeover Directive, certain information is required to be disclosed in relation to control and share structures and interests of Vimetco. Such disclosures which are not covered elsewhere in this Annual Report, include the following:

- there are no requirements to obtain the approval of Vimetco for a transfer of securities;
- there are no restrictions on voting rights, deadlines for exercising voting rights, or on the issuance, with Vimetco's cooperation, of depository receipts;
- other than the Equity Incentive Compensation Scheme described below, there are no employee share schemes where the control rights are not exercised directly by the employees;
- Vimetco is not aware of any agreements between holders of securities which may result in restrictions on the transfer of securities or on voting rights other than the Share Swap Agreement that was concluded on 5 June 2007, inter alia, by Vimetco B.V. (now Vimetco N.V.), Romal Holdings N.V. (subsequently renamed Vi Holding N.V.) and Willast Investments Limited and its owners. This agreement contains restrictions on the transfer of the shares, such as a lock-up arrangement for Willast Investments Limited until 31 December 2011 (subject to certain exceptions). Furthermore, any of Vimetco's shares transferred by either Willast Investments Limited or Vi Holding N.V. are subject to mutual pre-emptive rights;
- Vimetco and its subsidiary Alro are a party to several facility agreements which include provisions that take effect, alter or terminate such an agreement upon a change of control (including, amongst others, pursuant to a successful takeover bid). The specific details of these agreements are confidential.
- Vimetco does not have any agreements with any Board members or employees that would provide compensation for loss of office or employment resulting from a takeover bid.

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Board of Directors

Pierre Baillot (1)
Chairman
Independent Non-Executive Director
Acting CEO January – March 2009
(resigned on 18 March 2009)
Elected until: 2009
French national; age: 63
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
Current: none
Previous: Pechiney Nederland, Aluminium of Greece, Aluminium Dunkerque, Alucam, Tomago Aluminium, E.C.L., Carbone Savoie and Aluminerie Becancour.

Vitaliy Machitski (2)
Vice Chairman
Non-Executive Director
Elected until: 2009
Board committee membership:
Audit Committee,
Remuneration Committee
Israeli national; age: 54
Mr. Machitski has served as Vice Chairman of Vimetco's Board of Directors since 2007. From 1999 to 2005, he served as Chairman of Rinco Holding Management Company, LLC (formerly named CJSC Rosinvestcenter), and from 1998 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
Current: none
Previous: Rinco Holding Management Company, LLC.

Vyacheslav Agapkin (3)
Non-Executive Director
Elected until: 2009
Russian national; age: 59
Mr. Agapkin serves as General Director for the International Institute of Construction in Moscow and as a member of the Board of Vi Holding, LLC. 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), Vi Holding, LLC
Previous: none

James Currie (4)
Independent Non-Executive Director
Elected until: 2009
Board committee membership:
Audit Committee (Chairman),
Remuneration Committee
British national; age: 67
From 1997 to 2001, Mr. Currie 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 (5)
Non-Executive Director
Elected until: 2009
Russian national; age: 65
Mr. Krasnov serves as First Vice President, and CEO of Rinco Holding Management Company, LLC and is Chairman of the Board of Vi Holding, LLC. Previously he held senior positions at a number of Russian companies, including OJSC Rosinvestneft, where he served as First Vice President and General Director. From 1991 to 1993, Mr. Krasnov was Chief of Secretariat of the Vice-President under the Russian Federation Presidential Administration. He also held several senior diplomatic positions in the Ministry of Foreign Affairs and Russian Embassies around the world. He finished his diplomatic career as Minister-Counsellor, Extraordinary and Plenipotentiary. 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.
He is the author of a number of books and publications on political studies.
Directorship positions in other companies within the past five years
Current: Vi Holding, LLC, Tur Energy, Bosphorus Gas Corporation, Rinco Holding Management Company, LLC.
Previous: none

Rolf Steinemann (6)
Executive Director
(resigned on 20 March 2009)
Elected until: 2009
Swiss national; age: 40
Mr. Steinemann served 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. Before that, Mr. Steinemann served as Vice President and Head of Debt Origination at ABB Export Bank (Zürich), a member of the ABB Group. Mr. Steinemann has more than ten years of banking and finance experience. He holds a degree in economics and business administration from the University of Applied Science (Zürich) and is a Chartered Financial Analyst (CFA).
Directorship positions in other companies within the past five years
Current: none
Previous: RoadtoData AG.

Christian Wüst (7)
Executive Director
(resigned on 29 December 2008)
Elected until: 2009
German national; age: 45
Mr. Wüst served 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.
Directorship positions in other companies within the past five years
Current: none
Previous: none

Gaobo Zhang (8)
Non-Executive Director
Elected until: 2009
Chinese national; age: 44
From November 2003 to June 2007, Mr. Zhang served as the Chairman of Yulian Energy. 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: Wisland Investments Limited, Golden Investor Investments Limited, Suremind Investments Limited, Keynew Investments Limited, Profit Raider Investments Limited, Beijing Enterprises Water Group Limited, Oriental Patron Financial Group Limited, CSOP Asset Management Limited, Guotai Junan Fund Management Limited, 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, Ottness Investments Limited, Oriental Patron Investment Consulting (Shenzhen) Limited
Previous: Lucky Unicom Investments Limited, Oriental Patron China Investment Limited, Oriental Patron Property Limited, Beijing Kava Online Technology Company Limited

Bernard Zonneveld (9)
Independent Non-Executive Director
Elected until: 2009
Board committee membership:
Remuneration Committee (Chairman),
Audit Committee
Dutch national; age: 53
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: Netherlands-Russian Council for Trade Promotion, Netherlands-Ukraine Council for Trade Promotion, MC Estar
Previous: International Energy Credit Association (IECA), Severstal Auto, Netherlands-Kazakh Council for Trade Promotion

Appointment

Vimetco has a one-tier board, consisting of both Executive and, as a majority, Non-Executive Directors. The General Meeting of Shareholders appoints, suspends or dismisses a member of the Board of Directors by a simple majority of the votes cast in a Shareholders' Meeting at which at least 50% of the issued capital is represented. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting. A member of the Board of Directors is appointed for a one-year term and is eligible for reappointment. An Executive member of the Board may hold a maximum of two supervisory board memberships in listed companies. An Executive member of the Board may not act as chairman of a supervisory board or the board of directors of another listed company.

At the 2008 General Meeting of Shareholders, the members of the Board of Directors were granted a discharge vis-à-vis Vimetco for their management as described by the 2007 Annual Report. Furthermore, all existing members of the Board of Directors were reappointed.

On 29 December 2008, Christian Wüst resigned from his post as CEO and Member of the Board of Directors (effective as of 5 January 2009) and Pierre Baillot and Rolf Steinemann stepped down from all functions within the Group on 18 March 2009 and on 20 March 2009 respectively. Frank Müller was subsequently nominated by the Board as new interim CEO and Marian Nastase was appointed by the Board on the same day as interim CFO. All existing Non-Executive Directors will be nominated for a new term at the 2009 General Meeting of Shareholders.

Group Management

Christian Wüst
Chief Executive Officer
(resigned on 29 December 2008)
Please see page 25.

Frank Müller
Acting Chief Executive Officer
(starting 20 March 2009)
Prior to being appointed as acting CEO on 20 March 2009 Frank Müller was responsible for Aluminium related projects and processing improvements at Vimetco N.V. Dr. 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, Dr. Müller worked for Amag/Austria and Aleris/Koblenz (formerly Hoogovens Aluminium). Dr. Müller has more than twenty years of experience in casting and processing of aluminium, working as manager for production departments in various positions. Dr. Müller has a PhD degree in Metallurgy from Technische Universität Bergakademie of Freiberg/Sachsen.

Rolf Steinemann
Chief Financial Officer
(resigned on 20 March 2009)
Please see page 25.

Simona Gambini
Vice President
Head of Corporate Communications 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 organisational psychology from the University of Zurich, as well as an Executive Master of Science 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.

Jimmy Wong
Vice President
Head of Energy Project Development
Jimmy Wong is responsible for originating and implementing new energy projects and initiatives for Vimetco N.V. 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 and business development, project execution and engineering. Mr. Wong holds degrees in engineering from the University of California, Berkeley, and the University of Houston, Texas.

Marian Nastase
Acting Chief Financial Officer of Vimetco N.V.
(starting 20 March 2009)
Alro Vice President and Country Manager Romania
Marian Nastase has served as Alro's Vice President and Country Manager Romania since 2002 before he was appointed as acting CFO on 20 March 2009. 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, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.

Gheorghe Dobra
Alro General Manager
Gheorghe Dobra has served as Alro's General Manager since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 24 years of experience in the aluminium industry and has worked for Alro since 1984. He has held a number of different positions within Alro, including that of engineer and head of the anode plant, cast house, smelting plant and production planning and monitoring department. Mr. Dobra holds a degree in chemical engineering and a doctorate in material science and engineering from Polytechnic University of Bucharest, as well as an executive master's degree in business administration from the Business and Public Administration Institute, Bucharest, which collaborates closely with the University of Washington, Seattle/USA. He is CEFRI certified (leadership and planning strategy training programme).
Mr. Dobra is the (co-) author of several publications and also patents in the field of smelting technology.

Hong'en Zhang
Chairman of Yulian Energy
Hong'en Zhang has served as Chairman of Yulian Energy Group Co., Ltd. since 2007 and as Chairman of Zhongfu Industrial Co., Ltd. between 1993 and 2007. From 1981 to 1993, Mr. Zhang served as factory manager at the Gongyi City Power Plant. He is a member of the Chinese Communist Party and serves on the Gongyi City People's Congress Standing Committee. In 2008, Mr. Zhang has been elected as a deputy to the National People's Congress (NPC), the highest organ of state power in China. He holds a law degree from Zhongnan University of Economics and Law, Wuhan City, and an EMBA Degree from Tsinghua University, Beijing.

Luping Ma
Chairman of Zhongfu Industry
Luping Ma has served as the Chairman of Zhongfu Industrial Co., Ltd. since September 2007. Since 1993, he is Zhongfu's General Manager. Between 1975 and 1993, Mr. Ma served as workshop manager, assistant factory manager of the Gongxian County Power Plant, Vice General Manager of Gongyi Zhongfu Company, General Manager of Zhongfu Electricity Company. Mr. Ma is a member of the Chinese Communist Party. He holds a diploma in economic management from Zhengzhou University and a diploma in engineering from Zhengzhou Industrial College, Zhengzhou.

Responsibilities and functions of the Board of Directors and Group Management

Function of the Board of Directors and its committees

The function of the Board of Directors is to supervise the policy of the Group Management and the general course of events in the Company and its business, as well as to provide advice to the Group Management. The Board of Directors has two standing committees: the Audit Committee and the Remuneration Committee. The organisation, powers and modus operandi of the Board of Directors are detailed in the Board Rules. The division of tasks among the members of the Board, more specifically the tasks, rights and obligations entrusted by the Board to the Executive members of the Board, are detailed in the Framework Document.

Function of Group Management

The Group Management is responsible for the management of Vimetco, which includes responsibility for achieving the Company's objectives and for the Company's results, as well as for determining the Company's strategy and policy. It also includes the day-to-day management of Vimetco and its local operations in Romania, China and Sierra Leone.

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 Vimetco's results, and to supervise Vimetco'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.

Remuneration and Share Ownership 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 2008 was USD 3.09 million in salary, bonuses and pension contributions. In 2006, no remuneration was paid to the members of the Board and in 2007, the total compensation amounted to USD 3.38 million. No member of the Board of Directors is entitled to any benefits upon termination of his employment.

Vimetco does not provide loans to members of the Board of Directors nor to members of the Group Management. There are no loans outstanding.

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 variable package of awards which may comprise restricted stock units ("RSUs"), representing the unsecured right to receive global depository receipts ("GDRs") free of charge at a pre-determined future point in time, as well as cash and purchase options on GDRs. So far, no purchase options on GDRs have been granted. 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. All GDRs allocated through the ICS are subject to a pre-emption right in favour of Vimetco. Shares or GDRs acquired through the ICS are not subject to any blocking or vesting conditions. However, employees holding shares/GDRs acquired through the ICS are required to vote on the occasion of a Vimetco Shareholders' Meeting in line with any recommendations made by the Board of Directors. This restriction forfeits if the shares/GDRs are sold or otherwise transferred by the employee.

Holdings on 31 December 2008:

Name	Number of shares/GDRs
Christian Wüst	16,416 (GDRs)
Rolf Steinemann	6,566 (GDRs)
Valery Krasnov	1,111,111 (shares)[1]
Vyacheslav Agapkin	555,556 (shares)[2]

1 None of these shares has been granted as a part of the incentive compensation scheme
2 None of these shares has been granted as a part of the incentive compensation scheme

(For further details please see page 71, Note 21 and pages 104 and 105, Note 14).

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 including the amendments incorporated in December 2008, 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 not currently fulfil the respective criteria. Vimetco is nevertheless convinced that its Board of Directors meets the highest standards in terms of strong and effective leadership of the Company.
– Composition of a one-tier management board: While the Dutch Code recommends that the chairman of the management board may not also be or have been an executive director, our former Chairman of the Board of Directors, Pierre Baillot, acted as an executive director (CEO ad interim) for a short period, from early January through mid March, prior to the appointment of Frank Müller as interim CEO. With Pierre Baillot, Vimetco had a highly knowledgeable person on the Board of Directors who was prepared to take over the task of interim CEO upon short notice. With the appointment of Mr. Müller as interim CEO, and the resignation of Pierre Baillot, the Chairman of the Board is no longer also an executive director. The election of a new Chairman of the Board as well as the election of new members of the Board of Directors is expected at the next General Meeting of Shareholders. A decision on a permanent appointment of the CEO is expected in 2009.
– 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 Share Dealing Code 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 and complies with the Policy Guidelines recommended by the AFM. The code adopted applies to the members of the Board of Directors and other relevant employees of the Group.

Risks & Risk Management

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 with 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 materials. The Company also uses sophisticated risk management techniques to control its raw material and energy costs.

The following are the main risks related to the Company's business and strategy:

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 historically been volatile and subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty, the overall performance of global and regional economies, currency fluctuations and 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. These industry developments combined with excess production capacity has exerted, and may in the future continue to exert, downward pressure on the prices of aluminium and certain aluminium products.

Increasing energy prices
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 more quickly in Europe, partly 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, in part due to compliance costs related to existing regulations, such as the EU ETS, and 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. Romania also faces a future electricity generation deficit. Vimetco has taken steps to ensure energy independence through the construction of its own power generating plants in China.

Bauxite and alumina procurement synergies
Alumina is the principal material used to produce aluminium, while bauxite is the raw material from which alumina is refined. Although Vimetco recently acquired a bauxite mine, the Company still 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. Vimetco's potential internal production of alumina from bauxite mined in Sierra Leone could remove some concerns about cost and availability of alumina.

Emerging markets – potential and risks
While Vimetco's main production operations are located in emerging markets with above average growth potential, the markets also come with higher risks and uncertainties than in more developed countries. Vimetco's operation of its newly acquired bauxite mine in Sierra Leone carries with it its own set of risks and challenges associated with its presence in an African country, where politically induced risks tend to be higher than in other areas of the world.

The Group's operations could potentially be affected by a strengthening of existing regulations or the introduction of new regulations, laws and taxes. 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, China and Sierra Leone.

Hedging policy (FX and aluminium price risk)
Aluminium prices are denominated in USD while the Group's production is located outside the USA, subjecting 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 and foreign exchange rate fluctuations. While doing so, Vimetco follows a conservative hedging policy.

Interest rate risks
The Group's net debt increased in 2008 by 66% to USD 1,120 million (2007: USD 673 million). The external financing allowed Vimetco to pursue its vertical integration strategy, most importantly through the expansion of capacity in China and the acquisition of a bauxite mine in Sierra Leone. As a result of the increase in net debt, there has been a corresponding increase in Vimetco's interest rate risk. Approximately 80% of the debt capital consists of variable interest rate loans. If interest rates had been 100 basis points higher/lower and all other variables held constant, the Group's profit for the year ended 31 December 2008 would have decreased/increased by USD 9,725 (2007: USD 7,770). The Group's sensitivity to interest rates has increased during the current period because of new loans obtained to finance the expansion projects in China. USD 677 million of the debt capital is repayable in less than two years. There is a risk that Vimetco may have to refinance these loans at higher interest rates upon their expiration.

Annual declaration on risk management and control systems
Vimetco supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.4:

The Board of Directors is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risks and can only provide reasonable but not absolute assurance that assets are safeguarded, the risks facing the business are being addressed and all information required to be disclosed is reported to the Board of Directors within the required time frame. Vimetco's procedures cover financial, operational, strategic and environmental risks. The Board of Directors has also established a clear organisational structure, including delegation of appropriate authorities. The Board of Directors has overall responsibility for establishing key procedures designed to achieve systems of internal control, disclosure control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these procedures and ongoing monitoring of risk and the effectiveness of controls rests with the Group Management. Vimetco's local controllers play a key role in providing an objective view and continuous reassurance of the effectiveness of the risk management and related control systems throughout Vimetco's subsidiaries. Vimetco has an independent Audit Committee, comprised entirely of Non-Executive Directors. Vimetco has an appropriate budgeting system with an annual budget approved by the Board of Directors, which is regularly reviewed and updated.

The Board of Directors has assessed and considered the Company's internal risk management and control systems, and deem such systems adequate, effective and sufficient in light of the Company and its operations.

In 2008 and 2007, the following amounts were paid to Deloitte for audit services and non-audit services:

2008	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total network firm
Statutory audit annual	1,565,848	402,630	1,968,478
Tax advisory services	–	466,900	466,900
Total	**1,565,848**	**869,530**	**2,435,378**

2007	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total network firm
Statutory audit annual	2,826,906	300,180	3,127,086
Tax advisory services	–	53,467	53,467
Total	2,826,906	353,647	3,180,553

In view of the foregoing, the Board of Directors believes that:
- the internal risk management and control systems provide a reasonable assurance that this Annual Report does not contain any material inaccuracies;
- the risk management and control systems have worked properly in 2008;
- there are no indications that the risk management and control systems will not work properly in 2009;
- no material failings in the risk management and control systems were discovered in the year under review or the current year up to the date of signing of these accounts; and,
- as regards operational, strategic, legislative and regulatory risks: no material failings in the risk management and control systems were discovered in the year under review.

As discussed with the Audit Committee, the Board of Directors confirm that no significant changes have been made to the internal risk management and control systems over the past year and that no significant alterations are currently planned.

Related Party Transactions

On 5 June 2008, Vimetco (as borrower) entered into a subordinated shareholder loan in the aggregate amount of up to USD 250 million with its controlling shareholder Vi Holding N.V. (as lender). Vi Holding N.V. is ultimately owned by a family trust which currently has as its beneficiaries certain members of the Machitski family (other than Mr. Vitaliy Machitski). For further details, see Note 27 to the Annual Accounts. In addition, details on this shareholder funding were provided in Vimetco's press release of 9 June 2008. Prior to the Board's deliberations on this shareholder loan, Mr. Machitski duly informed the other members of the Board of Directors that he would have a conflict of interest in this matter. Accordingly, Mr. Machitski did not take part in the Board's deliberations and vote on this matter. The transaction was unanimously approved by the other members of Vimetco's Board of Directors during a meeting held on 3 June 2008. The transaction was entered into at arm's length and under customary market terms. The Board confirms that best practice provisions III.6.1 to III.6.4 inclusive of the Dutch Corporate Governance Code were complied with.

Auditors

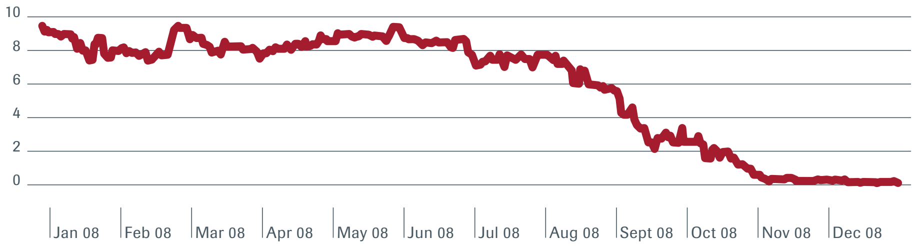
Deloitte Accountants B.V. were the appointed auditors of Vimetco N.V.

Annual Report 2008
This Annual Report and the 2008 financial statements, audited by Deloitte Accountants B.V., have been presented to the Board of Directors. The financial statements and the report of the external auditor with respect to the audit of the financial statements were discussed with the Audit Committee in the presence of the Corporate Executive Board and the external auditor. The Board of Directors endorses this Annual Report. The Board recommends that the General Meeting of Shareholders adopt the 2008 financial statements included in this Annual Report and approves the proposal not to pay a cash dividend for the financial year 2008. This Annual Report is signed by all members of the Board of Directors.

Shareholder Information

2008 marked the first full year as a listed company. After Vimetco's Initial Public Offering was successfully completed on 2 August 2007, the global financial markets fell continuously, negatively affecting the share price development of our GDRs.

Share price performance January to December 2008 in USD



Source: Bloomberg

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 follow the guidelines and principles set forth by the Autoriteit Financiële Markten (AFM) and Financial Services Authority (FSA). Contact information can be found at the end of this chapter.

2008 marked the first full year as a listed company. Following Vimetco's successful Initial Public Offering on 2 August 2007, the evolution of our share price until mid 2008 was in line with the rest of the industry. In the second half of 2008, the price development was without a doubt very unsatisfactory, even in light of the global collapse of most stock markets. By year-end, the Group's GDRs closed at USD 0.17, compared to USD 9.55 at the beginning of 2008. The FTSE Industrial Metals Index (GBP) lost almost 84% while the DJ STOXX 600 Index (EUR) lost 46% in the same period. Vimetco's GDRs fluctuated between USD 9.55 (high) and USD 0.165 (low). By 31 December 2008, its market capitalisation stood at USD 37.3 million, while the daily average traded volume amounted to 172,412 GDRs.

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

Vimetco N.V. controls, directly and indirectly, more than 87% of Alro S.A. shares, which are listed on the Bucharest Stock Exchange under the ticker symbol ALR. Alro S.A. in turn owns 99.39% of Alum S.A. shares, which are listed on the RASDAQ platform of the Bucharest Stock Exchange under the ticker symbol BBGA. Vimetco N.V. indirectly holds 96.05% of Henan Yulian Energy Group Co., Ltd., which is the majority shareholder in Henan Zhongfu Industry Co., Ltd., a listed company on the Shanghai Stock Exchange with the ticker symbol SHA 600595.

Shareholder structure
The Group has 219,484,720 shares with a nominal value of EUR 0.10 per share and a free float of 26.5%. Vimetco's major shareholders as at 31 December 2008 were:

Vi Holding N.V. (formerly Romal Holdings N.V.):	59.4%
Willast Investments Limited:	10.0%

Dividend policy
The Group intends to make distributions to its shareholders of approximately 20% of its consolidated income on average over the aluminium price cycle. Vimetco has not paid a dividend in the past year and does not anticipate paying cash dividends in the near future.

Financial calendar

Annual General Meeting:	16 June 2009
Half-year report 2009:	27 August 2009
Full-year results 2009:	27 April 2010
Annual General Meeting:	June 2010

Exchange rates

	Average 2008	Year-end 2008
USD – RON	**2.516**	**2.834**
USD – CNY	**6.945**	**6.835**

	Average 2007	Year-end 2007
USD – RON	2.435	2.453
USD – CNY	7.606	7.304

For further information please contact:
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Phone: +41 (0)43 299 69 24
Fax: +41 (0)43 299 69 29
E-mail: ir@vimetco.com

Annual Accounts

Consolidated Financial Statements
Vimetco N.V.

Consolidated Income Statement

Consolidated Income Statement — in USD 000, except per share data

	Note	Year ended 31 December 2008	Year ended 31 December 2007*
Sales	3	**1,833,349**	1,210,207
Cost of goods sold	4	**–1,563,293**	–876,423
Gross profit		**270,056**	333,784
General and administrative expenses	5	**–98,993**	–93,893
Restructuring charge	6	**–17,499**	–5,818
Reversal of impairment of property, plant and equipment	12	**1,602**	–
Impairment of goodwill	14	**–214,683**	–
Gain on disposal of subsidiaries	7	**–**	1,339
Share of result of associates	16	**1,500**	8,460
Other income	8	**29,940**	17,140
Other expenses	8	**–19,434**	–13,478
Operating profit/(loss)		**–47,511**	247,534
Finance costs, net	9	**–71,549**	–34,866
Foreign exchange (loss)/gain		**–14,168**	28,707
Profit/(loss) before income taxes		**–133,228**	241,375
Income tax expense	10	**–10,915**	–47,565
Profit/(loss) for the year		**–144,143**	193,810
Attributable to:			
Shareholders of Vimetco N.V.		**–165,268**	160,936
Minority interest		**21,125**	32,874
Earnings per share			
Basic and diluted (USD)	11	**–0.753**	0.812

* Certain items in the prior year figures have been reclassified to facilitate comparison with the current year figures, see Notes 4, 5, 8 and 9.

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

Consolidated Balance Sheet

Assets in USD 000

Non-current assets	Note	31 December 2008	31 December 2007*
Property, plant and equipment	12	**1,836,909**	1,306,574
Intangible assets	13	**12,297**	11,335
Goodwill	14	**95,296**	265,934
Land use rights	15	**55,483**	52,137
Investments	16	**38,205**	20,825
Derivative financial instruments	29	**–**	347
Deferred tax asset	25	**31,919**	2,246
Total non-current assets		**2,070,109**	1,659,398

Current assets			
Inventories	17	**326,831**	265,883
Trade receivables, net	18	**57,158**	47,770
Accounts receivable from related parties	27	**1,277**	1,299
Current income tax receivable		**295**	–
Other assets	19	**149,670**	131,741
Derivative financial instruments	29	**53,706**	10,659
Restricted cash	20	**330,009**	126,525
Cash and cash equivalents	20	**101,561**	137,081
Total current assets		**1,020,507**	720,958
Total assets		**3,090,616**	2,380,356

* Certain items in the prior year figures have been reclassified to facilitate comparison with the current year figures, see Notes 18 and 19.

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

Shareholders’ Equity and Liabilities

in USD 000

Shareholders’ equity

Shareholders’ equity	Note	31 December 2008	31 December 2007*
Share capital		**27,917**	27,917
Share premium		**366,126**	366,126
Other reserves		**84,877**	110,591
Retained earnings		**351,999**	166,521
Profit/(loss) for the year		**–165,268**	160,936
Equity attributable to shareholders of Vimetco N.V.		**665,651**	832,091
Minority interest		**281,374**	303,178
Total shareholders’ equity		**947,025**	1,135,269

Non–current liabilities

Bank and other loans	22	**460,379**	265,922
Loans from related parties	22, 27	**171,388**	168
Finance leases	22	**5,756**	4,940
Provisions	23	**7,068**	7,855
Post–employment benefit obligations	24	**7,135**	8,575
Other non–current liabilities		**523**	2,071
Derivative financial instruments	29	**60,317**	16,546
Deferred tax liabilities	25	**18,955**	12,865
Total non–current liabilities		**731,521**	318,942

Current liabilities

Bank loans, overdrafts and other loans	22	**580,498**	536,935
Loans from related parties	22, 27	**314**	36
Finance leases	22	**3,013**	2,386
Trade and other payables	26	**793,232**	364,103
Trade and other payables to related parties	27	**1,523**	152
Provisions	23	**5,538**	4,523
Current income taxes payable		**12,742**	17,530
Derivative financial instruments	29	**15,210**	480
Total current liabilities		**1,412,070**	926,145
Total liabilities		**2,143,591**	1,245,087
Total shareholders’ equity and liabilities		**3,090,616**	2,380,356

* Certain items in the prior year figures have been reclassified to facilitate comparison with the current year figures, see Notes 23 and 26.

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

Consolidated Statement of Changes in Shareholders' Equity

Consolidated Statement of Changes in Shareholders' Equity

in USD 000

	Share capital	Share premium	Revaluation reserve	Hedging reserve
Balance at 1 January 2007	22,288	–	47,721	–
Translation adjustment	–	–	–	–
Gain/(loss) on cash flow hedges	–	–	–	–5,334
Net income recognised directly in equity	–	–	–	–5,334
Profit/(loss) for the year	–	–	–	–
Total recognised income and expense	–	–	–	–5,334
Issuance of new shares (share swap) for the acquisition of Everwide Industrial Ltd.	4,201	277,994	–	–
Minority dilution in Everwide Industrial Ltd.	–	–	–	–
Initial Public Offering	1,428	88,132	–	–
Minority interest arising on a business combination	–	–	–	–
Dividend distribution	–	–	–	–
Appropriation of prior year profit	–	–	–	–
Balance at 31 December 2007	27,917	366,126	47,721	–5,334
Translation adjustment	**–**	**–**	**–**	**463**
Gain/(loss) on cash flow hedges	**–**	**–**	**–**	**32,652**
Related income tax	**–**	**–**	**–**	**–**
Net income recognised directly in equity	**–**	**–**	**–**	**33,115**
Amounts of cash flow hedges recycled in income statement	**–**	**–**	**–**	**–29,875**
Related income tax	**–**	**–**	**–**	**–**
Profit/(loss) for the year	**–**	**–**	**–**	**–**
Total recognised income and expense	**–**	**–**	**–**	**3,240**
Changes in minority interest – China	**–**	**–**	**–**	**–**
Dividend distribution	**–**	**–**	**–**	**–**
Appropriation of prior year profit	**–**	**–**	**–**	**–**
Balance at 31 December 2008	**27,917**	**366,126**	**47,721**	**–2,094**

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 recognised (excluding amounts attributable to minority interests).

The "hedging reserve" comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. The related deferred tax is disclosed under "hedging reserve – deferred tax". Both reserves exclude amounts attributable to minority interests.

The "translation reserve" comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group (excluding amounts attributable to minority interests).

The "retained earnings" comprise retained earnings of Vimetco N.V. and the cumulative retained earnings of its subsidiaries since acquisition date. The retained earnings available for distribution to the shareholders of Vimetco N.V. at 31 December 2008 amount to USD 10,673 (2007: USD 89,032). The remaining balance is not immediately available for distribution since it comprises retained earnings of subsidiaries which are subject to certain legal restrictions before they can be distributed to Vimetco N.V.

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

in USD 000

Other reserves							
Hedging reserve – deferred tax	Translation reserve	Total other reserves	Retained earnings	Profit for the year	Attributable to shareholders of Vimetco N.V.	Minority interest	Total shareholders' equity
–	57,740	105,461	146,149	113,395	387,293	58,180	445,473
–	10,464	10,464	–	–	10,464	12,804	23,268
–	–	–5,334	–	–	–5,334	–730	–6,064
–	10,464	5,130	–	–	5,130	12,074	17,204
–	–	–	–	160,936	160,936	32,874	193,810
–	10,464	5,130	–	160,936	166,066	44,948	211,014
–	–	–	–	–	282,195	–	282,195
–	–	–	3,377	–	3,377	–3,377	–
–	–	–	–	–	89,560	–	89,560
–	–	–	–	–	–	217,234	217,234
–	–	–	–96,400	–	–96,400	–13,807	–110,207
–	–	–	113,395	–113,395	–	–	–
–	68,204	110,591	166,521	160,936	832,091	303,178	1,135,269
–42	**–29,289**	**–28,868**	**–**	**–**	**–28,868**	**7,114**	**–21,754**
–	**–**	**32,652**	**–**	**–**	**32,652**	**4,666**	**37,318**
–4,403	**–**	**–4,403**	**–**	**–**	**–4,403**	**–629**	**–5,032**
–4,445	**–29,289**	**–619**	**–**	**–**	**–619**	**11,151**	**10,532**
–	**–**	**–29,875**	**–**	**–**	**–29,875**	**–4,269**	**–34,144**
4,780	**–**	**4,780**	**–**	**–**	**4,780**	**683**	**5,463**
–	**–**	**–**	**–**	**–165,268**	**–165,268**	**21,125**	**–144,143**
335	**–29,289**	**–25,714**	**–**	**–165,268**	**–190,982**	**28,690**	**–162,292**
–	**–**	**–**	**24,542**	**–**	**24,542**	**–25,149**	**–607**
–	**–**	**–**	**–**	**–**	**–**	**–25,345**	**–25,345**
–	**–**	**–**	**160,936**	**–160,936**	**–**	**–**	**–**
335	**38,915**	**84,877**	**351,999**	**–165,268**	**665,651**	**281,374**	**947,025**

Consolidated Statement of Cash Flow

Consolidated Statement of Cash Flow in USD 000

Cash flow from operating activities	Note	Year ended 31 December 2008	Year ended 31 December 2007*
Profit/(loss) before income taxes		**–133,228**	241,375
Adjustments for:			
Depreciation and amortisation		**93,889**	57,302
Interest and guarantee income	9	**–18,521**	–10,463
Net foreign exchange losses/(gains)		**19,778**	–20,938
(Gain)/loss on disposal of property, plant and equipment	8	**2,224**	668
Gain on disposal of subsidiaries	7	**–**	–1,339
Impairment of goodwill	14	**214,683**	–
Reversal of impairment of property, plant and equipment	12	**–1,602**	–
Provisions	23	**1,502**	2,032
Interest and guarantee expense	9	**82,435**	43,320
Share of result of associates	16	**–1,500**	–8,460
Effect of derivative financial instruments*		**11,902**	6,020
Changes in working capital:			
(Increase)/decrease in inventories		**–51,368**	–22,132
(Increase)/decrease in trade receivables and other assets		**8,200**	26,649
Increase/(decrease) in trade and other payables		**244,917**	22,630
Income taxes paid		**–59,669**	–39,932
Interest paid		**–86,124**	–43,577
Net cash generated by operating activities		**327,518**	253,155

* "Settlement of derivative instruments" which was included in the "net cash used in investing activities" in the prior year figures has now been reported as "effect of derivative financial instruments" within "net cash generated by operating activities".

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

in USD 000

Cash flow from investing activities	Note	Year ended 31 December 2008	Year ended 31 December 2007*
Purchase of property, plant and equipment and intangible assets, net		**–453,327**	–233,694
Proceeds from sale of property, plant and equipment		**999**	4,244
Acquisition of Everwide	28	**–**	21,883
Acquisition of investments	28	**–50,479**	–37,549
Proceeds from sale of subsidiaries	7	**–**	3,775
Other cash flows from investing activities		**1,875**	–
(Increase)/decrease in restricted cash		**–192,547**	16,130
Interest received		**11,429**	10,463
Net cash used in investing activities		**–682,050**	–214,748

Cash flow from financing activities			
Proceeds from Initial Public Offer, net		**–**	89,560
Proceeds from loans		**1,194,031**	508,558
Repayment of loans		**–843,353**	–456,551
Dividends paid		**–25,839**	–110,207
Net cash provided by financing activities		**324,839**	31,360
Net increase in cash and cash equivalents		**–29,693**	69,767
Cash and cash equivalents at beginning of year		**137,081**	72,066
Effect of exchange rate differences on cash and cash equivalents		**–5,827**	–4,752
Cash and cash equivalents at end of year		**101,561**	137,081

* “Settlement of derivative instruments” which was included in the “net cash used in investing activities” in the prior year figures has now been reported as “effect of derivative financial instruments” within “net cash generated by operating activities”.

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

Notes to the Consolidated Financial Statements

in USD 000, except share and per share data

1. Organisation 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 on 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 was acquired fully in June 2007. In July 2008 the Group invested in bauxite mining operations in Sierra Leone. The Group's administrative and managerial offices are located in Switzerland. A list of the principal companies in the Group is shown in Note 32. Details of changes in the Group structure are reported in Note 28.

The Group's main shareholder is Vi Holding N.V. (formerly Romal Holdings N.V.) which owns 59.4% of the shares of the Company and its registered office is at Landhuis Joonchi, Kaya Richard J. Beaujon Z/N, Curaçao, Netherlands Antilles. The other major shareholder is Willast Investments Limited, British Virgin Islands, which owns 10%. 26.5% are free floating on the London Stock Exchange and 4.1% are spread among other shareholders. 51% of the shares of the Company are pledged as security for the Shareholder Loan, see Note 27.

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 27 April 2009.

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 EC. 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 judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in paragraph (w).

i. Set out below are the interpretations effective in 2008 that the Group has applied to these financial statements:

- IFRIC 11, "IFRS 2 – Group and treasury share transactions" (effective from 1 March 2007). 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. This interpretation does not have an impact on the Group's financial statements.
- 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 recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation has no impact on the Group's financial statements as the Group has a pension deficit and is not subject to any minimum funding requirements.

ii. Set out below are the standards that have been early adopted by the Group:

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009) 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.
- 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. This standard only impacts the disclosures in the Group's financial statements. Comparative figures for 2007 have been reclassified where necessary.

iii. The following interpretation was effective in 2008 but not applicable to the Group:

- 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.

iv. Changes in accounting policies

There are no changes in accounting policies in 2008.

v. At the date of these Consolidated Financial Statements, the following standards and interpretations were not effective for 2008:

- IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses ("non-owner changes in equity") in the statement of changes in equity, and requires them to be shown in a performance statement.
- IAS 27 (Revised), "Consolidated and separate financial statements" (effective from 1 July 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. The effect of this revision will depend on the extent of relevant future transactions.
- IAS 32 (Amendment), "Financial instruments: Presentation" and IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2009). These amendments deal with the classification of certain types of financial instruments and are not expected to have a material effect on the Group's financial statements.
- IFRS 1 (Amendment), "First-time adoption of IFRS", and IAS 27 "Consolidated and separate financial statements" (effective from 1 January 2009). These amendments deal with the carrying value of investments and the presentation of dividends in the financial statements of the investor. These amendments are not expected to have any effect on the Group's financial statements.
- IFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. This statement is not expected to have a material effect on the Group's financial statements.
- IFRS 3 (Amendment), "Business combinations" (effective from 1 July 2009). The amendment requires all payments to purchase a business to be recorded at fair value at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are to be expensed. The effect of this amendment will depend on the extent of relevant future transactions.

- 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 15, “Agreements for the construction of real estate” (effective from 1 January 2009). This interpretation clarifies whether certain transactions should be reported in accordance with IAS 18, “Revenue” or IAS 11, “Construction contracts”, and is not relevant to the Group.
- IFRIC 16, “Hedges of a net investment in a foreign operation” (effective from 1 October 2008). IFRIC clarifies the accounting treatment in respect of net investment hedging. It is not expected to have a material impact on the Group’s financial statements.

The following amendments resulting from the IASB’s annual improvements project published in May 2008 were not effective for 2008:

- IAS 20 (Amendment), “Accounting for government grants and disclosure of government assistance” (effective from 1 January 2009). The amendment deals with the accounting treatment of a below-market rate government loan and will not have an impact on the Group’s financial statements as the Group has received no loans from governments.
- IAS 28 (Amendment), “Investments in associates” (and consequential amendments to IAS 32, “Financial instruments: Presentation”, and IFRS 7, “Financial instruments: Disclosures”) (effective from 1 January 2009). The amendment requires an investment in an associate to be treated as a single asset for the purpose of impairment testing. This amendment is not expected to have a material effect on the Group’s financial statements.
- IAS 36 (Amendment), “Impairment of assets” (effective from 1 January 2009). The amendment requires additional disclosures for certain impairment tests. This amendment is not expected to have a material impact on the Group’s financial statements.
- IFRS 5 (Amendment), “Non-current assets held-for-sale and discontinued operations” (effective from 1 July 2009). The amendment clarifies that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. The effect of this amendment will depend on the extent of relevant future transactions.

There are a number of other amendments to various standards, which are unlikely to have an impact on the Group’s financial statements and have therefore not been analysed in detail. The standards affected are:

- IAS 8, “Accounting policies, changes in accounting estimates and errors”
- IAS 10, “Events after the reporting period”
- IAS 16 (Amendment), “Property, plant and equipment” (and consequential amendment to IAS 7, “Statement of cash flows”)
- IAS 18, “Revenue”
- IAS 19 (Amendment), “Employee benefits”
- IAS 29, “Financial reporting in hyperinflationary economies”
- IAS 31 (Amendment), “Interests in joint ventures” (and consequential amendments to IAS 32, “Financial instruments: Presentation”, and IFRS 7, “Financial instruments: Disclosures”)
- IAS 34, “Interim financial reporting”
- IAS 38 (Amendment), “Intangible assets”
- IAS 39 (Amendment), “Financial instruments: Recognition and measurement”
- IAS 40, “Investment property”
- IAS 41, “Agriculture”
- IFRS 7, “Financial instruments: Disclosures”

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.

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, and cash flows are eliminated.

The principal subsidiaries and joint ventures of the Group at 31 December are listed in Note 32. Changes in the Group structure are reported in Note 28.

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 the income statement.

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 recognised 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) Investments 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 recognised 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 income statement in the period of acquisition. The total investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Where a Group company enters into a transaction 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 shareholders 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 shareholders 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 the income statement 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 groups 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 (USD). The Group's management has elected to use the USD 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 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 remeasured 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 remeasurement of monetary items, are recognised in the income statement in the period.

For the purpose of presenting the Consolidated Financial Statements in USD, 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 recognised within shareholders' equity. These translation differences are recognised 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 capitalised. 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 income statement.

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 recognised as intangible assets. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised 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 recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years. The amortisation is included in the income statement under the captions appropriate to the nature of the use of the software.

ii. Customer relationships

Customer relationships are recognised when acquired in the context of a business combination. 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".

iii. Exploration assets

Once an operating licence has been obtained, the expenditures that are directly attributable to an exploration site are capitalised at cost, and disclosed as “exploration assets” and amortised over the shorter of the life of the mine and the life of the mining licence.

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 the income statement.

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 the income statement, unless the relevant asset is carried at a revalued 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 they are amortised on the straight-line basis over the period of the lease term.

m) Inventories

Inventories are stated at the lower of cost and 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

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments 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 the 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 financial income when the Group's right to receive payments is established.

Loans and receivables are carried at amortised cost less impairment.

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 non-monetary 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 recognised in the income statement as part of financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of financial 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.

Financial liabilities

Financial liabilities are classified as other financial liabilities. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

o) 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 remeasured 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:

- hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge); or
- 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 29. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the 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 interest 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 “sales”.

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 the income statement 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 of the hedges attributable to aluminium price risk is recognised immediately in the income statement within “sales” and as “finance costs” for the ineffective portion of the hedges attributable to foreign exchange risk.

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 hedges attributable to aluminium price risk are recognised in the income statement within “sales”. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings which is recycled in the income statement is reported within “finance costs”. The gain or loss relating to the ineffective portion is recognised immediately 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”.

p) Employee benefits

Payments to defined contribution benefit plans are charged to the income statement as they become due. Payments made to state managed retirement programmes are treated as defined contribution plans. These costs are treated as personnel costs in the 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% 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 a cash-settled, share-based compensation plan for key management. A liability equal to the portion of the employee services received in exchange for the grant of global depository receipts ("GDRs") is recognised at the current fair value determined at each balance sheet date.

q) 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 included in interest expense.

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.

r) Income taxes

The income tax expense represents the sum of current and deferred income tax.

The current income tax 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. These 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.

Deferred tax assets are recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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 to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

s) 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 can be 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.

t) 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 recognised when the shareholders' rights to receive payment have been established.

u) 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 is reduced and recognised in the income statement 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.

v) Government grants

Government grants are recognised once there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. They are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under "other income".

w) Critical accounting judgements and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgements and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements, and the key areas are summarised below.

i. 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.

ii. 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.

iii. 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 is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Group could receive for the cash-generating unit in an arm's length transaction.

Where recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36. The Group's cash flow forecasts are based on estimates of future commodity prices as obtained from analysts' consensus forecasts. The discount rates applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The weighted average cost of capital used is pre-tax and reflects specific risks relating to the relevant cash generating unit.

In 2007, the recoverable amount was determined by reference to an EBITDA multiple. The determination of the respective multiple was founded on a peer group analysis and recent transactions in the industry at that time. Due to the lack of transactions in 2008, the EBITDA multiple approach became unreliable. Therefore, the Group changed to the discounted cash flow method to test goodwill for impairment.

iv. Environmental and restructuring provisions, see Note 23.

v. Deferred taxes, see Note 25.

vi. Provisions and contingent liabilities, see Notes 23 and 30.

vii. Fair value adjustments on acquisition of subsidiaries, see Note 28.

in USD 000, except share and per share data

3. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. The Group's geographical segments are: China, Romania and Sierra Leone. A list of the principal companies included in each segment is shown in Note 32.

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

The Group's operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary aluminium and processed aluminium. The captive alumina plant is currently undergoing a modernisation programme and is idle.

In Sierra Leone the Group operates a bauxite mine under a mining lease with the Government of Sierra Leone. The mining activities are currently outsourced to an external contractor.

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

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

There are currently no inter-segment transactions.

Management monitors interest income and expense on a net basis.

Segment revenues and results for the years ended 31 December 2008 and 2007 were as follows:

2008	China	Romania	Sierra Leone	Reconciliation to Group	Total
Sales	**997,564**	**824,948**	**10,837**	**–**	**1,833,349**
Cost of goods sold	**–952,146**	**–599,343**	**–11,804**	**–**	**–1,563,293**
Gross profit/(loss)	**45,418**	**225,605**	**–967**	**–**	**270,056**
General and administrative expenses	**–19,498**	**–65,569**	**–222**	**–13,704**	**–98,993**
Restructuring charge	**–**	**–17,499**	**–**	**–**	**–17,499**
Reversal of impairment of property, plant and equipment	**–**	**1,602**	**–**	**–**	**1,602**
Impairment of goodwill	**–214,683**	**–**	**–**	**–**	**–214,683**
Share of result of associates	**1,500**	**–**	**–**	**–**	**1,500**
Other income/(expenses)	**13,447**	**–10,858**	**–715**	**8,632**	**10,506**
Operating profit/(loss)	**–173,816**	**133,281**	**–1,904**	**–5,072**	**–47,511**
Financial income/(expense) (net)	**–49,516**	**–41,965**	**–651**	**6,415**	**–85,717**
Profit/(loss) before income taxes	**–223,332**	**91,316**	**–2,555**	**1,343**	**–133,228**
Income tax expense	**–2,728**	**–8,806**	**–151**	**770**	**–10,915**
Profit/(loss) for the year	**–226,060**	**82,510**	**–2,706**	**2,113**	**–144,143**
Additional information					
Capital expenditure (incl. intangible assets)	**479,475**	**60,131**	**1,209**	**777**	**541,592**
Depreciation and amortisation	**55,092**	**37,786**	**865**	**146**	**93,889**
Average number of employees	**6,359**	**4,392**	**–**	**19**	**10,770**

2007	China	Romania	Sierra Leone	Reconciliation to Group	Total
Sales	359,827	849,752	–	628	1,210,207
Cost of goods sold	–284,967	–591,456	–	–	–876,423
Gross profit	74,860	258,296	–	628	333,784
General and administrative expenses	–11,027	–69,241	–	–13,625	–93,893
Restructuring charge	–	–5,818	–	–	–5,818
Gain on disposal of subsidiaries	–	1,339	–	–	1,339
Share of result of associates	8,460	–	–	–	8,460
Other income/(expenses)	3,639	23	–	–	3,662
Operating profit/(loss)	75,932	184,599	–	–12,997	247,534
Financial income/(expense) (net)	–7,798	2,089	–	–450	–6,159
Profit/(loss) before income taxes	68,134	186,688	–	–13,447	241,375
Income tax expense	–15,309	–31,279	–	–977	–47,565
Profit/(loss) for the year	52,825	155,409	–	–14,424	193,810
Additional information					
Capital expenditure (incl. intangible assets)	155,869	57,193	–	157	213,219
Depreciation and amortisation	20,060	37,216	–	26	57,302
Average number of employees	4,708	4,963	–	8	9,679

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

	2008	2007
China	**948,984**	342,695
Romania	**150,841**	188,908
Other European Union countries	**617,376**	593,975
Other European countries	**38,671**	31,413
USA	**17,439**	23,891
Other countries	**60,038**	29,325
Total	**1,833,349**	1,210,207

The following table shows the distribution of the Group's consolidated sales by major product line:

	2008	2007
Bauxite	**10,837**	–
Primary aluminium	**1,364,080**	993,831
Processed aluminium	**277,915**	185,043
Other products	**180,517**	31,333
Total	**1,833,349**	1,210,207

in USD 000, except share and per share data

Segment assets and liabilities at 31 December 2008 and 2007 are as follows:

31 December 2008	China	Romania	Sierra Leone	Reconciliation to Group	Total
Investments in associates	**37,984**	**–**	**–**	**–**	**37,984**
Other non-current assets allocated	**1,558,156**	**404,409**	**36,724**	**696**	**1,999,985**
Total assets	**2,225,672**	**790,017**	**53,030**	**21,897**	**3,090,616**
Total liabilities	**1,747,510**	**379,285**	**22,699**	**–5,903**	**2,143,591**

31 December 2007	China	Romania	Sierra Leone	Reconciliation to Group	Total
Investments in associates	20,824	–	–	–	20,824
Other non-current assets allocated	1,185,340	450,594	–	46	1,635,980
Total assets	1,491,889	868,165	–	20,302	2,380,356
Total liabilities	824,434	312,464	–	108,189	1,245,087

4. Cost of goods sold

	2008	2007
Electricity, water and gas	**–302,640**	–229,945
Raw materials and trading goods	**–852,629**	–443,686
Consumables	**–143,929**	–60,690
Personnel costs	**–66,289**	–70,008
Depreciation and amortisation	**–75,509**	–46,616
Movement in provision for obsolescence	**–51,964**	2,279
Other direct costs	**–70,333**	–27,757
Total	**–1,563,293**	–876,423

The prior year figures have been reclassified to facilitate comparison with the current year figures. “Other direct costs” now include USD –7,760 for transportation costs of finished goods to customers, which were previously reported as “general and administrative expenses”.

5. General and administrative expenses

	2008	2007
Personnel costs	**–45,168**	–43,801
Third-party services	**–17,976**	–7,743
Depreciation and amortisation	**–10,538**	–3,342
Taxes other than income taxes	**–6,834**	–5,971
Provision for doubtful receivables (trade and other)	**4,012**	–5,389
Other general and administrative expenses	**–22,489**	–27,647
Total	**–98,993**	–93,893

“Other general and administrative expenses” includes sundry smaller expenses which cannot be allocated to the other categories.

The prior year figures have been reclassified to facilitate comparison with the current year figures. General and administrative expenses now exclude USD –7,760 for transportation costs of finished goods to customers, which are now included in “cost of goods sold” and USD –2,009 for bank charges, which are now included in “finance costs”. In addition, net loss on disposal of property, plant and equipment of USD –668 which was previously included in “general and administrative expenses” is now reported in “other expenses”.

6. Restructuring

Alum

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.

On 20 March 2009, taking into consideration the present market conditions, the Board of Directors of the Group agreed on the revised business plan, based on discounted cash flow projections. The business plan was prepared on the assumption of continuing the modernisation and technological upgrade study with an external engineering company, with a view to reopening the alumina refinery and restarting the alumina production in 2011. The Board of Directors, while evaluating the restart of the alumina refinery, also considered a number of alternative ways to use Alum’s assets, including the creation of a joint venture based on the existing assets. This joint venture takes into consideration memoranda of intention signed with a view to preparing a detailed feasability study on the construction of a 430 MW gas-fired power plant on the existing land owned by the Group, without impacting the existing production facilities.

As at 31 December 2008, the Group 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 calculated on the basis of the business plan and discounted cash flow projections agreed by the Board of Directors.

Management expects the total Modernisation Plan to cost approximately USD 62,728.

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 of 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. In 2008, an additional 260 employees were made redundant and the Group recorded expenses of USD –3,166.

Alro

Due to the financial crisis and slow-down in the global economy, production at Alro was reduced by up to 65,000 tpa. Rigorous cost reductions, including the outsourcing of non-core services, sale of non-business crucial assets and a substantial cut-back in headcount in Romania led to one-off restructuring costs of USD –14,333.

in USD 000, except share and per share data

7. 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 S.r.l., Conef Gaz S.r.l. and Conef Energy S.r.l. on 29 March 2007, to RRA Oil B.V. (Centrul Rivergate) and RRA Gas B.V. (Conef Gaz and Conef Energy). The aggregate cash proceeds for the three disposals were USD 3,775, resulting in a gain of USD 1,339. RRA Oil B.V. and RRA Gas B.V. are entities ultimately controlled by the Group's major beneficial shareholder. The selling price of Centrul Rivergate S.r.l. 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 S.r.l.	Conef Gaz S.r.l.	Conef Energy S.r.l.	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 disposal	1,194	142	3	1,339

8. Other income and expenses

Other income	2008	2007
Payment from a legal case (Note 30)	**6,458**	12,000
Reimbursements from insurance claims	**2,407**	–
Government grants	**14,146**	3,990
Other income	**6,929**	1,150
Total other income	**29,940**	17,140

Other expenses	2008	2007
Alum maintenance expenses	**–12,539**	–11,984
Net loss on disposal of property, plant and equipment	**–2,224**	–668
Other expenses	**–4,671**	–826
Total other expenses	**–19,434**	–13,478

As described in Note 6, Alum has been closed for a technological overhaul, which resulted in its costs being classified as non-operational in the period subsequent to the closure of the factory for modernisation. These include depreciation of USD –7,842 (2007: USD –8,017).

"Net loss on disposal of property, plant and equipment" of USD –668 which was previously included in "general and administrative expenses" is now reported in "other expenses".

9. Finance costs

	2008	2007
Interest income	**13,137**	9,295
Interest expense	**–63,334**	–40,811
Interest expense to related parties (Note 27)	**–8,147**	–1,213
Finance guarantee income	**5,384**	1,168
Finance guarantee expense	**–10,954**	–1,296
Bank charges	**–5,350**	–2,009
Other financial costs (net)	**–2,285**	–
Total	**–71,549**	–34,866

The prior year figures have been reclassified to facilitate comparison with the current year figures. Bank charges of USD –2,009 were previously included in “general and administrative expenses”.

Interest expense excludes interest capitalised in “property, plant and equipment” amounting to USD 21,069 (2007: USD 4,920) based on average interest rates of 7.6% (2007: 7.2%).

10. Income tax expense

	2008	2007
Current income tax	**–39,464**	–50,893
Deferred income tax (Note 25)	**28,549**	3,328
Total	**–10,915**	–47,565

The income tax expense for the year is reconciled to the profit before income taxes as follows:

	2008	2007
Profit/(loss) before income taxes	**–133,228**	241,375
Expected weighted average income tax rate for the Group	**20.7%**	19.9%
Expected income tax expense	**27,578**	–48,034
Difference between expected and actual tax rates of subsidiaries	**8,658**	4,306
Goodwill impairment	**–53,671**	–
Non-taxable income	**9,575**	9,754
Non-deductible expenses	**–6,333**	–8,170
Other adjustments	**3,278**	–5,421
Total income tax expense	**–10,915**	–47,565

11. Earnings per share

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

	2008	2007
Profit/(loss) for the year attributable to shareholders of Vimetco N.V.	**–165,268**	160,936
Weighted average number of ordinary shares outstanding during the year	**219,484,720**	198,193,261
Basic and diluted earnings per share in USD	**–0.753**	0.812

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

in USD 000, except share and per share data

12. Property, plant and equipment

Cost	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Balance at 1 January 2007	31,985	295,753	528,330	101,392	43,224	1,000,684
Additions	124	2,047	8,243	875	197,708	208,997
Acquisition of subsidiaries	–	122,455	509,063	1,804	101,020	734,342
Disposals	–	–5,118	–11,650	–2,429	–395	–19,592
Transfers between categories	–	57,462	135,658	974	–194,094	–
Translation adjustment	1,574	21,608	50,160	5,506	6,414	85,262
Balance at 31 December 2007	33,683	494,207	1,219,804	108,122	153,877	2,009,693
Additions	**242**	**1,252**	**6,781**	**3,212**	**528,123**	**539,610**
Acquisition of subsidiaries	**–**	**17,395**	**52,573**	**1,375**	**611**	**71,954**
Disposals	**–**	**–1,946**	**–15,079**	**–4,710**	**–2,713**	**–24,448**
Transfers between categories	**194**	**–8,773**	**247,380**	**7,642**	**–246,443**	**–**
Translation adjustment	**–4,577**	**–31,061**	**–35,265**	**–15,709**	**6,773**	**–79,839**
Balance at 31 December 2008	**29,542**	**471,074**	**1,476,194**	**99,932**	**440,228**	**2,516,970**

Accumulated depreciation and impairment						
Balance at 1 January 2007	–	–193,248	–369,262	–73,336	–69	–635,915
Additions	–	–7,887	–36,198	–12,465	–	–56,550
Disposals	–	3,442	14,579	2,181	–	20,202
Transfers between categories	–	–	–92	–	92	–
Translation adjustment	–	–9,988	–16,850	–3,978	–40	–30,856
Balance at 31 December 2007	–	–207,681	–407,823	–87,598	–17	–703,119
Additions	–	**–18,635**	**–65,359**	**–8,421**	**–**	**–92,415**
Disposals	–	**1,666**	**13,558**	**4,012**	**–**	**19,236**
Reversal of impairment	–	**399**	**1,110**	**93**	**–**	**1,602**
Transfers between categories	–	**9,717**	**–11,013**	**1,280**	**16**	**–**
Translation adjustment	–	**28,694**	**52,889**	**13,051**	**1**	**94,635**
Balance at 31 December 2008	**–**	**–185,840**	**–416,638**	**–77,583**	**–**	**–680,061**

Net book value						
Balance at 31 December 2007	33,683	286,526	811,981	20,524	153,860	1,306,574
Balance at 31 December 2008	**29,542**	**285,234**	**1,059,556**	**22,349**	**440,228**	**1,836,909**

Leased assets included above have a net book value of USD 12,499 and USD 5,094 as at 31 December 2008 and 2007 respectively.

Bank borrowings are secured on “property, plant and equipment” in the amount of USD 547,191 (2007: USD 204,170).

Capital expenditure (additions) includes capitalised interest amounting to USD 21,069 (2007: USD 4,920) based on average interest rates of 7.6% (2007: 7.2%).

13. Intangible assets

Cost	Software	Customer relationships	Exploration assets	Other intangible assets	Total
Balance at 1 January 2007	1,836	–	–	764	2,600
Additions	2,599	–	–	1,623	4,222
Acquisition of subsidiaries	–	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
Additions	**312**	**–**	**–**	**1,670**	**1,982**
Acquisition of subsidiaries	**5**	**2,248**	**602**	**–**	**2,855**
Disposals	**–9**	**–**	**–**	**–**	**–9**
Transfers between categories	**1,775**	**–**	**–**	**–1,775**	**–**
Translation adjustment	**–783**	**600**	**–**	**–369**	**–552**
Balance at 31 December 2008	**5,742**	**9,994**	**602**	**1,836**	**18,174**

Amortisation					
Balance at 1 January 2007	–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
Additions	**–1,062**	**–1,646**	**–312**	**–709**	**–3,729**
Disposals	**8**	**–**	**–**	**–**	**8**
Translation adjustment	**253**	**–62**	**–**	**216**	**407**
Balance at 31 December 2008	**–2,481**	**–2,223**	**–312**	**–861**	**–5,877**

Net book value					
Balance at 31 December 2007	2,762	6,631	–	1,942	11,335
Balance at 31 December 2008	**3,261**	**7,771**	**290**	**975**	**12,297**

in USD 000, except share and per share data

14. Goodwill

Cost

Balance at 1 January 2007	50,976
Acquisition of subsidiaries	207,155
Reclassification from investments (including final adjustment)*	8,549
Translation adjustment	16,074
Balance at 31 December 2007	282,754
Acquisition of subsidiaries	**38,432**
Translation adjustment	**6,823**
Balance at 31 December 2008	**328,009**

Impairment

Balance at 1 January 2007	–14,702
Translation adjustment	–2,118
Balance at 31 December 2007	–16,820
Additions	**–214,683**
Translation adjustment	**–1,210**
Balance at 31 December 2008	**–232,713**

Net book value

Balance at 31 December 2007	265,934
Balance at 31 December 2008	**95,296**

* In 2006, USD 8,549 goodwill was included as part of the equity investment in Everwide.

Impairment tests for goodwill

The goodwill is allocated to the cash-generating units at 31 December 2008 and 2007 as follows (after additions and impairment):

	2008	2007
China	**26,461**	218,972
Romania	**40,646**	46,962
Sierra Leone	**28,189**	–
Total	**95,296**	265,934

The impairment charge for China amounts to USD 214,683. The acquisition price for the Chinese entities anticipated considerable growth in smelter and processing capacity. Following the recent significant weakening of the global economy and the aluminium industry, many of these growth projects have been deferred or are not as profitable as originally anticipated, resulting in the impairment charge.

In 2007, the recoverable amount was determined by reference to an EBITDA multiple. The determination of the respective multiple was founded on a peer group analysis and recent transactions in the industry at that time. Due to the lack of transactions in 2008, the EBITDA multiple approach became unreliable. Therefore, the Group changed to the discounted cash flow method to test goodwill for impairment in 2008.

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

For 2007, based upon information available in the market, the following EBITDA multiples were identified as comparable to the Vimetco cash-generating units:

	2007
Romania	8.1x
China	10.2x

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.

China

For 2008, the recoverable amount of the cash-generating unit China is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and a pre-tax discount rate of 20.9% per annum (equivalent to a post-tax discount rate of 16%). The cash flows beyond that five-year period are extrapolated using a steady 2.8% per annum growth rate. The growth rate does not exceed the long-term average growth rate for the Chinese aluminium business.

The key assumptions to which the calculation of value in use is most sensitive are the long-term aluminium price, discount rates, and the real term rate of growth incorporated in the terminal value. Future selling prices and operating costs have been estimated in line with the policy in Note 2 (w). The aluminium prices used in the value in use calculations are within the range of analysts' consensus forecasts current around the date of the goodwill assessment. For the long-term aluminium price, this range is from USD 2.100 to USD 2.469 per tonne.

As a result of the impairment charge, the carrying amount of goodwill allocated to China at the date of the goodwill impairment test is equal to its recoverable amount and, therefore, any unfavourable change in the value assigned to the key assumptions described above will result in further impairment charges. It is estimated that adverse changes in key assumptions would lead to the following decreases in value in use:

1% increase in discount rate applied	74,466
5% decrease in aluminium price	322,827
Decrease in terminal growth rate by one percentage point	52,105

Each of the sensitivities above was determined assuming the relevant key assumption moved in isolation, except where modifying the aluminium price directly affects the price assumption for certain input costs, and that there is no mitigating action by management.

Romania

For 2008, the recoverable amount of the cash-generating unit Romania is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and a post-tax discount rate of 14.6% per annum. If assessed based on pre-tax cash flows, the equivalent pre-tax discount rate would be around 17.4%. The cash flows beyond that five-year period are extrapolated using a steady 2% per annum growth rate.

The key assumptions to which the calculation of value in use is most sensitive are the long-term aluminium price, discount rates, and the real term rate of growth incorporated in the terminal value. Future selling prices and operating costs have been estimated in line with the policy in Note 2 (w). The aluminium prices used in the value in use calculations are within the range of analysts' consensus forecasts current around the date of the goodwill assessment. For the long-term aluminium price, this range is from USD 2.100 to USD 2.469 per tonne.

There are no reasonably possible changes in key assumptions, which would cause the goodwill allocated to Romania to be impaired.

in USD 000, except share and per share data

Sierra Leone

The Group acquired the mining operations in Sierra Leone on 25 July 2008. The recoverable amount of its provisionally determined goodwill has been assessed by reference to fair value less cost to sell, as determined from the observable purchase price paid by the Group. The allocation of the cost of the acquisition was based on the advice of expert valuers. This allocation was determined over the months following the acquisition, and no diminution in its value is considered to have occurred since the date of acquisition. The allocation of the goodwill to cash-generating units will be completed within one year of the acquisition.

15. Land use rights

Cost

Balance at 1 January 2007	–
Acquisition of subsidiaries	50,448
Translation adjustment	1,938
Balance at 31 December 2007	52,386
Acquisition of subsidiaries	**1,067**
Translation adjustment	**3,542**
Balance at 31 December 2008	**56,995**

Amortisation

Balance at 1 January 2007	–
Additions	–307
Translation adjustment	58
Balance at 31 December 2007	–249
Additions	**–1,223**
Translation adjustment	**–40**
Balance at 31 December 2008	**–1,512**

Net book value

Balance at 31 December 2007	52,137
Balance at 31 December 2008	**55,483**

The land use rights are for property located in China and are usually rented over a period of 50 years.

16. Investments

Details of the carrying values of the Group's investments at 31 December 2008 and 2007 are set out below:

Company	Type of investment	2008	2007
Henan Non-Ferrous Metal Holdings Co., Ltd. (ii)	Associate – equity method	**30,804**	20,824
Henan Yonglian Coal Industry Ltd.	Associate – equity method	**6,383**	–
Datang Gongyi Yulian Power Co., Ltd.	Associate – equity method	**797**	–
Total associated companies		**37,984**	20,824
Other investments (iii)	Available-for-sale – at cost	**221**	1
Total investments		**38,205**	20,825

Details of the Group's share of the results of associates are set out below:

	2008	2007
Everwide Industrial Ltd. (i)	**–**	8,506
Henan Non-Ferrous Metal Holdings Co., Ltd. (ii)	**1,568**	–46
Henan Yonglian Coal Industry Ltd.	**–68**	–
Datang Gongyi Yulian Power Co., Ltd.	**–**	–
Total share of the results of associates	**1,500**	8,460

i. The Group acquired a 51% joint venture interest in Everwide in September 2006 and accounted for it using the equity method until the remaining 49% was acquired on 21 June 2007, see Note 28. The Group's share of the results of Everwide from 1 January to 20 June 2007 are shown above.

ii. Henan Non-Ferrous Metal Holdings Co., Ltd. ("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 was 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 is that of an investment company.

iii. The Group holds investments of 3% to 6% in two Romanian companies and an investment of 15% in one Chinese company. These investments have no quoted market price in an active market and their fair value cannot be measured reliably. Therefore, the Group measures them at cost.

Summarised financial data for the associated companies at 31 December 2008 and 2007 and for the years then ended is set out below:

	2008	2007
Total assets	**377,913**	86,114
Total liabilities	**–198,497**	–10,970
Net assets	**179,416**	75,144
Group's share of net assets of associates	**37,984**	20,824
Total sales	**162,262**	–
Result for the period	**10,966**	–151
Group's share of result of associates	**1,500**	–46

in USD 000, except share and per share data

17. Inventories

	31 December 2008	31 December 2007
Raw and auxiliary materials	**187,619**	132,120
Work in progress	**92,053**	96,284
Finished goods	**102,624**	46,280
Less: Provision	**–55,465**	–8,801
Total	**326,831**	265,883

"Cost of goods sold" includes USD –51,964 (2007: USD 2,279) related to the write-down of inventory to net realisable value.

The movements in the provision for obsolescence are as follows:

	2008	2007
Balance at 1 January	**–8,801**	–10,263
(Charge)/credit to cost of goods sold	**–51,964**	2,279
Utilisations and other movements	**1,105**	–298
Translation adjustment	**4,195**	–519
Balance at 31 December	**–55,465**	–8,801

All inventories are expected to be utilised or sold within 12 months.

18. Trade receivables, net

	31 December 2008	31 December 2007
Trade accounts receivable	**48,744**	40,514
Bills of exchange	**11,764**	12,497
Provision for doubtful receivables	**–3,350**	–5,241
Total	**57,158**	47,770

The Group was exposed to significant concentration credit risk in 2008 and 2007. As at 31 December 2008, there are four (2007: three) customers, who represent in aggregate 63% (2007: 37%) of the net trade receivable balance (excluding bills of exchange). The total balance for these four debtors is USD 28,389 (2007: USD 13,128).

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

In 2008, no single customer accounted for more than 5% of the Group's sales. In 2007, the Group was exposed to significant concentration risk related to one customer who individually represented more than 12% of total sales of the Group.

Movements in the provision for doubtful receivables are as follows:

	2008	2007
Balance at 1 January	**–5,241**	–3,100
(Charge)/credit to general and administrative expenses	**–202**	–267
Utilisations and other movements	**1,974**	–1,670
Translation adjustment	**119**	–204
Balance at 31 December	**–3,350**	–5,241

During the reporting periods, the Group 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 derecognises the transferred amount at the transfer date and recognises factoring fees and commissions at the disbursement date.

The amount available to factor under the agreements at 31 December 2008 was approximately USD 147,000 (2007: USD 152,000) of which approximately USD 31,000 (2007: USD 36,000) was utilised.

Trade receivables past due but not impaired at 31 December are as follows:

	2008	2007
Up to 3 months	**33,865**	627
3 to 6 months	**626**	–
Over 6 months	**89**	1,461
Total	**34,580**	2,088

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

The prior year figures have been reclassified to facilitate comparison with the current year figures. "Bills of exchange" were previously included in "other current assets", and "receivables from related parties" are now reported as a separate caption in the balance sheet.

19. Other assets

	31 December 2008	31 December 2007
Advances to suppliers	**87,272**	73,894
VAT receivable	**19,162**	22,038
Prepayments	**4,820**	12,286
Other debtors	**21,794**	22,286
Provision for doubtful debtors	**–831**	–5,212
Receivable in connection with LME aluminium swaps	**10,492**	–
Other current assets	**6,961**	6,449
Total	**149,670**	131,741

Advances to suppliers primarily relate to prepayments for energy suppliers.

The Group had a number of LME aluminium swaps with a settlement date before 31 December 2008, for which payment was received in January 2009.

The prior year figures have been reclassified to facilitate comparison with the current year figures. "Bills of exchange" which were previously included in "other current assets" are now classified as "trade receivables, net".

in USD 000, except share and per share data

20. Cash and cash equivalents

	31 December 2008	31 December 2007
Restricted cash	**330,009**	126,525
Cash at banks and in-hand	**101,398**	136,993
Cash equivalents	**163**	88
Cash and cash equivalents	**101,561**	137,081
Total cash	**431,570**	263,606

Restricted cash represents amounts:

- held in escrow and classified as restricted cash as a guarantee under the 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; and
- pledged to banks to guarantee repayments of bills of exchange issued by the Group.

21. Share capital

The authorised share capital of the Company consists of 800,000,000 ordinary shares of EUR 0.10, of which the following number of ordinary shares are issued and paid in:

	2008	2007
Number at 1 January	**219,484,720**	177,678,110
Share issue 21 June 2007	**–**	31,354,960
Initial Public Offering	**–**	10,451,650
Number at 31 December	**219,484,720**	219,484,720

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

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 this split.

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

On 1 August 2007, the Company finalised its Initial Public Offering on the London Stock Exchange. As a result, 10,451,650 shares were placed at the price of USD 9 and USD 88,132 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 granted restricted share units ("RSUs") and cash to its key management personnel. RSUs represent the unsecured right to receive a global depository receipt ("GDR") free of charge.

The grant under the ICS was made in connection with the Initial Public Offering. The RSUs are not transferable. The cash component of the ICS was fully payable within a five-month period after the end of the calendar year. The RSUs themselves will generally vest, subject to exception, over five years in equal instalments (i.e. 20% on each anniversary until the fifth anniversary, on which date 100% is vested). The RSUs entitle the holder to a number of GDRs equal to the RSU amount divided by the offer price of USD 9. The Group can elect to settle the respective amounts in cash.

No RSUs were granted in 2008 (2007: 279,067).

The following cash settled share-based payment arrangement was in existence during the current and comparative reporting period:

Grant date	27 July 2007
RSUs granted	279,067
Expiry date	26 July 2012

	2008	2007
Balance of RSUs at 1 January	**279,067**	–
Granted during the period	**–**	279,067
Vested during the period	**–55,813**	–
Lapsed during the period	**–65,663**	–
Balance of RSUs at 31 December	**157,591**	279,067
Expected number of RSUs to vest over the remaining vesting period	**131,326**	279,067
Weighted average fair value of an unvested RSU for which service has been received (in USD)	**0.17**	9.18
Liability recognised for unvested RSUs for which service has been received	**2**	213

The main input factor for the fair value estimation is the market price of the Vimetco GDR at the balance sheet date.

in USD 000, except share and per share data

22. Borrowings

Long-term borrowings	31 December 2008	31 December 2007
Long-term bank loans	**542,635**	358,013
Less: Short-term portion of long-term bank loans	**–84,319**	–92,091
Bank loans	**458,316**	265,922
Other loans	**2,063**	–
Bank and other loans	**460,379**	265,922
Loans from related parties (Note 27)	**171,388**	168
Finance leases	**5,756**	4,940
Total long-term borrowings	**637,523**	271,030

Short-term borrowings		
Short-term bank loans and overdrafts	**439,550**	329,853
Short-term portion of long-term bank loans	**84,319**	92,091
Bank loans and overdrafts	**523,869**	421,944
Other loans	**56,629**	114,991
Bank loans, overdrafts and other loans	**580,498**	536,935
Loans from related parties (Note 27)	**314**	36
Finance leases	**3,013**	2,386
Total short-term borrowings	**583,825**	539,357
Total borrowings	**1,221,348**	810,387

Bank borrowings mature until 2023 and bear interest at annual interest rates between 1.3% and 13.1% (2007: average 8%).

At 31 December 2008, 51% (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. The Group was not in breach of covenants as at 31 December 2008 and 2007.

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

Bank and other borrowings include secured liabilities of USD 616,752. These borrowings are secured by property, plant and equipment of the Group in the amount of USD 547,191 (2007: USD 204,170), (Note 12), by 41.7% (2007: 9.7%) of the shares of Zhongfu Industry, and by future accounts receivable. For the Zhongfu share pledge the loan contracts specify that the Group has to compensate for any shortfall in the share price below a certain level. The share price at 31 December 2008 was higher than the level stated in the loan contracts.

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 29.

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 the fact that the borrowings bear interest at floating interest rates.

The Group has the following undrawn borrowing facilities:

EUR denominated floating rate (EUR 000)	31 December 2008	31 December 2007
Expiring within 1 year	**29,767**	36,249
Until further notice	**2,200**	10,000
Total	**31,967**	46,249

USD denominated floating rate (USD 000)		
Expiring within 1 year	**6,928**	66,000
Until further notice	**–**	14,000
Total	**6,928**	80,000

The minimum lease payments for finance leases are set out below:

	31 December 2008	31 December 2007
Lease instalments falling due:		
Within 1 year	**3,414**	2,873
After 1 year	**6,240**	5,268
Total lease instalments	**9,654**	8,141
Less: Future finance charges	**–885**	–815
Present value of lease obligations	**8,769**	7,326
Thereof:		
Short-term finance lease obligations	**3,013**	2,386
Long-term finance lease obligations	**5,756**	4,940

The net book value of leased assets was USD 12,499 and USD 5,094 as at 31 December 2008 and 2007 respectively.

in USD 000, except share and per share data

23. Provisions

	Provision for Alum waste dump	Restructuring	Other provisions	Total
Balance at 1 January 2007	4,157	–	1,493	5,650
Additional provisions recognised	308	4,174	2,717	7,199
Utilisation	–	–	–700	–700
Translation adjustment	202	–31	58	229
Balance at 31 December 2007	4,667	4,143	3,568	12,378
Thereof:				
Current	–	4,143	380	4,523
Non-current	4,667	–	3,188	7,855
Additional provisions recognised	**136**	**5,519**	**258**	**5,913**
Acquisition of subsidiaries	**–**	**–**	**549**	**549**
Utilisation	**–**	**–4,040**	**–371**	**–4,411**
Translation adjustment	**–643**	**–723**	**–457**	**–1,823**
Balance at 31 December 2008	**4,160**	**4,899**	**3,547**	**12,606**
Thereof:				
Current	**–**	**4,899**	**639**	**5,538**
Non-current	**4,160**	**–**	**2,908**	**7,068**

The provision for Alum waste dump 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.

Based on a protocol that was signed during 2008 between Alro Labour Union and Alro, the Group's management expects that a number of 400 employees will leave the Group in 2009. At 31 December 2008, a provision in the amount of USD 4,899 was booked as termination benefits that the Group expects to pay in 2009 for the respective employees.

"Other provisions" covers risks from various operating activities, mainly in connection with 3 civil litigation cases with inventors claiming payments for the usage of their inventions.

The prior year figures have been reclassified to facilitate comparison with the current year figures. "Other liabilities" which were previously combined with "other provisions" are now reported separately as "other non-current liabilities".

24. 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 19,167 (2007: USD 15,203) 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 illness, 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 2008 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 plan is unfunded.

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

	31 December 2008	31 December 2007
Discount rate (%)	**6.10**	7.00
Expected rate of salary increase (%)	**4.30**	6.50
Expected inflation rate (%)	**4.30**	5.00

Amounts recognised in the income statement in respect of these defined benefit plans are as follows:

	2008	2007
Current service cost	**–1,835**	–655
Interest cost on obligation	**–599**	–502
Actuarial gains/(losses) recognised in the year	**–31**	–
Past service cost	**–**	–279
Total expense	**–2,465**	–1,436

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

	31 December 2008	31 December 2007
Present value of defined benefit obligation	**6,271**	10,104
Net actuarial gains/(losses) not recognised	**864**	–1,529
Net liability from defined benefit obligation	**7,135**	8,575

in USD 000, except share and per share data

Movements in the net liability from defined benefit obligation are as follows:

	2008	2007
Balance at 1 January	**8,575**	6,994
Current service cost	**1,835**	655
Interest cost	**599**	502
Actuarial losses/(gains) recognised in the year	**31**	–
Past service cost	**–**	279
Benefits paid	**–2,787**	–190
Translation adjustment	**–1,118**	335
Balance at 31 December	**7,135**	8,575

	2008
Total actuarial gains/(losses) in the period	**2,493**
Thereof experience adjustment	**2,022**

The corresponding information for 2007 or earlier is not available.

25. 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. Deferred tax assets and liabilities result from temporary differences in the following balance sheet items:

	31 December 2008		31 December 2007	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	**6,704**	**14,303**	265	12,865
Intangible assets	**14**	**1,942**	16	–
Investments	**–**	**–**	3	–
Inventories	**9,321**	**–**	–	–
Trade receivables and other current assets	**745**	**8,648**	–	257
Borrowings	**–**	**137**	–	176
Provisions and other liabilities	**20,267**	**3,642**	2,395	–
Gross deferred tax assets/liabilities	**37,051**	**28,672**	2,679	13,298
Capitalisation of tax loss carryforwards	**4,585**	**–**	–	–
Offset of deferred tax assets and liabilities	**–9,717**	**–9,717**	–433	–433
Net deferred tax assets and liabilities as disclosed in the balance sheet	**31,919**	**18,955**	2,246	12,865
Net deferred (asset)/liability		**–12,964**		10,619

The movements in the net deferred tax (asset)/liability are as follows:

	2008	2007
Balance at 1 January	**10,619**	1,894
Charge/(credit) to income statement (Note 10)	**–28,549**	–3,328
Charge/(credit) to equity	**–431**	–
Acquisition of subsidiaries	**2,760**	13,285
Translation adjustment	**2,637**	–1,232
Balance at 31 December	**–12,964**	10,619

In the following countries there are unrecognised deferred tax assets from tax loss carryforwards in individual companies, which are not recognised because the entities in which the losses reside are in a cumulative loss position and it is not probable that sufficient taxable profits will be generated by the entities to utilise the tax loss carryforwards in the foreseeable future and the Group does not have tax group relief in these countries:

	31 December 2008	31 December 2007
China	**4,885**	–
Romania	**7,506**	10,580
The Netherlands	**6,385**	6,551
Sierra Leone	**681**	–
Total	**19,457**	17,131

26. Trade and other payables

	31 December 2008	31 December 2007
Trade accounts payable	**85,876**	135,220
Bills of exchange	**464,089**	140,046
Liabilities for capital expenditure	**96,007**	–
Customer deposits	**59,800**	14,858
Wages and social security	**10,139**	11,350
Salary taxes	**2,239**	1,971
Sales and other taxes payable	**354**	1,514
Unpaid dividends for minority shareholders of subsidiaries	**522**	358
Financial guarantees	**7,874**	1,802
Other accounts payable	**66,332**	56,984
Total	**793,232**	364,103

The prior year figures have been reclassified to facilitate comparison with the current year figures. “Trade and other payables to related parties” are now reported as a separate caption in the balance sheet.

in USD 000, except share and per share data

27. Related party transactions

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

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

Related party	Nature of relationship
Vi Holding N.V.	Major shareholder
Ringas Management B.V.	Common control
Ringas Invest B.V.	Common control
Imex Oil Ltd.	Controlled by a close member of the family of the beneficiaries of Vimetco N.V.
Conef Gaz S.r.l.	Common control
Conef Energy S.r.l.	Common control
Centrul Rivergate S.r.l.	Common control
STM Development Ltd.	Controlled by a close member of the family of the beneficiaries of Vimetco N.V.
RRA Oil B.V.	Common control
RRA Gas B.V.	Common control

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. After the Initial Public Offer, the loans to related parties were substantially repaid. In 2008, additional finance was raised through a loan facility with Vi Holding N.V. to finance the expansion in China and Sierra Leone.

Related party	31 December 2008	31 December 2007
Vi Holding N.V.	**171,702**	187
Ringas Invest B.V.	**–**	17
Total borrowings from related parties	**171,702**	204
Thereof:		
Short-term portion of borrowings	**314**	36
Long-term portion of borrowings	**171,388**	168

The loan payable to Vi Holding N.V. at 31 December 2008 is repayable on 31 May 2013 and is subject to interest at LIBOR plus 5.75%. The loan is subordinated.

The loans with Vi Holding N.V. during 2007, had a fixed interest rate of 5% per annum and were borrowed to finance a portion of the investment in Everwide (see Note 28) and its operating activity.

On 21 June 2007, the Group borrowed an additional USD 50,000 from Vi Holding N.V. to finance the operations in China. The loan was repaid on 6 August 2007. The loan bore interest of 7.36% per annum.

Interest expense related to the loans amounted to USD –8,147 (2007: USD –1,213).

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

Goods and services provided to related parties	2008	2007
Imex Oil Ltd.	**–**	93
Conef Gaz S.r.l.	**38**	9
Conef Energy S.r.l.	**80**	416
Centrul Rivergate S.r.l.	**29**	–
Total goods and services provided to related parties	**147**	518

Goods and services purchased from related parties	2008	2007
Conef Gaz S.r.l.	**–19,019**	–12,306
Centrul Rivergate S.r.l.	**–1,300**	–3,878
Total goods and services purchased from related parties	**–20,319**	–16,184

Furthermore, the following balances were outstanding at 31 December:

Trade and other accounts receivable	2008	2007
Vi Holding N.V.	**80**	–
Conef Gaz S.r.l.	**1,189**	1,254
Conef Energy S.r.l.	**4**	3
Centrul Rivergate S.r.l.	**4**	–
STM Development Ltd.	**–**	42
Total trade and other accounts receivable from related parties	**1,277**	1,299

Trade and other accounts payable	2008	2007
Vi Holding N.V.	**258**	–
Conef Gaz S.r.l.	**1,082**	47
Centrul Rivergate S.r.l.	**79**	–
Imex Oil Ltd.	**104**	105
Total trade and other accounts payable to related parties	**1,523**	152

Details of subsidiaries sold in 2007 to related parties are disclosed in Note 7.

Management Compensation

Total compensation of the Group's key management personnel included in "general and administrative expenses" in the income statement:

	2008	2007
Short-term employee benefits	**3,025**	3,334
Post-employment benefits	**65**	48
Total	**3,090**	3,382

in USD 000, except share and per share data

28. Acquisitions

The Group has entered into purchase agreements to acquire an interest in various companies during the years presented in these Consolidated 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.

2007

Acquisition of Everwide

Until 20 June 2007, Everwide Industrial Ltd. ("Everwide") and its subsidiaries were a joint venture owned 51% by the Group. On 21 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 that time, a 51.28% shareholding in Zhongfu, a Shanghai Stock Exchange listed company that owns Chinese aluminium production assets. Zhongfu owns 100% of Yinhu Aluminium, an aluminium processing 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 business acquired contributed sales 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, sales of the Group 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 issued (Note 21)	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 14)	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.

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 interest	–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 shareholding of Alro

In October 2007 the Group, through Conef S.A., acquired a 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 was recognised, see Note 14.

2008

Acquisition of Linfeng and Hongfeng

On 3 January 2008, the Group acquired 100% of Linzhou Linfeng Aluminium and Power Co., Ltd. ("Linfeng"), an aluminium smelting company located in Linzhou. Linfeng's assets included a 100% shareholding in Linzhou Youchuang Thermal Power Co., Ltd ("Youchuang"), which owned and operated power generators located in Linzhou and a 51% shareholding in Jinhe Electrical Power Equipment Co. Ltd, an aluminium casting company. On 16 May 2008, Linfeng acquired 100% of Linzhou Hongfeng Aluminium Ltd., an aluminium casting company located in Linzhou. Subsequent to the acquisition, Youchuang was merged into Linfeng.

The business acquired contributed sales of USD 249,851 and net profit of USD 25,840 to the Group for the period from 3 January 2008 to 31 December 2008. No significant transactions relevant for the income statement took place during the first two days of the year.

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

Total purchase consideration (cash)	**39,020**
Thereof paid in 2008	**27,530**
Fair value of net assets acquired	**28,777**
Goodwill (Note 14)	**10,243**

The goodwill is attributable to the workforce of the acquired business, the significant growth potential in the Linzhou area and synergies with the existing business in China.

Linfeng Group	Book value	Fair value adjustment	Fair value
Current assets	**79,368**	**–**	**79,368**
Property, plant and equipment	**54,414**	**9,953**	**64,367**
Land rights	**735**	**332**	**1,067**
Customer relationships and other non-current assets	**79**	**2,248**	**2,327**
Current liabilities	**–109,035**	**–283**	**–109,318**
Non-current liabilities	**–5,257**	**–3,072**	**–8,329**
Net assets of Linfeng	**20,304**	**9,178**	**29,482**
Minority interest	**–705**	**–**	**–705**
Net assets acquired (100%)	**19,599**	**9,178**	**28,777**

Cash and cash equivalents in subsidiary acquired: USD 21,616.

Acquisition of the bauxite mine in Sierra Leone

On 25 July 2008, the Group acquired 100% of the equity interest of Global Aluminium Ltd. and its subsidiaries by way of a total consideration of USD 29,687 paid in cash. Global Aluminium's main subsidiary, Sierra Mineral Holdings I, Ltd. ("SML"), operates a bauxite mine under a mining lease with the Government of Sierra Leone.

The business acquired contributed sales of USD 10,837 and net loss of USD –2,706 to the Group for the period from 25 July 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, sales of the Group would have been USD 1,854,180 and loss before allocations would have been USD –146,105. The amounts have been calculated using the Group's accounting policies.

in USD 000, except share and per share data

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

Total purchase consideration	**29,687**
Thereof paid in 2008	**29,687**
Fair value of net assets acquired	**1,498**
Goodwill (Note 14)	**28,189**

The goodwill was attributable to the bauxite reserves of the business acquired.

Global Aluminium Ltd. Group	Fair value
Current assets	**11,460**
Property, plant and equipment	**7,587**
Other non-current assets	**904**
Current liabilities	**–7,090**
Non-current liabilities	**–11,363**
Net assets acquired (100%)	**1,498**

Cash and cash equivalents in subsidiary acquired: USD 177.

Fair value measurements for the above initial accounting for the business acquired are still being verified, hence the net assets acquired are reported on a preliminary basis only.

Other investments

The cash outflow for other non-consolidated investments in 2008 amounted to USD 15,055.

29. 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 programme focuses on the unpredictability of financial markets and seeks to minimise 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 Group 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 22, "cash and cash equivalents" as disclosed in Note 20 (i.e. excluding restricted cash) and shareholders' equity.

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 other companies 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 "total shareholders' equity" as shown in the consolidated balance sheet plus net debt.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the gearing ratio within 30% to 40%. The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008	2007
Total borrowings (Note 22)	**1,221,348**	810,387
Less: cash and cash equivalents (Note 20)	**–101,561**	–137,081
Net debt	**1,119,787**	673,306
Total shareholders' equity	**947,025**	1,135,269
Total capital	**2,066,812**	1,808,575
Gearing ratio	**54%**	37%

The increase in the gearing ratio during 2008 resulted primarily from the increase of borrowings to finance the expansion in China as well as the reduction in shareholders' equity resulting from the impairment of goodwill, which is not cash-effective.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity 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 USD denominated sales; and
- swaps to manage the commodity prices risks associated with sales of aluminium based on the 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 the EUR and USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Exchange rate exposures are managed within approved policy parameters utilising 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 USD.

The Group's foreign currency exposure results 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.

in USD 000, except share and per share data

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

31 December 2008	Currency of denomination Functional currency	EUR RON	USD RON	USD CNY	Other	Total
Total monetary assets		**14,502**	**25,585**	**103,933**	**349,335**	**493,355**
Total monetary liabilities		**82,993**	**116,951**	**440,514**	**1,132,376**	**1,772,834**
31 December 2007						
Total monetary assets		54,526	86,696	–	168,089	309,311
Total monetary liabilities		50,708	197,619	97,640	590,473	936,440

Foreign currency sensitivity

The Group is mainly exposed to the EUR (in Romania) and the USD (in Romania and China). The following table details the Group's sensitivity to a 10% increase and decrease in these 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.

31 December 2008	Currency of denomination Functional currency	EUR RON	USD RON	USD CNY
Profit or loss		**6,849**[1]	**9,137**[2]	**33,658**[4]
Other equity		**–**	**2,182**[3]	**–**
31 December 2007				
Profit or loss		382[1]	11,092[2]	9,764[4]
Other equity		–	1,715[3]	–

1 This is mainly attributable to the exposure outstanding on EUR denominated receivables and borrowings at the end of the period.

2 This is mainly attributable to the exposure outstanding on USD denominated receivables and short- and long-term borrowings at the end of the period.

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

4 This is mainly attributable to exposure outstanding on USD denominated financing.

Forward foreign exchange contracts

The Group's general policy is to hedge up to approximately 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 at 31 December 2008 and 2007:

31 December 2008 Forward contracts: sell USD / buy RON	Weighted average exchange rate	Contract amounts USD 000	Fair value USD 000
Less than 1 year	**2.51**	**83,665**	**–15,210**
Between 1 and 2 years	**2.51**	**83,665**	**–21,520**
Between 2 and 5 years	**2.51**	**125,498**	**–38,797**
Total	**2.51**	**292,828**	**–75,527**

31 December 2007			
Less than 1 year	2.51	83,665	287
Between 1 and 2 years	2.51	83,665	–2,699
Between 2 and 5 years	2.51	209,163	–13,719
Total	2.51	376,493	–16,131

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

As at 31 December 2008, the aggregate amount of unrealised losses under forward foreign exchange contracts relating to the exposure on the future sales is USD 75,527 (2007: USD 16,131). Settlement of the hedged transaction takes place twice a year at which stage the amount deferred in equity is released to profit or loss. The realised loss on forward foreign exchange contracts included in "foreign exchange (loss)/gain" amounts to USD –1,877 (2007: gain of USD 7,769).

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 rates on the Group's existing credit facilities are based on the London Interbank Offered Rate ("LIBOR") for USD borrowings, on EURIBOR for borrowings in EUR and on the Chinese Central Bank for CNY 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, USD and CNY 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.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008 would decrease/increase by USD 9,725 (2007: USD 7,770). The Group's sensitivity to interest rates has increased during the current period because of new loans obtained to finance the expansion projects in China.

Commodity price risk

Commodity price risk is the risk that the 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 the Group's policy, commodity price risk is managed by forward swap agreements if market conditions are deemed favourable. 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% of 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's balance sheet 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 swap contracts. Contract amounts are used to calculate the volume and average prices to be exchanged under the contracts.

Aluminium 31 December 2008	Volume tonnes 000	Contract fixed price USD	Contract value USD 000[1]	Fair value USD 000
Swap – sell fixed / buy floating up to 1 year[2]	51,984	**2,584**	**134,327**	**53,706**
Total	**51,984**	**2,584**	**134,327**	**53,706**

31 December 2007				
Forwards – sell fixed / buy floating up to 1 year[2]	51,892	2,642	137,098	9,574
Forwards – sell fixed / buy floating 1 to 2 years[2]	51,984	2,584	134,335	537
Total	103,876	2,613	271,433	10,111

1 The notional amount represents the nominal value of contracts at the fixed price specified, but is not a measure of the risk exposure or value.

2 Floating commodity prices in future periods are based on the benchmark (LME) applicable at the time of the price reset.

The realised gain on the aluminium swap contracts included in "sales" amounts to USD 35,982 (2007: USD –).

The sensitivity is based on an aluminium price increase/decrease by 10%. At 31 December 2008, such a variance of the High Grade Aluminium quote on the London Metal Exchange market would increase/decrease other components of equity by USD 53,706 (2007: USD 1,011) as a result of a increase/decrease in the fair value of aluminium forward swap agreements designated as hedges. These sensitivities should be used with care. The relationship between currencies and commodity prices is a complex one and changes in exchange rates can influence commodity prices and vice versa.

Summary of the fair value of derivative financial instruments as at 31 December 2008 and 2007:

31 December 2008	Assets	Liabilities
Forward foreign exchange contract – cash flow hedges	**–**	**75,527**
Aluminium forward swaps – cash flow hedges	**53,706**	**–**
Total	**53,706**	**75,527**
Thereof:		
Non-current	**–**	**60,317**
Current	**53,706**	**15,210**

31 December 2007		
Forward foreign exchange contract – cash flow hedges	554	16,685
Aluminium forward swaps – cash flow hedges	10,452	341
Total	11,006	17,026
Thereof:		
Non-current	347	16,546
Current	10,659	480

The positive fair values of hedging derivatives are classified as assets and the negative fair values as liabilities. There was no ineffectiveness to be recorded from cash flow hedges as at 31 December 2008 and 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. For the Group's concentration risk, refer to Note 18.

Credit risk from balances with banks and financial institutions is managed by Group Treasury. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments.

in USD 000, except share and per share data

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has set up 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 22 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 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.

2008	within 1 year	1 to 5 years	after 5 years	Total
Borrowings (principal and expected future interest payments)	**619,732**	**581,429**	**267,251**	**1,468,412**
Trade and other monetary payables	**807,495**	**–**	**–**	**807,495**
Total	**1,427,227**	**581,429**	**267,251**	**2,275,907**

2007				
Borrowings (principal and expected future interest payments)	537,810	269,447	–	807,257
Trade and other monetary payables	386,612	20,790	34,621	442,023
Total	924,422	290,237	34,621	1,249,280

30. Contingencies and commitments

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 were 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). In summer 2007, the Group was awarded damages due from the supplier to the Group by reference to various formulae. In September 2007, the supplier made an interim payment of USD 12,000 to the Group. On 6 May 2008, the case was settled and a final payment of USD 6,458 was made to the Group.

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 375,986 at 31 December 2008 (2007: USD 400,256).

The Group has further investment commitments in China amounting to USD 162,554 (2007: USD –) mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the project.

Raw material purchase contracts. The Group has entered into various contracts to acquire energy, gas and other material and consumables in the amount of USD 222,380 for the year 2009. The Group also has a commitment to purchase 3,000 GWh of energy until December 2012 and 254 GWh for January 2013, with the prices being negotiated annually.

Operating lease commitments

The expense for operating leases in 2008 was USD –663. At 31 December 2008, the Group had commitments of USD 1,282 under non-cancellable operating leases. Of these USD 751 is due within one year, and the rest between one and five years.

Guarantees

During 2008, bank guarantees to the amount of USD 3,531 (2007: USD 23,103) were issued and extended to sundry partners. These guarantees were issued mainly for purchasing electricity.

In addition, the Group had issued guarantees to the amount of USD 3,492 as at 31 December 2008 (2007: USD 7,271) relating to electricity purchasing contracts.

31. Events after the balance sheet date

Henan Zhongfu Power Co., Ltd.

On 16 January 2009, Henan Zhongfu Industry Co., Ltd. made a payment of CNY 200,000 (USD 29,263) to acquire the remaining 22.22% shares in Henan Zhongfu Power Co., Ltd. which were not already held by Group companies. The formal registration of the transaction was finalised on 26 March 2009.

in USD 000, except share and per share data

32. Principal companies in the Vimetco Group

The principal companies in the Vimetco Group at 31 December 2008 and 2007, classified by segment, are as follows:

China	2008 shareholding	2008 votes[1]	2007 shareholding	2007 votes[1]
Datang Gongyi Yulian Power Co., Ltd.	**47.06%**	**49.00%**	46.52%	49.00%
Everwide Industrial Ltd.	**100.00%**	**100.00%**	100.00%	100.00%
Henan Non-Ferrous Metal Holdings Co., Ltd.	**29.55%**	**30.77%**	29.21%	30.77%
Henan Yinhu Aluminium Co., Ltd.	**49.25%**	**100.00%**	48.68%	100.00%
Henan Yonglian Coal Industry Ltd.	**43.22%**	**45.00%**	–	–
Henan Yulian Energy Group Co., Ltd.	**96.05%**	**96.05%**	94.93%	94.93%
Henan Zhongfu Anodes Carbon Co., Ltd.	**56.35%**	**83.52%**	55.69%	83.52%
Henan Zhongfu Industry Co., Ltd.	**49.25%**	**51.28%**	48.68%	51.28%
Henan Zhongfu Power Co., Ltd.	**53.20%**	**77.78%**	52.58%	77.78%
Henan Zhongfu Thermal Power Ltd.	**49.25%**	**100.00%**	48.68%	100.00%
Jinhe Electrical Power Equipment Co., Ltd.	**25.12%**	**51.00%**	–	–
Linzhou Hongfeng Aluminium Ltd.	**49.25%**	**100.00%**	–	–
Linzhou Linfeng Aluminium and Power Co., Ltd.	**49.25%**	**100.00%**	–	–
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	**49.25%**	**100.00%**	29.21%	60.00%

Romania				
Alro S.A.	**87.50%**	**87.97%**	87.50%	87.97%
Alum S.A.	**86.96%**	**99.38%**	86.96%	99.38%
Conef S.A.	**87.47%**	**99.97%**	87.47%	99.97%
Vimetco Extrusion S.r.l.	**87.50%**	**100.00%**	87.50%	100.00%
Vimetco Management Romania S.r.l.	**99.90%**	**100.00%**	–	–
Vimetco Power Romania S.r.l.	**99.90%**	**100.00%**	–	–
Vimetco Trading S.r.l.	**99.90%**	**100.00%**	–	–

Sierra Leone				
Bauxite Marketing Ltd.	**100.00%**	**100.00%**	–	–
Global Aluminium Ltd.	**100.00%**	**100.00%**	–	–
Sierra Mineral Holdings I, Ltd.	**100.00%**	**100.00%**	–	–

Corporate and other				
Vimetco N.V.	**n/a**	**n/a**	n/a	n/a
Vimetco Management GmbH	**90.00%**	**90.00%**	90.00%	90.00%

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

Annual Accounts

Company-only Financial Statements Vimetco N.V.

Condensed Company-only Income Statement

Condensed Company-only income statement in USD 000

	Note	Year ended 31 December 2008	Year ended 31 December 2007
Company-only result after tax		**–214,644**	–12,726
Share of net result of investments	5	**49,376**	173,662
Profit/(loss) for the year		**–165,268**	160,936

Company-only Balance Sheet

Before appropriation of current year result

Assets — in USD 000

Non-current assets	Note	31 December 2008	31 December 2007
Intangible fixed assets:			
Goodwill	6	**79,096**	259,482
Financial fixed assets:			
Investments	7	**559,618**	659,193
Loans to Group companies	8	**308,725**	97,912
Total non-current assets		**947,439**	1,016,587

Current assets

Other receivables	9	**2,760**	325
Prepaid expenses		**–**	473
Accrued income from Group companies		**18,966**	3,174
Cash and cash equivalents		**17,609**	8,497
Restricted cash		**4,438**	10,560
Total current assets		**43,773**	23,029
Total assets		**991,212**	1,039,616

Shareholders' equity and liabilities

in USD 000

Shareholders' equity	Note	31 December 2008	31 December 2007
Share capital	10	**27,917**	27,917
Share premium		**366,126**	366,126
Legal reserve		**351,651**	278,753
Retained earnings/(accumulated deficit)		**85,225**	–1,641
Profit/(loss) for the year		**–165,268**	160,936
Total shareholders' equity		**665,651**	832,091

Non-current liabilities			
Loan from credit institutions	11	**103,113**	140,220
Loan from shareholder	12	**171,389**	–
Total non-current liabilities		**274,502**	140,220

Current liabilities			
Current portion of loan from credit institutions	11	**38,000**	47,500
Loan from shareholder	12	**–**	168
Interest payable		**315**	–
Accrued expenses		**1,133**	7,058
Deferred income	13	**9,651**	11,259
Accounts payable	9	**993**	1,270
Other payables	9	**967**	50
Total current liabilities		**51,059**	67,305
Total liabilities		**325,561**	207,525
Total shareholders' equity and liabilities		**991,212**	1,039,616

Company-only Statement of Changes in Shareholders' Equity

Company-only statement of changes in shareholders' equity

in USD 000

	Share capital	Share premium
Balance at 1 January 2007	22,288	–
Appropriation of prior 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	–	–
Losses from cash flow hedges	–	–
Net profit for the year	–	–
Translation adjustment	–	–
Balance at 31 December 2007	27,917	366,126
Appropriation of prior year result	–	–
Change in minorities' share of net assets	–	–
Gains from cash flow hedges	–	–
Net loss for the year	–	–
Translation adjustment	–	–
Balance at 31 December 2008	**27,917**	**366,126**

The "legal reserve revaluation" 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 recognised (excluding amounts attributable to minority interests).

The "legal reserve hedging" comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (net of deferred tax) where the hedged transaction has not yet occurred. The reserve excludes amounts attributable to minority interests.

The "legal reserve translation" comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group (excluding amounts attributable to minority interests).

The "other legal reserve" comprises reserves that are not immediately available for distribution since it includes retained earnings of subsidiaries which are subject to certain legal restrictions, before they can be distributed to Vimetco N.V.

The "retained earnings" comprise retained earnings of Vimetco N.V. available for distribution to the shareholders of Vimetco N.V. excluding Vimetco N.V.'s result of the current year.

in USD 000

Legal reserve							
Legal reserve revaluation	Legal reserve hedging	Legal reserve translation	Other legal reserve	Total legal reserve	Retained earnings	Profit/(loss) for the year	Total shareholders' equity
47,721	–	57,740	52,722	158,183	93,427	113,395	387,293
–	–	–	112,063	112,063	1,332	–113,395	–
–	–	–	–	–	–96,400	–	–96,400
–	–	–	–	–	–	–	282,195
–	–	–	–	–	–	–	89,560
–	–	–	3,377	3,377	–	–	3,377
–	–5,334	–	–	–5,334	–	–	–5,334
–	–	–	–	–	–	160,936	160,936
–	–	10,464	–	10,464	–	–	10,464
47,721	–5,334	68,204	168,162	278,753	–1,641	160,936	832,091
–	**–**	**–**	**74,070**	**74,070**	**86,866**	**–160,936**	**–**
–	**–**	**–**	**24,542**	**24,542**	**–**	**–**	**24,542**
–	**3,575**	**–**	**–**	**3,575**	**–**	**–**	**3,575**
–	**–**	**–**	**–**	**–**	**–**	**–165,268**	**–165,268**
–	**–**	**–29,289**	**–**	**–29,289**	**–**	**–**	**–29,289**
47,721	**–1,759**	**38,915**	**266,774**	**351,651**	**85,225**	**–165,268**	**665,651**

Notes to the Company-only Financial Statements

in USD 000, except share and per share data

1. General

Reference is made to the description of the business and other general affairs in Note 1 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. In accordance with article 402, Part 9, Book 2 of The Netherlands Civil Code, the Company-only Income Statement is presented in abbreviated form.

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 set up, 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.

Reclassification of prior year figures in the balance sheet

In order to improve comparability some prior year figures were reclassified in the balance sheet.

3. Employees and salaries

Eight employees, excluding directors, served the Company as at 31 December 2008 (2007: 4). The salaries amounted to USD 574 in 2008 (2007: USD 43). For the details of directors' remuneration on Group level see Note 14.

4. Auditors' remuneration

The Company paid for services in connection with the audit of the Consolidated and Company-only Financial Statements an amount of USD 1,566 to the statutory auditors in 2008 (2007: USD 2,827) and additionally USD 403 to their network firms in 2008 (2007: USD 300). The Company also paid for non-audit services (mainly tax and other advisory services) an amount of USD 467 to the statutory auditors' network firms in 2008 (2007: USD 53).

5. Share in the results of investments

	2008	2007
Alro S.A. (including shares held by its subsidiary Conef S.A.)	**72,261**	143,010
Everwide Industrial Ltd.	**–20,495**	30,351
Global Aluminium Ltd.	**–2,706**	–
Vimetco Management GmbH	**278**	301
Vimetco Management Romania S.r.l.	**25**	–
Vimetco Power Romania S.r.l.	**–21**	–
Vimetco Trading S.r.l.	**34**	–
Total	**49,376**	173,662

6. Goodwill

The changes in goodwill are mainly related to acquisition of investments in China and Sierra Leone, impairment charges and translation adjustment. Reference is made to Notes 14 and 28 to the Consolidated Financial Statements.

The movements in goodwill are as follows:

	2008	2007
Balance at 1 January	**259,482**	38,142
Purchase price allocation adjustment in connection with purchase of 51% of shares in Everwide Industrial Ltd.	**–**	1,761
Purchase of 49% of shares in Everwide Industrial Ltd.	**–**	200,810
Purchase of 0.22% of Alro S.A. shares by Conef S.A.	**–**	6,121
Purchase of 100% of shares in Global Aluminium Ltd.	**28,189**	–
Impairment charge	**–214,683**	–
Translation adjustment	**6,108**	12,648
Balance at 31 December	**79,096**	259,482

in USD 000, except share and per share data

7. Investments

As of 31 December 2008, the Company has investments in the following companies:

Company	Registered in	Controlled share in issued capital
Alro S.A. (including shares held by its subsidiary Conef S.A.)	Romania	87.97%
Everwide Industrial Ltd.	British Virgin Islands	100.00%
Global Aluminium Ltd.	British Virgin Islands	100.00%
TM Power S.A.	Romania	50.00%
Vimetco Management GmbH	Switzerland	90.00%
Vimetco Management Romania S.r.l.	Romania	99.00%
Vimetco Power Romania S.r.l.	Romania	99.00%
Vimetco Trading S.r.l.	Romania	99.00%

In 2007, Conef S.A. acquired 0.22% of Alro S.A.

In 2006, the Company acquired 51% of the share capital of Everwide Industrial Ltd. 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 transaction has been allocated as follows:

	Book value after minority interest	Fair value adjustment	Fair value
Net assets of Everwide Industrial Ltd. – June 2007	146,418	20,642	167,060
Interest acquired			49.00%
Net assets acquired			81,860
Consideration			282,670
Goodwill			200,810

During the year 2008, the Company founded TM Power S.A., Vimetco Management Romania S.r.l., Vimetco Power Romania S.r.l. and Vimetco Trading S.r.l. In July 2008, the Company acquired 100% of Global Aluminium Ltd. The purchase price on the transaction has been allocated as follows:

	Book value	Fair value adjustment	Fair value
Net assets of Global Aluminium Ltd.	**4,848**	**–**	**4,848**
Consideration			**33,037**
Goodwill			**28,189**

Fair value measurements for the above initial accounting for the business acquired are still being verified, hence the net assets acquired are reported on a preliminary basis only.

The movement in investments in subsidiaries is as follows:

	2008	2007
Balance at 1 January	**659,193**	500,485
Purchase of 49% of Everwide Industrial Ltd.	**–**	81,860
Adjustment of Everwide Industrial Ltd. net asset value acquired in 2006, based on purchase price allocation	**–**	–1,761
Dilution gains from changes in minority interests of Chinese entities	**24,542**	3,377
Purchase of 100% of Global Aluminium Ltd.	**4,848**	–
Establishment of other Group entities in 2008	**260**	–
Hedge accounting at Alro S.A.	**3,010**	–5,334
Alro S.A. treasury shares acquired by Conef S.A.	**–**	–6,574
Dividend payments	**–145,356**	–96,986
Translation adjustment	**–36,253**	10,464
Share in result of investments	**49,374**	173,662
Balance at 31 December	**559,618**	659,193

8. Loans to Group companies

The loans to Group companies as at 31 December 2008 comprise two loans to Everwide Industrial Ltd. and Sierra Mineral Holdings I, Ltd. The loans are not secured. Repayment date of the loan to Everwide Industrial Ltd. is 8 June 2009. The Company has the right to postpone repayment to latest 8 June 2013. No repayment schedule was agreed with respect to the loan to Sierra Mineral Holdings I, Ltd. The loan to Everwide Industrial Ltd. bears interest at the London Interbank Offered Rate (“LIBOR”) plus 5.75%. The interest rate for the loan to Sierra Mineral Holdings I, Ltd. in 2008 was 15%.

The loans to Group companies as at 31 December 2007 concerned two loans granted to Everwide Industrial Ltd. The loans were not secured. Repayment dates were 30 June 2008 and 30 September 2008. The interest rates amounted to 5.1425% and to 7.8% respectively. Both loans were rolled over at the maturity date in 2008.

in USD 000, except share and per share data

9. Receivables and payables

Other receivables

Other receivables	31 December 2008	31 December 2007
Third parties	**364**	325
Group companies	**2,316**	–
Shareholder (Vi Holding N.V.)	**80**	–
Total	**2,760**	325

Accounts payable

Accounts payable	31 December 2008	31 December 2007
Third parties	**735**	1,270
Shareholder (Vi Holding N.V.)	**258**	–
Total	**993**	1,270

Other payables

Other payables	31 December 2008	31 December 2007
Third parties	**967**	–
Group companies	**–**	13
Shareholder (Vi Holding N.V.)	**–**	19
Related parties	**–**	18
Total	**967**	50

10. Share capital and share premium

The authorised share capital consists of 800,000,000 (2007: 800,000,000) common shares. All shares have a par value of EUR 0.10. As at 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 10,451,650 additional shares upon the Company's Initial Public Offering on the London Stock Exchange.

As of 31 December 2008 and 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 were set off against the share premium during 2007.

11. Loan from credit institutions

On 21 June 2007, the Company entered into a 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%. The average interest rate paid in 2008 was 5.90% (2007: 7.16%). In accordance with the maturity schedule, USD 47,500 was repaid on 30 May 2008. The balance is due as follows:

Due date	Principal due
29 May 2009	38,000
31 May 2010	38,000
31 May 2011	38,000
31 May 2012	28,500
Total	**142,500**

51% of the Company's shares in Alro S.A. and Everwide Industrial Ltd. 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 USD 38,000 has to be repaid in 2009, this part has been reclassified to the current liabilities.

12. Loan from shareholder

In 2008, the loan from shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250,000. USD 172,000 was drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd. The loan bears interest at the London Interbank Offered Rate ("LIBOR") plus 5.75% and is due for repayment on 31 May 2013. The loan is subordinated. The average interest rate paid in 2008 was 8.36%.

In 2007, the loan from shareholder is related to a credit facility granted by Vi Holding N.V. (formerly Romal Holdings N.V. – "the parent") for a maximum amount of USD 120,000. The interest rate amounted 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 Holdings N.V. 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 Holdings N.V. borrowing facility and borrowed USD 50,000, bearing interest at 7.36% per annum. The proceeds were lent to Everwide Industrial Ltd. to finance its operations in China. The Romal Holdings N.V. borrowing matured on 22 September 2007 and was repaid.

No maturity date had been agreed on the remaining amount as of 31 December 2007. The loan therefore had been presented as current liabilities. The remaining amount was repaid in 2008.

13. Deferred income

Deferred income refers to prepaid fees amounting to USD 11,929 for services until the end of 2014. An amount of USD 1,608 (2007: USD 623) has been recognised as revenue.

in USD 000, except share and per share data

14. Directors' remuneration

The remuneration of the individual members of the Board of Directors for the financial years 2008 and 2007 is as follows:

Year ended 31 December 2008	Gross periodical remuneration (salary and directors' fee)	Bonus[1]	Pension contributions	Distributions made on termaination of the employment2	Total
Independent directors					
P. Baillot	**366**	**–**	**–**	**–**	**366**
B. Zonneveld	**146**	**–**	**–**	**–**	**146**
J. Currie	**146**	**–**	**–**	**–**	**146**
Executive directors					
C. Wüst	**362**	**1,004**	**49**	**190**	**1,605**
R. Steinemann	**249**	**502**	**16**	**–**	**767**
Non-executive directors					
V. Machitski	**–**	**–**	**–**	**–**	**–**
G. Zhang	**–**	**–**	**–**	**–**	**–**
V. Agapkin	**26**	**4**	**–**	**–**	**30**
V. Krasnov	**26**	**4**	**–**	**–**	**30**
Total	**1'321**	**1,514**	**65**	**190**	**3,090**

Year ended 31 December 2007					
Independent directors					
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 payments from incentive compensation scheme.

2 Accrual of Mr. Wüst's remuneration during the notice period in 2009.

This remuneration is paid from various Group entities where the directors have respective appointments.

The number of granted RSUs under the incentive compensation scheme is as follows (reference is made to Note 21 to the Consolidated Financial Statements):

	Granted in 2007	Balance of RSUs as of 31 December 2007	Vested in 2008	Lapsed in 2008	Balance of RSUs as of 31 December 2008
Independent directors					
P. Baillot	–	–	**–**	**–**	**–**
B. Zonneveld	–	–	**–**	**–**	**–**
J. Currie	–	–	**–**	**–**	**–**
Executive directors					
C. Wüst	82,079	82,079	**–16,416**	**–65,663**	**–**
R. Steinemann	32,830	32,830	**–6,565**	**–**	**26,265**
Non-executive directors					
V. Machitski	–	–	**–**	**–**	**–**
G. Zhang	–	–	**–**	**–**	**–**
V. Agapkin	82,079	82,079	**–16,416**	**–**	**65,663**
V. Krasnov	82,079	82,079	**–16,416**	**–**	**65,663**
Total	279,067	279,067	**–55,813**	**–65,663**	**157,591**

Other information

Auditors' report

To the Audit Committee and Shareholders of Vimetco N.V., the Netherlands

Report on the financial statements

We have audited the accompanying financial statements 2008 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 at December 31, 2008, 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 at December 31, 2008, 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 Report of the Board of Directors 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, 2008, 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, 2008, 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 f of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Board of Directors is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.
signed by: J. Penon
Amsterdam, April 27, 2009

Statutory rules concerning profit appropriation

Distribution of profits

1. Profits shall be at the unfettered disposal of the General Meeting.
2. The Company may distribute the profits available for distribution to the shareholders and other persons with a claim to such profits only to the extent 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. The Company shall not make an interim distribution of profits unless the provisions of paragraph 2 have been satisfied.

Dividends

1. The dividend paid on shares may be claimed by the shareholder until four weeks after adoption of the Annual Accounts. 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

As in 2007, the Board of Directors proposes to allocate the result of the financial year 2008 to the retained earnings and not to pay any dividend.

Subsequent events

Reference is made to the Consolidated Financial Statements, Note 31.

Statement of Management Responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA) the Company is required to prepare annual financial statements which present fairly, in all material respects, the state of affairs of Vimetco N.V. and its subsidiaries (together referred to as the "Group") at the end of each financial period and of the Group's results and its cash flows for each financial period. Management is responsible for ensuring that the Group keeps accounting records, which disclose, with reasonable accuracy, the financial position and which enable them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) as endorsed by the EC 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 36 to 90, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that appropriate International Financial Reporting Standards as endorsed by the EC have been followed.

The Consolidated Financial Statements, which are based on the statutory accounting reports and restated in accordance with IFRS as endorsed by the EC, 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 36 to 90 have been prepared in accordance with IFRS as endorsed by the EC, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the Business Review set out on pages 14 to 21 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

Vitaliy Machitski	Marian Nastase
Acting Chairman of the Board	Acting Chief Financial Officer

27 April 2009

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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.

Aluminium – simply essential

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