Annual Report 2013

vimetco

Vimetco N.V. is an international industrial group that focuses on the aluminium industry. The Group is present in several countries, including The Netherlands, Romania, China, and Sierra Leone. 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.**

Contents

Report of the Board of Directors

Financial Highlights 5
Letter from the Chairman 6
Letter from the CEO 8
Sustainable Development 10
Business Review 13
Corporate Governance 16
Shareholder Information 30

Annual Accounts

Consolidated Financial Statements 31
Company-only Financial Statements 109
Other Information 123
Independent Auditor's Report 124
Statement of Management Responsibilities 126

Report of the Board of Directors

Financial Highlights

		2013	2012 restated*
Sales	USD million	2,201	2,333
EBITDA[1]	USD million	140	281
EBITDA margin		6.4%	12.1%
Net (loss)/profit	USD million	-150	-146
Total assets	USD million	5,514	5,370
Shareholders' equity	USD million	954	1,100
Net debt[2]	USD million	2,594	2,440
Earnings per share	USD	-0.388	-0.600
Equity per share	USD	1.56	1.98
P/E[3]	**USD**	**-0.26**	**-0.27**
Share price at year-end	**USD**	**0.10**	**0.16**
Production			
Electrolytic aluminium production	metric tonnes	869,000	925,000
Processed aluminium production	metric tonnes	189,000	171,000
Alumina production	metric tonnes	391,000	414,000
Bauxite production	metric tonnes	616,000	776,000
Coal production	metric tonnes	1,198,000	744,000
Energy production	MWh	6,813,000	7,090,000
Average number of employees		17,073	17,006

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

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

[3] P/E: price per share divided by earnings per share.

Letter from the Chairman

Dear Shareholders,

We came to the end of another challenging year for the entire aluminium industry. A year when Vimetco managed to overcome, yet again, the difficult market situation, reflected in a lower than expected demand for aluminium. Our continuous efforts aimed at consolidating the Company's position among the top international aluminium producers helped us increase our efficiency, gain new customers on high-end markets and register a gross profit for the year.

The weak aluminium market and the increase in the price of raw materials, especially electricity, impacted significantly the financial results. More specifically, last year we faced a depressed aluminium market that, despite most forecasts, registered a low demand and, consequently, the price of aluminium remained at record lows for the past four years.

Working in a typically cyclical industry, with strong price increases, followed by equal decreases, we understand that our competitiveness comes from the added value. Therefore, our long-term strategy was and continues to be achieving the vertical integration, and delivering highly sophisticated aluminium products, for high-end customers. This is where our research and development specialists play a very important role, and this is where they have proven their capabilities.

As a result of a complex investment programme in technology and research, we managed to increase the output and range of very high-added products, both for the primary aluminium and for the processed products sectors, and, thus, we managed to take advantage of a market where the demand is still strong, and the margins are high. Therefore, although our sales registered a 6% decrease, last year, the product range continued to improve. Vimetco sold 747,000 tonnes of primary aluminium, 50,000 tonnes less compared to 2012, while the sales for processed aluminium products increased significantly, to 145,000 tonnes, from 112,000 tonnes, the previous year.

However, our continuous efforts to improve the products range, to be able to deliver high quality aluminium products, were offset not only by the lower quotations for aluminium registered both on the London Metal Exchange, and on the Shanghai Metal Exchange, but also by an increase in costs with part of our raw materials, electricity specifically, that impacted our overall results.

Energy – a continuous challenge

In 2013, our Romanian units were forced to handle a situation that was both unexpected and beyond their control in relation to the final price for energy. While the general trend in Europe showed a decision to reduce the intensity of the support schemes for the renewable energy sector, in Romania this scheme turned out to be the most generous from within the EU. As a result, last year, Romania had the highest taxes in the European Union for the renewable energy support. Consequently, our Romanian smelter registered losses, for the second time in its history.

Despite the adverse factors beyond our control, we are proud to report that, last year, Alro succeeded to restructure its activity, in such a way that it maintained its market share, in a very fragile environment. Europe faced the shutting down of 11 aluminium producers over the past 10 years, many of them being forced out of business by the cost of the electricity.

The energy situation became even more acute last year, in Romania, where we witnessed an explosion of the new projects in the photovoltaic sector that registered an increase of 2,000% in a single year. As a result, our Romanian units were forced to pay higher than expected subsidies for green energy. This situation made the final price per megawatt-hour that Alro had to pay, twice as high as the EU average.

Under these circumstances, our constant efforts and investments in increasing the efficiency of the operations for the Slatina-based smelter were offset by the ever-increasing cost of the energy.

The programme to reduce the electricity consumption led to record results in the aluminium industry. And for this we are proud of our specialists from the research and development department. Thanks to their continuous efforts, we managed to reach consumption levels that are among the lowest in the industry. For instance, the energy consumption decreased three times over the last ten years in our Processed Aluminium Division in Romania. In addition to over USD 100 million investments in energy efficiency that we made over the past nine years, we implemented new measures to reduce

the consumption. Thus, the Romanian unit commissioned a recycling facility for the aluminium scrap, at the end of 2013, achieving a 95% energy reduction, compared to the electrolytic process.

As I explained, these measures were offset by the support scheme for the renewable sector. However, the Romanian authorities are currently reviewing the legislation for the support scheme offered to the producers of energy from renewable sources, following the official guidelines published by the European Commission, that support a significant reduction in the eco-taxes paid by the big industrial consumers. This is a result of the constant effort to communicate on the sustainability of the operations by all the big industrial consumers in Europe.

The current perspective addresses a more balanced subsidy scheme, with reduced impact on consumers, focusing on the sustainability of the European industry.

Pursuit of the strategic vision through state-of-the-art technology

The adverse factors witnessed last year didn't determine a shift in our development strategy. Therefore, we continued to invest in best available technologies, both in Romania and in China, with the aim of increasing our operations efficiency, and the production of the highly processed products.

In China, we started the testing phase of its hot line for the 1+4 rolling mill, with a capacity of 750,000 tonnes. This is yet another step towards turning Henan Zhongfu Industry into a main supplier for high added value products, primarily for the Chinese market.

In Romania, we invested in new aluminium scrap processing facilities and finalized in partnership with the Regional Operational Program an investment of USD 14 million, started in 2011, which aims at increasing the production capacity for the processed aluminium.

Market perspective

2014 came with a slight change in the aluminium market, some of the producers announcing capacity reductions that led to a slow increase in the quotation of aluminium on the London Metal Exchange. Moreover, manufacturers in several sectors turn to aluminium, for several of its properties, from being lighter than steel, or relatively cheap compared to copper, and more efficient and, therefore, more cost effective.

As demand for sophisticated products of high added value continues to be strong we will continue to focus on our strategy to expand even further our portfolio of these products and to reach an even wider range of potential customers in several market segments.

However, we will continue to analyse closely the developments in the raw material sectors and their effects on our business, in order to be able to take swift and efficient measures that will allow us to remain competitive in this highly challenging market.

Vitaliy Machitski
Chairman of the Board

Letter from the CEO

Dear Shareholders,

Last year was a testing one, with low demand, with prices that followed the same downward trend and with the raw materials that continued to be more and more expensive.

However, we remained focused on our long-term development strategy to increase the output and sales of high added value products, while, in the short term, we developed and implemented new technologies to support our constant engagement to reduce costs.

In December 2013, the aluminium quotation reached the lowest level of the last four years, when it decreased below USD 1,700/tonne, as a result of a weak demand. This coupled with the higher than expected energy prices, impacted significantly our final results.

In order to mitigate the situation, Vimetco focused on achieving improved technological consumptions, both in Romania, and in China, but also diversified its production sources, by developing scrap-recycling technologies and, thus, partially cutting down electricity consumption.

As a result, our output of primary aluminium decreased 5%, while the production of processed aluminium increased by 10% in 2013, as compared to 2012.

Focus on Research and Development

Despite the difficult market conditions, we strengthened the role of our Research and Development teams and we focused further on new technologies that allowed us to increase the efficiency of our operations.

In China, Vimetco started the testing phase of its hot line for the 1+4 rolling mill, with a capacity of 750,000 tonnes, pursuing its strategy to develop the capacities of high added value products. Simultaneously, we continued to consolidate the sales network within the Chinese market, focusing on added value products, with higher margins.

Together with the technological investments, we continued our programmes of environment protection in China, with one of our units passing the assessment of the environment protection requirements issued by the Department of Environmental Protection of Henan Province in respect to the emissions of nitric oxide.

Higher efficiency

Our Romanian unit also faced, in its turn, the challenges of the international market, coupled with a very strong increase of costs of inputs, specifically with the electricity, as a result of a highly generous scheme of support for the renewable energy.
Although we invested in increasing our efficiency and succeeded to reduce the energy consumption to a minimum level, the positive impact of such investments was offset by the high costs with eco-taxes.

Lower specific consumption

As a result of a complex investment programme in state-of-the-art equipments, and with the support of a highly qualified team of experts within our plant in Romania, we managed to reduce the direct consumption of electricity for the entire aluminium production process by 10%, compared to 2003, and that of gas, by approximately 30%. These investments earned Alro a place in the top of the aluminium producers that have one of the lowest specific consumption in the European Union.

In our efforts to further increase our efficiency, we invested in new aluminium scrap processing facilities, thus reducing the electricity consumption, compared to the electrolytic aluminium production process.

Besides reducing overall consumption, in 2013 we developed the capacities for primary and processed aluminium in total value of approximately USD 21 million, finalizing, in partnership with the Sectoral Operational Program, an investment of approximately USD 14 million, started in 2011, which main aim was to increase the production capacity for the processed aluminium sector.

We implemented a complex programme of increasing efficiency in our unit in Sierra Leone, while including a decrease of the employees' number, changes of the management and the outsourcing of the mining and transport activity.

Vertical integration

I would like to take this opportunity to thank, once again, our employees world-wide for their efforts and dedication, and to assure them we are doing everything in our power to safeguard the units where they work and to offer best safety equipments and training programmes. The good results we registered in terms of efficiency of our operations give us the confidence to pursue our long-term strategy of vertical integration and consolidation of our business.

This, together with the latest decisions taken by the European Commission regarding safeguarding the future of the industrial footprint within the EU give us confidence that we will be able to further improve our efficiency and to benefit from the market opportunities, once the aluminium demand will pick up.

We will, however, continue to monitor the evolution of the international economy, in order to promptly take the appropriate measures to remain competitive in the aluminium market.

Gheorghe Dobra
Chief Executive Officer

Sustainable development

Vimetco is constantly pursuing its long-term development strategy implemented by the Group in all its units in China, Romania and Sierra Leone. The Company focuses on consolidating its position as a vertically integrated aluminium producer, by securing the necessary raw materials for current and future activity, and delivering high added value products. Vimetco is acting responsibly towards preserving the environment and supporting the communities where it operates and the local economies.
Operating in a highly competitive international market, Vimetco focuses on identifying the best solutions for cost savings and for increasing the efficiency of the production processes, while safeguarding the environment.

Business sustainability

Vimetco is a vertically integrated international Group with its own production of bauxite, alumina, coal, power and aluminium. The Company developed its own raw material production units, operating its own energy plants in China, holding a bauxite mine in Sierra Leone and an alumina refinery in Romania. Vimetco focuses its production activity on delivering high value-added products, both in primary and processed sectors.

The Company is constantly improving the quality of products and services, having a wide range of aluminium products in the primary sector, including billets, wire rod, slabs and in the processed sector, such as plates, sheets, coils and extruded products. With a favourable geographic positioning, with long standing expertise in high added value products and with a vertically integrated business model, Vimetco is able to offer increased value to its stakeholders (customers, employees, shareholders and local communities).

International presence

Vimetco has production assets in China and Romania, mining assets in China and Sierra Leone and a holding company in The Netherlands, being well positioned to cover the demand of its international customers. Having almost 17,100 employees, Vimetco NV controls annual production capacities of up to 1.1 million tons of electrolytic aluminium, 340,000 tons of processed aluminium products, 600,000 tons of alumina, 1.7 million tons of bauxite, 2.25 million tons of coal, 3 x 300 MW of electricity and 318,000 tonnes of baked anodes per year. The Company pursues the corporate governance principles and it does business in a fair manner, with mutual respect, transparency and accountability. Vimetco Group includes three aluminium smelters and rolling mills, one alumina refinery, bauxite-mining facilities, six coal mines and four power plants in five countries, in three parts of the world.

Vimetco's operations in China include smelting plants and casting facilities in Gongyi and Linzhou and processing facilities in Gongyi and Zhengzhou. The entire production of the segment is sold on the Chinese market. Moreover, the Group owns an anode plant, three power plants in China with a total capacity of 900 MW and several coalmines, securing partly its electricity needs in the country.

In Romania, Vimetco's operations include a smelter, an anode plant, casting facilities, and a processing plant, with a production capacity of electrolytic aluminium of 265,000 tpa and over 80,000 tpa of processed aluminium, including plates, sheets, coils, and extruded products.

Moreover, through its Romanian unit, Vimetco is an active member of the European Aluminium Association (EAA), organization that includes primary aluminium producers, downstream manufacturers, producers of recycled aluminium and national aluminium associations representing the manufacturers of rolled and extruded products in 18 European countries. The overall objective of the EAA is to actively engage with EU decision-makers and the wider policy community to promote the outstanding properties of aluminium and optimise the contribution our metal can make to meeting Europe's sustainability challenges.

Long-term strategy

Vimetco is committed to continue its focus on becoming a fully integrated aluminium producer, with the goal to achieve full integration and ensure all necessary raw materials for its operations. In 2013, the Company continued to consolidate its production capacities, worked towards diversifying its products portfolio and towards identifying opportunities for further securing the necessary raw materials, both bauxite and electricity. In 2012, the Company's bauxite producing subsidiary, Sierra Mineral Holdings I Ltd. (SMHL), signed an updated Mining Lease Agreement with the Government of Sierra Leone. Under this agreement the Company's Mining Lease, of 321 square km in the Mokanji area of Sierra Leone, will be granted for a period of 20 years from the effective date, while the perimeters remain the same. The updated lease brings SMHL up to date with the latest legislation in the mining and minerals field in Sierra Leone. Vimetco also supports the local community, via SMHL Foundation, and takes part in building the infrastructure, community halls, water wells and other facilities in the regions where the Company operates. In Romania, the Company's investments focused on increasing its operations efficiency, its aluminium scrap processing capacities and the production of the highly processed products, while upgrading its technology, in order to keep its equipments in line with the latest technological innovations in this industry. Moreover, in 2013, in Slatina, Vimetco finalized a project, co-financed by the European Union.
Thus, equipments for finishing sheets, coils and alloys were acquired, a planar line by stretching, a cutting to length and an automatic packing system were put in place. This project's implementation is expected to have a positive impact on the Romanian's segment operations,

especially in the field of high added value products and to attract new customers through products diversification.

Research and development

In 2013, Vimetco continued implementing its research and development programme targeting at two major components: continuous improvement of the product range, quality and services, on the one hand, and on the other hand, reducing specific consumption and increasing energy efficiency of its operations. Vimetco's units in China and in Romania are qualified to deliver a wide range of aluminium products that meet the requirements of the most demanding customers, in terms of quality and services. Vimetco is investing in the diversification of the product range, placing a strong emphasis on research and development. Vimetco's products hold the quality certifications from the most prestigious institutes in the respective fields, such as NADCAP certificate for aerospace industry or ISO 9001. The Romanian unit, Alro is a member of Aluminim REACH Consortium, an organisation that assists industry players in the compliance process to REACH (European Community Regulation on chemicals and their safe use, which deals with Registration, Evaluation, Authorization and Restriction of Chemical substances).

In terms of efficiency of the operations, Alro has constantly tried to reduce the electricity and gas consumption per tonne of aluminium. Over the past years, the Company invested in increasing electric power intensity to the active electrolysis pot room series up to 120 kA, with the support of the Research and Development Department. This led to higher production efficiency with a direct impact on reduction of the unit's energy consumption.

In its turn, Vimetco's Henan Zhongfu reached the most advanced level in energy efficiency. The Research and Development Department of Vimetco's Henan Zhongfu Industry has successfully achieved 'low-temperature low-voltage aluminum smelting technology'. As a result, in 2012 the DC (direct current) consumption has decreased to 11,819 kWh/tonne of aluminium, down by 10.7% from 13,235 kWh/tonne. The project was co-financed by the Ministry of Science and Technology of the PRC and passed the exam and appraisal of an expert team organized by the China Nonferrous Metals Industry Association (CNIA).

Health and safety

Vimetco has in place a complex set of health and safety policies in all its units around the world, resulting in a successful track record. Each employee is responsible for observing safety and health rules and regulations, working safely and efficiently. Health and safety principles also apply to the Company's contractors, visitors, and customers. Vimetco is constantly addressing health and safety issues across the entire production chain and for all its products, delivering goods that comply with their intended functionalities.

The Company offers working protection materials, specially designed for its employees, a regular monitoring program with in-house medical teams, and also free medical supervision and emergency aid is provided at any time.

Quality

Vimetco places a strong emphasis on the quality of all its products, implementing a complex control policy programme for its units. The Group's teams achieved significant results in improving quality throughout the production chain from raw material to finished products and services. In Romania, Alro's products are ISO 9001 certified for quality management and have NADCAP as well as EN 9100 certificate for aerospace production organizations, complying with the quality standards for primary aluminium on the London Metal Exchange - LME, as well as the international standards for flat rolled products.

In China, Henan Zhongfu holds the Certificate of Quality Management System from the Quality Assurance Centre of China Association for Quality, recognizing that the production, marketing and services for re-melting ingots are in conformity with ISO 9001. In China, the company is also ISO 14001 certified.

Environment

Vimetco is constantly working towards maintaining a low impact on the environment, as it is aware of its responsibility towards the communities where it operates. All its units work in compliance with the respective rules and regulations and implemented self-monitoring techniques in order to maintain compliance.

The Group's Romanian unit, Alro, developed programs for the self-monitoring of the environmental impact factors and of the work related noxious emissions in cooperation with the Local Environmental Protection Agency and Local Public Health Authority. Alro has the Integrated Environmental Permits, representing the acknowledgment of the company's complex long-term investment plan. Alro also holds the ISO 14001 certification for the environmental protection management. Alro is also involved in global environmental-related activities by cooperating actively with international organizations, which are in charge of reduction of greenhouse gas emissions and of the entire range of pollutants generated by the company facilities. Moreover, Vimetco's Romanian operation implemented a programme to increase processing of scrap aluminium, in Slatina, to over 100,000 MT/year.

Vimetco's Chinese operations implemented state of the art technology, that is in full compliance with the environment requirements and place these units among the most advanced in respect to environment protection in the country. Henan Zhongfu Industry is ISO 14001 certified for environmental management system.

In Sierra Leone, the Company works in full compliance with international standards applicable in this field. Using best available mining methods, Vimetco ensures its operations are conducted under strict environmental controls. The Company does re-greening of mined land and participates in the social development of local communities. The SMHL Foundation is financing the development of the communities around the mining facilities, including infrastructure, social facilities etc.

Greenhouse gas emissions

Vimetco has invested in state of the art technology that indirectly has a positive impact on environment protection, by reducing the impact of CO_2 emissions and footprint.

The Company is continuously assessing and evaluating the environmental footprint associated with greenhouse gas emissions. Its investments support efficient operation in aluminium production, helping to deal with climate change.

Energy efficiency

As part of its development strategy, Vimetco is continuously investing in reducing energy consumption and in increasing energy efficiency of its operations. Both its Chinese and its Romanian units invested in reducing the energy consumption per tonne of aluminium, in order to reduce production costs and to maintain their competiveness on the international market.

Vimetco's Chinese operations continued the investment projects in production capacities and product quality and made a significant step towards reducing electricity consumption. In their turn, the Romanian units reduced significantly the electricity and gas consumption, over the past years. Moreover, Alro has increased electric power intensity to the active electrolysis pot room series up to 120 kA.

Employees

At the end of 2013, Vimetco employed almost 17,100 people in Asia, Europe and Africa. Vimetco places all its employees on the top of its priorities and is constantly investing in work safety and security, in protection equipment, safety materials and health and safety training programmes. Beside the protection programmes, the Company is conducting regular internal safety audits to determine the compliance with the safety and security standards.

The Company is committed to ensuring the best working conditions for all employees in compliance with the international standards. Moreover, the Company has complex training programmes that ensure all employees are trained to work with best available equipment and latest techniques available.

Vimetco is also committed to ensuring inter-generation equity and prohibits forced labour, does not employ persons under the age of 15, does not discriminate on the grounds of age, colour, gender, origin, marital status, sexual orientation etc., protects against physical, mental and emotional abuse amongst employees (including employee mobbing), respects the right of employees to associate freely and to collective bargaining (where the national laws provide for this).

Social Responsibility

Vimetco considers the local communities where it operates as the Company's partners and is committed to work towards improving the life of the people living in the areas where the Group operates.
The well being of the people reflects the success of our business, and Vimetco is actively involved in the lives of the local communities, supporting their development, implementing the specific projects, including education, health and infrastructure.

In Romania, the Company focuses its corporate social responsibility programme on major programmes, from rebuilding homes destroyed by natural disasters, to education and health initiatives.

In Sierra Leone, the Company contributes to the Agricultural Development Fund, and to a Foundation focusing on community development projects in the mining area.

In China, the Group invested in a local fund set up with the purpose of financing the construction of the Art Centre and the Central Library in Gongyi.

Business Review

Despite the extremely challenging market conditions, Vimetco continued its long-term development strategy in 2013 and remained focused on high added value products, while taking more steps to increase the efficiency of its operations and to reduce its overall costs. Moreover, the Group consolidated its specific markets, and put an even stronger emphasis on developing its sales network.

The weak aluminium market, with significantly lower quotations, led to a decrease in the overall sales, which stood, in 2013, at USD 2.2 billion, down from USD 2.33 billion in 2012. The cost of sales slightly decreased in 2013 by 0.3% compared to 2012 leading to a gross profit of USD 76 million, down from USD 200 million in 2012.

Last year, the Group sold almost 747,000 tonnes of primary aluminium, or USD 1.6 billion, compared to 785,000 tonnes, in 2012 or USD 1.7 billion, while the sales of processed aluminium products registered a significant increase, to 145,000 tonnes or USD 429 million, up by 33,000 tonnes, compared to the previous year, when they stood at 112,000 tonnes or USD 357 million.

Two major factors impacted the Group's results – the weak aluminium market and the increase in the input costs registered in 2013. The aluminium quotation on the London Metal Exchange (LME) continued its decreasing trend and the average reported for 2013 was of 1,845 USD/tonne, compared to a level of 2,018 USD/tonne, in 2012.

The lowest LME level reached within the last four years was of 1,695 USD/tonne and was reported in December 2013. In order to address the increase in costs, Vimetco further focused on achieving best technological consumptions, both through Research and Development, and through a change in production mix.

Specifically, the Group developed scrap-recycling technologies and managed to reduce part of its energy consumption.

Financial results and significant non-financial events

In 2013, Vimetco's sales decreased by almost 6%, to USD 2.2 billion and, as a result, the Group's gross profit decreased to USD 76 million, down from USD 200 million in 2012. Vimetco reported an EBITDA of USD 140 million in 2013 compared to USD 281 million in 2012. The net loss for the period reached USD 150 million compared to USD 146 million in 2012, while the net finance costs decreased (2013: USD 167 million, 2012 restated: USD 236 million).

During 2013, Vimetco continued its long-term strategy focused on products with higher added value, both in primary and processed segments. Although these products have higher margins, they could not compensate the loss generated by the slowdown in demand, reflected in the lower LME price.

The production of electrolytic aluminium production decreased, as per market trend, reaching 869,000 tonnes, from 925,000 tonnes, in 2012, while the processed aluminium production increased to 189,000 tonnes, from 171,000 tonnes, in 2012. The alumina production decreased to 391,000 tonnes from 414,000 tonnes in 2012, while the bauxite production decreased to 616,000 tonnes, from 776,000 tonnes.

Financial position

The Group's total assets increased by USD 144 million, from USD 5.4 billion in 2012 to USD 5.5 billion in 2013, while the total equity decreased to USD 954 million, from USD 1.1 billion in 2012.

The Group's total liabilities increased in 2013 to USD 4.6 billion from USD 4.3 billion in 2012. Total non-current liabilities at Vimetco Group level were USD 1.5 billion at 31 December 2013, down from USD 1.6 billion in 2012 with long-term bank loans lower, of USD 1.3 billion compared to USD 1.46 billion in 2012. The short-term bank loans also increased to USD 1.1 billion in 2013 from USD 971 million in 2012.

China segment

Vimetco's Chinese unit, Henan Zhongfu Industry Co. Ltd. was included in the Top 500 Chinese Enterprises in 2013, in China (i.e. the company was ranked the 359th place (2012: 274th) on this list published by the Fortune Magazine, China edition). Henan Zhongfu Industry Co. Ltd. has a production capacity of 815,000 tonnes of electrolytic aluminium.

The Group has smelting plants in Gongyi and Linzhou and processing facilities in Zhengzhou, with a capacity of 150,000 tonnes cold rolled products and casting facilities. Vimetco also controls mining facilities with a capacity of 2.25 million tonnes p.a. of coal, 3 x 300 MW coal-fired power stations in Gongyi and anodes plant producing 150,000 tpa of green anodes. Vimetco Group has also a significant shareholding in 2 x 300 MW coal-fired power stations in Linzhou (jointly held with Datang).

Last year, in January, the Group started the testing phase of its hot line for the 1+4 rolling mill, with a capacity of 750,000 tonnes, after having successfully made the first piece of hot rolling product on 21 December 2012 and the installation works of cold rolling line began. In this way, the Group is pursuing its strategy to turn Henan Zhongfu Industry into an integrated main supplier for high added value products, primarily for the Chinese market.

Moreover, in 2013, the Group continued to consolidate its sales network within the Chinese market, focusing on higher added value products, with higher margins.

During 2013, one of the Group's companies was awarded by the Chinese State Intellectual Property Office with patent certificates for 3 newly developed production devices. Therefore, this company reached a total number of 15 patents (including these 3 new ones), out of which 14 patents represent Utility Model patents and 1 represents an Invention patent. Moreover, another company within Vimetco Group was awarded in 2013 with the 'high and new technology enterprises certificate' by the Office of Science and Technology hall in Henan province.

Starting with March 2013, Henan Zhongfu Industry Co. Ltd. altogether with Shanghai Jiaotong University started a pilot project in making high-purity aluminium, which main aim is to decrease the production costs and to generate new sources of income for the Group.

In April 2013, the PRC's Ministry of Science and Technology inspected and approved the technology of 360 m HVDC HTS (High-voltage direct current high temperature superconductor) cable carrying capacity up to 10 kA, which was jointly developed by Henan Zhongfu Power Co. Ltd. and the Institute of Electrical Engineering Chinese Academy of Sciences. The cable is not only the HTS cable with the largest transmission current now in the world, but also the world's first grid-connected operation HTS DC cable. As a brand-new transmission technology, HVDC HTS cable has a significant and potential application in the power grid, with high transmission capacity, low loss, small size, no electromagnetic pollution, and many other remarkable advantages. This new project is one of key items in the China's National High-Tech Research and Development Program.

Moreover, in May 2013, the denitration project of one of the plants in China had successfully passed the assessment of the environment protection requirements issued by the Department of Environmental Protection of Henan Province. After the implementation of this project, the emission of nitric oxide could be reduced by approximately 7,000 tons per year.

Another major event for 2013 was the resolution passed in December 2013 of the Board of Henan Zhongfu Industry Co. Ltd. to appoint Mr. Zhang Feng Guang as the Vice General Manager of the company.

During 2013, the Group intensified its attention in respect of the control environment and therefore, Henan Zhongfu Industry Co. Ltd. contracted RSM China Consulting Co. Ltd. to provide consultancy and advisory services to its internal audit department regarding the review of accounting, internal control procedures and systems for improving the internal control environment and risk management procedures within the company.

In China, in 2013, Vimetco produced approximately 618,000 tonnes of primary aluminium, in 2013, down from 665,000 tonnes in 2012 and 95,000 tonnes of processed aluminium, up from 84,000 tonnes in 2012.

Romania and Sierra Leone (Romanian segment)

In Romania, the operations of Vimetco are vertically integrated, covering most of the Company's aluminium production chain. The Group owns an alumina refinery, Alum, in Tulcea, the primary and processed production facilities at Alro, in Slatina, and the extruded products at Vimetco Extrusion, also in Slatina.

During 2013, In Romania, Vimetco continued its investment programme focused on increasing its operations efficiency, diversifying the products portfolio and decreasing its internal costs. The Group's investment budget for the Romanian operations was of approximately USD 20 million.

During 2013, Alro invested in new aluminium scrap processing facilities and finalized in partnership with the Regional Operational Program (POR) an investment of approximately USD 14 million, started in 2011, whose main aim was to increase the production capacity for the processed aluminium sector.

Moreover, during 2013 a partnership was signed with the Romania's Ministry of Economy for Sectorial Operational Programme 'Increase of Economic Competitiveness'. This project was aimed to ensure sustainable development and to increase the Company's competitiveness. The total value of European Union's funds received was of more than USD 5 million.

During the past nine years, the Romanian segment has implemented an investment program of more than USD 100 million to increase its operational efficiency through which electricity consumption for processed aluminium sector has been reduced by more than 75% and the gas by more than 90%. Direct consumption of electricity for the entire aluminium production process was by 10% lower in 2013 compared to 2003, and that of the gas, by approximately 30% lower. These investments in the energy efficiency places Alro in the top of the aluminium producers that have one of the lowest specific consumption in the European Union.

The investment effort of Vimetco also targeted to upgrade the equipments used. Thus, Vimetco Extrusion is expected to complete, in the first half of 2014 an investment in a new press that will increase the productivity.

In 2013, Alro Group reported a total production of primary aluminium of 250,000 tonnes, a level similar to the one reported in 2012, of 249,000 tonnes. Alro Group increased its processed aluminium production by more than 7,000 tonnes and reached a level of 93,600 tonnes (2012: 86,500 tonnes). In 2013, the alumina production recorded a slight decrease to 391,000 tonnes, compared to 414,000 tonnes produced in 2012.

During 2013, Alro exported more than 74% of its total production to the European Union, United States of America and to Asia.

The support scheme for the renewable energy production was one of the major factors that impacted the operations of Vimetco in Romania both in 2013, and in 2012. In 2013, Romania had the highest

costs for the renewable energy support, within the European Union, and this led to lower competiveness compared to the EU and non-EU producers, as in other European countries the support scheme has been idled or significantly reduced.

Although the Company permanently invested in increasing its operations efficiency, and thus managed to reduce the energy consumption to a minimum level, all these investments positive impact was offset by the high costs with the green certificates and the cogeneration tax.

In February and March 2013, the Group announced top management changes within its Romanian sub-group parent, Alro and Mrs. Genoveva Nastase became the company’s CFO, while Mr. Pavel Machitski was appointed as a member in Alro’s Board of Directors.

Sierra Mineral Holdings 1 Limited (SMHL) represents one component of the Group’s technological chain, at the base of this vertically integrated producer being the bauxite supplier. The bauxite produced by SMHL is sold to Alum for refining into alumina which is further supplied to Alro in order to be processed into aluminium. In 2013, SMHL extracted approximately 616,000 tonnes of bauxite, a decreased level compared to the one reported for the previous year (2012: 776,000 tonnes). The main factors that caused this decrease were the difficult climate in Sierra Leone, the social and cultural differences. The management of Vimetco is closely monitoring the evolution of the activity in Sierra Leone, in order to be able to take the necessary measures in due time. Moreover, in 2013 Vimetco implemented a reorganization programme in SMHL, which included a decrease of the employees’ number, changes of the management and the outsourcing of the mining and transport activity. Through all these measures, SMHL aimed to reduce the costs and thus, to increase its profitability. Moreover, a capital repair for the bauxite washing equipment worth about USD 0.6 million was finalized. Thereby, starting November 2013, the washing machine productivity doubled (i.e. from an average production of 50,000 tonnes, it has reached a production level of 100,000 tonnes/month), as these repairs aimed to increase the bauxite washing machine capacity from about 2,000 tonnes/ day to 4,000 tonnes/ day.

Outlook

Despite the difficult situation witnessed by the international aluminium market, Vimetco wants to further pursue its long-term strategy of vertical integration and consolidation of business on the markets where it operates. During 2014, the Group relies on increasing its competitiveness and to achieve this objective, it has to continue to focus on the improvement of the efficiency of its operations by upgrading its equipments and by investing in training programs for its employees. Vimetco will continue to monitor the evolution of the aluminium prices on the international markets, to be able to assess promptly which are the appropriate measures to be taken.

Another vital aspect for the Group's operations is represented by the lack of predictability for the application of the support scheme for the renewable energy in Romania where, for example, only in 2013 the production capacities of photovoltaic energy have increased by 2,000%. However, following the recent publication by the European Commission of the guidelines on energy and environment protection, the Romanian authorities are in process of reviewing the legislation for the support of renewable energy production.

We are hopeful that the regulations focus on a more balanced scheme, as per the European Commission “Guidelines on State aid for environmental protection and energy 2014-2020”, addressing the sustainability of the European industry. Moreover, the Group is prepared to take the most appropriate measures, depending on the evolution of this scheme, as well as of the aluminium market, to maintain the overall continuation of its operations.

Corporate Governance

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

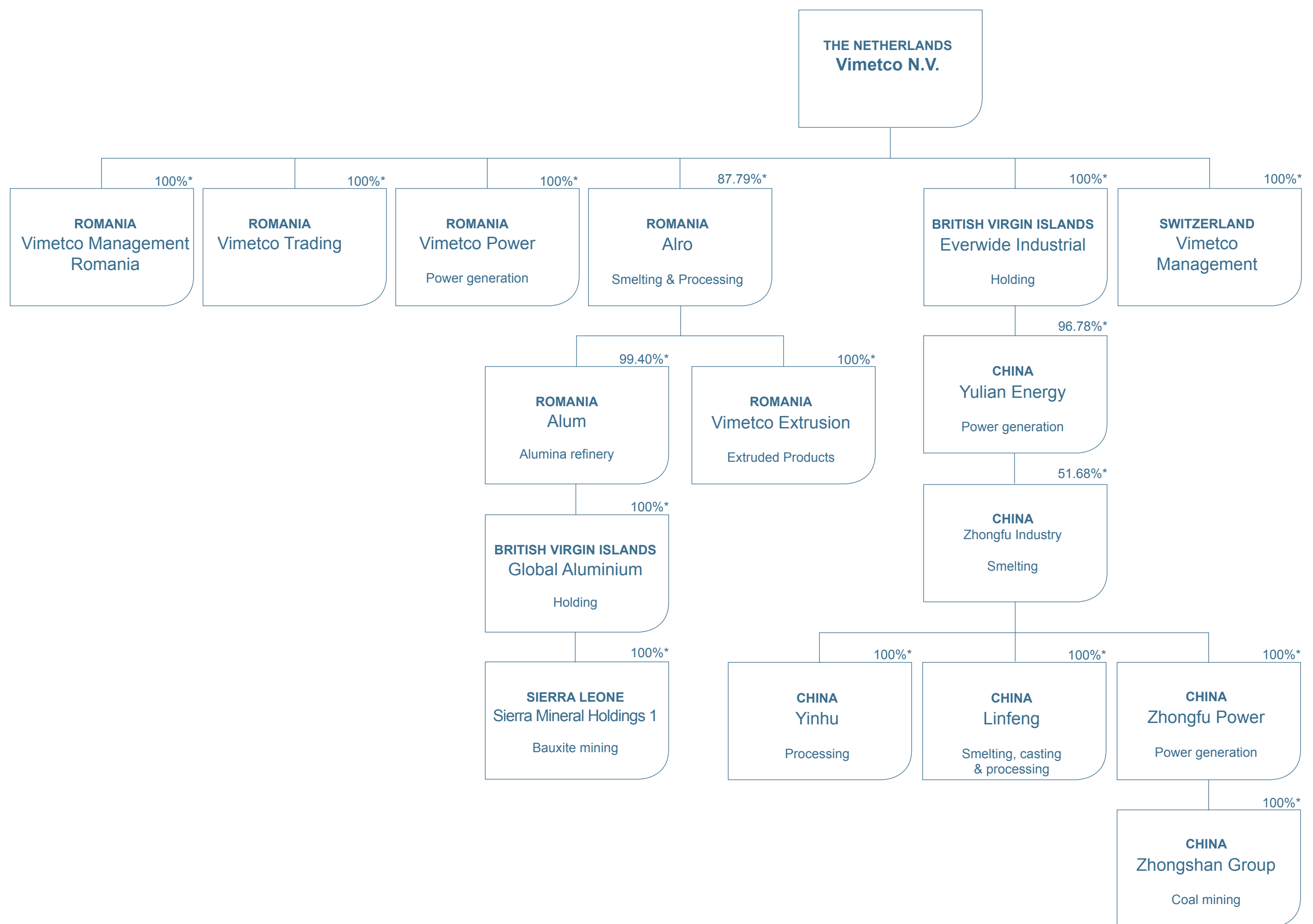
Share Capital

Vimetco's issued share capital on 31 December 2013 amounted to 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. As a result of the Initial Public Offering in 2007 ('the Offering'), the GDR Depository, J.P. Morgan Chase Bank, N.A., issued global depository receipts ('GDRs') 58,192,034 out of which (26.5% of total number of the Company's shares) are currently listed on the LSE. 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 in 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

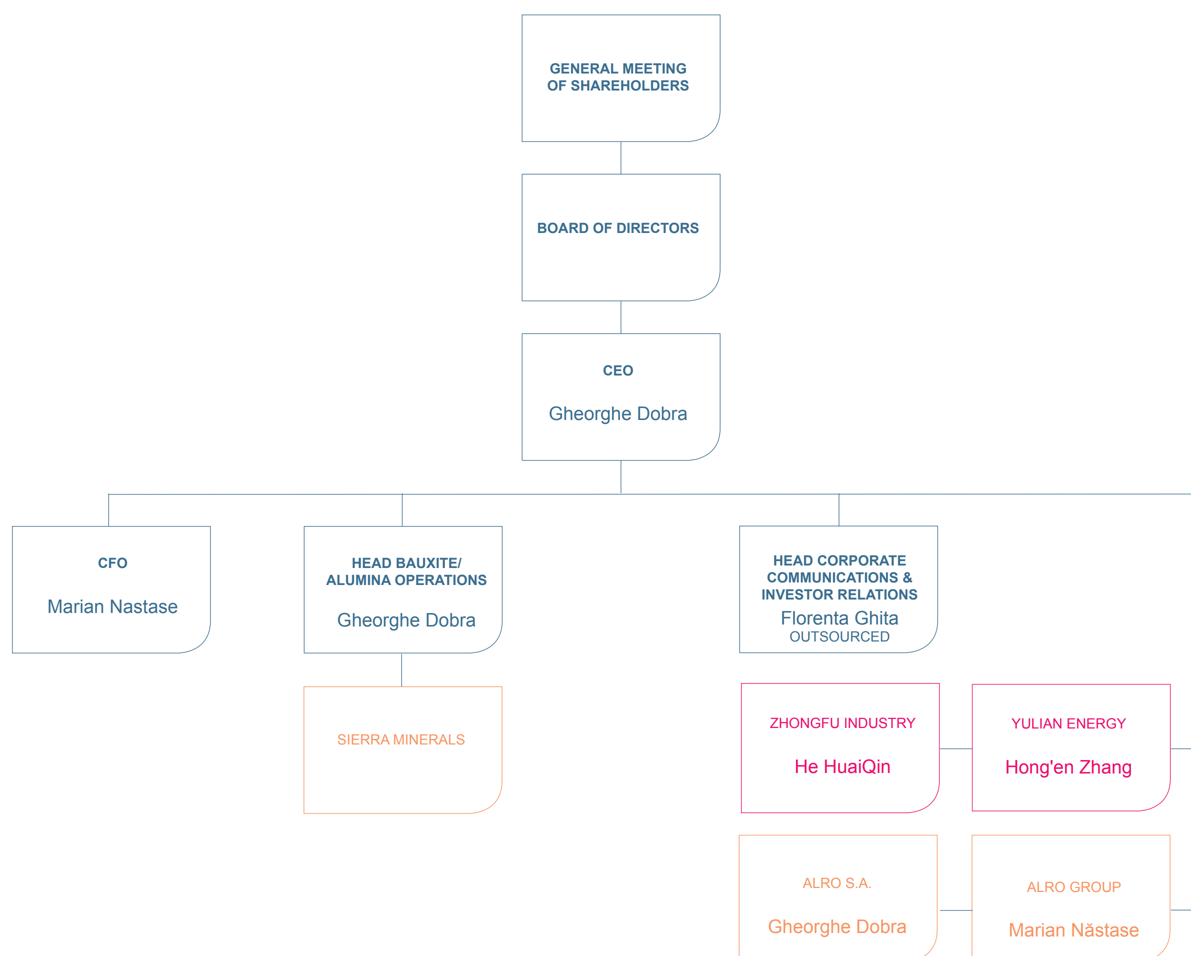
Significant shareholders in 2013 were Maxon Limited through Vi Holding N.V. (59.4%), Zhi Ping Zhang through Willast Investments Limited (10%) and Irina Machitski (3%). Vimetco's shareholders exercise their rights through the Annual and Extraordinary General Meetings of Shareholders. These meetings must 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. In case of absence of the Chairman of the Board, the General Meeting will be presided over by the Vice Chairman. In case of absence of the Vice Chairman, the General Meeting itself will appoint its chairman. Minutes of the meetings are kept unless a notary's record is drawn up of the meeting's proceedings. Such proceedings can include a review of the Annual Report, adoption 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. 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. Profits shall be distributed at the discretion of the General Meeting, subject to the following: Vimetco may only make distributions to its shareholders and other parties susceptible to distributions, in so far as the common equity exceeds the paid and claimed part of the capital increased with the reserves that must be kept in accordance with the law. With due observance of the foregoing the General Meeting may, upon a proposal of the Board adopt a resolution for the distribution of interim distributions or distributions for the charge of the reserves. 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

Simplified Group structure (as of 31 December 2013)



* held directly and indirectly

Organisational chart (as of 31 December 2013)



- The Netherlands, Switzerland
- China
- Romania
- Sierra Leone

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 Annual General Meeting held on 21 June 2013 reviewed the Annual Report 2012 and adopted the 2012 Annual Accounts of Vimetco N.V. Although the general intention of the Group is to distribute approximately 20% of the consolidated income of the Group on average over the aluminium price cycle to shareholders, in deviation from the dividend policy, due to absence of profits in 2012 Vimetco N.V. did not make any appropriation of profits to the shareholders and holders of depository receipts for shares of Vimetco N.V. At the mentioned Annual General Meeting, the Company fixed the number of the members of the Board of Directors at 11 and reappointed with preservation of their current title Mr. V.L. Machitski, Mr. J.M. Currie, Mr. G.G.B. Zhang. Mr. V.N. Krasnov, Mr. V.M. Agapkin, Mr. D. Sedyshev and Mr. I. Sventski as non-executive members of the Board, Mr. G. Dobra as executive member of the Board and CEO, Mr. M. Nastase as executive member of the Board and CFO, Mr. P. Machitski as executive member of the Board and appointed a new non-executive member of the Board – Mr. B. Ciobotaru - for the period ending on the date of the Company's General Meeting of Shareholders in 2014.

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: 3%, 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. As mentioned above in the paragraph on Shareholders, Vimetco had the following significant shareholders in 2013:

1. Maxon Limited through Vi Holding N.V. (59.4%);

2. Zhi Ping Zhang through Willast Investments Limited (10%; and

3. Irina Machitski (3%)

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 into Vi Holding N.V.) and Willast Investments Limited and its owners.
According to this agreement any of Vimetco shares transferred by either Willast Investments Limited or Vi Holding N.V. are subject to mutual pre-emptive rights;
– Vimetco and its subsidiaries are a part of 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; Vimetco does not have any anti-takeover measures (i.e. intended solely, or primarily, to block future hostile public offers for its shares) in place.

Board of Directors

Vitaliy Machitski

Gheorghe Dobra

Marian Năstase

Pavel Machitski

Gaobo Zhang

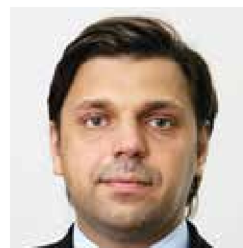
Bogdan Ciobotaru

Valery Krasnov

James Currie

Vyacheslav Agapkin

Denis Sedyshev


Igor Sventski

Vitaliy Machitski

Chairman, Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Board committee membership: Audit Committee (member), Remuneration Committee (member).
Israeli national; age: 59
Mr. Machitski has served as Chairman of Vimetco's Board of Directors since 16 June 2009. Previously he was Vice Chairman of Vimetco's Board of Directors since June 20, 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.
Current directorship positions in other companies: none.
Directorship positions in other companies within the past five years: none.

Gheorghe Dobra

Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: January 16, 2012.
Romanian nationality; age: 55
Mr. Dobra is the Chief Executive Officer of Vimetco N.V. and the General Manager of Alro S.A. He was appointed as Acting CEO of the Company on 29 June 2011, and as CEO of the Company on 16 January 2012.
Mr. Gheorghe Dobra has served as Alro General Manager since 1993.
He has been a member of the Board of Directors of Alro S.A. since 1993.
Mr. Dobra has 29 years of experience in the aluminium industry and has worked for Alro since 1984. He has held various management positions within Alro, including in the anode plant, cast house, smelting plant and planning production.
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 patents in the field of smelting technology.
Current directorship positions in other companies: Alro SA, Alum SA (chairman), Vimetco Ghana Bauxite, Vimetco Power Romania.
Directorship positions in other companies within the past five years: Sierra Mineral Holdings 1 Ltd.

Marian Nastase

Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011
Romanian national; age: 42
Mr. Marian Nastase has served as Alro Vice President and Country Manager Romania since 2002 before he was appointed as acting CFO of Vimetco on 20 March 2009. Mr. Nastase is responsible for the Group's operations in Romania and focuses on capital raising and restructuring issues. Also, Mr. Nastase is the President of the Association of the Biggest Energy Consumers (ABIEC), which includes the biggest energy consumers in Romania.
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.
Current directorship positions in other companies: Alro SA (chairman), Vimetco Management Romania SRL, Vimetco Trading SRL, Everwide Industrial Ltd., Vimetco Management GmbH.
Directorship positions in other companies within the past five years: TM Power, Conef SA.

Pavel Machitski

Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011.
British national; age: 31
Pavel Machitski has joined Vimetco N.V. as Deputy CFO in 2009 and in 2010 was appointed a Deputy General Manager of Vimetco Management Romania, a subsidiary company offering consulting services to the Group companies.
Mr. Machitski's role includes, among other responsibilities, business development, strategy, financial planning, M&A, financing, budgeting, controlling & reporting, investor relations and risk management. Mr. Machitski has broad-based business and finance experience and has joined Vimetco from Morgan Stanley where he acted as an advisor in numerous transactions in EMEA region focusing on debt capital markets and M&A advisory.
Mr. Machitski holds a diploma in Finance and International Business from New York University, Stern School of Business.
Current directorship positions in other companies: Alro SA, Alum SA, Vimetco Management Romania SRL, Vimetco Trading SRL, Vimetco Power Romania SRL, Sierra Mineral Holdings 1 Ltd.
Directorship positions in other companies within the past five years: none.

Gaobo Zhang

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Chinese national; age: 49
From November 2003 to June 2007.
Mr. Zhang served as the Chairman of Henan Yulian Energy Group Co., Ltd.
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.
Current directorship positions in other companies as at 31 December 2013: Pure Alliance Limited, Fortune Arena Investments Limited, Quester Investments Limited, Yellow River Ventures Limited, Solution Key Investments Limited, City Charm Ventures Limited, King Aspect Investments Limited, Kirin Delight Limited, TI Systems Limited, Oriental Patron Securities Limited, Bliss Century Investments Limited, Wonder Vision Holdings Limited, Widen Success Investments Limited, Prosper Gain Holdings Limited, River King Investments Limited, Shenzhen Mei Ying Zhi Technology Company Limited, CCA Chile inversion y Desarrollo Minero S.A., Panlink Investments Limited, Oriental Patron Development HK Limited, Oriental Patron Development Limited, Everwide Industrial Limited, Crown Honor Holdings Limited, OP Capital Investments Limited, Oriental Patron Management Services Limited, OP Investment Service Limited, Prodirect Investments Limited, Sunshine Prosper Limited, OP Education Foundation Limited, 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, OP Financial Investments Limited (formerly called Concepta Investments Limited), Oriental Patron Resources Investment Limited, Willast Investments Limited, Ottness Investments Limited, OP Financial Group Limited, Glory Yield Holdings Limited, Meichen Finance Group Limited, OPFI (GP1) Limited, Ontrack Investments Limited, Bone Messis Holdings Limited, Kazakhstan Development Limited, Perfect Field Holdings Limited.
Additional Directorship positions in other companies after 31 December 2013: Sino Stature Investments Limited.
Directorship positions in other companies within the past five years (2009 to present): Oriental Patron Select (OPS) Limited, Oriental Patron Investment Management (Tianjin) Limited, choice Even Investments Limited, OPS Education Consulting Limited, Oriental Patron Investment Consulting (Shenzhen) Limited, Partnerfield Investments Limited, Plansmart Investments Limited, Entrepeneur Investments Limited, Excel Perfect Investments Limited, Valueworth Ventures Limited, Entrepreneur Investments Limited, Glory Yield Holdings Limited, Meichen Finance Group Limited, Shenzhen Mei Ying Zhi Technology Company Limited.

Bogdan Ciobotaru*

Non-Executive Director (independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as member of Vimetco's Board of Directors: June 21, 2013.
Board committee membership: Remuneration Committee (chairman), Audit Committee (member).
Romanian national; age: 36
Mr. Ciobotaru also serves on the board of RCS&RDS, one of the largest independent telecom and cable businesses in Central and Eastern Europe. Moreover, Mr. Ciobotaru was responsible for building and driving Renaissance Capital financing business across the Central Eastern Europe Middle East & Africa (CEEMEA) region with a focus on debt and equity capital markets franchise.
He has over 10 years at Morgan Stanley in the investment banking division with responsibility for the equity capital markets business in Africa and Eastern Europe. He has also expertise in equity capital market having risen in excess of USD 15 billion of equity for a number of blue chip companies in the emerging markets space.
Mr. Ciobotaru is a graduate of the Academy of Economic Studies in Bucharest where he majored in Business Administration.
Current directorship positions in other companies: RCS & RDS.
Directorship positions in other companies within the past five years: none.

Valery Krasnov

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Russian national; age: 70
Mr. Krasnov serves as CEO of Rinco Holding Management Company, LLC and is Chairman of the Board of Vi Holding, LLC, Russia. 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.
Current directorship positions in other companies: Vi Holding, LLC; Rinco Holding Management Company, LLC.
Directorship positions in other companies within the past five years: Tur Energy A.Ş., Bosphorus Gas Corporation A.Ş.

James Currie

Non-Executive Director (Independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.

* Bernard Zonneveld resigned from his position in Vimetco's Board of Directors and Bogdan Ciobotaru has taken over his duties within the Board of Directors in 2013.

Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Board committee membership: Audit Committee (chairman), Remuneration Committee (member).
British national; age: 72.
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 Chairman and Senior Adviser at Burson-Marsteller, Brussels. Mr. Currie holds a master's degree from Glasgow University.
Current directorship positions in other companies: Total Holdings UK, Davaar Associates, James Currie SCS Belgium.
Directorship positions in other companies within the past five years: UK MetOffice, British Nuclear Fuels Ltd, Royal Bank of Scotland Group.

Vyacheslav Agapkin

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Russian national; age: 64
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.
Current directorship positions in other companies: International Institute of Construction (since December 1991).
Directorship positions in other companies within the past five years: Vi Holding, LLC.

Denis Sedyshev

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009.
Russian national; age: 39.
Mr. Sedyshev has extensive legal experience. Prior to joining Vi Holding LLC Mr. Sedyshev provided legal support for more than 14 years on various international projects, including large-scale restructuring and M&A projects in the metallurgical and energy industries. Mr. Sedyshev also holds a master's degree in civil law from the Moscow State Law Academy (1996) in Russia.
Current directorship positions in other companies: Vi Holding LLC.
Directorship positions in other companies within the past five years: none.

Igor Sventski

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code).
Elected until: 2014 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009.
Russian national; age: 42.
Mr. Sventski has extensive experience in corporate finance, business planning, cash flow and liquidity management.
Prior to joining Vi Holding LLC, Mr. Sventski managed and was involved in global financial transactions for over 15 years. Transactions included M&As, restructurings and joint ventures. Mr. Sventski also acted as an advisor in a number of transactions in the debt and equity markets which are related to the metallurgical and energy sector. Mr. Sventski also holds a diploma from the Moscow Aviation Institute (1994) and a master's degree in economics from the Financial and Economic Institute in Moscow, Russia (1997). Current directorship positions in other companies: Vi Holding LLC, OJSC 'Torgovy Komplex', Format LLC. Directorship positions in other companies within the past five years: none.

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.

Group Management and its Responsibilities

Gheorghe Dobra

Chief Executive Officer of Vimetco N.V., an Executive Member of the Board of Vimetco N.V. and General Manager of Alro S.A. Appointed as Acting CEO of the Company on 29 June 2011, and as CEO of the Company on 16 January 2012.
Mr. Gheorghe Dobra has served as Alro General Manager since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 29 years of experience in the aluminium industry and has worked for Alro since 1984. He has held various management positions within Alro, including in the anode plant, cast house, smelting plant and planning production. 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 patents in the field of smelting technology.

Marian Nastase

Chief Financial Officer of Vimetco N.V., an Executive Member of the Board of Vimetco N.V., Alro's President of the Board and Country Manager Romania.

Mr. Marian Nastase was appointed Alro's President of the Board on 7 December 2012, after serving as Alro Vice President and Country Manager Romania since 2002. He is the CFO of Vimetco since 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

Pavel Machitski

Deputy Chief Financial Officer, an Executive Member of the Board.
Pavel Machitski has joined Vimetco N.V. as Deputy Chief Financial Officer in 2009 and in 2010 was appointed as Deputy General Manager of Vimetco Management Romania, a subsidiary company offering consulting services to Alro and its subsidiaries in Romania. He holds directorship positions in Alro, Alum, Vimetco Management Romania SRL, Vimetco Trading SRL, Vimetco Power Romania SRL, Sierra Mineral Holdings 1 Ltd. Mr. Machitski's role includes, among other responsibilities, business development, strategy, financial planning, M&A, financing, budgeting, controlling & reporting, investor relations and risk management. Mr. Machitski has broad-based business & finance experience and has joined Vimetco from Morgan Stanley where he acted as an advisor in numerous transactions in EMEA region focusing on debt capital markets and M&A advisory. Mr. Machitski holds a diploma in Finance and International Business from New York University, Stern School of Business.

Frank Mueller

Mr. Frank Mueller has been the Managing Director for production and development of value-added products of the Company since June 2011. Mr. Frank Mueller was appointed Alro's Vice President of the Board on 7 December 2012.

Hong'en Zhang

Chairman of the Board of directors at Henan Yulian Energy Group Co., Ltd
Hong'en Zhang has served as Chairman of the Board of directors at Henan Yulian Energy Group Co., Ltd since 2007 and as Chairman of Henan Zhongfu Industrial Co., Ltd. between 1993 and 2007.
From 1981 to 1993, Mr. Zhang served as factory manager at the Gongyi City Power Plant. Mr. Zhang is a deputy Head of Nonferrous Metals Society of China. 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. In 2013, Mr. Zhang has been elected to represent Henan province as a deputy to the 12-nd National People's Congress (NPC).
He holds a law degree from Zhongnan University of Economics and Law, Wuhan City, and an EMBA Degree from Tsinghua University, Beijing.

He HuaiQin

Director, Board Chairman and Committee Member of Zhongfu Industry Co., Ltd. on behalf of Henan Yulian Energy Group Co., Ltd.
He HuaiQin served as Disciplinary Secretary of Zhongfu Electric Power Group Co. Ltd. from 1997 to 1998. He served as Deputy General Manager of Henan Yulian Group from 1998 to 2000. He served as Deputy General Manager and Secretary of the Board of Zhongfu Industrial Co. Ltd. from 2000 to 2003. He served as Deputy General Manager of Zhongfu Industrial Co. Ltd. and Secretary Commission for Discipline Inspection Henan Yulian Group from 2003 to 2007. He served as General Manager of Zhongfu Industrial Co. Ltd. and Yulian Party Committee Member from 2007 to 2009. He served as Director, Board Chairman and Yulian Party Committee Member of Zhongfu Industrial Co. Ltd. from October 2009 to date. He is a member of the Chinese Communist Party and holds a master degree of management from Tsinghua University, Beijing.

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.

Responsibilities and functioning of the Board of Directors

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 non-executive directors of the Board actively took part in the work of the Board both by way of personal attendance of the meetings and with the use of teleconferences (in cases when personal attendance was not possible). Along with the executive members of the Board they discussed issues of the agenda of the Board meetings and received regular reports from the managers. Having made an evaluation of each of the members of the Board, they have given positive references in respect of their work and the work of the Board committees in 2013. The evaluation of the functioning of the members of the Board and the Board committees has taken place in the course of the appointment and re-appointment of the members of the Board at the Annual General Meeting of Shareholders in 2013 and nomination of candidates to the Board for new terms at the Annual General Meeting of Shareholders in 2014. 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.

Board Committees

Audit Committee

Vimetco's Audit Committee is comprised of Mr. James Currie (chairman), Mr. Vitali Machitski and Mr. Bogdan Ciobotaru. 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. The members of the Audit Committee met twice in the course of 2013 to review and discuss half year and annual financial reports of Vimetco with participation of Vimetco's external auditors – Deloitte for 2012 and EY for 2013. Having periodically reviewed the need for an internal auditor, the Audit Committee confirms its position, which is supported by the Board of Directors, that there is no need for an internal auditor to date.

Remuneration Committee

Vimetco's Remuneration Committee consists of Mr. Bogdan Ciobotaru (Chairman), Mr. Vitali Machitski and Mr. James 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. In the course of 2013, the members of the Remuneration Committee met during the meetings of the Board to discuss issues on how the remuneration policy was implemented in the past financial year. The Remuneration Committee also discussed the relationship base pay versus variable pay for the staff of Vimetco Group.

Remuneration and Share Ownership of the members of the Board of Directors

Vimetco's remuneration policy intends to facilitate that the Company attracts, motivates and retains qualified and expert individuals who possess both the necessary background and the experience in the areas of the Company's activity and who will hold senior positions within the Group to the benefit of the Company.

The Remuneration Policy also intends to improve the performance of the Company, to enhance its value and to promote its long-term growth. The remuneration policy is published on the Company's website. During 2013, no deviations from the remuneration policy were agreed upon.

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 Group during the year 2013 was of USD 2,127 thousand in salary and pension contributions. In 2012, the total compensation amounted at USD 1,660 thousand in salary and pension contributions. No bonuses were paid to the members of the Board of Directors during 2013 and 2012.
No member of the Board of Directors is entitled to any benefits upon termination of his employment. Vimetco does not provide loans either to members of the Board of Directors or to members of the Group Management. There are no loans outstanding. A company in which Mr. James Currie is affiliated is advising Vimetco's subsidiary Alro S.A., but Mr. Currie does not receive any incentive, payment or remuneration for this work.

'000 USD

Directors	Gross periodical remuneration (salary and directors' fee)	Bonus	Pension contributions	Distributions made on termination of the employment	Total
B. Zonneveld	65	-	-	-	65
B. Ciobotaru	86	-	-	-	86
J. Currie	133	-	-	-	133
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
P. Machitski	513	-	57	-	570
M. Nastase	497	-	57	-	554
Gh. Dobra	569	-	118	-	687
Total	**1,895**	**-**	**232**	**-**	**2,127**

Equity incentive compensation scheme

In connection with its Initial Public Offering in 2007, Vimetco established an equity incentive compensation scheme ('ICS'.), which enables certain directors and key employees to be granted a package of awards 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.
During 2013 no RSUs or options to purchase GDRs were granted by the Company under the ICS. 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.

Shareholdings of the members of the Board on 31 December 2012

Name Number of shares/GDRs in Vimetco

Valery Krasnov: 1,111,111 (shares)[1]
Vyacheslav Agapkin: 555,556 (shares)[1]
Denis Sedyshev: 55,555 (shares)[1]
Igor Sventski: 55,555 (shares)[1]
James Currie: 10,000 (shares)[1]

[1] None of these shares have been granted as a part of the incentive compensation scheme (For further details please see page 82, Note 19 and page 122, Note 15).

Dutch Corporate Governance Code

Companies whose registered offices are in the Netherlands and whose shares or depositary receipts for shares have been admitted to listing on a stock exchange, or more specifically to trading on a regulated market or a comparable system, are required to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code (the 'Code') pertaining to the management board, and should they not apply them, to explain why. The 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 Code. Vimetco acknowledges the importance of good corporate governance and its Board of Directors has taken and will take any further steps it considers appropriate to implement the Code.
Thus, to comply with the best practice provisions of the Code the following internal documents recommended by the Code have been adopted by the Board of Directors in 2009-2010: Whistleblower Rules - to ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature within the company to the chairman of the Board of Directors or to an official designated by him, without jeopardising their legal position; Code of professional conduct– to have an additional instrument of the internal risk management and control system; Profile for the non-executive members of the Board – to determine composition of the non-executive members of the Board, taking into account of the nature of Vimetco's business and activities, the desired expertise and background of the non-executive Board members; and Policy in relation to bilateral contacts with shareholders – to have an active approach to maintain an open and constructive dialogue with the existing and potential security holders and to accommodate meeting and conference call requests.
However, Vimetco is not applying the Code's provisions in the following areas:

– Board remuneration: Vimetco is of the opinion that the 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 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 by the Board of Directors as a whole.

– Independent Board members: while the Code recommends that a majority of the members of the Board of Directors should be independent, the majority of Vimetco's Board members do not currently fulfil this criterion. Nevertheless Vimetco is convinced that its Board of Directors meets the highest standards in terms of strong and effective leadership of the Company.

– Company Secretary: considering the size of the Company, there is no formally appointed Secretary of the Company. However, the Company's Board in accordance with Art. 16.2 of the Articles of Association of the Company and the Company's Board Rules by its Resolution of December 26, 2013 has delegated its certain authorities of administrative nature to Mr. Bogdan Ciobotaru. The authorities delegated to Mr. Ciobotaru include: preparation of documentation for holding of the Company's Board of Directors meetings; obtaining of proposals to and/or approvals in respect of their agenda from the members of the Board; opening and conduct of the meetings of the Board in absence of the Chairman of the Board etc.

– Internal Audit: in view of its size, Vimetco has decided to not yet create its own internal audit department. Having

periodically reviewed the need for an internal auditor, the Audit Committee confirms its position, which is supported by the Board of Directors, that there is no need for an internal auditor to date.

– Positions in other companies: the Dutch Corporate Governance Code limits the number of supervisory board positions that management board members and supervisory board members may hold at other listed companies. Unfortunately, the Code does not provide any guidance in respect of non-executive board members of one-tier boards. Nonetheless, in line with the spirit of best practice provision II.1.8, Vimetco hereby declares that Mr. Gaobo Zhang in addition to being a non-executive director of Vimetco holds directorship positions in the following listed companies:

- Beijing Enterprises Water Group Limited (Listed on the Main Board of the Stock Exchange of Hong Kong); and
- OP Financial Investments Limited (Listed on the Main Board of the Stock Exchange of Hong Kong).

Vimetco is of the opinion that Mr. Zhang's long-standing experience, expertise and reputation make him an important addition to the Board, being in the best interests of Vimetco, notwithstanding that Mr. Zhang holds directorship positions at other listed companies as indicated above.

Dutch Civil Code

Vimetco is not applying the Dutch Civil Code's provision concerning the allocation of seats between men and women in the Board of Directors and the Supervisory Board: the Dutch Civil Code recommends division by gender of at least 30% of the seats to women and at least 30% to men, insofar such seats are allocated to natural persons. However, Vimetco took notice of such division as much as possible and will strive to comply with the legislation in view of its further appointments and nominations of directors.

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 and should be read carefully when evaluating Vimetco's business, its prospects and the forward looking statements set out in the annual report. The following risks are not the only risks to Vimetco's business and strategy. Other risks which the Board of Directors currently deems immaterial or of which the Board of Directors is currently unaware may adversely affect Vimetco's business in the future. Reference is also made to Note 27 to the Consolidated Financial Statements.

Aluminium – 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 an ongoing trend towards consolidation among Vimetco's major competitors. These industry developments combined with excess production capacity, continued to exert in 2013 and may in the future continue to exert, downward pressure on the prices of aluminium and certain aluminium products. Further reduction in prices of aluminium and certain aluminium products could adversely impact Vimetco's cash flow, turnover and profits.

Energy prices

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. In Romania, the energy price has increased significantly and may continue to increase due to a taxation system related to green certificates costs. All these could adversely impact Vimetco's cash flow, turnover and profits. Vimetco has taken steps to ensure energy independence, in China, through the construction of its own power generating plants, in the country.

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 has 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. Such purchases of alumina could adversely impact Vimetco's cash flow, turnover and profits. To ward off this eventuality, the Group is considering capitalizing 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. In 2012, Sierra Mineral Holdings 1 Ltd. (SMHL) has signed an updated Mining Lease Agreement (MLA) with the Government of Sierra Leone. Under this agreement the Company's Mining Lease of 321 square km in the Mokanji area of Sierra Leone was granted for a period of 20 years from the effective date, while the perimeters remain the same.

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 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.

Liquidity and interest rate risks

Vimetco's borrowing capacity may be influenced and its financing costs may fluctuate due to, among others, the rating of Vimetco's debt. In order to mitigate the liquidity risk, Vimetco has raised several credit facilities from different banks or syndicates of banks. Some of the facilities are on a long term basis, used for financing the Group's investments; others are on short term for working capital needs. The Group's net debt increased in 2013 by 6% to USD 2,594 million (2012: USD 2,440 million). The external financing allowed Vimetco to pursue its vertical integration strategy, most importantly through the expansion of capacity in China. As a result of the increase in total debt, there has been a corresponding increase in Vimetco's interest rate risk. Approximately 65% 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 2013 would have decreased/ increased by USD 14 million (2012: USD 17 million). The Group's sensitivity to interest rates has decreased during the current period because of new loans obtained to finance the expansion projects in China which are bearing fixed interest rates in a higher proportion. USD 1,331 million of the debt capital is repayable in less than one year. There is a risk that Vimetco may have to refinance these loans at higher interest rates upon their expiration.

Credit risk

Credit risk of Vimetco's counterparties that have outstanding payment obligations creates exposure to Vimetco and may in circumstances have a material and adverse effect on Vimetco's financial position. Vimetco regularly monitors the financial position of its debtors and adjusts credit limits as appropriate. In addition, credit exposure is controlled through certain limits granted by factoring companies (in case of factored clients), banks (in case of bank guarantees and LCs) and reviewed and approved by local management.

Cash flow

Vimetco's business is dependent on demand for its product. Reduced demand due to adverse economic conditions could adversely impact Vimetco's cash flow, turnover and profits.

Annual declaration on risk management and control systems

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.
Vimetco supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:
In view of the foregoing, the Board of Directors believes that:
– the internal risk management and control systems in respect of financial reporting provide a reasonable assurance that the financial reporting does not contain any material inaccuracies;
– the risk management and control systems in relation to the financial reporting have worked properly in 2013;
– there are no indications that the risk management and control systems in relation to the financial reporting will not work properly in 2014;
– no material failings in the risk management and control systems in relation to the financial reporting 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.
Further to the discussions with the Audit Committee in relation to the above, the Board of Directors confirms 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/ Conflict-of-Interest Transactions

In view of the best practice requirements under the Dutch Corporate Governance Code and the relevant provisions of the Dutch Civil Code, Vimetco hereby declares that in 2013:

- there were no transactions involving conflicts of interest with any Board members that are of material significance to Vimetco and/or to the relevant Board members, which would need to be disclosed herein; and
- in 2013, Vimetco entered into a number of non-material related party transactions. These transactions were entered into at arm's length and under customary market terms. For more information about related party transactions please refer to Note 25 'Related party transactions' to the consolidated financial statements of the Company

Vimetco supports the Dutch Corporate Governance Code and makes the declaration that the best practice provision III.6.4 has been observed.

Auditors

Having in view the corporate governance rules and for securing high standards of independence and objectivity, the Company has carried out in 2013 a tendering process for selecting a new auditor. Following this process Ernst & Young Accountants LLP. (hereinafter: EY) was appointed as the Company's auditor for 2013, having replaced Deloitte Accountants B.V. In 2013 and 2012, the following amounts were paid for audit services and non-audit services for the current and previous auditor, respectively (USD thousand):

2013	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit annual	822	-	822
Other audit services	-	237	237
Non-audit services	-	6	6
Total	**822**	**243**	**1,065**

2012	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit annual	1,339	-	1,339
Other audit services	-	317	317
Non-audit services	-	100	100
Total	**1,339**	**417**	**1,756**

Annual Report 2013

This Annual Report and the 2013 financial statements, audited by EY 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 by the Audit Committee and by the Board within the presence of the external auditor. The Board recommends that the Annual General Meeting of Shareholders adopts the 2013 financial statements included in this Annual Report. This Annual Report is signed by all members of the Board of Directors.

Shareholder Information

2013 is the sixth year of Vimetco as a full 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 Vimetco's GDRs.

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.

Last year, Vimetco's GDR's fluctuated between USD 0.28 (high) and USD 0.097 (low).

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 99.40% 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 96.78% 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

Vimetco has issued 219,484,720 shares with a nominal value of EUR 0.10 per share of which 26.51% have been deposited with JP Morgan Chase Bank NA (free float).

Vimetco's major shareholders as on 31 December 2013 were:
Vi Holding N.V. (formerly Romal Holdings N.V.): 59.4%, Willast Investments Limited: 10.0%

Dividend policy

The Group's general intention is to make distributions to its shareholders of approximately 20% of its consolidated income on average over the aluminium price cycle.

Financial calendar

Full year report 2013: 25 April 2014
Annual General Shareholders Meeting: 20 June 2014
Half-year report 2014: 27 August 2014

Exchange rates

Average 2013
RON per USD 3.328
CNY per USD 6.193

Average 2012
RON per USD 3.470
CNY per USD 6.313

For further information please contact:
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Consolidated Financial Statements 2013
Vimetco N.V.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

in USD '000, except per share data

	Note	2013	2012 restated*
Sales	3	2,201,119	2,332,658
Cost of goods sold		-2,125,047	-2,132,480
Gross profit		**76,072**	**200,178**
General and administrative expenses	4	-129,032	-132,530
Impairment of property, plant and equipment	9	-38,751	448
Gain on disposal of subsidiaries	26	2,670	-
Share of result of associates	14	1,973	-945
Other income	5	49,849	82,099
Other expenses	5	-13,017	-11,295
Operating result		**-50,236**	**137,955**
Finance costs	6	-263,395	-277,737
Finance income	6	96,218	41,271
Fair value gains/(losses) from derivative financial instruments	27	35,073	-76,216
Foreign exchange gain/(loss)		18,070	-15,775
Loss before income taxes		**-164,270**	**-190,502**
Income tax	7	13,898	44,660
Loss for the year		**-150,372**	**-145,842**

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

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

in USD '000, except per share data

Other comprehensive income / (expense)	Note	2013	2012 restated*
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations		-1,464	157
Income tax on items that will not be reclassified		234	-25
Items that may be reclassified subsequently to profit or loss:			
Translation adjustment		24,997	-2,678
Gain / (loss) on cash flow hedges		-1,084	452
Related income tax		174	-72
Amounts of cash flow hedges recycled in income statement		1,045	-33,214
Related income tax		-167	5,314
Other comprehensive income / (expense) for the year, net of tax		**23,735**	**-30,066**
Total comprehensive income / (expense) for the year		**-126,637**	**-175,908**
Loss attributable to:			
Shareholders of Vimetco N.V.		**-85,269**	**-131,750**
Non-controlling interest		**-65,103**	**-14,092**
		-150,372	**-145,842**
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-81,617**	**-159,034**
Non-controlling interest		**-45,020**	**-16,874**
		-126,637	**-175,908**
Earnings per share			
Basic and diluted (USD)	8	-0.388	-0.600

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

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at — in USD '000

Assets	Note	31 December 2013	31 December 2012 restated*	1 January 2012 restated*
Non-current assets				
Property, plant and equipment	9	2,895,189	2,597,304	2,441,104
Intangible assets	10	6,597	7,337	8,484
Goodwill	11	195,688	195,611	191,509
Mineral rights	12	525,586	521,680	516,582
Land use rights	13	57,429	55,137	56,831
Investments in associates	14	43,001	37,598	37,591
Derivative financial instruments asset, non-current	27	33,824	8,253	62,796
Deferred tax asset	23	40,662	40,914	9,049
Long-term loans to related parties	25	23,627	37,848	-
Other non-current assets		14,169	13,741	1,885
Total non-current assets		**3,835,772**	**3,515,423**	**3,325,831**
Current assets				
Inventories	15	415,008	436,754	409,116
Trade receivables, net	16	181,970	178,174	221,238
Accounts receivable from related parties	25	17,969	5,695	41,463
Current income tax receivable		7,437	7,796	2,297
Other current assets	17	281,627	302,118	308,338
Derivative financial instruments asset, current	27	13,353	11,654	80,231
Restricted cash	18	699,268	734,254	588,656
Cash and cash equivalents	18	61,319	177,774	157,438
Total current assets		**1,677,951**	**1,854,219**	**1,808,777**
Total assets		**5,513,723**	**5,369,642**	**5,134,608**

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

* Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at — in USD '000

Shareholders' Equity and Liabilities	Note	31 December 2013	31 December 2012 restated*	1 January 2012 restated*
Shareholders' equity				
Share capital	19	27,917	27,917	27,917
Share premium		348,568	348,568	348,568
Other reserves		42,508	37,742	65,141
Retained earnings		8,593	152,442	174,853
Loss for the year		-85,269	-131,750	-26,127
Equity attributable to shareholders of Vimetco N.V.		**342,317**	**434,919**	**590,352**
Non-controlling interest		611,801	665,009	693,402
Total equity		**954,118**	**1,099,928**	**1,283,754**
Non-current liabilities				
Loans and borrowings, non-current	20	1,323,530	1,460,840	1,364,821
Loans from related parties, non-current	20, 25	-	-	172,981
Finance leases, non-current	20	248	183	760
Provisions, non-current	21	9,757	13,240	16,484
Post-employment benefit obligations	22	10,731	7,965	7,318
Other non-current liabilities		11,387	1,856	459
Deferred tax liabilities	23	128,662	137,187	162,757
Total non-current liabilities		**1,484,315**	**1,621,271**	**1,725,580**
Current liabilities				
Loans and borrowings, current	20	1,121,604	970,822	896,244
Loans from related parties, current	20, 25	209,584	185,120	14,349
Finance leases, current	20	200	622	918
Trade and other payables	24	1,721,961	1,469,746	1,181,888
Accounts payable to related parties	25	5,953	1,020	465
Provisions, current	21	6,778	7,464	2,564
Current income taxes payable		9,166	13,645	17,682
Derivative financial instruments liability, current	27	44	4	11,164
Total current liabilities		**3,075,290**	**2,648,443**	**2,125,274**
Total liabilities		**4,559,605**	**4,269,714**	**3,850,854**
Total shareholders' equity and liabilities		**5,513,723**	**5,369,642**	**5,134,608**

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

* Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

in USD '000

	Share capital	Share premium	Revaluation reserve	Hedging reserve	Hedging reserve - deferred tax
Balance at 1 January 2012	**27,917**	**348,568**	**47,721**	**112,435**	**-17,990**
Changes in accounting policies (Note 2)	-	-	-	-	-
Correction of errors*	-	-	-	-82,646	13,223
Balance at 1 January 2012 restated*	**27,917**	**348,568**	**47,721**	**29,789**	**-4,767**
Profit / (loss) for the year restated*	-	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-29,793**	**4,767**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-29,793**	**4,767**
Non-controlling interests acquired in Dengfeng City Daxin Commercial Ltd.	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2012 restated*	**27,917**	**348,568**	**47,721**	**-4**	**-**
Profit / (loss) for the year	-	-	-	-	-
Total other comprehensive income / (expense)	-	-	-	-33	5
Total comprehensive income / (expense)	**-**	**-**	**-**	**-33**	**5**
Non-controlling interests acquired in Henan Zhongfu Industry Co., Ltd.	-	-	-	-	-
Non-controlling interests acquired in Henan Zhongfu Power Co., Ltd.	-	-	-	-	-
Non-controlling interests acquired in Dengfeng City Chenlou Co., Ltd.	-	-	-	-	-
Dividends distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2013	**27,917**	**348,568**	**47,721**	**-37**	**5**

The "share premium" relates to the issuance of new shares (share swap) made on 21 June 2007 on the acquisition of Everwide Industrial Ltd. in amount of USD 277,994 and to the Initial public offering made on 1 August 2007 in amount of USD 88,132. The amount was reduced by dividend distributed by Vimetco NV in July 2011 from the share premium account in amount USD 17,558.

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 non-controlling 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.

in USD '000

Translation reserve	Total other reserves	Retained earnings	Profit/(loss) for the year	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total equity
-733	**141,433**	**174,400**	**-104,234**	**588,084**	**693,075**	**1,281,159**
-31	-31	453	-85	337	48	385
-6,838	-76,261	-	78,192	1,931	279	2,210
-7,602	**65,141**	**174,853**	**-26,127**	**590,352**	**693,402**	**1,283,754**
-	-	-	-131,750	-131,750	-14,092	-145,842
-2,373	**-27,399**	**115**	**-**	**-27,284**	**-2,782**	**-30,066**
-2,373	**-27,399**	**115**	**-131,750**	**-159,034**	**-16,874**	**-175,908**
-	-	3,601	-	3,601	-3,601	-
-	-	-	-	-	-7,918	-7,918
-	-	-26,127	26,127	-	-	-
-9,975	**37,742**	**152,442**	**-131,750**	**434,919**	**665,009**	**1,099,928**
-	-	-	-85,269	-85,269	-65,103	-150,372
4,794	4,766	-1,114	-	3,652	20,083	23,735
4,794	**4,766**	**-1,114**	**-85,269**	**-81,617**	**-45,020**	**-126,637**
-	-	-12,485	-	-12,485	10,290	-2,195
-	-	1,829	-	1,829	-1,829	-
-	-	-329	-	-329	329	-
-	-	-	-	-	-16,978	-16,978
-	-	-131,750	131,750	-	-	-
-5,181	**42,508**	**8,593**	**-85,269**	**342,317**	**611,801**	**954,118**

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 non-controlling interest).

The "retained earnings" comprise retained earnings of Vimetco N.V. and the cumulative retained earnings of its subsidiaries since acquisition date.

The accompanying Notes are an integral part of these Consolidated Financial Statements.
* Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 31 December in USD '000

	Note	2013	2012 restated*
Cash flow from operating activities			
Profit / (loss) before income taxes		-164,270	-190,502
Adjustments for:			
Depreciation and amortisation		151,008	143,859
Interest and guarantee income	6	-95,956	-40,195
Net foreign exchange losses		-17,305	1,802
(Gain) / loss on disposal of property, plant and equipment	5	6,999	-2,434
(Gain) on disposal of land use rights	5	-3,759	-18,568
Loss on disposal of intangible assets	11	-	79
(Gain) on disposal of subsidiaries	26	-2,670	-
Impairment of property, plant and equipment	9	38,751	-448
Charge / (Release) of provisions	21	-7,241	1,261
Interest and guarantee expense	6	257,166	272,484
Share of result of associates	14	-1,973	945
Effect of derivative financial instruments		-26,059	74,866
Changes in working capital:			
(Increase) / decrease in inventories		41,549	-18,269
(Increase) / decrease in trade receivables and other assets		-35,017	39,605
Increase / (decrease) in trade and other payables		311,484	258,381
Income taxes paid		-4,532	-20,095
Interest paid		-240,362	-248,576
Net cash generated / (used) by operating activities		**207,813**	**254,195**

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

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 31 December — in USD '000

	Note	2013	2012 restated*
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		-350,595	-257,063
Proceeds from sale of property, plant and equipment		8,859	987
Proceeds from sale of land use rights		4,844	20,977
Acquisition of associates	14	-547	-860
Acquisition of subsidiary, net of cash acquired	26	-	-15,898
Proceeds from sale of subsidiaries, net of cash disposed	26	-2,066	-
Sale / (acquisition) of available-for-sale financial assets	17	4,844	-1,521
(Increase) / decrease in restricted cash		16,385	-143,924
Interest received		32,823	26,906
Net cash used in investing activities		**-285,453**	**-370,396**
Cash flow from financing activities			
Proceeds from loans		1,232,145	1,243,177
Repayment of loans		-1,257,226	-1,098,267
Dividends paid		-16,990	-8,193
Net cash generated/ (used) by financing activities		**-42,071**	**136,717**
Net increase / (decrease) in cash and cash equivalents		**-119,711**	**20,516**
Cash and cash equivalents at beginning of year		**177,774**	**157,438**
Effect of exchange rate differences on cash and cash equivalents		3,256	-180
Cash and cash equivalents at end of year		**61,319**	**177,774**

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

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Notes to the Consolidated Financial Statements

1. Organisation and nature of business

Vimetco N.V. ("the Company") was established on 4 April 2002 as a limited liability company and its registered office is located at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands. Vimetco N.V. has been listed on the London Stock Exchange since 2 August 2007. The Company and its subsidiaries (collectively referred to as "the Group") 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, as well as in the coal mining activity. Everwide was acquired fully in June 2007.

In July 2008 the Group invested in bauxite mining operations in Sierra Leone, that were further integrated in the Romanian operation (i.e.: the bauxite from Sierra Leone is used to produce alumina in Tulcea alumina refinery, that is further used in Slatina smelter).

In 2010 the Group acquired several coal mines in China, in this way assuring partially the raw material for the energy production of the Chinese segment. During 2011 and 2012 the Group further expanded due to acquisitions of several coal mines in China. As a result of these acquisitions the Group continued the implementation of its strategy to organise and group the interest in several coal mines in order to secure the thermal coal that forms an important part of the Group's costs with raw materials in China.

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

A list of the principal companies in the Group is shown in Note 30. Details of changes in the Group structure are reported in Note 26.

The Group's main shareholder is Vi Holding N.V. which owns 59.40% of the shares of the Company and its registered office is at Landhuis Joonchi, Kaya Richard J. Beaujon Z/N, Curaçao. The other major shareholder is Willast Investments Limited, British Virgin Islands, which owns 10.00%. 26.51% are free floating on the London Stock Exchange and 4.09% are spread among other shareholders. The ultimate controlling entity in respect of 59.40% of the shares in the Company is Maxon Limited (Bermuda).

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 24 April 2014.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. As the financial data of Vimetco N.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at fair values, as explained in the accounting policies below.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies and due to correction of errors, refer to Notes 2.1.2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

The preparation of financial statements in conformity with IFRSs 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 2.29.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (USD '000), except otherwise indicated.

2.1.1 Going concern

The Groups' business continued to be significantly impacted by the downturn in the aluminium market. LME aluminium price decreased from an average 2,018 USD/ton in 2012 to an average 1,845 USD/ton in 2013, reaching a minimum level in the last four years of 1,695 USD/ton in December 2013. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and will likely continue to impact the Group's future development, performance and financial position and financial results, its cash flows, liquidity requirements and borrowing facilities.

The consolidated financial statements for the year ended 31 December 2013 show that the Group generated a loss for the year of USD 150,372 (2012 restated: USD 145,842) with the current liabilities exceeding the current assets by USD 1,397,339 (2012 restated: USD 794,224). The Group has developed forecasts and projections of cash flows and liquidity needs for the upcoming year taking into account the current market conditions and reasonably possible changes in trading performance based on such conditions. It has also considered in the forecasts its cash balances, its available borrowings, its ability to access additional indebtedness and whether or not it will maintain compliance with its financial covenants. The Group is satisfied that based on these forecasts and ability to adapt its cash flows when necessary it will have adequate cash flow and that it is appropriate to prepare these financial statements on the going concern basis.

2.1.2 Standards and interpretations effective in 2012 that the Group has applied to these financial statements:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013), adopted by the EU on 11 December 2012, clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The Group applies IFRS 13 prospectively starting with 1 January 2013. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 27.

- IAS 19 Employee Benefits (as revised in 2011), adopted by the EU on 5 June 2012. IAS 19 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans:
  - eliminates the "corridor method" and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
  - changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability;
  - enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as an adjustment to opening equity. Impact of the application of IAS 19 on the consolidated statement of financial position are:

	Deferred tax assets	Post-employment benefit obligations	Deferred tax liabilities	Equity
Balance at 1 January 2012 as corrected for significant errors	9,049	7,764	162,696	1,283,369
Effect of IAS 19 revised	-	-446	61	385
Restated balance at 1 January 2012	**9,049**	**7,318**	**162,757**	**1,283,754**
Balance at 31 December 2012 as corrected for significant errors	40,918	8,522	137,169	1,099,393
Effect of IAS 19 revised:				
– brought forward	-	-446	61	385
– total comprehensive income for the year	-4	-111	-43	150
Restated balance at 31 December 2012	**40,914**	**7,965**	**137,187**	**1,099,928**
Balance as at 31 December 2013	40,662	9,824	128,865	954,822
Effect of IAS 19 revised:				
– brought forward	-4	-557	18	535
– total comprehensive income for the year	4	1,464	-221	-1,239
Balance at 31 December 2013 as presented	**40,662**	**10,731**	**128,662**	**954,118**

Impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2013 and 2012 are:

	Year ended 31 December 2013	Year ended 31 December 2012
Cost of goods sold	-	-46
Income tax credit / (expense)	-	62
Increase in profit	**-**	**16**
Other comprehensive income:		
Remeasurement of net post-employment benefit	-1,464	157
Related income tax	234	-25
Translation reserve	-9	2
Increase/(decrease) in other comprehensive income	**-1,239**	**134**
Increase/(decrease) in total comprehensive income	**-1,239**	**150**

- *Amendments to IFRS 1 titled Government Loans*, adopted by the EU on 4 March 2013. The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. The amendments have had no material impact on the financial statements.

- *Amendments to IFRS 7 Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*, adopted by the EU on 13 December 2012. The amendment introduces additional disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. As the Group does not have any offsetting arrangements in place, the application of amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

- *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*, adopted by the EU on 11 December 2012. The Interpretation sets out requirements relating to the recognition of production stripping costs, initial and subsequent measurement of stripping activity assets. The Interpretation has had no material impact on the financial statements of the Group.

- *Annual Improvements 2009-2011* (the Annual Improvements). The Annual Improvements made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to *IAS 1 Presentation of Financial Statements* requires an entity to present a statement of financial position at the beginning of the earliest comparative period (third statement of financial position) when it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and the change has a material effect on the statement of financial position. As the Group has applied retrospectively IAS 19 (as revised in 2011) for the first time in these financial statements, a third statement of financial position as at 1 January 2012 was presented. However, the notes related to the third balance sheet are not required (except for the disclosure requirements of IAS 8 as detailed above), nor are additional statements of profit or loss and other comprehensive income, changes in equity or cash flows. Another relevant improvement is on *IAS 16 Property, Plant and Equipment*: This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. Following this improvement the Group restated the opening balance of inventory at 1 January 2012 and reclassified spare parts with a value of USD 3,582 from inventories to property, plant and equipment (for details refer to Note 9 and Note 15).

2.1.3 Standards and Interpretations in issue not yet adopted

- *IFRS 9 Financial instruments*, issued in November 2009 (effective for annual periods beginning on or after 1 January 2015), not yet adopted by the EU. This standard introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- *IFRS 10 Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 11 December 2012. IFRS 10 supersedes *IAS 27 Consolidated and Separate Financial Statements* (IAS 27) and *SIC 12 Consolidation-Special Purpose Entities*. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management is currently evaluating the impact on the classification (as subsidiaries or otherwise) of any of the Group's investees and its effect on consolidated financial statements resulting from the adoption of IFRS 10 in 2014.

- *IFRS 11 Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 11 December 2012. IFRS 11 supersedes *IAS 31 Interests in Joint Ventures* (IAS 31) and *SIC 13 Jointly Controlled Entities– Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. The directors do not anticipate that the adoption of IFRS 11 will have material impact on the financial statements since it is not a party to any joint arrangements.

- *IFRS 12 Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 11 December 2012, requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. Adoption of IFRS 12 will affect the presentation and disclosures included in consolidated financial statements.

- *IFRS 14 Regulatory Deferral Accounts* issued on 30 January 2014 (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. This standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. The directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements

- *IAS 27 Separate Financial Statements* (as revised in 2011), effective for annual periods beginning on or after 1 January 2014 and adopted by the EU on 11 December 2012. The standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial Statements. The adoption of *IAS 27 Separate Financial Statements* (as revised in 2011) will have no material impact on consolidated financial statements.

- *IAS 28 Investments in Associates and Joint Ventures* (as revised in 2011), effective for annual periods beginning on or after 1 January 2014, adopted by the EU on 11 December 2012. There are limited amendments made to IAS 28 (2008): a) *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture; b) previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured. The adoption of *IAS 28 Investments in Associates and Joint Ventures* (as revised in 2011) is not expected to have material impact on consolidated financial statements.

- *Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures* (effective for annual periods beginning on or agter 1 January 2015) not yet adopted by the EU, which amended the effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7.

- *Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 20 November 2013. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separated financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

- *Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance* (effective for annual periods beginning on or after 1 January 2014) adopted by the EU on 4 April 2013. The amendments are intended to provide additional transition relief in *IFRS 10 , IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities*, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period".

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after 1 January 2014), not yet adopted by the EU. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The directors have not yet performed a detailed analysis of the impact of the application of the Amendment and hence have not yet quantified the extent of the impact.

- *Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 13 December 2012. The amendments address inconsistencies in current practice when applying the offsetting criteria in *IAS 32 Financial Instruments: Presentation*. The amendments clarify the meaning of

‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement. The directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any offsetting arrangements in place.

- *Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 19 December 2013. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The directors anticipate that the application of these amendments to IAS 36 may result in more disclosures being made with regard to measurement of impaired assets in the future.

- *Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting* (effective for annual periods beginning on or after 1 January 2014), adopted by the EU on 19 December 2013. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The directors do not anticipate that the application of these amendments to IAS 39 will have a significant impact on the Group's consolidated financial statements.

- *IFRIC 21 Levies* (not yet adopted by the EU) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not expected to be material.

- *Annual Improvements to IFRSs 2010–2012 Cycle* (issued on 12 December 2013), not yet adopted by the EU, include a number of amendments to 7 IFRSs: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The amendments are effective for annual periods beginning on or after 1 July 2014. The Group does not expect the amendments and clarifications to have material impact on the financial statements.

- *Annual Improvements to IFRSs 2011–2013 Cycle* (issued on 12 December 2013), not yet adopted by the EU, include a number of amendments to 4 IFRSs: IFRS 1, IFRS 3, IFRS 13 and IAS 40. The amendments are effective for annual periods beginning on or after 1 July 2014. The directors do not anticipate that the application of these amendments and clarifications will have a significant impact on the Group's consolidated financial statements.

2.2 Basis of consolidation

The accompanying Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated 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 results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were

disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IAS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

The principal subsidiaries and joint ventures of the Group at 31 December are listed in Note 30. Changes in the Group structure are reported in Note 26.

2.3 Business combinations

Business combinations are accounted for using the acquisition method. The consideration for each acquisition is measured at 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. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the goodwill where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with *IFRS 2 Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

2.4 Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.5 Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Generally, significant influence occurs when the Group has between 20% and 50% of the voting rights.

The results and assets and liabilities of associates are included in these Consolidated Financial Statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.* Investments in associates are carried in the consolidated statement of financial position 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 net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *IAS 36 Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

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

2.6 Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is recognised as an asset and reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate potential impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed if conditions improve.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units or groups of 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 the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit (or group of cash generating units) retained.

2.7 Foreign currencies

Each entity of the Group determines its own functional currency, and items included in its financial statements are measured using the functional currency. The functional currency of the foreign operations is generally their local currency, except for Sierra Leone entities that have USD as 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 the end of each reporting period, 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 2.28 below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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 the end of the reporting period. Income and expense items are translated at the average exchange rate for the periods presented. Exchange differences arising on the translation are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

2.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced by estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognized when goods are delivered and legal title is passed.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:
- installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognized at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described below.

2.9 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. The Group has no leasing contracts where it acts as a lessor.

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 statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 2.10 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the term of the relevant lease.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 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 profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under "other income". Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants that relate to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

2.12 Emission rights

The Group recognises these emission credits in its financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission credit quotas granted are recognized.

The Group estimates its annual emission volumes at the end of each reporting period and recognises the total estimated additional liability for the expected excess of emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognised in profit or loss based on unit of production method.

In case the Group estimates utilisation of less than the allocated emission credits any potential income from the sale of unused emission credits is recognised only on actual sale of those credits.

2.13 Employee benefits

Payments to defined contribution benefit plans are recognised as an expense as they become due. Payments made to state managed retirement programmes are treated as defined contribution plans. These costs are treated as personnel costs.

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 the end of each reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:
- Service costs (comprising current service cost, past service cost, as well as gain and losses on curtailments and settlements), included in profit or loss line item "Cost of goods sold" or "General and administrative expenses" within personnel costs.
- Net interest expense, included in profit or loss line item "Finance costs" within interest expense.
- Remeasurement.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits

when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.14 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with 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 arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Currently the fiscal losses generated by subsidiaries in China can be carried forward for five years, Romania for seven years and Sierra Leone for 10 years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognized in the consolidated profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:
- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 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.

2.16 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to provisions (Note 2.26) and critical accounting judgements and key sources of estimation uncertainty (Note 2.29) for further information about the recorded decommissioning provision.

Properties in the course of construction for production, supply 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 - 25 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of property, plant and equipment are determined by comparing sale proceeds with their carrying amount and are recorded in profit or loss.

2.17 Intangible assets

i) Development expenses
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

ii) 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.

iii) 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 statement of comprehensive income under the caption "general and administrative expenses".

iv) Exploration and evaluation assets
Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Types of expenditure that might be included in the measurement of exploration and evaluation assets are as follows:
- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. This includes the costs incurred in determining the most appropriate mining/processing methods and developing feasibility studies.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Capitalised exploration and evaluation expenditure is recorded at cost less impairment losses. An exploration and evaluation asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Depreciation starts on a straight-line basis when the assets enter production.

v) Other intangible assets
Other intangible assets include mainly licenses and advances paid for intangible assets. Licenses recognized as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.18 Mineral rights

Mineral rights are recognized by the Group as the present value of the extraction, processing, and sale of the recoverable reserves acquired in a business combination. Mineral rights consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits and are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules. Mineral rights are stated at cost less accumulated amortisation and impairment losses and are amortised based on the units of production method utilising only recoverable coal reserves as the depletion base.

2.19 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.

2.20 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, 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 for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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 to profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount

that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.21 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 primarily by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.22 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, see also Note 2.28.

2.23 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, see also Note 2.27.

2.26 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with *IAS 18 Revenue*.

Provisions for close down, restoration and environmental costs of mines

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are updated annually during the life of the operation to reflect known developments, eg revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals.

The initial closure provision together with other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated together with the related assets.

2.27 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in consolidated profit or loss.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less cumulative amortisation recognized in accordance with *IAS 18 Revenue*.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and *IAS 39 Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Fair value gains / (losses) from derivative financial instruments" or "other financial income / (expense), net". Fair value is determined in the manner described in Note 27.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in Note 27. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, etc.) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost because their fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "Fair value gains / (losses) from derivative financial instruments" or "other financial income / (expense), net". Fair value is determined in the manner described in Note 27.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognized less, where appropriate, cumulative amortisation recognized in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.28 Derivative financial instruments and hedging activities

The Group enters into a variety of derivative financial instruments to manage its exposure to market risk and foreign exchange rate risk, including foreign exchange forward contracts, swaps and options to manage the commodity prices risks associated with sales of aluminium based on the London Metal Exchange price for High Grade Aluminium ("LME"). Starting 2011 the Group have applied hedge accounting to LME options, designating an intrinsic value of the option as a hedge instruments in hedge relationship while revaluing the time value of the options through profit or loss.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 27 presents details of the fair values pertaining to the derivative financial instruments for hedging purposes.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated profit or loss, and is included in the "Finance costs" line item.

Amounts previously recognized in other comprehensive income and accumulated in consolidated equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognized hedged item.

However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.29 Critical accounting judgements and key sources of estimation uncertainty

For the preparation of the Group's financial statements, the directors are required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

i) 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). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, management estimates future cash flows 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.

The carrying amount of tangible and intangible assets at the end of the reporting period was USD 2,901,786 (2012 restated: USD 2,604,641).

ii) Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units or groups of cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The carrying amount of goodwill at the end of the reporting period was USD 195,688 (2012: USD 195,611). Details of the impairment test calculations are presented in Note 11.

iii) 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.

iv) Mineral reserves estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties and rights. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples.There are numerous uncertainties inherent in estimating mineral reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values (mineral rights), deferred stripping calculations and provisions for close down, restoration and environmental clean up costs.

v) Pension benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and longevity. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Additional information is disclosed in Note 22.

vi) Environmental provisions.

Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in mineral reserves or production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

The Group had recognized provisions for the rehabilitation of the premises where it deposits scrap from production. In determining the fair value of the proivsion, assumptions and estimates are made in relation to discount rates, inflation rates, effective costs of works to be performed and the expected timing of these costs. See Note 21 for further details.

vii) Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has USD 109,961 (2012 restated: USD 79,194) of unrecognised tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Given the uncertainties surrounding the timing and amounts of future taxable profits available to offset tax losses, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 109,961. Further details on taxes are disclosed in Note 7 and Note 23.

viii) Fair value of derivatives and other financial instruments.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establising fair values. Judgements include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 27 for further disclosures.

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. For the purpose of resource allocation and assessment of segment performance the geographical segments are the basis on which the Group reports its segment information to the chief operating decision maker. The Group's geographical segments are: China and Romania. A list of the principal companies included in each segment is shown in Note 30.

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

The Group's operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary aluminium and processed aluminium. After the acquisition of Sierra Leone operations by Alum S.A., this component was aggregated and presented within the Romania segment.

Sales are only to external customers and there is no segment revenue from transactions with other segments. No goods and services are exchanged between segments.

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

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

Segment revenues and results for the years ended 31 December 2013 and 2012 were as follows:

	China	Romania	Reconciliation to Group	Total
2013				
Sales	1,595,076	606,043	-	2,201,119
Cost of goods sold	-1,525,787	-599,260	-	-2,125,047
Gross profit	**69,289**	**6,783**	**-**	**76,072**
General and administrative expenses	-71,661	-53,024	-4,347	-129,032
Impairment of property, plant and equipment	-38,936	185	-	-38,751
Gain on disposal of subsidiaries	2,670	-	-	2,670
Share of result of associates	1,973	-	-	1,973
Other income / (expenses)	38,518	-4,090	2,404	36,832
Operating result	**1,853**	**-50,146**	**-1,943**	**-50,236**
Interest expense	-219,506	-18,864	15,707	-222,663
Interest income	30,955	1,364	23	32,342
Fair value gains/(losses) from derivative financial instruments	-	35,073	-	35,073
Other financial income / expense net	37,692	2,756	766	41,214
Result before income taxes	**-149,006**	**-29,817**	**14,553**	**-164,270**
Income tax	14,254	-159	-197	13,898
Net result for the year	**-134,752**	**-29,976**	**14,356**	**-150,372**
Additional information				
Capital expenditure (incl. intangible assets)	390,194	35,246	-52	425,388
Depreciation and amortisation	112,077	38,907	24	151,008
Average number of employees	13,000	4,069	4	17,073

	China restated*	Romania restated*	Reconciliation to Group	Total restated*
2012				
Sales	1,676,044	656,614	-	2,332,658
Cost of goods sold	-1,565,265	-567,215	-	-2,132,480
Gross profit	**110,779**	**89,399**	**-**	**200,178**
General and administrative expenses	-68,075	-57,279	-7,176	-132,530
Impairment of property, plant and equipment	426	22	-	448
Share of result of associates	-945	-	-	-945
Other income / (expenses)	61,728	7,910	1,166	70,804
Operating result	**103,913**	**40,052**	**-6,010**	**137,955**
Interest expense	-222,345	-15,921	11,878	-226,388
Interest income	27,218	486	161	27,865
Fair value gains/(losses) from derivative financial instruments	-	-76,216	-	-76,216
Other financial income / expense net	-38,105	-12,896	-2,717	-53,718
Result before income taxes	**-129,319**	**-64,495**	**3,312**	**-190,502**
Income tax	31,102	13,575	-17	44,660
Net result for the year	**-98,217**	**-50,920**	**3,295**	**-145,842**
Additional information				
Capital expenditure (incl. intangible assets)	255,529	30,056	108	285,693
Depreciation and amortisation	108,345	35,327	187	143,859
Average number of employees	12,930	4,063	13	17,006

In 2013 one of the Group subsidiaries determined that it underestimated its energy expenses in the prior year, therefore comparative figures of Cost of goods sold for the year ended 31 December 2012 have been restated by USD 12,779 with a corresponding increase in trade accounts payable to the supplier of electricity, see also Note 24.

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:

	2013	2012 restated*
China	1,585,508	1,657,892
Romania	107,736	138,358
Other European Union countries	420,760	416,634
Other European countries	48,322	63,150
USA	18,433	35,716
Other countries	20,360	20,908
Total	**2,201,119**	**2,332,658**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

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

	2013	2012 restated*
Primary aluminium	1,574,972	1,738,322
Processed aluminium	428,691	350,130
Coal	47,175	46,033
Other products	150,281	198,173
Total	**2,201,119**	**2,332,658**

Segment assets and liabilities at 31 December 2013 and 2012 are as follows:

	China	Romania	Reconciliation to Group	Total
31 December 2013				
Investments in associates	43,001	-	-	**43,001**
Other non-current assets allocated	3,400,027	392,935	-191	**3,792,771**
Total assets	**4,865,090**	**646,484**	**2,149**	**5,513,723**
Total liabilities	**4,478,366**	**329,480**	**-248,241**	**4,559,605**
31 December 2012 restated*				
Investments in associates	37,598	-	-	**37,598**
Other non-current assets allocated	3,113,772	364,168	-115	**3,477,825**
Total assets	**4,680,861**	**655,484**	**33,297**	**5,369,642**
Total liabilities	**4,153,979**	**345,674**	**-229,939**	**4,269,714**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

4. General and administrative expenses

	2013	2012
Personnel costs	-49,283	-47,600
Third-party services	-17,019	-22,424
Depreciation and amortisation	-10,368	-11,802
Taxes other than income taxes	-9,207	-9,287
Marketing and public relations	-5,314	-7,856
Impairment of doubtful receivables (trade and other)	-4,064	-1,089
Other general and administrative expenses	-33,777	-32,472
Total	**-129,032**	**-132,530**

"Other general and administrative expenses" includes travelling, insurance, consumables research expenditure, and sundry smaller expenses which cannot be allocated to the other categories.

5. Other income and expenses

Other income	2013	2012
Investment consideration recovered	25,823	30,967
Government grants	12,423	14,395
Sale of emission rights	-	7,387
Net gain on disposal of land use rights	3,759	18,568
Net gain on disposal of property, plant and equipment	-	2,434
Reimbursements from insurance claims	862	380
Other income	6,981	7,968
Total other income	**49,849**	**82,099**

Other expenses	2013	2012
Idle plants maintenance expenses	-2,053	-1,370
Net loss on disposal of property, plant and equipment	-6,999	-
Net loss on disposal of intangible assets	-	-79
Other expenses	-3,965	-9,846
Total other expenses	**-13,017**	**-11,295**

Investment consideration recovered represents the receipt of partial repayment of the consideration that was paid for the coal mines acquired in China during 2010.

Government grants represent mainly subsidies for supporting Aluminum Industry, incentives for improvement of energy savings and advanced technology in aluminium and power plants and incentives for production of slabs from the government of China.

Net gain on disposal of land use rights is mainly related to gains on disposal of land use rights in China.

Other income includes mainly write off of old-aged payables in China and various income from services performed.

Other expenses include mainly compensation expenses for loss on disposal of assets in a subsidiary in China.

6. Finance costs and income

Finance costs	2013	2012 restated*
Interest expense	-211,010	-214,723
Interest expense to related parties (Note 25)	-11,653	-11,665
Finance guarantee expense	-34,503	-46,096
Bank charges	-6,229	-5,253
Total finance costs	**-263,395**	**-277,737**

Finance income	2013	2012 restated*
Interest income	32,342	27,865
Finance guarantee income	63,614	12,330
Other financial income / (expense), net	262	1,076
Total finance income	**96,218**	**41,271**

Comparative figures have been reclassified to conform to the current year presentation. The Group has elected to present finance costs and finance income separately in the Statement of profit or loss and in this note.

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 41,266 (2012: USD 26,744) based on an average interest rate of 7.17% (2012: 7.62%).

At 31 December 2012 one of the Group's subsidiaries had committed itself to financial guarantees granted in favour of one of its business partners. At that time, the guaranteed company was facing financial difficulties, having delays in paying its debts, and the Group's management considered that it was more probable than not that the financial guarantees would be executed by the banks. In 2013, the aforementioned business partner cleared its debts and consequently the Group subsidiary reversed its guarantee, by recognizing USD 45,000 as financial guarantee income.

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

7. Income tax expense

	2013	2012 restated*
Current income tax	-21	-10,796
Deferred income tax (Note 23)	13,919	55,456
Total	**13,898**	**44,660**

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

	2013	2012 restated*
Loss before income tax	-164,270	-190,502
Expected weighted average income tax rate for the Group	25.1%	17.7%
Expected income tax expense	41,284	33,659
Non-taxable income	8,762	10,464
Non-deductible expenses	-3,679	-4,727
Capitalisation of previously unrecognised tax losses	-	26,083
Net change in measurement of deferred tax assets	-37,792	-42,361
Utilisation of previously unrecognised tax losses	2,758	645
Adjustments recognised in relation to the current tax of prior years	2,586	-5,534
Expenses/(income) from changes in fiscal base	-	25,647
Other adjustments	-21	784
Total income tax expense	**13,898**	**44,660**

The expected weighted average income tax rate for the Group is affected by the statutory income tax rates and regulations in effect in the various countries in which it operates and on the pre-tax results of its subsidiaries in each of these countries, which can vary year to year. The variance in expected weighted average income tax rate for the Group between 2013 and 2012 is explained by a change in mix of pre-tax profits over the various jurisdictions in which the Group operates.

The expected weighted average income tax rate for the Group was determined by dividing the tax calculated at domestic tax rate of subsidiaries within the Group by the profit before income tax.

Net change in measurement of deferred tax assets includes unused tax losses and deductible temporary differences not recognised as deferred tax assets, because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the tax losses and deductible temporary differences.

In 2012 under the "Expenses/(income) from changes in fiscal base" the amount of USD 25,647 relates to the change of the tax base of certain assets and liabilities in Romania following the new legislation adopted that requires companies listed on the Bucharest Stock Exchange to apply IFRS's.

8. Earnings per share

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

	2013	2012 restated*
Loss for the year attributable to shareholders of Vimetco N.V.	-85,269	-131,750
Weighted average number of ordinary shares outstanding during the year	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.388	-0.600

Basic and diluted per share data are the same as there are no dilutive securities.
The earnings per share for 2012 were restated in accordance with the restated net result of the Group. The previously reported EPS for 2012 was of RON -0.645 per share.

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

9. Property, plant and equipment

	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Cost						
Balance at 1 January 2012 as previously reported	**25,076**	**825,516**	**1,986,004**	**113,427**	**402,752**	**3,352,775**
Reclassifications and corrections	-	3,609	-	3,582	-	7,191
Balance at 1 January 2012 restated*	**25,076**	**829,125**	**1,986,004**	**117,009**	**402,752**	**3,359,966**
Additions	-	6,651	11,648	9,543	253,288	281,130
Acquisition /disposal of subsidiaries (Note 26)	-	8,053	944	134	2,211	11,342
Disposals	-	-17,163	-8,444	-2,178	-	-27,785
Transfers between categories	-	-2,220	64,414	4,150	-66,344	-
Translation adjustment	-135	57	2,351	-386	1,473	3,360
Balance at 31 December 2012 restated*	**24,941**	**824,503**	**2,056,917**	**128,272**	**593,380**	**3,628,013**
Additions	-	4,910	25,072	3,362	386,881	420,225
Acquisition /disposal of subsidiaries (Note 26)	-	-1,316	-1,558	-1,340	-	-4,214
Disposals	-	-9,398	-36,646	-7,753	-	-53,797
Transfers between categories	-	12,143	67,038	3,810	-82,991	-
Translation adjustment	784	25,981	64,872	3,849	23,106	118,592
Balance at 31 December 2013	**25,725**	**856,823**	**2,175,695**	**130,200**	**920,376**	**4,108,819**
Accumulated depreciation and impairment						
Balance at 1 January 2012 as previously reported	**-**	**-227,640**	**-621,246**	**-68,784**	**-**	**-917,670**
Depreciation expense for reclassifications and corrections	-	-	-	-1,191	-	-1,191
Balance at 1 January 2012 restated*	**-**	**-227,640**	**-621,246**	**-69,975**	**-**	**-918,861**
Additions	-	-38,355	-86,843	-11,266	-	-136,464
Disposals	-	13,257	8,444	1,701	-	23,402
Reversal of impairment	-	21	426	1	-	448
Transfers between categories	-	3,017	-1,456	-1,561	-	-
Translation adjustment	-	573	-34	227	-	766
Balance at 31 December 2012	**-**	**-249,127**	**-700,709**	**-80,873**	**-**	**-1,030,709**
Additions	-	-36,927	-98,700	-11,976	-	-147,603
Acquisition /disposal of subsidiaries	-	175	355	450	-	980
Disposals	-	7,579	25,099	5,262	-	37,940
Impairment charge for the period	-	-1,738	-31,732	-6	-22,449	-55,925
Reversal of impairment	-	1,985	15,048	141	-	17,174
Transfers between categories	-	4,633	-2,541	-2,092	-	-
Translation adjustment	-	-8,147	-23,785	-3,200	-355	-35,487
Balance at 31 December 2013	**-**	**-281,567**	**-816,965**	**-92,294**	**-22,804**	**-1,213,630**
Net book value						
Balance at 31 December 2012	**24,941**	**575,376**	**1,356,208**	**47,399**	**593,380**	**2,597,304**
Balance at 31 December 2013	**25,725**	**575,256**	**1,358,730**	**37,906**	**897,572**	**2,895,189**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

Leased assets included above have a net book value of USD 228 and USD 631 as at 31 December 2013 and 2012 respectively.

Bank borrowings are secured by "property, plant and equipment" in the amount of USD 1,255,166 (2012: USD 636,314).

Capital expenditure (additions) includes capitalised interest amounting to USD 41,266 (2012: USD 26,744) based on average interest rates of 7.17% (2012: 7.62%).

In 2013, the Group reestimated its decommissioning costs for the premises where it disposes its waste from production. Therefore, it recognized a decommissioning liability as a correction of prior period error with retrospective effect, the opening balance of the earliest comparative period presented, i.e. 1 January 2012, being restated by USD 3,609. These decommissioning costs were recognised on buildings and constructions with an estimated remaining useful life of 8 years. Following this restatement of opening balances, the Cost of goods sold for the year ended 31 December 2012 was adjusted by USD -347 and Income tax by USD 56 resulting from the additional depreciation charge recognised during the period.

In 2013, the Group noted an error with one of its subsidiaries, regarding the classification and the accounting treatment for some assets, such as dies and spare parts. As a consequence, assets were reclassified from inventories into property, plant and equipment as a correction of prior period error, with retrospective effect of USD 3,582 as at 1 January 2012. Due to additional depreciation of these spare parts, the Cost of goods sold for the year ended 31 December 2012 was adjusted by USD -645 and income tax was adjusted by USD 283 (which includes the effect of change in recognised tax losses).

On 30 December 2013, the Group subsidiary Henan Zhongfu Industry Co., Ltd. announced the liquidation of its 76% subsidiary Henan Zhongfu Specialized Aluminium Product Co., Ltd. The subsidiary was set up in March 2010 and its main activity was the production of cold rolled products. The production was still under the test running and due to poor business results and external market changes, the management decided to stop its activity and initiate the liquidation procedures. The management has not yet approved and announced a formal disposal or liquidation plan, therefore it doesn't meet the criteria to be classified as held for sale. Total assets of the company as at 31 December 2013 amounted USD 88,503 excluding intragroup balances. The main assets of the subsidiary are represented by assets under construction with the carrying value as at 31 December 2013 of USD 60,114, investment in subsidiary Henan Zhongfu Aluminium Alloy Co., Ltd. of USD 16,402 and other receivables of USD 11,988. As at 31 December 2013, an impairment loss of USD 22,449 was recognised representing the write-down of assets in course of construction to the recoverable amount. The recoverable amount of USD 37,664 as at 31 December 2013 was based on the fair value less costs of disposal.

Impairment charge for Plant and machinery inlcuded the amount of USD 21,533 recognised in respect of the old 200kA aluminium plants in one of the Group subsidiaries in China closed down due to their inefficiency and technological obsolescence. The impairment charge of USD 21,533 represents the net book values of these old plants and related dismantling costs less estimated proceeds from the selling of equipment and spare parts.

10. Intangible assets

	Development expenses	Software	Customer relationships	Exploration assets	Other intangible assets	Total
Cost						
Balance at 1 January 2012	**2,594**	**4,341**	**10,840**	**3,632**	**3,255**	**24,662**
Additions	-	273	-	15	1,219	1,507
Disposals	-	-	-	-	-316	-316
Transfers between categories	595	-	-	-	-595	-
Translation adjustment	6	-4	27	-	-40	-11
Balance at 31 December 2012	**3,195**	**4,610**	**10,867**	**3,647**	**3,523**	**25,842**
Additions	-	172	-	-	28	200
Disposals	-	-	-	-	5	5
Transfers from other categories**	-	-	-	-	1,884	1,884
Translation adjustment	101	141	336	-	155	733
Balance at 31 December 2013	**3,296**	**4,923**	**11,203**	**3,647**	**5,595**	**28,664**
Amortisation						
Balance at 1 January 2012	**-1,872**	**-3,289**	**-7,853**	**-1,829**	**-1,339**	**-16,182**
Additions	-257	-332	-1,193	-439	-160	-2,381
Disposals	-	-	-	-	142	142
Translation adjustment	1	10	-24	-	-71	-84
Balance at 31 December 2013	**-2,128**	**-3,611**	**-9,070**	**-2,268**	**-1,428**	**-18,505**
Additions	-382	-286	-1,216	-440	-187	-2,511
Disposals	-	-	-	-	-5	-5
Transfers from other categories**	-	-	-	-	-495	-495
Transfers between categories	-	73	-	-	-73	-
Translation adjustment	-75	-112	-300	-	-64	-551
Balance at 31 December 2013	**-2,585**	**-3,936**	**-10,586**	**-2,708**	**-2,252**	**-22,067**
Net book value						
Balance at 31 December 2012	**1,067**	**999**	**1,797**	**1,379**	**2,095**	**7,337**
Balance at 31 December 2013	**711**	**987**	**617**	**939**	**3,343**	**6,597**

The amortisation expense has been included in the Cost of goods sold and General and administrative expenses.

**In 2013, the Group reclassified to Intangible assets the right of use of a gas pipe with a carrying amount of USD 1,389, presented at 31 December 2012 under Prepayments.

Research and development costs that are not eligible for capitalisation in amount of USD 11,860 have been expensed in 2013 (2012: USD 1,262) recognised in General and administrative expenses.

11. Goodwill

Cost	
Balance at 1 January 2012	447,245
Additions (Note 26)	3,932
Translation adjustment	683
Balance at 31 December 2012	**451,860**
Disposals (Note 26)	-5,228
Translation adjustment	13,142
Balance at 31 December 2013	**459,774**
Impairment	
Balance at 1 January 2012	-255,736
Translation adjustment	-513
Balance at 31 December 2012	**-256,249**
Translation adjustment	-7,837
Balance at 31 December 2013	**-264,086**
Net book value	
Balance at 31 December 2012	**195,611**
Balance at 31 December 2013	**195,688**

Impairment tests for goodwill

The goodwill is allocated to the groups of cash-generating units at 31 December 2013 and 2012 as follows (after additions and impairment):

	2013	2012
China	141,885	142,887
Romania	49,204	48,125
Sierra Leone	4,599	4,599
Total	**195,688**	**195,611**

China

In 2013 the recoverable amount of the group of cash generating units in China (to which the goodwill was allocated) of USD 3,190,506 was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of 13% per annum (2012: 14.4%). The cash flows beyond that five-year period have been extrapolated using a steady 2% (2012: 1.9%) per annum growth rate.

The key assumptions used in the value in use calculations for the cash-generating unit China are as follows: average EBITDA margin of 17.9%, average growth rate of 14% per year and 2% growth beyond the five-year period in line with projected inflation (2012: 17%, 23% and 1.9% respectively). The directors believe that the planned growth per year for the next five years is reasonably achievable, being the result of significant capital investments made by the Group in China.

As a result of the impairment test analysis, management concluded that no impairment should be recorded in the consolidated financial statements of the Group as at 31 December 2013.

The assessments require the use of different estimates and assumptions depending on the business such as aluminium prices, production volumes, discount rates, growth rates and gross margins. The values assigned to key assumptions and estimates used to measure the units' recoverable amount of the grup of CGUs in China reflect past experience, are consistent with external sources of information and are based on management's expectations of market development. The production quantity was estimated based on past experience and represent management's best estimate of future production. Sales prices were based on the long-term aluminium prices derived from available industry and market sources. Operating costs were projected based on the historical performance adjusted for inflation.

The calculation of value in use for group of CGUs China is most sensitive to the following assumptions:
- Gross margins and EBITDA are consistent with average values achieved in the past and considers the anticipated efficiency improvements. A decrease of 5% projected EBITDA value per annum would result in an impairment of goodwill of USD 96,593.
- Discount rate represent the current market assessment of the risks specific to the group of CGUs China, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. A 1% increase of the discount rate would result in full impairment of goodwill of USD 141,885.
- The long term growth rate of 2% used beyond the five-year period is consistent with the forecasts included in industry reports. A reduction of long term growth rate to 1% would result in the carrying amount of group of CGUs China exceeding the recoverable amount and a full impairment of goodwill of USD 141,885 would have to be recognised.

Romania

In 2013 the recoverable amount of group of cash-generating units Romania in amount of USD 834,483 was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a seven-year period, and a pre-tax discount rate of 12.8% per annum (2012: 14.6%). The cash flows beyond that period have been extrapolated using a 2% (2012: 3%) per annum growth rate.

The key assumptions used in the value in use calculations for the cash-generating unit Romania are as follows: EBITDA margin growing from 11% in 2014 to 18% in 2017, staying constant at this value till 2020.

The directors believe that there are no reasonably possible changes in key assumptions, which would cause the goodwill allocated to Romania to be impaired.

Sierra Leone

The recoverable amount of cash-generating units operating in Sierra Leone (Global Aluminium Ltd.) in amount of USD 47,029 was determined based on a value-in-use calculation, by using cash flow projections based on financial forecasts estimated by the directors, which cover a ten-year period, and a pre-tax discount rate of 16.3% per annum till 2019 and 18.3% per annum thenafter (2012: 13.7%) respectively. The cash flows beyond that ten-year period have been extrapolated until the year 2032, when the current mining licence expires, at a steady growth rate of 2% per annum (2012: 4%).

The key assumptions for the cash-generating unit Sierra Leone are: EBITDA margin of 25%, growth rate of 2% per year beyond the ten-year period.

The directors believe that a reasonable possible change in key assumptions will not cause the goodwill allocated to Sierra Leone to be impaired.

12. Mineral rights

Cost	
Balance at 1 January 2012	540,813
Acquisition of subsidiaries (Note 26)	10,265
Additions	1,105
Translation adjustment	1,377
Balance at 31 December 2012	**553,560**
Acquisition of subsidiaries (Note 26)	-
Additions	34
Translation adjustment	17,126
Balance at 31 December 2013	**570,720**
Amortisation	
Balance at 1 January 2012	-24,231
Additions	-7,556
Translation adjustment	-93
Balance at 31 December 2012	**-31,880**
Additions	-12,076
Translation adjustment	-1,178
Balance at 31 December 2013	**-45,134**
Net book value	
Balance at 31 December 2012	**521,680**
Balance at 31 December 2013	**525,586**

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

13. Land use rights

Cost	
Balance at 1 January 2012	62,523
Additions	1,951
Disposals	-2,780
Translation adjustment	-411
Balance at 31 December 2012	**61,283**
Additions	3,045
Disposals	-1,263
Translation adjustment	1,922
Balance at 31 December 2013	**64,987**
Amortisation	
Balance at 1 January 2012	-5,692
Additions	-1,464
Disposals	371
Translation adjustment	639
Balance at 31 December 2012	**-6,146**
Additions	-1,381
Disposals	178
Translation adjustment	-209
Balance at 31 December 2013	**-7,558**
Net book value	
Balance at 31 December 2012	**55,137**
Balance at 31 December 2013	**57,429**

During 2013, the Group sold land use rights recording a gain of USD 3,760 on the sale (2012: USD 18,568).

The land use rights are for property located in China which is rented over a period of no more than 50 years.

14. Investments

Details of the carrying values of the Group's investments at 31 December 2013 and 2012 are set out below:

Company	Type of investment	2013	2012
Henan Yonglian Coal Industry Co., Ltd.	Associate - equity method	21,020	20,365
Datang Gongyi Power Generation Co., Ltd.	Associate - equity method	3,858	3,203
Datang Linzhou Thermal Power Co., Ltd.	Associate - equity method	14,981	12,254
Henan Yellow River Heluo Water Supply Co., Ltd.	Associate - equity method	864	838
Henan Zhongfu Thermal Power Co., Ltd.	Associate - equity method	602	938
Shanghai Bao Shuo Trading Co. Ltd. (i)	Associate - equity method	1,676	-
Total associated companies		**43,001**	**37,598**

(i) In 2013 the Group decreased the shareholding in its 100% subsidiary Shanghai Bao Shuo Trading Co. Ltd. (former Shanghai Zhongfu Aluminium Development Co., Ltd.) to 20% maintaining significant influence over the company.

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

Company	2013	2012
Henan Yonglian Coal Industry Co., Ltd	24	175
Datang Gongyi Power Generation Co., Ltd.	-	-
Datang Linzhou Thermal Power Co., Ltd	2,309	-2,052
Henan Yellow River Heluo Water Supply Co., Ltd	-	-2
Henan Zhongfu Thermal Power Co., Ltd	-360	934
Shanghai Bao Shuo Trading Co. Ltd.	-	-
Total share of the results of associates	**1,973**	**-945**

Summarised financial data for the associated companies at 31 December 2013 and 2012 and for the years then ended is set out below:

	2013	2012
Total assets	679,935	644,011
Total liabilities	-544,287	-524,675
Net assets	**135,648**	**119,336**
Group's share of net assets of associates	**43,001**	**37,598**
Total sales	203,722	184,511
Result for the period	11,060	-8,743
Group's share of result of associates	**1,973**	**-945**

Cash consideration paid for the acquisition and increase of investments in associates amounted to USD 547 (2012: USD 860).

15. Inventories

	31 December 2013	31 December 2012 restated*
Raw and auxiliary materials	157,420	185,905
Work in progress	185,337	187,948
Finished goods	96,734	73,833
Less: Provision for obsolescence	-24,483	-10,932
Total	**415,008**	**436,754**

The movement in the provision for obsolescence is as follows:

	2013	2012
Balance at 1 January	-10,932	-11,680
(Charge) / reversal to cost of goods sold	-12,981	834
Translation adjustment	-570	-86
Balance at 31 December	**-24,483**	**-10,932**

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

Comparative figures have been restated. In 2013, the Group noted an error in one of its subsidiaries, regarding the classification and the accounting treatment for some assets, such as dies and spare parts. As a consequence, assets were reclassified from inventories into property, plant and equipment as a correction of prior period error, with retrospective effect of USD 4,399 as at 31 December 2012 and USD 3,582 as at 1 January 2012.

Charge to cost of goods sold in the amount of USD 12,981 (reversal in 2012: USD 834) is related to write-downs of inventory to net realisable value.

The cost of inventories recognized as expense and included in ''Cost of goods sold'' amounted to USD 1,564,640 (2012: USD 1,561,454).

16. Trade receivables, net

	31 December 2013	31 December 2012 restated*
Trade accounts receivable	76,235	72,162
Bills of exchange	111,992	108,080
Provision for doubtful receivables	-6,257	-2,068
Total	**181,970**	**178,174**

The Group exposure to concentration of credit risk increased at the end of 2013 compared to 2012. As at 31 December 2013, the highest four trade receivable balances accounted for roughly 52% (2012: 35%) of the net trade receivable balance (excluding bills of exchange). The total balance for these four debtors is USD 36,700 (2012: USD 24,300).

Bills of exchange include USD 95,889 (2012: USD 61,433) representing bills receivable discounted with recourse.

In 2013 there was no client that individually accounted for more than 5% of the Group's sales (in 2012: one client).

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

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 receivables 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 factoring facilities available to Group companies at 31 December 2013 amounted to approximately USD 113,600 (2012: USD 137,000) of which approximately USD 61,900 (2012: USD 79,000) was utilised.

An impairment charge has been established for doubtful receivables based on historical experience.

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date.

Accordingly, the Group's management believes that there is no further credit provision required in excess of the allowance for doubtful receivables already provided for.

Movements in the impairment of doubtful receivables are as follows:

	2013	2012
Balance at 1 January	-2,068	-1,148
(Charge) / credit to general and administrative expenses	-4,064	-1,089
Utilisations and other movements	-	172
Translation adjustment	-125	-3
Balance at 31 December	**-6,257**	**-2,068**

The receivables' ageing is provided below:

	31 December 2013	31 December 2012
Not past due and not impaired	67,945	118,372
Past due but not impaired	114,025	59,802
Past due and impaired	6,257	2,068
Less: Allowance for doubtful receivables	-6,257	-2,068
Total	**181,970**	**178,174**

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

	31 December 2013	31 December 2012
Up to 3 months	88,430	34,742
3 to 6 months	14,219	19,360
Over 6 months	11,376	5,700
Total	**114,025**	**59,802**

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

Ageing of impaired trade receivables:

	31 December 2013	31 December 2012
Up to 3 months	-	150
3 to 6 months	530	-
Over 6 months	5,727	1,918
Total	**6,257**	**2,068**

17. Other current assets

	31 December 2013	31 December 2012
Advances to suppliers	166,224	145,222
VAT receivable	54,425	68,548
Prepayments	1,320	3,118
Other debtors	63,152	77,212
Impairment of doubtful debtors	-7,414	-3,844
Available for sale financial assets	328	5,091
Other current assets	3,592	6,771
Total	**281,627**	**302,118**

Advances to suppliers primarily relate to amounts prepaid to suppliers for raw materials such as coal, alumina, petroleum coke and other production materials.

18. Cash and cash equivalents

	31 December 2013	31 December 2012
Cash at banks	61,039	177,509
Cash in hand	280	265
Cash and cash equivalents	**61,319**	**177,774**

Restricted cash represents amounts:

- USD 646,912 pledged to banks to guarantee repayments of bills of exchange issued by the Group;

- USD 52,356 pledged under the provisions of loan agreements by several companies in the Group.

19. 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:

	2013	2012
Number at 1 January	219,484,720	219,484,720
Number at 31 December	**219,484,720**	**219,484,720**

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

No dividends were declared and paid by Vimetco N.V. in 2013 (2012: nil).

Incentive compensation scheme ("ICS")

The Group granted in the past restricted share units ("RSUs") and cash to its key management personnel in connection with the Initial Public Offering in 2007. RSUs represented the unsecured right to receive a global depository receipt ("GDR") free of charge. In 2011 the Group settled in cash all the outstanding GDRs granted under the incentive compensation scheme.

No RSUs were granted in 2013 and 2012. Accordingly, the Group did not have any outstanding RSU's as per 31 December 2013 as well as per 31 December 2012.

20. Loans and borrowings

	31 December 2013	31 December 2012
Long-term borrowings		
Long-term bank loans	929,531	1,038,185
Less: Short-term portion of long-term bank loans	-135,607	-86,775
Bank loans	*793,924*	*951,410*
Other loans	125,905	107,782
Corporate bonds	403,701	401,648
Bank and other loans	*1,323,530*	*1,460,840*
Loans from related parties (Note 25)	-	-
Finance leases	248	183
Total long-term borrowings	**1,323,778**	**1,461,023**
Short-term borrowings		
Short-term bank loans and overdrafts	577,306	636,979
Short-term portion of long-term bank loans	135,607	86,775
Bank loans and overdrafts	*712,913*	*723,754*
Other loans	397,180	247,068
Corporate bonds	11,511	-
Bank loans, overdrafts and other loans	*1,121,604*	*970,822*
Loans from related parties (Note 25)	209,584	185,120
Finance leases	200	622
Total short-term borrowings	**1,331,388**	**1,156,564**
Total borrowings	**2,655,166**	**2,617,587**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted with recourse at banks in amount of USD 95,889 (2012: 61,433); for other details please see also Note 16.

Bank borrowings mature until 2023 and bear interest at annual interest rates between 0.73% and 13.00% (2012: between 1.46% and 12.43%).

For more information about Company's borrowings, please see notes 11 and 12 to the Company separate Financial Statements.

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

According to the existing borrowing agreements the Company and its subsidiaries are subject to certain restrictive covenants. These covenants require among other things, to maintain certain financial ratios including minimum total net debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") and cash flow cover.

As at 31 December 2013, some of the Group companies were in breach of some of the covenants in respect of its borrowings. The Group subsidiaries discussed the situation with the banks and received the necessary waivers in due time, with one exception (see below). A breach of covenant in respect of a liability that entitles the creditor to require repayment at a future date within one year of the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

As at 31 December 2013, one of the Group companies did not obtain a waiver for the breach in due time. Consequently, it classified its portion of the long-term loan from that bank into short term in the statement of financial position, amounting to USD 837.

In August 2012, one of the Group subsidiaries in China made its second corporate bond issue amounting to USD 157,701 (denominated in CNY, with a total face value of CNY 1,000,000,000, CNY 100 each), for a period of 5 years, mainly for the repayment of short-term borrowings. The issue is at par and bears a fixed interest rate of 7.5% in the first 3 years, subsequently the Group having the option of increasing the coupon rate for the remaining two years and the investors having the option of redeeming the bond at par value (subsequent to and independent of the change in coupon rate by the Group). The bonds are listed on the Shanghai Stock Exchange with an AA rating, the market price as of 31 December 2013 being USD 15.84 per bond (31 December 2012: USD 16.36 per bond).

The bonds issue made in 2011, which was also listed on the Shanghai Stock Exchange with an AA rating had a market price as of 31 December 2013 of USD 14.60 per bond (31 December 2012: USD 16.04 per bond).

As at 31 December 2013 the fair value of the bonds issues amounted to USD 377,400 (31 December 2012: USD 401,648).

Bank and other borrowings include secured liabilities of USD 1,162,310 (2012: USD 1,194,480). These borrowings are secured by property, plant and equipment of the Group in the amount of USD 1,255,166 (2012: USD 636,314) (Note 9), by inventory amounting to USD 141,984 (2012: 147,334), by 51% (2012: 51%) of the shares of Alro, by 80.9% (2012: 98.7%) of the shares of Zhongfu Industry, by current accounts opened with several banks 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 prices as at 31 December 2013 and 31 December 2012 were lower than the trigger price in the loan contracts and appropriate actions have been taken.

For the exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates please refer to Note 27.

Except for the corporate bonds, for which the fair value has been presented above, the Company has estimated that the fair value of the other borrowings approximates their carrying amount, due to the short term nature of the borrowing for the short-term borrowings and for the long-term borrowings based on the fact that the borrowings mostly bear interest at floating interest rates, while the remaining fixed rate long term loans are recently contracted. For the long-term borrowings bearing fixed interest rate the fair value is not significantly different than their carrying amounts.

As at 31 December 2013 the Group had undrawn borrowing facilities for an investment in amount of USD 6,547 (31 December 2012: nil).

	31 December 2013	31 December 2012
Lease installments falling due:		
Within 1 year	215	649
1 to 5 years	268	187
After 5 years	-	-
Total lease installments	**483**	**836**
Less: Future finance charges	-35	-31
Present value of lease obligations	448	805
Thereof:		
Short-term finance lease obligations (less than 1 year)	200	622
Long-term finance lease obligations (1 to 5 years)	248	183

Finance leases relate to leases of equipment and vehicles with lease terms of up to 5 years. The net book value of leased assets was USD 228 (31 December 2012: USD 631).

21. Provisions

	Provision for land restoration	Provision for litigations	Other provisions	Total
Balance at 1 January 2012 as previously reported	**-**	**2,436**	**13,003**	**15,439**
Additional provisions recognised and reclassifications	4,248	-	-639	3,609
Balance at 1 January 2012 restated*	**4,248**	**2,436**	**12,364**	**19,048**
Acquisition of subsidiaries (Note 26)	-	-	8	8
Additional provisions recognised	112	-	7,499	7,611
Release of provision	-	-12	-2,631	-2,643
Utilisation	-	-6	-3,589	-3,595
Unwinding of discount	261	-	-	261
Translation adjustment	-7	-14	35	14
Balance at 31 December 2012 restated*	**4,614**	**2,404**	**13,686**	**20,704**
Thereof:				
Current	-	20	7,444	7,464
Non-current	4,614	2,384	6,242	13,240
Additional provisions recognised	2,288	-	9,458	11,746
Release of provision	-	-20	-	-20
Utilisation	-	-	-16,677	-16,677
Unwinding of discount	253	-	-	253
Translation adjustment	143	75	311	529
Balance at 31 December 2013	**7,298**	**2,459**	**6,778**	**16,535**
Thereof:				
Current	-	-	6,778	6,778
Non-current	7,298	2,459	-	9,757

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

In 2013, one of the Group's subsidiaries revised the estimations of decommissioning costs for its waste dump calculated in 2011. As a result, it recognized a decommissioning liability as a correction of prior period error with retrospective effect, the opening balance of the earliest comparative period presented, i.e. 1 January 2012, being restated by USD 3,609. Following the recognition of this provision, the Finance costs for the year ended 31 December 2012 were adjusted by USD -261 being the unwinding of discount and income tax was adjusted by USD 42.

The amount of USD 639 at 1 January 2012 was reclassified from Other provisions to Provision for land restoration.

The provision for land restoration is related to the rehabilitation of several industrial waste deposits. According to the environment regulations, the land underneath the waste deposits must be restored until a certain date specified by specific authorisations.

Other provisions mainly relate to rehabilitation and safety works in the coal mines. Pursuant to local regulations for coal mining companies in China, provisions for production maintenance, safety and other related expenditures are accrued by the Group at fixed rates per tone based on coal production volumes. The provisions could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The purposes of making these provisions are to ensure safety of production in mines, prevent accidents and protect personal safety of workers and staff at mines.

22. Post-employment benefit obligations

During 2013 the Group incurred expenses with short term employee benefit (representing wages and salaries and other staff cost) amounting to USD 148,352 (2012: USD 139,458).

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 Group also contributes a certain amount to pension funds managed by separate entities. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

USD 11,031 were recognized as expense in the income statement (2012: USD 11,062).

Defined benefit plan

According to the Collective Labour Agreement in Romania and Sierra Leone, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years of work.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2013 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 2013	31 December 2012 restated*
Discount rate (%)	5.32	6.27
Expected rate of salary increase (%)	4.50	4.50
Expected inflation rate (%)	3.00	3.00

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

	31 December 2013	31 December 2012 restated*
Current service cost	-681	-313
Interest cost on obligation	-639	-636
Total expense	**-1,320**	**-949**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

The expense on current service cost are included in the statement of profit or loss and other comprehensive income as Cost of goods sold and administrative expenses, and interest cost on obligation as Finance costs, net.

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

	31 December 2013	31 December 2012 restated*
Balance at 1 January	**7,965**	**7,318**
Included in profit or loss:		
Current service cost	681	313
Interest cost on obligation	639	636
Included in other comprehensive income:		
Actuarial changes arising from changes in demographic assumptions	-	113
Actuarial changes arising from changes in financial assumptions	1,164	193
Actuarial changes arising from changes in experience adjustments	300	-460
Benefits paid	-184	-131
Translation adjustment	167	-17
Balance at 31 December	**10,731**	**7,965**

Significant actuarial assumptions for the determination of defined benefit obligation are: discount rate, estimated salary increase rate and estimated inflation rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant:

	Defined benefit obligation increase / (decrease)	
Discount rate +/- 1%	-1,091	1,288
Estimated salary increase rate +/- 1%	1,284	-1,107
Longevity + / - 1 year	5	-6
Employee turnover rate +/- 0.5%	-152	152

The sensitivity analyses above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The Group expects to make a payment of USD 435 thousand representing benefits to be paid on its defined benefit obligation during the next financial year.

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

23. 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 2013		31 December 2012 restated*	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	7,630	28,124	4,649	28,548
Intangible assets	13	154	19	449
Mineral rights	-	126,706	-	125,511
Land use rights	-	7,644	-	7,620
Inventories	1,757	-5	161	-18
Trade receivables and other current assets	2,806	229	2,125	145
Borrowings	93	12	-	24
Provisions and other liabilities	11,818	1,294	10,047	644
Gross deferred tax assets / liabilities	**24,117**	**164,158**	**17,001**	**162,923**
Recognition of tax loss carryforwards	52,041	-	49,649	-
Offset of deferred tax assets and liabilities	-35,496	-35,496	-25,736	-25,736
Net deferred tax assets and liabilities as disclosed in the statement of financial position	40,662	128,662	40,914	137,187
Net deferred (asset) / liability		**88,000**		**96,273**

The realization of deferred tax assets depends on the expected future profitability of the related entities which is assessed based on the most recent budgets and business plans.

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

	2013	2012 restated*
Balance at 1 January	96,273	153,708
Charge / (credit) to income statement (Note 7)	-13,919	-55,456
Charge / (credit) to equity	-241	-5,217
Acquisition/disposal of subsidiaries	3,065	3,833
Translation adjustment	2,822	-595
Balance at 31 December	**88,000**	**96,273**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

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 losses carried forward in the foreseeable future and the Group does not have tax group relief in these countries:

	31 December 2013	31 December 2012 restated*
China	68,349	40,703
Romania	23,593	23,211
The Netherlands	-	4,074
Sierra Leone	17,486	10,685
Ghana	533	521
Total	**109,961**	**79,194**

Tax loss expiring	31 December 2013	31 December 2012 restated*
Within 1 year	509	-
1 - 2 years	10,001	2,464
2 - 5 years	59,139	38,969
More than 5 years	40,312	37,762
Total	**109,961**	**79,194**

Additionally to non-recognized deferred tax assets for tax losses, the Group has non-recognized deferred tax assets for deductible temporary differences at the level of certain Chinese subsidiaries in amount of USD 11,020 (2012: USD 4,203). The Group has not recognized these deferred tax assets because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the deductible temporary differences (see Note 7).

24. Trade and other payables

	31 December 2013	31 December 2012 restated*
Trade accounts payable	174,072	160,898
Bills of exchange	1,251,417	1,045,338
Liabilities for capital expenditure	94,110	75,860
Customer deposits	31,620	72,228
Wages and social security, including taxes	36,036	24,044
Sales and other taxes payable	4,010	4,617
Financial guarantees	12,036	40,360
Other accounts payable	118,660	46,401
Total	**1,721,961**	**1,469,746**

Comparative figures of Trade accounts payable as at 31 December 2012 were restated by USD 12,779 to account for the increase in amount payable to an electricity supplier of one of the Group subsidiaries. For details see also Note 3.

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 for details.

25. Related party transactions

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

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

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

The balances and transactions with related parties are presented below.

Financing from related parties

In 2013 and 2012, the loan from shareholder is related to a credit facility granted by Vi Holding N.V.

USD 173,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd.

Related party	31 December 2013	31 December 2012
Vi Holding N.V.	196,695	185,120
Associates	12,889	-
Total borrowings from related parties	**209,584**	**185,120**
Thereof:		
Short-term portion of borrowings	209,584	185,120
Long-term portion of borrowings	-	-

The loan payable to Vi Holding N.V., subject to interest at LIBOR plus 5.75%, matured on 31 May 2013. The loan is subordinated. As at 31 December 2013 the Company did not have a signed unconditional commitment to postpone the payment for more than 12 months, therefore it has been classified as short-term. Please see also Note 19.

Interest expense related to the loan amounted USD 11,575 (2012: USD 11,665).

The loan payable to an associate matures on 24 November 2014 and is nominated in CNY. Interest expense related to the loan amounted USD 78.

Long-term loans provided to related parties	31 December 2013	31 December 2012
Associates	23,627	37,848

Long-term loans receivable from associates represents the financing provided to the projects related to water supply and heat capture of the power plants owned by the Group in China. Loans are interest bearing, measured at amortised cost and included under the Long-term loans to related parties in the Consolidated Statement of Financial Position.

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

Goods and services provided to related parties	2013	2012
Vi Holding N.V.	111	-
Companies under common control	81	83
Associates	3,848	3,732

Goods and services purchased from related parties	2013	2012
Vi Holding N.V.	-313	-276
Companies under common control	-53,109	-57,564
Key management personnel	-44	-
Other	-88	-204

Furthermore, the following balances were outstanding:

Trade and other accounts receivable	31 December 2013	31 December 2012
Companies under common control	113	26
Associates	17,856	5,669
Total	**17,969**	**5,695**

Trade and other accounts payable	31 December 2013	31 December 2012
Vi Holding N.V.	571	276
Companies under common control	384	596
Associates	4,839	-
Key management personnel	44	-
Other	115	148
Total	**5,953**	**1,020**

Management Compensation

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

	2013	2012
Short-term employee benefits	1,895	1,508
Post-employment benefits	232	152
Total	**2,127**	**1,660**

26. Acquisitions and disposals of subsidiaries

2012

Acquisition of Yichuan County Jinyao Coal Mine Co. Ltd.

On 1 January 2012, the Group's subsidiary Zhengzhou City Dengcao Investment Co. Ltd. acquired 100% of a coal mine Yichuan County Jinyao Coal Mine Co. Ltd. The acquisition of the mine continued the implementation of the strategy to organise and group the interest in several coal mines in order to hedge the inflating thermal coal prices that form a substantial part of Group's costs with raw materials.

The final fair values of assets acquired and liabilities assumed at the date of acquisition were as follows:

Yichuan County Jinyao Coal Mine Co. Ltd.	Book value	Fair value adjustment	Fair value
Property, plant and equipment	5,343	5,999	11,342
Mineral rights	934	9,331	10,265
Current assets	1,843	-	1,843
Current liabilities	-7,642	-	-7,642
Deferred tax liabilities	-	-3,833	-3,833
Net assets	**478**	**11,497**	**11,975**
Non-controlling interest			-
Goodwill arising on acquisition			**3,932**
Consideration:			**15,907**
Net cash acquired with the subsidiary			9
Cash paid			15,907
Cash consideration payable			-
Net cash outflow on acquisition of subsidiaries			**15,898**

Goodwill arose in the acquisition of the coal mine, because the consideration paid for the business combination included effectively amounts in relation to the benefit of expected synergies, revenue growth and potentially mineable mineral resources. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets. The goodwill arising on acquisition is not expected to be deductible for tax purposes.

The mine is under a modernisation process and no revenue is included in consolidated statement of profit or loss and other comprehensive income. Since its acquisition until 31 December 2012, Jinyao Coal Mine generated net losses in amount of USD 2,314.

Transactions between consolidated entities

On 29 February 2012, the Group subsidiary Henan Yulian Energy Group Co., Ltd. set up a new company Dengfeng City Daxin Commercial Ltd., 100% owned. The company's issued capital was USD 2,400 and the main business activity is power generation. As part of an asset reorganization scheme, Henan Yulian Energy Group Co., Ltd. transferred its power generation plants and related liabilities to Dengfeng City Daxin Commercial Ltd. Subsequently, on 31 March 2012 the newly created company was sold to another subsidiary of the Group, Zhengzhou Guangxian Industry and Trade Co. On 15 October 2012 in order to optimise the Group structure in China, Dengfeng City Daxin Commercial Ltd., was acquired by the Group company Henan Zhongfu Power Co., Ltd. for a cash consideration of USD 2,376. As a result, the effective shareholding of the Group in Dengfeng City Daxin Commercial Ltd. decreased from 96.78% to 57.69%. No gain from a bargain purchase was recognized on the transfer and the difference between the consideration transferred and the carrying values of net assets of the subsidiary was recognized in Equity as Changes in ownership interests in subsidiaries. The Group recognised a decrease in non-controlling interests of USD -3,601 and an increase in retained earnings of USD 3,601. On 20 November 2012 Dengfeng City Daxin Commercial Ltd. merged with Henan Zhongfu Power Co., Ltd.

2013

Disposal of subsidiary Henan Jiatuo Coal Distribution Co., Ltd.

On 10 May 2013, in order to reduce the administrative expenses and maximise the effectiveness of the Group structure, it was decided to dispose of the 100% subsidiary Henan Jiatuo Coal Distribution Co., Ltd. The main activity of the subsidiary was the wholesale and transportation of coal.

Consideration

Consideration received in cash and cash equivalents	-
Deferred sales proceeds	3,068
Total consideration	**3,068**

The major classes of assets and liabilities disposed of are as follows:

Henan Jiatuo Coal Distribution Co., Ltd.	
Goodwill (Note 11)	5,228
Non-current assets	5,882
Current assets	97,251
Non-current liabilities	-
Current liabilities	-108,135
Net assets disposed of	**226**
Gain on disposal	**2,842**
Consideration received less cash disposed of	**-1,093**

Disposal of subsidiary Shanghai Bao Shuo Trading Co. Ltd.

On 25 December 2013 the Group decreased the shareholding in its 100% subsidiary Shanghai Bao Shuo Trading Co. Ltd. (former Shanghai Zhongfu Aluminium Development Co., Ltd.) to 20% by not subscribing to additional share capital issued by the company, while maintaing significant influence over the investee.

The major classes of assets and liabilities disposed of are as follows:

Shanghai Bao Shuo Trading Co. Ltd.	
Non-current assets	10
Current assets	11,009
Non-current liabilities	-
Current liabilities	-9,171
Net assets disposed of	**1,848**
Carrying value of investment in associate	**1,676**
Loss on disposal	**-172**
Consideration received less cash disposed of	**-973**

Transactions between consolidated entities

Non-public share issue by Henan Zhongfu Industry Co., Ltd.

On 13 November 2013, the Group subsidiary Henan Yulian Energy Group Co., Ltd. ("Yulian") increased its shareholding in its subsidiary Henan Zhongfu Industry Co., Ltd. from 51.68% to 57.97% by contributing USD 162,500 to the share capital of the subsidiary following the new non-public shares issued amounting net USD 160,305 (see Note 30). Yulian committed itself not to transfer these new shares within a period of 36 months after the completion date of the non-public share issue. No goodwill was recognized on acquisition and the difference between the consideration transferred and the carrying values of net assets of the subsidiary was recognised in Equity as Changes in ownership interests in subsidiaries. The Group recognised a decrease in retained earnings of USD -12,484 with a corresponding increase in non-controlling interests of USD 10,290.

Transfer of equity interest in Henan Zhongfu Power Co., Ltd.

On 4 January 2013, Henan Zhongfu Industry Co., Ltd. ("Zhongfu"), entered into a share purchase agreement with Henan Yulian Energy Group Co., Ltd. ("Yulian"), pursuant to which, Yulian agreed to transfer its 41.05% equity interest in Henan Zhongfu Power Co., Ltd. ("Zhongfu Power") to Zhongfu at a cash consideration of USD 80,821. Before the share transfer, Zhongfu and Yulian were directly holding 58.95% and 41.05% respectively equity interest in Zhongfu Power; after the acquisition, Zhongfu Power has become a wholly owned subsidiary of Zhongfu, the Company's effective percentage of shareholding in Zhongfu Power decreasing from 69.21% to 56.11%. Due to the change in effective ownership, the excess of the consideration received over the net assets of the subsidiary was recognised in Equity as Changes in ownership interests in subsidiaries. The Group recognised an increase in retained earnings of USD 1,829 with a corresponding decrease in non-controlling interests of USD -1,829.

Transfer of equity interest in Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.

On 23 October 2013, following the changes made in order to maximise the effectiveness of the Group structure, the Group subsidiary Henan Yulian Coal Industry Group Co., Ltd. acquired the coal mine Dengfeng City Chenlou Yisan Coal Mine Co., Ltd. from another Group subsidiary Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd., thus increasing the effective shareholding from 31.73% to 56.1%. The difference between the consideration transferred and the carrying values of net assets of the subsidiary was recognised in Equity as Changes in ownership interests in subsidiaries. The Group recognised a decrease in retained earnings of USD -329 with a corresponding increase in non-controlling interests of USD 329.

Total net cash inflow/(outflow) on acquisition of subsidiaries:	**2013**	**2012**
Acquisition of Yichuan County Jinyao Coal Mine Co. Ltd.	-	-15,898
Disposal of Henan Jiatuo Coal Distribution Co., Ltd.	-1,093	-
Disposal of Shanghai Bao Shuo Trading Co. Ltd.	-973	-
Net cash outflow on acquisition of subsidiaries	**-2,066**	**-15,898**

27. 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 the treasury department under policies approved by the Board of Directors. The 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 so as to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 20, net of "cash and cash equivalents" as disclosed in Note 18 (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 statement of financial position) less "cash and cash equivalents". Total capital is calculated as "total equity" as shown in the consolidated statement of financial position plus net debt.

	2013	2012 restated*
Total borrowings (Note 20)	2,655,166	2,617,587
Less: cash and cash equivalents (Note 18)	-61,319	-177,774
Net debt	**2,593,847**	**2,439,813**
Total shareholders' equity	**954,118**	**1,099,928**
Total capital	**3,547,965**	**3,539,741**
Gearing ratio	73%	69%

The increase in the gearing ratio during 2013 resulted primarily from the decrease in equity at the group level. The gearing ratio is significantly affected by the China segment, where the banking sector permits higher indebtness than in the other countries in which the Group develops its business.

Categories of financial instruments

Financial assets	31 December 2013	31 December 2012 restated*
Cash and bank balances	760,587	912,028
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	47,177	19,907
Derivative instruments in designated hedge accounting relationships	-	-
Held-to-maturity investments	-	-
Loans and receivables	341,166	363,633
Available-for-sale financial assets	4,453	9,093

Financial liabilities	31 December 2013	31 December 2012 restated*
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	-
Derivative instruments in designated hedge accounting relationships	44	4
Amortised cost	4,380,210	4,075,574
Financial guarantee contracts	12,036	40,360

There were no reclassifications between the categories of financial assets during 2013 and 2012.

It is not expected that the cash flows of the financial liabilities at fair value through profit or loss could occur significantly earlier, or at significantly different amounts.

Financial liabilities designated as at FVTPL

	31 December 2013	31 December 2012
Changes in fair value attributable to changes in credit risk recognised during the year	-	-

	31 December 2013	31 December 2012
Cumulative changes in fair value attributable to changes in credit risk	-	-

The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of the financial liabilities designated as at FVTPL and the change in fair value due to change in market risk factors alone. The change in fair value due to market risk factors was calculated using benchmark commodity prices, foreign exchange rates and interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of the financial liabilities designated as at FVTPL was estimated by discounting future cash flows using quoted benchmark commodity prices, foreign exchange rates and interest yield curves as at the end of the reporting period and by obtaining counterparties quotes for borrowings of similar maturity to estimate credit risk margin.

Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates. The Group entered into a variety of contracts for derivative financial instruments to manage its exposure to foreign currency risk and market prices, including:
- swaps to manage the commodity prices risks associated with sales of aluminium based on the London Metal Exchange price for High Grade Aluminium.
- forward foreign exchange contracts to hedge the exchange rate risk arising on the USD denominated sales;
- commodity options to protect Group cash flows from the adverse impact of falling aluminium prices.

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 fluctuations against the reporting currency, primarily with respect to the EUR, RON and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Group's risk management policy has been to hedge approximately 50% of anticipated cash flows (Romanian sales and purchases) in USD as far as the market allowed this at reasonable costs.

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.

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

Currency of denomination	EUR	USD	USD		
Functional currency	**RON**	**RON**	**CNY**	**Other**	**Total**
31 December 2013					
Total monetary assets **	11,555	64,857	165	1,393,632	**1,470,209**
Total monetary liabilities **	18,024	176,001	445,280	3,898,909	**4,538,214**
31 December 2012					
Total monetary assets **	15,523	99,907	192	1,602,023	**1,717,645**
Total monetary liabilities **	19,532	213,330	418,416	3,744,281	**4,395,559**

**They do not include derivative contracts the Group entered into.

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 as an impact of a 10% decrease in these currencies against the corresponding functional currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a 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% increase in foreign currency rate. The sensitivity analysis includes loans where the denomination of the loan is in a currency other than the functional currency.

A depreciation (appreciation) by 10% of the EUR and USD, as indicated below, against the RON and CNY at 31 December would increase (decrease) equity and profit or loss and equity by the amounts shown below.

Currency of denomination	EUR	USD	USD
Functional currency	**RON**	**RON**	**CNY**
31 December 2013			
Profit or loss	-647 [1)]	-11,114 [2)]	-44,512 [3)]
Other equity	-	-	-
31 December 2012			
Profit or loss	-401 [1)]	-11,342 [2)]	-41,822 [3)]
Other equity	-	-	-

[1)] This is mainly attributable to the exposure outstanding on EUR denominated receivables and trade payables at the end of the period.
[2)] This is mainly attributable to the exposure outstanding on USD denominated receivables and short-term and long-term USD denominated borrowings at the end of the period.
[3)] This is mainly attributable to exposure outstanding on USD denominated financing.

The sensitivity analysis above excludes the impact from the derivatives, which are analyzed below.

In respect of the embedded derivatives related to Romania segment, a paralel upward/downward shift of the RON per USD exchange rate of 10% would decrease/increase the profit or loss account by -USD 6,069 / by USD 4,347 (31 December 2012: -USD 12,765 / USD 11,234).

Forward foreign exchange contracts

The Group through one of its Romanian subsidiaries, 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 were designated as cash flow hedges.

The last settlement of the hedge transactions took place in 2012, at which stage the amount deferred in equity was recycled to profit or loss. The realised loss on forward foreign exchange contracts included in "Foreign exchange gain / (loss)" in 2012 amounted to USD 11,915. As at 31 December 2013 and 31 December 2012, no forward foreign exchange contract was outstanding to hedge the exchange rate risk.

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 received at floating rates expose the Group to cash flow interest rate risk. Borrowings received 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 Interest Rate for CNY borrowings. The Group maintains the main part of its long-term interest-bearing liabilities at floating rates if allowed by local legislation.

At 31 December 2013, approximately 47% of the Group's borrowings are at a fixed rate of interest (2012: 35%).

Interest rate sensitivity

The sensitivity analysis below has 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 2013 would decrease/increase by USD 14,089 (2012: USD 17,009).

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. The Group's internal policy is to manage the identified commodity price risk by natural hedge when possible and also for a part of the remaining quantity at risk by entering into swap agreements and ratio-collar transactions (i.e.: buy put options partially financed through selling of call options).

Commodity swap contracts

In 2013 and 2012, the Group entered into swap agreements with highly reputed counterparties in order to hedge its sales at fixed price from adverse market fluctuations, in such a way that it sold the respective quantities of aluminium at fixed prices and received from the counterparty a floating price valid at the time of sales, thus ensuring its cash flow in line with the market.

As of 31 December 2013, 3,699 tonnes of highly forecasted sales were hedged against the adverse effect of aluminium price changes through swap agreements for 2014 (31 December 2012: 462 tonnes).

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 commodity forward contracts are measured at fair value using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market data: aluminium price (LME) curve, EUR/RON exchange rates and EUR yield curve.

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.

	Volume	Contract fixed price	Contract value	Fair value
Aluminium	tonnes	USD	USD '000 [1)]	USD '000
31 December 2013				
Swap - pay fixed [2)]	3,699	1,826	6,755	-44
Total	**3,699**	**1,826**	**6,755**	**-44**
31 December 2012				
Swap - pay fixed [2)]	462	2,104	973	-4
Total	**462**	**2,104**	**973**	**-4**

[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 Group designates all its LME aluminium swap agreements as cash flow hedges. At 31 December 2013, their fair value of USD 44 was debited to Equity as a hedging reserve (at 31 December 2012: USD 4).

In 2013, the realised loss on the aluminium swap contracts included in "sales" amounts to USD 1,045 (2012: net loss of USD 153).

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

Commodity options

In 2011, for the purpose of protecting the profit from additional production forecast for August 2011 - December 2012, the Group entered into several 100% collar transactions, by taking long positions on put European options, which would guarantee a monthly averaged price of minimum 2,600 USD/Mt for 93,000 tons of aluminium. These were partially financed by short positions on call European options, for the entire quantity under the put options, for strike prices ranging between 3,100 USD/ Mt and 3,300 USD/Mt.

The options were over-the-counter (OTC) contracts with first class banks and were settled on a monthly basis in 2011 and 2012, with the last settlement in December 2012, so that as at 31 December 2013 and 2012 no option contract was outstanding.

The Group designated the intrinsic value of the options as cash flow hedge.

No result from options affected the statement of profit or loss and other comprehensive income in 2013. During 2012, the amount recycled to profit or loss under "sales" was of USD 45,282, while the change in fair value (other than in intrinsic value), as well as the loss on options unexercised amounting to USD 688 was recognized in profit or loss within finance costs.

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

Embedded derivatives

In 2010, the Group entered into a long-term electricity supply contract valid until January 2018. The agreed pricing contains an LME-linked price adjustment, and a foreign exchange linked price adjustment, which were not clearly and closely related to the host contract and therefore they represented an embedded derivative which was separated from the host contract and accounted for at fair value through profit or loss.

In 2012, the Group renegotiated the above mentioned contract, such that the pricing mechanism was modified.

For the year 2012, the addendum to the electricity supply contract foresaw fixed acquisition prices, so that there was no derivative embedded that needed separate accounting.

Starting the year 2013 until 2018, the agreed price contains an LME-linked and a foreign exchange price adjustment (different than the initial one), a floor level, a cap level and another feature that cancels the floor in case some market conditions are cumulatively met (in respect of both aluminium and energy market).

In 2013, the Group reviewed the model used for the measurement of the fair value and reconsidered the separation method of the compounded embedded derivative.

As a result, the compounded embedded derivative that was separated from the host contract consisted of four parts:

- two swap contracts to sell aluminium at a fixed price denominated in RON until January 2018, whose notional amounts are determined on the basis of aluminium quantities specified in the contract; the notional amounts are determined on the basis of the aluminium quantities specified under the energy supply contract, which represent the management's best estimate, at inception date, and consequently at renegotiation date, of the amounts of energy to be acquired;
- a series of monthly long call options for buying aluminium, corresponding to the maximum energy price set in the addendum;
- a series of monthly short put options for selling aluminium, corresponding to the minimum energy price set in the addendum;
- a series of monthly long put options whereby the underlying is an energy price index.

The Group accounted for the compounded embedded derivative at fair value through profit or loss, with retrospective effect.

The new valuation method resulted in the restatement of the comparative figures presented in the financial statements of the Group, with the following impact:

Statement of financial position	As previously reported	Impact from restatement	1 January 2012 restated*
Derivative assets / (liabilities), non-current	73,429	-10,633	62,796
Derivative assets / (liabilities), current	21,028	14,683	35,711
Deferred tax asset / (liability), net	-15,113	-648	-15,761
Hedging reserve (credit) / debit	-69,423	69,423	-
Retained earnings	-	79,663	79,663
Translation reserve	9,921	-6,838	3,083

Statement of financial position	As previously reported	Impact from restatement	31 December 2012 restated*
Derivative assets / (liabilities), non-current	-12,812	21,065	8,253
Derivative assets / (liabilities), current	-7,008	18,662	11,654
Hedging reserve (credit) / debit	-61,346	61,346	-
Retained earnings	-	89,647	89,647
Gain/(loss) for the period	-78,526	18,165	-60,361
Translation reserve	-2,640	-6,739	-9,379

Statement of profit or loss	As previously reported	Impact from restatement	2012 restated*
Sales	20,233	-20,233	-
Losses from embedded derivatives	-110,064	34,538	-75,526
Income tax (expense) / credit	11,305	3,861	15,166
Gain/(loss) for the period	**-78,526**	**18,165**	**-60,361**

Statement of comprehensive income	As previously reported	Impact from restatement	2012 restated*
Items that may be reclassified subsequently to profit or loss:			
Amounts of cash flow hedges recycled in income statement	-20,233	20,233	-
Related income tax	3,237	-3,237	-
Other comprehensive income / (expense) for the period	**-16,996**	**16,996**	**-**
Total comprehensive income / (expense) for the period	**-95,522**	**35,161**	**-60,361**

The gain from the change in fair value of the embedded derivative instrument during the year 2013, amounting to USD 35,073 was credited to the profit or loss account, being presented under "Fair value gains/(losses) from derivative financial instruments" (for the year 2012: loss of USD 75,527, restated as described above).

Another USD 9,013 (2012: nil) were debited to the statement of profit or loss as "energy cost" under "Cost of goods sold", being the fair value of the monthly derivative instruments settled during the year.

At 31 December 2013, the outstanding balance of the embedded derivative is an asset of USD 47,177, of which USD 33,824 are the non-current portion and USD 13,353 are the current portion (at 31 December 2012: USD 19,907, of which USD 8,253 non-current, and USD 11,654, current, restated as above).

The retained earnings from the embedded derivative, included in the Statement of financial position at 31 December 2013 are a credit of USD 20,533 (at 31 December 2012 USD 89,647 restated as above).

The embedded derivatives in the electricity supply contract are classified within Level 2 of the fair value measurement hierarchy.

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

Summary of the fair value of derivative financial instruments as at 31 December 2013 and 2012:

Assets	31 December 2013	31 December 2012 restated*
Embedded derivatives	47,177	19,907
Total	**47,177**	**19,907**
Thereof:		
Non-current	33,824	8,253
Current	13,353	11,654

Liabilities	31 December 2013	31 December 2012 restated*
Aluminium forward swaps - cash flow hedges	44	4
Total	**44**	**4**
Thereof:		
Non-current	-	-
Current	44	4

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 for the years ended 31 December 2013 and 2012.

In 2013 and 2012 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities, except for the normal volatility of aluminium prices on international markets, and of foreign exchange rates. However, the Group is affected by the Government's schemes to support green energy, leading to higher electricity costs.

Due to the low level of aluminium market, the Group did not enter into any other hedging relationships in 2013, apart from the ones disclosed in this note, these not being economicaly efficient. Although the Group' main activity is to sell its products at prevailing market prices, the Group is closely monitoring the market in order to take advantage of any opportunities that may arise to protect its results against the high volatility of commodity prices.

Commodity price sensitivity

As of 31 December 2013, a parallel upward/downward shift of the aluminium forward curve equal to USD 100 per tonne of the High Grade Aluminium LME Cash price would increase/decrease other components of equity by USD 370 (31 December 2012: nil) as a result of a increase/decrease in the fair value changes of commodity swaps designated as hedges. With respect of the embedded derivatives, a paralel upward/downward shift of the aluminium forward curve equal to USD 100 per tonne would decrease/increase the profit or loss account by USD -8,824 / by USD 10,687 (31 December 2012: USD -6,641 / USD 6,153).

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 concluded transactions 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 risk insurance is required. In Romania, a significant part of the receivables are immediately sold to banks on a non-recourse basis. For promissory exchange notes (the “Notes”) received from customers in China, the Group policy is to accept the Notes issued by banks controlled by the government, banks listed on the stock exchanges of China and other reputable banks. For the Group's concentration risk, refer to Note 16. The maximum exposure to credit risk for derivative assets is their fair value at the reporting date.

Credit risk from balances with banks and financial institutions is managed by treasury department. 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.

Liquidity risk management

The 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. In Note 20 are provided the 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.

	within 1 year	1 to 5 years	after 5 years	Total
2013				
Borrowings (principal and expected future interest payments)	1,474,456	1,311,122	196,226	2,981,804
Trade and other monetary payables	1,705,460	-	-	1,705,460
Total	**3,179,916**	**1,311,122**	**196,226**	**4,687,264**
2012				
Borrowings (principal and expected future interest payments)	1,210,456	1,358,850	176,450	2,745,756
Trade and other monetary payables	1,471,632	-	-	1,471,632
Total	**2,682,088**	**1,358,850**	**176,450**	**4,217,388**

Fair value of financial instruments

Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

• The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

• The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

• The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, the fair value of financial instruments is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange rates provided by dealers at the balance sheet date. The fair value of LME forward swap over-the-counter derivatives is determined using LME aluminium quotes for each settlement dates provided by dealers.

• The fair values of financial guarantee contracts are determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

• The available for sale financial instruments are valued at cost (see Note 17).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

				31 December 2013
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets	-	-	-	**-**
Financial assets at FVTPL	-	-	-	**-**
Embedded derivatives	-	47,177	-	**47,177**
Total	**-**	**47,177**	**-**	**47,177**

				31 December 2013
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVTPL				
Aluminium swaps	-	44	-	**44**
Embedded derivatives	-	-	-	**-**
Financial guarantee contracts	-	-	12,036	**12,036**
Total	**-**	**44**	**12,036**	**12,080**

				31 December 2012 restated*
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Unquoted equities	-	-	-	**-**
Embedded derivatives	-	19,907	-	**19,907**
Total	**-**	**19,907**	**-**	**19,907**

				31 December 2012 restated*
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVTPL				
Aluminium swaps	-	4	-	**4**
Embedded derivatives	-	-	-	**-**
Financial guarantee contracts	-	-	40,360	**40,360**
Total	-	4	40,360	**40,364**

Reconciliation of Level 3 fair value measurements of financial assets and liabilities:

	Assets		Liabilities	
2013	**Unquoted equities**	**Unquoted securities**	**Financial guarantee contracts**	**Derivative financial liabilities**
Opening balance	**-**	**-**	**-40,360**	**-**
Gains/(losses) in profit or loss	-	-	29,111	-
Gains/(losses) in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements / sale	-	-	-	-
Transfer out of level 3	-	-	-	-
Translation adjustment	-	-	-787	-
Total	**-**	**-**	**-12,036**	**-**

	Assets		Liabilities	
2012	**Unquoted equities**	**Unquoted securities**	**Financial guarantee contracts**	**Derivative financial liabilities**
Opening balance	**-**	**-**	**-6,434**	**-**
Gains/(losses) in profit or loss	-	-	-33,766	-
Gains/(losses) in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements / sale	-	-	-	-
Transfer out of level 3	-	-	-	-
Translation adjustment	-	-	-160	-
Total	**-**	**-**	**-40,360**	**-**

Net gains for the period included in profit or loss of USD 29,111 (2012: losses of USD 33,766) related to financial guarantee contracts are included in Note 6 "Finance costs and income".

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables;
- Other current financial assets;
- Cash and cash equivalents;
- Trade and other payables;

For loans and borrowings fair value please see Note 20.

28. Commitments and contingencies

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 75,066 as at 31 December 2013 (2012: USD 480,313). The decrease of the commitments is due to the 600 ktpa of FRP aluminium project in China, which reached its final stage in 2013.

The Group has further investment commitments in China amounting to USD 85,604 (2012: USD 79,846) mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the project.

Raw material and utilities purchase contracts
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 122,027 for the year ended 31 December 2013 (2012: USD 134,142).

The Group has committed to purchase electricity until 2018 under a long-term agreement with a Romanian electricity supplier for 3 TWh/year, the price being linked to LME with a certain floor and cap, as detailed in Note 27.

Operating lease commitments

Operating leases relate to leases of office facilities with lease terms of up to 5 years. The expense for operating leases in 2013 was nil (2012: USD 80). At 31 December 2013, the Group had commitments of nil (2012: USD 120) under non-cancellable operating leases. Of these nil are due within one year (2012: USD 86), and the rest between one and five years.

Contingencies

Litigations
The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (Note 21).

European Commission investigation
In April 2012, the European Commission commenced a formal investigation in respect of the long term agreement of electricity supply concluded between the Group and the electricity producer Hidroelectrica S.A. As at 31 December 2013, the investigation was not completed and the management considers that it is not possible to estimate a result. As a result, no provision was recorded in these financial statements in this respect.

Taxation
The taxation system in Romania is undergoing a phase of continuous development and harmonisation with the EU regulations. Thus, it is subject to various interpretations and constant changes which may sometimes be retroactive. In some circumstances, the fiscal authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.

The management considers that the tax liabilities included in these financial statements are adequate.

As at 31 December 2013 the VAT position of one of the Group subsidiaries has been under fiscal review. For this review the Company requested and it has been granted, the suspension of the fiscal review for a period of 60 days starting 12 December 2013. This suspension period is needed in order to gather additional information from the parties involved. At the date when these financial statements are authorized for issue, the fiscal inspection has not been finalized.

29. Events after the Reporting Period

In March 2014, the Group's main subsidiary in Romania Alro S.A. ("Alro") signed an addendum to the energy supply contract. The addendum mainly reduces the contracted quantity for 2014 by 35%, eliminates from the price formula the long put options whereby the underlying is an energy price index and gives the subsidiary the option to adjust the contracted quantity for period between 2015 and January 2018.

In March 2014, due to the unfavorable evolution of several factors that are beyond the control of Alro's management (i.e. the international price for aluminium, the amount of cogeneration bonus and taxes for green certificates payable for the electricity consumed), the Board of Directors of Alro could no longer support the original income and expense budget proposed for 2014 and decided, on 5 March 2014, to start the preparation of several scenarios which include, among other possible actions, the temporary idling of a part of Alro's operations. At the date on which these financial statements are authorized for issue, the mentioned plan the revised budget of Alro is still under development.

On 18 March 2014, two subsidiaries of the group Henan Zhongfu Industry Co., Ltd. ("Zhongfu") and Henan Yulian Energy Group Co., Ltd. ("Yulian"), set up a new subsidiary Henan Zhongfu Aluminium Co. Ltd. ("Zhongfu Aluminum") with a 51% and 49% ownership respectively. The main business activity of the new subsidiary is the manufacturing and sale of electrolytic aluminum. Zhongfu contributed to the share capital of the new subsidiary with assets, including 100% equity interest in its subsidiary Linzhou Linfeng Aluminium and Power Co., Ltd. ("Linfeng") and liabilities, while contribution made by Yulian was in cash. Subsequently, in April 2014, Yulian repurchased from Zhongfu Aluminum 30% ownership in Linfeng and as a result the Group's effective shareholding in Linfeng increased from 56.11% to 82.26%.

In April 2014, the Group acquired in China 37% equity interest of Xing Cun Coal Mine Co., Ltd ("Xing Cun") and 40% equity interest of Shang Zhuang Coal Mine Co. Ltd ("Shang Zhuang") for a cash considerations of approximately USD 12,600 and USD 11,000 respectively.

In April 2014 the Company finalized the negotiations with its main shareholder and signed an addendum to the loan agreement according to which the respective loan has been rescheduled until 31 May 2022.

Other than the items above, no events were identified after the reporting date which could be expected to have a material impact on the consolidated financial statements.

30. Companies in the Vimetco Group

The companies in the Vimetco Group at 31 December 2013 and 2012, classified by segment, are as follows:

	2013		2012	
	shareholding	votes [1]	shareholding	votes [1]
China				
Datang Gongyi Power Generation Co., Ltd.	47.42%	49.00%	47.42%	49.00%
Datang Linzhou Thermal Power Co., Ltd.	10.79%	19.23%	9.62%	19.23%
Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.	56.11%	100.00%	31.73%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	30.86%	100.00%	31.73%	100.00%
Everwide Industrial Ltd.	100.00%	100.00%	100.00%	100.00%
Henan Jiatuo Coal Distribution Co., Ltd.[4]	0.00%	0.00%	57.69%	100.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	24.69%	44.00%	30.45%	44.00%
Henan Yinhu Aluminium Co., Ltd.	56.11%	100.00%	50.01%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	25.25%	45.00%	31.15%	45.00%
Henan Yulian Energy Group Co., Ltd.	96.78%	96.78%	96.78%	96.78%
Henan Yulian Coal Industry Group Co., Ltd. [2]	56.11%	100.00%	57.69%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	41.51%	100.00%	37.01%	100.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	46.86%	83.53%	41.78%	83.53%
Henan Zhongfu Industry Co., Ltd.	56.11%	57.97%	50.01%	51.68%
Henan Zhongfu Power Co., Ltd.	56.11%	100.00%	69.21%	100.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	41.51%	73.99%	37.01%	73.99%
Henan Zhongfu Thermal Power Co., Ltd.	27.49%	49.00%	33.91%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	28.61%	51.00%	25.51%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	56.11%	100.00%	50.01%	100.00%
Linzhou Linfeng Aluminium Product Co., Ltd.	56.11%	100.00%	50.01%	100.00%
Shanghai Xinfu Industry Development Co., Ltd.	50.50%	90.00%	45.01%	100.00%
Shanghai Bao Shuo Trading Co. Ltd. [3]	11.22%	20.00%	45.01%	90.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	56.11%	100.00%	50.01%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	30.86%	100.00%	31.73%	100.00%
Zhengzhou City Dengcao Investment Co., Ltd.	30.86%	55.00%	31.73%	55.00%
Zhengzhou City Fanda Investment Management Co., Ltd.[5]	0.00%	0.00%	57.69%	100.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	39.27%	70.00%	40.39%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	30.86%	100.00%	31.73%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	56.11%	100.00%	57.69%	100.00%

[1] For this purpose, the voting rights reported are those of the immediate parent company or companies, where the immediate parent company or companies are, themselves, controlled by 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 and for those in which the voting rights as reported above are less than 50% are considered associates and consolidated using the equity method. Please see also Note 14 Investments for more details.

[2] Former Henan Yulian Zhongshan Investment Holdings Co., Ltd.

[3] Former Shanghai Zhongfu Aluminium Development Co., Ltd.

[4] This company was disposed of in May 2013.

[5] This company was de-registered in October 2013

	2013		2012	
	shareholding	votes [1)]	shareholding	votes [1)]
Romania				
Alro S.A.	87.50%	87.97%	87.50%	87.97%
Alum S.A.	86.98%	99.40%	86.98%	99.40%
Conef S.A.	87.47%	99.97%	87.47%	99.97%
Vimetco Extrusion S.R.L.	87.50%	100.00%	87.50%	100.00%
Vimetco Management Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Power Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Trading S.R.L.	100.00%	100.00%	100.00%	100.00%

	2013		2012	
	shareholding	votes [1)]	shareholding	votes [1)]
Sierra Leone				
Bauxite Marketing Ltd.	86.98%	100.00%	86.98%	100.00%
Global Aluminium Ltd.	86.98%	100.00%	86.98%	100.00%
Sierra Mineral Holdings I, Ltd.	86.98%	100.00%	86.98%	100.00%

	2013		2012	
	shareholding	votes [1)]	shareholding	votes [1)]
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Management GmbH	100.00%	100.00%	100.00%	100.00%
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

[1)] For this purpose, the voting rights reported are those of the immediate parent company or companies, where the immediate parent company or companies are, themselves, controlled by 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 and for those in which the voting rights as reported above are less than 50% are considered associates and consolidated using the equity method. Please see also Note 14 Investments for more details.

Company-only Financial Statements
Vimetco N.V.

Company-only Financial Statements
Vimetco N.V.

Condensed Company-only Income Statement

Condensed Company-only Income Statement for the year ended 31 December			in USD '000
	Note	**2013**	**2012 restated***
Company-only result after tax		14,923	2,516
Share of net result of investments	5	-100,192	-134,266
Profit / (loss) for the year		**-85,269**	**-131,750**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 to Group Consolidated Financial Statements and Note 7 to these financial statements for details.

Company-only Statement of Financial Position

Company-only Statement of Financial Position as at 31 December
Before appropriation of current year result

in USD '000

	Note	2013	2012 restated*
Assets			
Non-current assets			
Intangible fixed assets:			
Goodwill	6	48,304	46,840
Other intangible assets		-	14
Property, plant and equipment		3	7
Financial fixed assets:			
Investments	7	248,688	263,915
Loans to Group companies	8	106,383	12,716
Accrued income from Group companies	9	151,719	-
Total non-current assets		**555,097**	**323,492**
Current assets			
Other receivables	10	18,528	29,897
Prepaid expenses		173	159
Loans to Group companies	8	-	187,781
Accrued income from Group companies	9	-	121,081
Restricted cash		1,455	1,875
Cash and cash equivalents		779	1,964
Total current assets		**20,935**	**342,757**
Total assets		**576,032**	**666,249**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 to Group Consolidated Financial Statements and Note 7 to these financial statements for details.

Company-only Statement of Financial Position

Company-only Statement of Financial Position as at 31 December
Before appropriation of current year result

in USD '000

Shareholders' equity and liabilities	Note	2013	2012 restated*
Shareholders' equity			
Share capital	11	27,917	27,917
Share premium		348,568	348,568
Other reserves		185,046	326,645
Retained earnings / (accumulated deficit)		-133,945	-136,461
Profit / (loss) for the year		-85,269	-131,750
Total shareholders' equity		**342,317**	**434,919**
Non-current liabilities			
Loan from credit institutions	12	19,346	32,526
Total non-current liabilities		**19,346**	**32,526**
Current liabilities			
Current portion of loan from credit institutions	12	13,393	7,344
Loan from shareholder	13	172,000	172,981
Interest payable		24,902	12,371
Accrued expenses		1,025	1,632
Deferred income	14	1,608	3,216
Accounts payable	10	979	790
Other payables	10	462	470
Total current liabilities		**214,369**	**198,804**
Total liabilities		**233,715**	**231,330**
Total shareholders' equity and liabilities		**576,032**	**666,249**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 to Group Consolidated Financial Statements and Note 7 to these financial statements for details.

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 2012 restated*	**27,917**	**348,568**
Appropriation of prior year result	-	-
Change in non-controlling share of net assets	-	-
Gains from cash flow hedges	-	-
Remeasurements of post-employment benefit obligations	-	-
Net loss for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2012 restated*	**27,917**	**348,568**
Appropriation of prior year result	-	-
Change in non-controlling share of net assets	-	-
Gains from cash flow hedges	-	-
Remeasurements of post-employment benefit obligations	-	-
Net loss for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2013	**27,917**	**348,568**

*Comparative figures for the year ended 31 December 2012 have been restated. Refer to Notes 2, 3, 6, 7, 9, 15, 21, 22, 23, 24 and 27 to Group Consolidated Financial Statements and Note 7 to these financial statements for details.

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.

The "hedging reserve" 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.

in USD '000

		Other reserves					
Revaluation reserve	**Hedging reserve**	**Translation reserve**	**Legal reserve participations**	**Total other reserves**	**Retained earnings**	**Profit/(loss) for the year**	**Total shareholders' equity**
47,721	**25,022**	**-7,602**	**312,052**	**377,193**	**-137,199**	**-26,127**	**590,352**
-	-	-	-26,865	-26,865	738	26,127	-
-	-	-	3,601	3,601	-	-	3,601
-	-25,026	-	-	-25,026	-	-	-25,026
-	-	-	115	115	-	-	115
-	-	-	-	-	-	-131,750	-131,750
-	-	-2,373	-	-2,373	-	-	-2,373
47,721	**-4**	**-9,975**	**288,903**	**326,645**	**-136,461**	**-131,750**	**434,919**
-	-	-	-134,266	-134,266	2,516	131,750	-
-	-	-	-10,985	-10,985	-	-	-10,985
-	-28	-	-	-28	-	-	-28
-	-	-	-1,114	-1,114	-	-	-1,114
-	-	-	-	-	-	-85,269	-85,269
-	-	4,794	-	4,794	-	-	4,794
47,721	**-32**	**-5,181**	**142,538**	**185,046**	**-133,945**	**-85,269**	**342,317**

The "translation reserve" comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group.

The "Legal reserve participations" 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.

Equity available for distribution to the shareholders of Vimetco N.V. at 31 December 2013 amounts to USD 124,141 (2012 restated: USD 70,378).

Notes to the Company-only Financial Statements

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 accounting principles

The parent company financial statements of Vimetco N.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code.

In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 2 to the consolidated financial statements), except for the accounting principles for subsidiaries and associates. These are accounted for in accordance with principles as disclosed below.

As the financial data of Vimetco N.V. (the “Company”) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Investments in subsidiaries

Investments in subsidiaries are valued using the net asset value method. Under this method, the subsidiaries are carried at the Group’s share in their net asset value plus its share in the results of the subsidiaries and its share of changes recognized directly in the equity of the subsidiaries as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the subsidiaries. The Group’s share in the results of the subsidiaries is recognized in the profit and loss account. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. The Company’s share in direct equity increases and decreases of participating interests is also included in the legal reserve.

If the value of the subsidiaries under the net asset value method has become nil, this method is no longer applied, with the subsidiaries being valued at nil if the circumstances are unchanged. In connection with this, any interests that, in substance, form part of the Company’s net investment in the subsidiary, are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the subsidiary or if it has a constructive obligation to enable the subsidiary to repay its debts.

A subsequently acquired share of the profit of the subsidiary is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been made recovered.

Goodwill paid upon acquisition of an investment in associate is excluded from the net asset value of the investment and is shown separately on the face of the statement of financial position.

3. Employees and salaries

Four employees, excluding directors, served the Company during the year ended 31 December 2013 and five employees during the year ended 2012. The personnel costs amounted to USD 448 in 2013 (2012: USD 798). For the details of directors' remuneration on Group level see Note 15.

4. Auditor's remunetarion

The Company incurred expenses for services in connection with the audit of the Consolidated and Company-only Financial Statements (including audit fees paid by Vimetco N.V. for subsidiaries in China) in amount of USD 822 to the statutory auditors in 2013 (2012: USD 1,339) and additionally USD 237 to their network firms in 2013 (2012: USD 317). The Company also incurred expenses for non-audit services (mainly tax and other advisory services) amounting to USD 6 to the statutory auditors' network firms in 2013 (2012: USD 100).

5. Share in the results of investments

	2013	2012 restated*
Alro S.A. (including shares held by its subsidiary Conef S.A.)	-26,819	-44,253
Everwide Industrial Ltd.	-73,652	-91,526
Vimetco Management GmbH	-74	-131
Vimetco Management Romania S.R.L.	193	594
Vimetco Power Romania S.R.L.	-17	-35
Vimetco Trading S.R.L.	530	433
Vimetco Ghana (Bauxite) Ltd.	-353	652
Balance at 31 December	**-100,192**	**-134,266**

6. Goodwill

The movements in goodwill are as follows:

	2013	2012
Balance at 1 January	46,840	46,959
Translation adjustment	1,464	-119
Balance at 31 December	**48,304**	**46,840**

7. Investments

As of 31 December 2013 and 31 December 2012, 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%
Vimetco Management GmbH	Switzerland	100.00%
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%
Vimetco Ghana (Bauxite) Ltd.	Ghana	100.00%

The movement in investments in subsidiaries is as follows:

	2013	2012 restated*
Balance at 1 January	263,915	397,181
Dilution loss from changes in non-controlling share of net assets	-10,985	3,601
Hedge accounting at Alro S.A.	-28	-25,026
Remeasurements of post-employment benefit obligations at Alro S.A.	-1,114	115
Dividend payments	-1,534	-57,500
Translation adjustment	3,330	-2,254
Impairment recognised on loan to Everwide Industrial Ltd.	95,296	82,064
Share in result of investments	-100,192	-134,266
Balance at 31 December	**248,688**	**263,915**

*Comparative figures for the year ended 31 December 2012 have been restated to reflect the impairment recognised on loan granted by Vimetco N.V. to Everwide Industrial Ltd. (see also Note 8). The negative net asset value of the investment in Everwide was accounted for within the investments during 2012. In 2013, Vimetco N.V. reassessed the situation and concluded that the loan granted to Everwide forms, in substance, part of the net investment and deducted the negative net asset value from the loan granted to Everwide.

8. Loans to Group companies

Long-term loans	31 December 2013	31 December 2012 restated*
Loan to Everwide Industrial Ltd.	301,357	2,572
Loan to Global Aluminium Ltd.	3,521	3,408
Loan to Vimetco Ghana (Bauxite) Ltd.	2,019	1,835
Loan to Vimetco Power Romania S.R.L.	932	736
Loan to Alro S.A.	6,000	6,000
Impairment recognized on loan to Vimetco Ghana (Bauxite) Ltd.	-2,019	-1,835
Impairment recognised on loan to Everwide Industrial Ltd.	-205,427	-
Total long-term loans	**106,383**	**12,716**

Short-term loans	31 December 2013	31 December 2012 restated*
Loan to Everwide Industrial Ltd.	-	297,912
Impairment recognised on loan to Everwide Industrial Ltd.	-	-110,131
Total short-term loans	**-**	**187,781**

Long-term loans include two loans granted to Everwide Industrial Ltd. (loan A with an outstanding amount of USD 297,912 and loan B with an outstanding amount of USD 3,445), one loan granted to Global Aluminium Ltd. (with draw-downs in EUR and USD), one loan in USD granted to Vimetco Ghana (Bauxite) Ltd., one loan granted in USD to Vimetco Power Romania S.R.L. and one loan granted in USD to Alro S.A. All these loans are not secured and bear interest rates as follows:
- Everwide Industrial Ltd. loan A: LIBOR plus 6%;
- Alro S.A.: LIBOR plus 4.75%;
- Vimetco Power: LIBOR plus 5%;
- all the others: 5%.

The initial repayment date of loan A granted to Everwide Industrial Ltd. was 8 June 2009, with the right to postpone the repayment and subsequently rolled over for another 4 years. The loan matured on 8 June 2013. At 31 December 2013, it was expected that the maturity of the loan would be extended for more than a year. In April 2014 the Board of Vimetco N.V. decided to reschedule the loan with the following repayment dates: 18% on 31 May 2018, 20% on 31 May 2019, 20% on 31 May 2020, 20% on 31 May 2021 and 22% on 31 May 2022. All the other terms and conditions remained the same. At the date of these financial statements, the amendments to the loan agreement are in the process of being signed.

In 2013 Vimetco N.V. recognised an impairment on the loan granted to Vimetco Ghana (Bauxite) Ltd. in amount of USD 184 (2012: USD 1,835) due to the uncertainty related to the future development of the project in Ghana.

*The Company also recognised an impairment on the loan granted to Everwide Industrial Ltd. equal to the negative net asset value of investment in Everwide, thus bringing the investment value to nil.

9. Accrued income

Accrued income from Group companies represent interest accrued for the loans granted to Group companies, see details below:

Accrued income from Group companies, long-term	31 December 2013	31 December 2012
Accrued interest on loan to Everwide Industrial Ltd.	146,457	-
Accrued interest on loan to Global Aluminium Ltd.	665	-
Accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	104	-
Accrued interest on loan to Vimetco Power Romania S.R.L.	79	-
Accrued interest on loan to Alro S.A.	4,518	-
Impairment on accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	-104	-
Total long-term loans	**151,719**	**-**

Accrued income from Group companies, short-term	31 December 2013	31 December 2012
Accrued interest on loan to Everwide Industrial Ltd.	-	119,452
Accrued interest on loan to Global Aluminium Ltd.	-	452
Accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	-	104
Accrued interest on loan to Vimetco Power Romania S.R.L.	-	27
Accrued interest on loan to Alro S.A.	-	1,150
Impairment on accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	-	-104
Total long-term loans	**-**	**121,081**

The accrued interest receivable from Group companies is capitalised on the principal amounts of loans and receivable in a period more than one year.

10. Receivables and payables

Other receivables	31 December 2013	31 December 2012
Third parties	51	71
Group companies	18,477	29,826
Total	**18,528**	**29,897**

Accounts payable	31 December 2013	31 December 2012
Third parties	492	514
Shareholder (Vi Holding N.V.)	487	276
Total	**979**	**790**

Other payables	31 December 2013	31 December 2012
Third parties	202	11
Group companies	127	311
Related parties	133	148
Total	**462**	**470**

11. Share capital and share premium

The authorised share capital consists of 800,000,000 (2012: 800,000,000) common shares. All shares have a par value of EUR 0.10.

As of 31 December 2013 and 2012, 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.

12. Loan from credit institutions

In August 2010 the Company signed a loan agreement with Raiffeisen Bank for a total long term financing in amount of USD 75,000. This loan was used for refinancing all existing facilities. The interest rate is LIBOR plus a fixed margin. In December 2012 an amendment to this agreement was signed and the margin for this loan was increased to 6.25% (previously 6%) and the maturity date was extended until 2016. The balance is due as follows:

Due date	Repayment installment
30 May 2014	13,500
29 May 2015	13,500
31 May 2016	6,000
Total	**33,000**

Each repayment installment will be applied against the outstanding loan pro-rata.

Repayments which will mature within 12 months from the end of the reporting period have been classified as a current liability.

In accordance with the current borrowing agreements, 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 at 31 December 2013, the Company was in breach of some of the covenants in respect of its borrowing. The Company discussed the situation with the bank and received the necessary waiver in due time. A breach of covenant in respect of a liability that entitles the creditor to require repayment at a future date within one year of the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

13. Loan from shareholder

In 2013 and 2012, the loan from the shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250,000. USD 173,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd. The loan is subject to interest at LIBOR plus 5.75% and matured on 31 May 2013 (for details see Note 25 to the Group Consolidated Financial Statements). The loan is subordinated. The average interest rate in 2013 was 6.03% (2012: 6.21%).

In April 2014 the loan was rescheduled having the following repayment dates: 18% on 31 May 2018, 20% on 31 May 2019, 20% on 31 May 2020, 20% on 31 May 2021 and 22% on 31 May 2022. All the other terms and conditions remained the same.

14. Deferred income

Deferred income refers to fees received amounting to USD 11,929 for services related to the initial public offering during 2007. An amount of USD 1,609 was recognised as revenue in 2013 (2012: USD 1,609). This deferred income will be recognised until the end of 2014.

	2013	2012
Opening balance	3,216	4,825
Revenue recognition	-1,608	-1,609
Balance at 31 December	**1,608**	**3,216**

15. Directors' remuneration

The remuneration of the individual members of the Board of Directors for the financial years 2013 and 2012 is as follows:

	Gross periodical remuneration (salary and directors' fee)	Bonus [1]	Pension contributions	Distributions made on termination of the employment	Total
Year ended 31 December 2013					
Independent directors					
B. Zonneveld	65	-	-	-	65
J. Currie	133	-	-	-	133
B. Ciobotaru	86	-	-	-	86
Executive directors					
G. Dobra	569	-	118	-	687
M. Nastase	497	-	57	-	554
P. Machitski	513	-	57	-	570
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**1,895**	**-**	**232**	**-**	**2,127**
Year ended 31 December 2012					
Independent directors					
B. Zonneveld	129	-	-	-	129
J. Currie	129	-	-	-	129
Executive directors					
G. Dobra	301	-	60	-	361
M. Nastase	487	-	47	-	534
P. Machitski	432	-	45	-	477
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	15	-	-	-	15
V. Krasnov	15	-	-	-	15
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**1,508**	**-**	**152**	**-**	**1,660**

[1] including cash payments from incentive compensation scheme.

The above mentioned amounts are remunerations for periods of appointment as directors.

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

Other information

Independent auditors' report

Reference is made to the independent auditors' report as included hereinafter.

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

The Board of Directors proposes to allocate the result of the financial year 2013 to the retained earnings and not to pay any dividend.

Subsequent events

Reference is made to the Consolidated Financial Statements, Note 29.

Independent auditor's report

To: the shareholders of Vimetco N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Vimetco N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2013, the condensed company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 31 December 2013 and of its result and its cash flows 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 Dutch 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 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Independent auditor’s report

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 24 April 2014
Ernst & Young Accountants LLP
Signed by J.J. Vernooij

Statement of Management Responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA), the Dutch Act on Financial Supervision ('Wet of het financieel toezicht' or 'Wft') and the Dutch Civil Code, 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 31 to 123, 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 31 to 123 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 13 to 15 includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces.

Pursuant to the art. 5:25c section 2 paragraph c under 1 and 2 of the Dutch Act on financial supervision ('Wet op het financieel toezicht' or 'Wft'), the management of the Company states that To the best knowledge of the members of the Board of Directors:
1) the annual financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and 2) the annual report includes a fair view of the situation on the position of the company and the undertakings included in the consolidation as a whole on 31 December 2013 and of the development and performance of the business during the financial year; and 3) the annual report includes a description of the principal risks and uncertainties that the company faces.

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

24 April 2014

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.

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