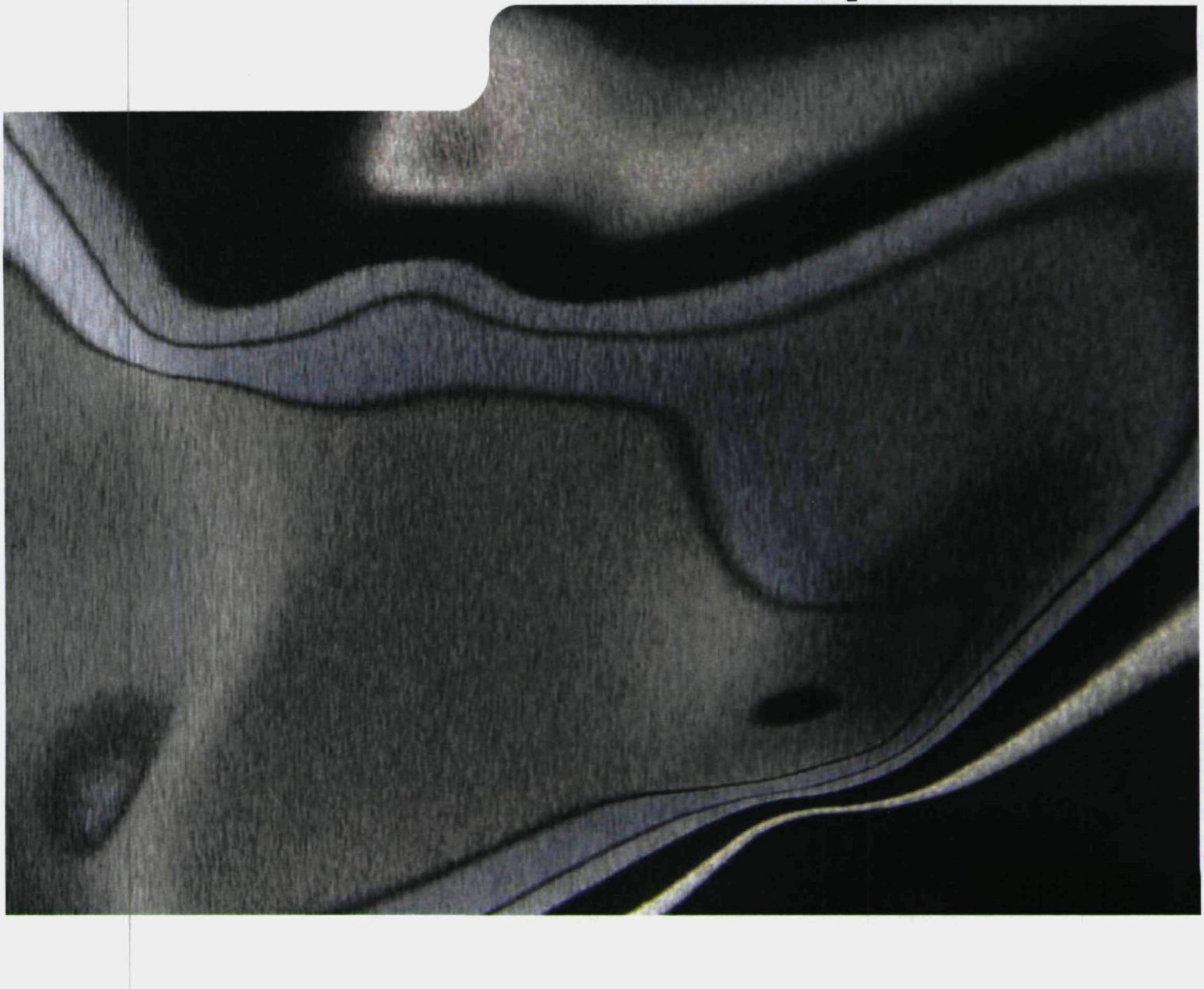
Annual Report 2010



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, Sierra Leone and Ghana.
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

Consolidated Financial Statements		2010	2009
Sales	USD million	**2,295**	1,519
EBITDA[1]	USD million	**317**	300
EBITDA margin		**13.8%**	19.7%
Net (loss)/profit	USD million	**-10**	63
Total assets	USD million	**4,601**	3,462
Shareholders' equity	USD million	**1,018**	918
Net debt[2]	USD million	**1,821**	1,490
Earnings per share	USD	**-0.16**	0.13
Equity per share	USD	**2.67**	2.93
P/E[3]	USD	**-18.3**	19.4
Share price at year-end	USD	**2.95**	2.50
Production			
Electrolytic aluminium production	metric tonnes	**887,000**	703,000
Processed aluminium production	metric tonnes	**138,000**	99,000
Alumina production	metric tonnes	**414,000**	44,000
Bauxite production	metric tonnes	**1,053,000**	757,000
Coal production[4]	metric tonnes	**690,000**	-
Energy production	MWh	**6,902,055**	6,036,529
Average number of employees		**13,266**	9,973

[1] EBITDA: profit before tax, net finance items (operating profit), depreciation, amortisation and impairment
[2] Net debt: total of short- 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
[4] Coal production in 2010 covers the period since the acquisition of each coal mine by the Group until the year-end

Letter from the Chairman

Dear Shareholders,

It is an honour for me to present the Vimetco Annual Report 2010. This is the fourth Annual Report of Vimetco since the company's successful listing on the London Stock Exchange. These four years represented a period of sustained growth for our company, with solid expansion in China and Africa and continuous business development in Romania. We are one of the few companies in the industrial field that managed a successful fare through the difficult world economic crisis.

Achieving Group strategy

In my previous letter to you a year ago I mentioned that the measures we took would enable us to emerge stronger from the crisis. The results of 2010 came to confirm that expectation. Our managerial competencies and staff endeavours have enabled us to steer through the challenging global environment and achieve sales by 51% higher than in the previous year, as well as an EBITDA of USD 317 m, i.e. a 6% increase compared to 2009, and at the same time pursuing a firm investment strategy.

We increased our profitability in our core business – aluminium production – both in primary and processed aluminium areas in Romania, and we are now turning our attention towards China segment in order to implement the same strategy that led us to this successful result.

We remained committed to our aim of complete integration of Vimetco to take the form of organic growth, as well as acquisition of worthy targets.

If in 2009 we restarted operations at the bauxite mine in Sierra Leone, in 2010 we took the mining process in our hands, after months of investments in latest technology equipment and intensive training. We thus ensured a smooth supply chain in Romania, with the bauxite produced in Sierra Leone fully covering the demand for alumina production at the refinery in Tulcea, which in its turn serves as raw material for the smelter and further for the rolling mill in Slatina. We expect to fully complete the integration of the Sierra Leone mining operations into our Alum subsidiary in 2011.

Securing adequate sources of raw materials is a key to success in the economical environment and we continuously face new challenges in this respect, in our operations in Europe, Africa and Asia. Vimetco is currently engaged in exploration and prospecting for new sources of bauxite. Thus we established Vimetco Ghana (Bauxite) Ltd., a 100% owned subsidiary of Vimetco, which, in early 2011, was granted prospecting rights for two potential bauxite mining areas in Ghana, Africa.

Next to bauxite, electricity is a vital resource for aluminium production. In 2010, Vimetco took firm steps towards procuring this resource for the Group operations. In Romania, it has successfully negotiated the extension of the existing energy contract with its supplier, under which terms our subsidiary has ensured a reliable source of energy until 2018, covering 75% of the production capacity needs in Slatina. The company is currently exploring the possibility of restarting the remaining 25%, idled in 2009, to resume production at full capacity.

In China, however, a series of objective and extraordinary factors impacted the energy market in 2010. The floods in Australia, that affected both coal mines as well as harbour operations had a significant impact on the coal price in China, which increased by almost 20% in the course of the last year, thus driving the cost of energy at our own power plants in China.

The regulatory measures in the energy sector that were taken by the Chinese government in order to ensure a sustainable economic growth of the Chinese economy and to address inflationist pressures also impacted the costs of energy for aluminium industry. During 2010 the price discount on power supply was abolished, a measure that resulted in increasing the average electricity down grid price for our smelters which are dependent on third party energy.

As a result, while our aluminium production activities in China remained profitable, we incurred significant losses from our energy production segment.

Vimetco started to address this issue as soon as it became apparent. In June 2010 the company started acquiring interests in coal mining operations in China, a step designed to reduce the exposure of our energy production facilities to the volatility of coal price. Vimetco currently operates a number of mines in China that supply raw material to our power plants.

Our main focus remains increasing productivity and volumes of high value added products in China, a path that started by signing the joint-venture agreement with Chalco for manufacturing sheets and coils in Zhengzhou. We will continue this process by developing our processed aluminium facilities in China.

We are well aware of the fact that value creation cannot be achieved without efficient capital management. In this respect we strive to maintain a healthy capital structure, but at the same time not hampering our ambitious growth projects. During 2010 the Group carried out a debt restructuring process with the aim to improve its credit terms and ensure finance for envisaged investments. The gearing was secured at 64% of the total capital (62% in 2009). The parent company Vimetco NV refinanced its existing debt by a loan of USD 75 million from a commercial bank, while our main Romanian subsidiary contracted a syndicated loan of USD 180 million, arranged by the European Bank for Reconstruction and Development (EBRD).

In China we initiated a process of entering medium and long-term agreements with our lenders, in order to reduce the financing costs.

Sustainable development

The company continued upgrading its investments both in China and Romania, in order to reduce specific consumption rates. In China we are operating state-of-the-art 400 kA pot lines, while in Romania we are running at specific consumption rates that are amongst the best in our industry.

Reducing our energy consumption and ensuring strict compliance to environmental protection policies are two other main objectives on our management agenda.

Vimetco takes steps ahead to sustainable development of all its businesses, paying close attention to all areas involving environmental protection and labor health and safety.

Outlook

The stable upturn in the aluminium market, proven by the trend of the LME prices in 2010 and early 2011, gives us the confidence that we can follow up on our development plans. At the same time, we remain alert to anticipate the potential impact of macroeconomic factors that could affect our businesses on various markets, such as slower economic recovery in some areas, fiscal or other government measures taken to address problems. We implement and continuously improve our risk management policies in order to timely predict and respond to adverse events.

We remain confident in our business model and the development of Vimetco into a strong player in the global aluminium industry.

Let me extend my thanks to all of you, the shareholders that trust us, as well as to our employees and our management teams who are making our results possible.

Vitaliy Machitski

Chairman of the Board

Letter from the CEO

Dear Shareholders,

Two years ago Vimetco defined a strategy that was to be proven sustainable and viable by the world economic crisis. We decided then that the way forward for our company was to become a truly vertically integrated aluminium producer, which focuses on quality, reliability and sustainable growth. This translated in all areas of our business, from securing new sources of raw materials to ensuring that we run the best-in-class technologies. We started taking measures to improve our productivity across the board and to expand our downstream capabilities – both operations and sales.

In 2010 we remained true to this strategy. The results for the year show dramatic increases in production, a result of successful investment programs made since 2008. The increases were not only in electrolytic aluminium production, although the commissioning of the 80,000 tpa, 400 kA potlines in Linfeng in June 2010 and the subsequent 80,000 tpa in January 2011 resulted in a significant growth of our production capacity in China. The production of electrolytic aluminium grew by 26% to 886,688 mt, while the production of primary aluminium grew by 37% to 875,937 mt compared to 2009.

But I believe what is really important is to have a look at the increase in our processed aluminium production. We recorded a 40% increase compared to 2009, reaching 138,414 mt at Group level. This was the result of significant increases in the volume of the added value products both in China (36.5% increase compared to 2009) and Romania (44.7% increase compared to 2009). The joint venture with Chalco in Zhengzhou for flat rolled products based on aluminium supplied from our smelters in Gongyi has improved our position on the Chinese high added value products market. In Romania we finalized the certification process for aeronautics-grade alloys and we are confident that this will further increase our sales of high added value products in Europe. Furthermore, the investments programs in Romania have started to pay off both in increasing production and reducing specific consumption rates.

In 2010 we decided to take over the management of our mining operations in Sierra Leone and integrate them into our Romanian segment. This is a natural move as the bauxite production there covers 100% of the needs of our Tulcea alumina refinery. Also as a result of this management change, the bauxite production in Sierra Leone has increased by 40% compared to the previous year. The alumina refinery in Tulcea has recorded its first full year of operation after being restarted following a comprehensive upgrading program. The alumina production of the group reached 414,045 mt, an nine-fold increase compared to 2009.

Ensuring a reliable supply of alumina along with a new extension of our energy contract in Romania until 2018 have been two major strategic goals that we successfully completed in our European operation in 2010. While the Slatina smelter is still running at 75% capacity following the decision to idle a potline in 2008, we are currently contemplating going back to full capacity. A decision on this matter will be taken based on market conditions and energy supply availability in Romania.

While both the production and the sales results are satisfactory, Vimetco has faced a significant increase in the price of raw materials in 2010. This affected both the Romanian and the Chinese segment.
In Romania, the new energy supply contract with Hidroelectrica is linked to the aluminium price on the London Stock Exchange. This translated in higher costs for energy during the second half of 2010.
In China, the regulatory measures taken by the Chinese government to ensure a sustainable growth of the economy resulted in a disparity between the energy price and the coal price. The coal price has risen significantly and impacted on our power generation business in China, which is entirely coal-based.
Vimetco has already taken steps toward answering this issue by acquiring interests in several coal mines operations in China and we are confident that the results of this move will be seen in the profitability of our power generation business in the future.
Let me close this letter to you by thanking all our shareholders, employees and business partners for the confidence they placed in us and for their support during this high-growth period of our company. We are confident that our strategy to be a reliable, quality driven global player will prove successful and we are looking forward to continue developing our business.

Frank Müller
Chief Executive Officer


FM

Sustainable Development

Sustainable development

Sustainable development means using resources to meet Vimetco's needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come. This concept extends not only to environmental aspects, but comprises also economic and social sustainability. The three pillars of sustainability are not mutually exclusive and can be mutually reinforcing.
Sustainability has become an integral part of corporate strategy at Vimetco level and has extended to all of the Groups' segments and units. We continuously assess our impact on all the levels on which we operate, seek improvement opportunities and commit to the highest standards of sustainable development.
Vimetco is constantly investing in state of the art technology, supplying products that meet the requirements of its most demanding customers and diversifying its range of higher added value products. The investments in technology are as important for the Company as those in environment, working conditions and training programmes for its employees. Furthermore, Vimetco acknowledges its role as an important player in the local communities where it operates.

Economic sustainability

Vimetco continues its strategy of full vertical integration, ensuring the stability of the production chain, the predictability of the costs, and consolidating its position as a reliable long term, quality supplier for its customers.

Sustainable development matrix at Vimetco

Strategy

In our view, economic sustainability means identifying and utilizing various strategies in order to achieve an efficient and responsible usage of scarce resources, strategies that are likely to yield long-term benefits. This involves not only ensuring that our business is profitable, but also that our operations do not create negative interactions with the environment and social stakeholders.

Economic sustainability is, for Vimetco, a tool which enables us to enjoy a stable business future and contributes to the well-being of shareholders, employees, environment and communities in which we operate. We have embedded social and environmental aspects in every stage of our economic endeavors.
In 2010, Vimetco continued to pursue its long term growth and investment strategy, by increasing its production capacity and seeking solutions for securing the necessary raw materials. Ever since the beginning, the Company grew through the acquisition of production facilities in emerging markets, investing in modern technology and in training for employees. This strategy would offer a sound basis for Vimetco to capitalize on the long term development of the aluminium market.
The Company secured its raw material supply through the acquisition of bauxite mines in Sierra Leone, it obtained several licenses to prospect for bauxite in Ghana, it reopened its alumina refinery in Romania, ensuring the raw materials for its production facilities in Slatina and continued its investments in the primary and flat rolled production facilities in China.
Moreover, in order to reflect better its vertically integrated operations, the Company decided to take over the mining

activities in Sierra Leone at the end of 2010, under the close supervision of Alro management. Thus, Alro is now controlling the entire production chain, from bauxite, to alumina, in its refinery in Tulcea, to the aluminium production.

Vimetco's strategy is driven by two main parameters: to achieve full vertical integration and to focus on value-added products. The integration process also includes power production – a key element and critical cost factor for any aluminium producer, and mining. The Company is constantly working towards reducing specific consumptions, optimizing costs, and focusing on core activities.

Customers and markets

Vimetco has a total production capacity of 1.1 million tonnes per year and it has the ability and the geographical positioning to cover the demand of its international customers. As part of our sustainable development strategy, we implement principles such as fairness, mutual respect, transparency and accountability in the dealings with our customers and we believe that this behaviour is reflected in the way we are positioned on the markets on which we are present.

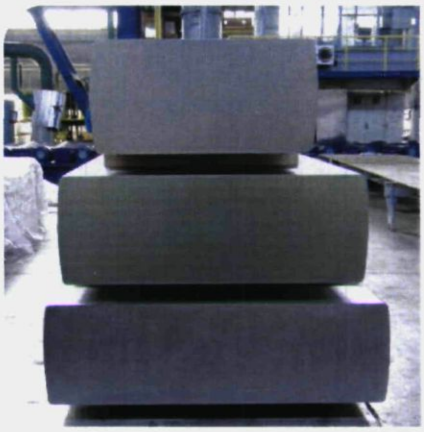
Vimetco's operations in China include mainly smelting plants and casting facilities in Gongyi and Linzhou and processing facilities in Gongyi and Zhengzhou. The entire production of the segment is sold on the Chinese market. As part of its strategy of securing the major raw materials the Group owns power plants in China with a total capacity of 900 MW and in 2010 it acquired several coal mines to partially hedge the inflating thermal coal prices in the region.

In Romania, the Group continued implementing its vertical integration strategy, with a smelter facility in Slatina and an alumina refinery in Tulcea, which ensures constant and reliable raw materials supply for Alro. The company's operations include a smelter, an anode plant, casting facilities,

and a processing plant, having a production capacity of primary aluminium of 265,000 tpa and over 40,000 tpa of processed aluminium, including plates, sheets, coils, and extruded products.
This wide range of aluminium products meets the requirements of our most demanding customers. Alro is investing in further diversifying its product range, with the aerospace industry as one of the key markets targeted. The Romanian facility holds the NADCAP certification (National Aerospace and Defence Contractor Accreditation Programme), recognizing the compliance of Alro's processes to the strict international requirements of the aerospace industry. The subsidiaries in Romania supply aluminium to customers from the European Union, United States of America and Asia.
Vimetco is constantly working towards improving the products' quality, in line with the requirements of its most demanding customers. Thus, the Company believes that investing in research and development is fundamental for ensuring the output of best products. Our R&D strategy is focusing on products characteristics and specifications, surfaces. Over the past years, Vimetco succeeded to constantly improve products quality and to receive certificates from most prestigious authorities in the field for specific products.

Product health and safety

We constantly assess and make systematic efforts to address health and safety issues across the entire production chain and for all our products. Our customers expect our products to have their intended functionalities. The efforts made to protect the health and safety of those who use them have a direct positive impact on the Group's reputation, limits legal and financial risk, extends our social "license to operate", creates market differentiation in relation to quality and enhances employee motivation. Health and safety principles are applied not only for our customers, but also for employees, contractors and visitors. We have implemented standard health and safety elements in all the procedures, processes and activities and by doing so we expect to achieve state of the art safety environment. Each employee is responsible for observing safety and health practices, taking precautionary measures (such as immediately reporting accidents or inappropriate conditions, protecting themselves or co-workers) and conducting work safely and efficiently.
Our commitment goes beyond national or international regulations, as we strive to respect voluntary principles in addition



to legal requirements. We consider that failure in this area is a strong indicator of deterioration of the effectiveness of internal controls and our goal is to achieve zero incidents resulting from non-compliance with health and safety principles.

Quality

Vimetco is constantly working towards providing its customers around the world with high-quality, brand name products and is investing in advanced technologies that support the production of top quality products.
In Romania, Alro formulated and approved a quality-control policy, identifying the company's goals and objectives regarding quality of products and implemented a system of regulatory documents, including

quality-management procedures and process flowcharts.

Alro's products are ISO 9001 certified for quality management and have NADCAP as well as EN 9100 certificate for aerospace production organizations, respecting the quality standards for primary aluminium on the London Metal Exchange - LME, as well as the international standards for flat rolled products.

Henan Zhongfu Industrial, Vimetco's Chinese subsidiary, 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 certified ISO 14001.

Environmental sustainability

As a global citizen, with international operations extending throughout entire production chains (from bauxite mining, to alumina refineries and ultimately to aluminum production, and from coal mining to electricity production) Vimetco recognizes that its impact on the environment is one of its most important challenges and consequences. This is the reason why we are committed to comply with or exceed applicable legal requirements in the countries in which we operate and to tackle environmental performance at all scales, in a sustainable manner that respects the non-renewable resources.

Moving towards environmental sustainability is also a challenge that entails not only the conformity with various standards, but more importantly, integrating environmental practices into our daily business by constant care to reduce waste, optimization of energy usage, introduction of efficient technologies or utilization of renewable natural resources.

In China, Vimetco operations regularly monitor and conduct environmental, health and safety assessments of their facilities. Henan Zhongfu Industry is currently implementing an international demonstration project on development of highly ecological technologies for aluminium industry, within the framework of "Asia-Pacific partner programme on development of clean technologies and climate" (APP), the company being ISO 14001 certified for environmental management system. The investments in expanding production capacity for higher value-added products have a positive impact on environment, internalizing the benefits of innovative technology that complies with the regulations in force and respects leading environment principles.

As for the European facilities, Alro became one of the first companies in Romania to receive an Environmental Authorization for a period of ten years, in 2005, thus recognizing its strong long-term investment plan in environmental projects. The Environmental Authorization certifies that all the emissions of the Company are in full compliance with European Union standards.

Alro is also committed to meeting all the legal obligations under REACH (European Community Regulation on chemicals and their safe use which deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances), as a manufacturer, importer and downstream user of chemicals and has started the pre-registration process. We have established a REACH team at Alro to deal with all the requirements of these legislations. Compliance with the above-mentioned regulation helps Alro improve the protection of human health and the environment through a better and earlier identification of the intrinsic properties of chemical substances.

Alro is member of the Aluminium REACH Consortium, created in cooperation between the European Aluminium Association and the International Aluminium Institute in order to assist industry players to comply with REACH.

In the last 10 years, Alro has invested approximately USD 100 million in projects with positive direct or indirect impact on the environment.
In Sierra Leone, Vimetco operates in accordance with relevant environment protection rules. The company restores the pits that have been mined out, reinstating the previously reserved topsoil. The old pits are then planted with ground cover shrubs and also cash crops such as cashews and oil palm. The mining operations are also certified for environment protection, having a license for Environment Protection valid until October 2013.

Greenhouse gas emissions

Vimetco manufactures a wide range of products and uses various technologies, such as mining, refining and smelting. Correspondingly, our facilities scattered on three continents vary greatly in scale, operations and CO2 emission impact and risks. We continuously assess and evaluate the safety and environmental footprint associated with greenhouse gas emissions. We are aware of the need for climate change action and we consider the issue as being one of our greatest challenges and opportunities. Through our investments we struggled to support efficient, effective and equitable measures to deal with climate change, accepting in the same time the need for a price on carbon.
We believe that our business will have a good future under an environment that is working with global carbon constraints and we aim to improve the energy intensity of our operations and new projects.

Energy use

Vimetco uses in its operations energy purchased from third parties, as well as produced by its own power plants. Our smelting processes are energy intensive and depend on hydroelectricity and coal to keep them running.
In 2010 the energy use increased following production increases, but we constantly review our energy consumption rates globally and strive to indentify and implement opportunities in order to reduce energy usage. Also, we try to procure as much hydroelectric energy as we can, as it is one form of renewable energy. Our commitment is supported also by the fact that during 2010 one of the Group's subsidiaries entered into a long-term hydroelectric energy purchase contract. In 2010, of our total energy consumption need for aluminium production, 25% was met by using renewable, hydroelectric energy.

Red Mud Pond

In the past three years, Alum, the alumina producer of the Group located in Romania, has implemented a complex environmental programme for the ecological closing of 4.8 hectares of the red mud pond which the company uses for the collection of bauxite residue resulted during the alumina refinery process. On this surface the company has planted approximately 8,500 trees.
The project consists in upgrading the storage solution of the red mud, from a hydraulic to a dry system. Following the implementation of the new system, the red mud will be deposited in its thickened stage, with a solid content of 52-62%.
Annually, Alum has allocated a USD 0.5 million budget for the maintenance and exploitation of the red mud pond and in 2010 alone, the company has made environmental investments amounting to USD 4.5 million. The depositing of the red mud does not entail the usage of chemicals, and the surface of the pond is permanently

moistened in order to prevent the dust rising during periods of prolonged drought.

Social sustainability

Employees

At the end of 2010 the Group employed 16,228 people on three continents 12,357 in Asia, 3,524 in Europe and 347 in Africa. Our workforce increased greatly from 10,145 people employed at the end of 2009. It goes without saying that employees are at the core of the Group's strategy and ultimately, at the core of the Group's success and growth. Vimetco's ability to generate and maintain shareholder value depends greatly on recruiting, motivating and retaining the right people with the right set of skills and abilities.

Vimetco is committed to the idea of inter-generation equity, whereby the operations of the Company do not deter the future generations from having the same or greater access to social resources as the current generation.

In order to fulfill our commitment and respect human rights, Vimetco prohibits forced labor, does not employ persons under the age of 15, does not discriminate on the grounds of age, color, 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).

We place great emphasis on the safety of our employees, investing in new technologies, maintenance, infrastructure and continuously improved labor conditions. The employees are optimally equipped with necessary protection equipment and attend regularly training programs regarding health and safety.

In Romania, our main subsidiary, Alro, invests heavily and constantly in improving employees' performances, ensuring that all workers have constant access to professional development. The company put a special emphasis on training programmes for AERO project. Last year, all Alro employees took part in training programmes, either within the company, or with external professionals.

Alro is constantly improving working conditions to the highest standards, recognized through the OHSAS 18001 certification that the company holds.

In China, our main subsidiary, Henan Zhongfu Industry Co, is also certified by the relevant authorities in China regarding the appropriateness of labour conditions.

Our employees' diversity of backgrounds, skills, perspectives and experiences is critical to our business. We offer our employees opportunities for flexible work arrangements to accommodate individual needs at different life and career stages. We invest in training programs, support cross-cultural and cross-national teams and sharing of knowledge, skills and practices in order to take advantage of the Group's synergies.

Community

Vimetco believes the sustainability of its business comes from its commitment to the local communities where it operates. Thus, the Group implements highest standards in terms of relationship with the local communities in order to improve the quality of life both for its employees and for the people living in those areas. Although the Company reduced its Corporate Social Responsibility ("CSR") programme due to the overall budget cuts determined by the international crisis, it continued to support strategic projects, including education, health and sports.

In addition to being one of Romania's largest companies with an important contribution to the local and national economic development through the creation of employment, wages and taxes, Alro is actively participating in community life through its corporate responsibility programs, from rebuilding homes destroyed by natural disasters, to education and health initiatives.

Through its mining operations in Sierra Leone, the Group contributes a percentage of its local turnover to the Agricultural Development Fund, and to a Foundation focusing on community development projects in the mining area. The Group provides accommodation for orphaned children and main high school in the area, through Children of the Nations charity, based close to the mine site. It also restores the pits that have been mined out, rendering the land back into the agricultural circuit.

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, the city where Vimetco has its most important aluminium facilities.

Business Review

As expected, 2010 turned out to be a year of auspicious events for Vimetco, which allowed it to consolidate its position as a producer in the global aluminium market. It grabbed the chance to benefit from the worldwide economic recovery by expanding its sales geographically; the increase in the quoted aluminium price reflected in its higher turnover; it took advantage of the investments it had made into better technologies and the improved quality of its products contributed to better sales margins.

The investment programs were continued both in China and Romania with the overall objective to increase the production of high added value products and to secure reliable sources of raw materials. In H1 2010, the first and second phase of the new 250,000 tpa electrolytic aluminium pot line in Linfeng were commissioned. The final phase, involving the commissioning of 80,000 tpa electrolytic aluminium production capacity has been completed at the beginning of 2011 and is operational to date.

Structural changes within the organization were implemented with a view to better integrate all the stages in the production chain, with the management of the mining operation in Sierra Leone transferred to the Romanian managers of Alro. The Company also acquired interests in a number of coal mining operations in China, a move that will provide a secure raw material source for its power plants.

Financial Highlights

Vimetco recorded an increase of 51% in overall sales, to USD 2,295 million, along with a 58% increase of the cost of goods sold. The sharp increase in the cost of raw materials offset the 30% rebound in average of aluminium prices quoted on the London Metal Exchange (LME) in 2010 compared to 2009. Similarly, the costs increase offset the 12% raise in the average price of the aluminium quoted on the Shanghai Metal Market (SMM) in 2010 compared to 2009.

Contrasting to last year, the sales of high added-value products increased in 2010 by 24% in volume to 110,000 mt and by 52% in value to USD 316 million. The first full year of joint operations of the mining in Sierra Leone and Tulcea alumina refinery resulted in an overall increase of bauxite production by 39% to 1.05 million mt, as well as in a total production of alumina of 414,045 mt in 2010.

In 2010 we witnessed an increase in raw materials prices which impacted negatively all our operations mainly in China where alumina prices rose by 17%, while the anodes price increased by 41% (in line with the increase in price of crude oil). The coal prices in China surged by 20%, thus leading to higher costs for the electricity we produce in China.

Moreover, during 2010 the price discount on power supply in China was eliminated, which resulted in an increase of the average electricity down-grid price for the smelters, where operations depend on third party energy. In the same time the SMM price increased only by 12% (i.e.: from CNY 11,924 average in 2009 (ex VAT) to CNY 13,432 average in 2010 (ex VAT)).

The new energy price formula negotiated with Hidroelectrica that links the energy price to the LME aluminium quotation lead to an average increase in the energy costs in Romania as well.

At group level, Vimetco recorded an overall increase of USD 729 million of total cost of goods sold, from USD 1,263 million to USD 1,992 million.

Financial results

Vimetco Group finished the year with a gross profit of USD 303 million and a net loss of USD 10 million.

In 2010, Vimetco recorded a gross profit of USD 303 million, a 18% increase compared to 2009, thus harvesting the upshots of its operational efforts. EBITDA was USD 317 million, representing a 6% increase over the 2009 figure. The net loss for 2010 was USD 10 million, compared to a net profit in 2009, of USD 63 million. The loss recorded in 2010 is a combination of two factors - the sharp increase of the raw materials costs, translated into higher costs of goods sold, and the financing needs arising from the development of the Chinese operations, triggering significant financing costs. i.e. USD 123 million compared to only USD 76 million in the prior year. The Romanian segment profitability improved, but the USD 57 million net profit could not offset the loss in China.

Financial position

Total cash available at Group level, at the end of 2010 was of USD 779 million, representing a 15% increase compared to the end of 2009. Out of it USD 592 million represent restricted cash with the Chinese operations. The net cash generated by operating activities was USD 223 million, almost twice the amount generated in the prior year, with the effect of higher interest paid and higher inventories purchased being compensated by higher trade payables.

Total debt at Vimetco Group level was USD 2,008 million at 31 December 2010. The 21% increase in total debt mirrors investment programs in both China and Romania. In 2010 and 2009, the loan from the shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250 million. USD 173 million were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd. in Sierra Leone. The loan from Vi Holding N.V. repayable in 2013 is subordinated.

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks in amount of USD 120 million (2009: USD 94 million).
In 2010, Vimetco successfully managed to restructure its funding arrangements.
In August 2010 the Company refinanced its existing borrowings trough a loan agreement with Raiffeisen Bank for the amount of USD 75 million. The loan has a maturity period of 5 years. At the same time the Romanian subsidiary Alro signed a syndicated loan agreement for USD 180 million with the European Bank for Reconstruction and Development ("EBRD"). Part of the facility was used to refinance its existing borrowings for more convenient terms, and another part was dedicated to an energy efficiency investment plan.

China segment

Vimetco is among the top producers in China and mainly supplies its aluminium to the local market. Vimetco's Chinese holdings include the operations in Gongyi city, that represent mainly a smelter of 490,000 tpa capacity and 400 kA cells, a cast house producing 300,000 tpa of added value products (wire rods, billets, slabs), 3 x 300 MW coal-fired power stations commissioned and an anodes plant producing 150,000 tpa green anodes.

Moreover, Vimetco holds also facilities in Linzhou city, that include mainly smelting facilities with a total capacity of 325,000 tpa (including the temporary idle ones) and casting facilities with capacities of 30,000 tpa in wire rod and 120,000 tpa in billets.

Last year, Henan Zhongfu Industry Co and Chalco Henan Aluminium Fabrication Co established joint company Henan Zhongfu Specialized Aluminium Products Co, in Zhenzhou, to produce aluminium rolled products, with 120,000 tonnes per year capacity.
In China, the Company produced over 634,750 tonnes of primary aluminium, in 2010 (412,000 tonnes in 2009 thus advancing by 54%), and 79,050 tonnes of processed aluminium (58,000 tonnes in 2009, recording a 37% increase).
The increase in production was mainly

determined by the commissioning of new pot lines in Linzhou.

In 2010, Vimetco seized the opportunity to expand its supply chain by acquiring coal mines in China. The coal extracted in these mines is further used in the production process in its power plants. The electricity thus produced is supplied to the aluminium factories. However, the business was significantly affected by the combination of coal price increase on one side, and by the cancellation of governmental support in the form of price discount, on the other side.

Romania segment

Vimetco's operations in Romania cover 4 mainstream product ranges: alumina produced at the refinery in Tulcea, primary and processed products at Alro, Slatina, and finally extruded products at Vimetco Extrusion in Slatina.

Wire rod from Alro is used for high-voltage cables and wires, which are then used for telecom or power cables. The slabs are processed by Alro's rolling mill into flat rolled products: coils, sheets and plates, which are supplied to customers in various sectors worldwide, such as construction, engineering and machinery. The billets from Alro are used in the extrusion process to make profiles.

Pursuing its long-term strategy of becoming a vertically integrated aluminium producer, Vimetco restarted production at the alumina refinery Alum Tulcea in Romania in Q4 2009, thus controlling the entire supply chain, from bauxite extraction in Sierra Leone to high added value products in Slatina.

Alum produced 414,000 tonnes of alumina in 2010, while in 3 months of 2009 only 44,000 tonnes were produced and managed to fully cover the production needs of Alro. It also continued its technological improvement and modernization programmes and added new CAPEX investment projects on the list. In 2010, Alum completed the ecological closing of the red mud pond in Tulcea, thus complying with the environmental requirements. Starting January 2011, the red mud waste is deposited in solid form, and all the measures were taken to limit the risk of hazards.

Alro is Romania's only aluminium producer and the largest primary aluminium production facility in the Central and Eastern Europe (excluding CIS) by volume.

Production facilities include a smelting plant in Slatina, that produced 207,000 tonnes of electrolytic aluminium (200,000 tonnes in 2009) that were further used to produce 241,000 tonnes of primary aluminium (228,000 tonnes in 2009) and 44,000 tonnes of processed products in 2010 (32,000 tonnes in 2009). Alro has a production capacity of 268,000 tpa of electrolytic aluminium, 42,000 tonnes of hot rolled products and 36,000 tonnes of cold rolled aluminium.

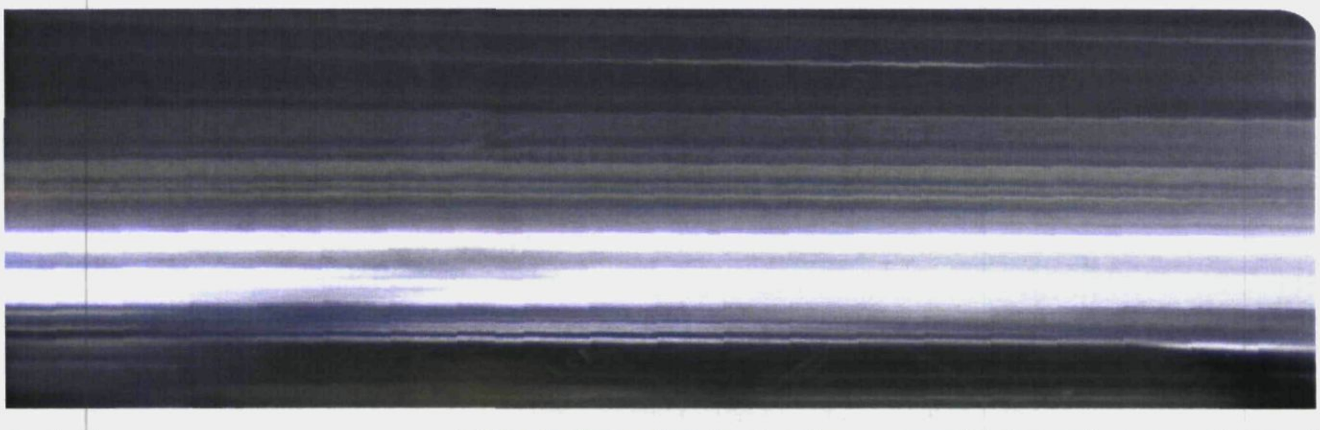
Alro consolidated its position, technologically and financially, and it benefited from the slight recovery of international market, throughout 2010. The Company continued its investments focused on increasing its wire rod production capacity, reducing utilities consumption, and consolidating the efficiency of the smelter.

Vimetco Extrusion produced 15,000 tonnes of extruded products in 2010 (in 2009: 9,000 tonnes) out of a total capacity of 19,000 tpa, and increased its turnover to USD 48 million from USD 25 million in 2009 by taking advantage of the market opportunities, as well as the increase of LME.

Sierra Leone segment

Bought in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tonnes of bauxite, produced over 1 million tonnes last year, compared to 757,000 tonnes in 2009. The bauxite mine ensures the necessary raw materials for the alumina refinery in Romania.

Vimetco continued to consolidate its business and by the end of 2010 it started to operate the bauxite mines in Sierra Leone on its own. In this process it deployed human and material resources from experienced employees of the Group and carried out intensive preparations and transfer of know-how. Moreover, in order to make the organization leaner and the operations faster, the Group decided to transfer the management of the bauxite mine in Sierra Leone to Alro in 2011. Thus, Alro would control the entire production chain, from bauxite to alumina in its refinery in Tulcea, and to the aluminium production in Slatina.



Outlook

The aluminium price is showing signs of increase, based on the higher demand from the customers. The highest LME price from 1Q 2010, about 2,300 USD/tonne, was the lowest quotation registered in 1Q 2011, when aluminium surged to as much as 2,630 USD/tonne.

In China, the Group will continue to make efforts towards the improvement of its profitability and of the quality of its products, with a focus on high added value items.

In Romania, Vimetco has already announced a new investment programme in the same direction, worth approx. USD 15 million. The programme is meant to refine the production of flat rolled products, especially in the light of the recent aeronautics accreditation. It also aims at a more efficient usage of resources and increase of productivity.

In Africa, the Group has entered into enterprising projects and recently obtained several licenses to prospect for bauxite in Ghana.

Vimetco will continue to develop based on its long-term underlying strategy, of full vertical integration, and to consolidate its position in the market, while exploring other market segments with growth potential.

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 the Dutch Corporate Governance Code as well as UK listing requirements.

Share Capital

Vimetco's issued share capital on 31 December 2010 was made up of EUR 21,948,472 split into 219,484,720 common shares of EUR 0.10 each. Each share gives the right to cast one vote. Pre-emptive rights accrue to shareholders upon the issue of shares against payments in cash.

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

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

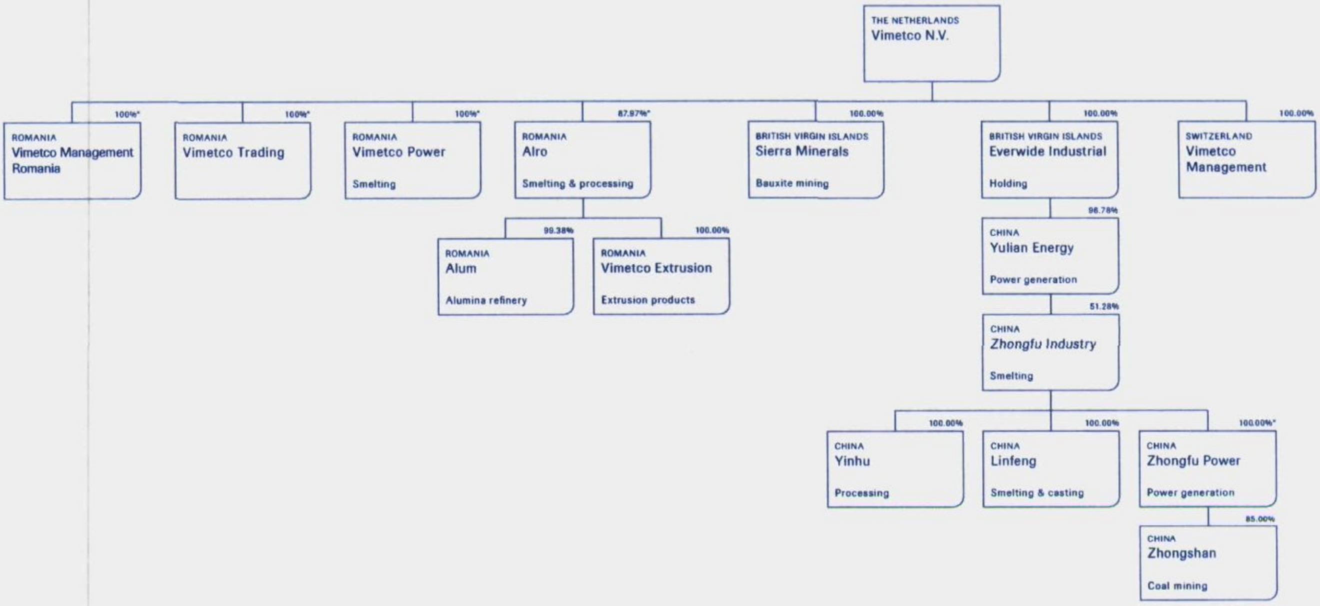
Shareholders

Significant shareholders in 2010 were Maxon Limited through Vi Holding N.V. (59.4%) and Zhi Ping Zhang through Willast Investments Limited (10%).

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.

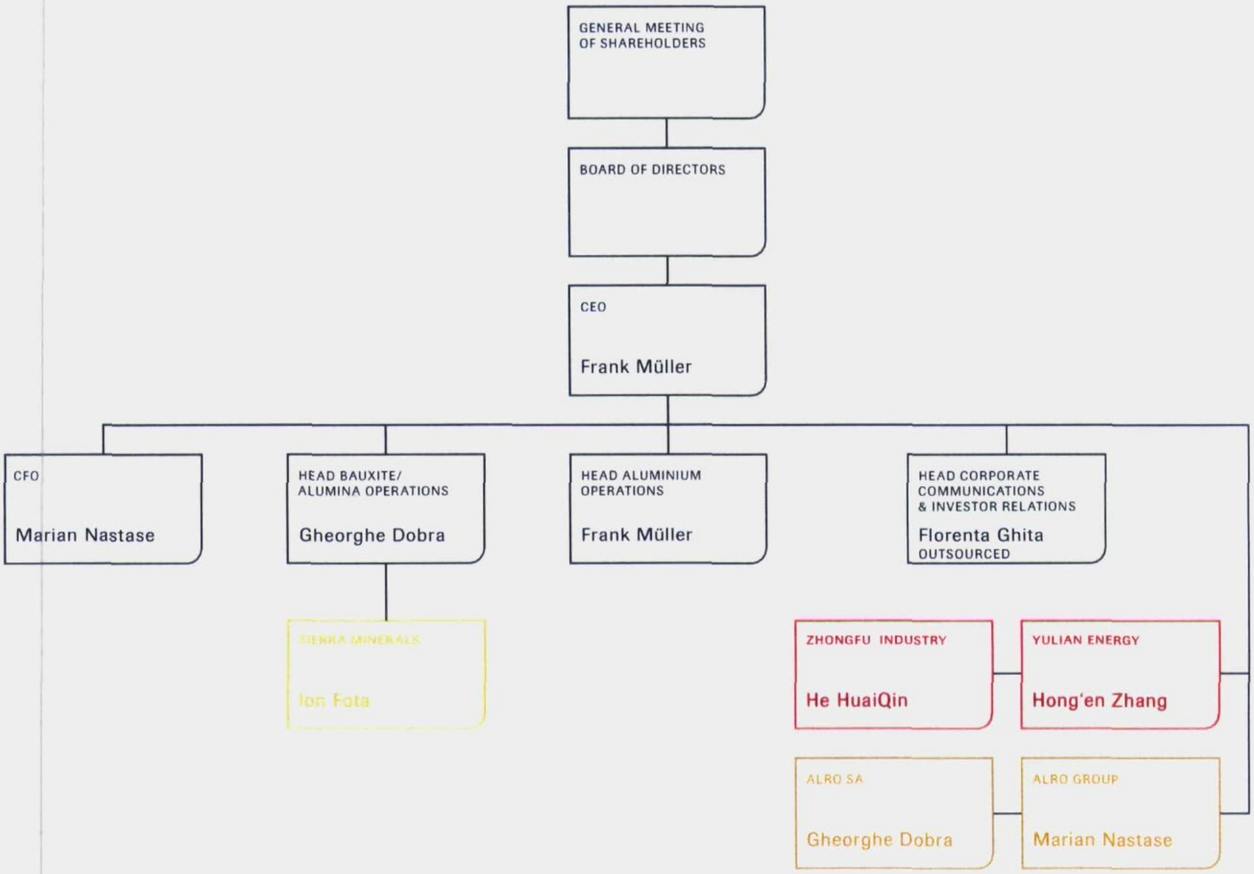
In case of absence of the Chairman of the Board, the General Meeting will be presided over by the Vice Chairman.

Simplified Group structure (as at 31 December 2010)



* held directly and indirectly

Organisational chart (as at 31 December 2010)



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

In case of absence of the Vice Chairman, the General Meeting itself will appoint its chairman. Minutes of the meetings are kept unless a notarial record is drawn up of the meeting's proceedings. Such proceedings can include a review of the Annual Report, confirmation of the Annual Accounts, determination of the appropriation of profits, discharging the responsibilities of the members of the Board and, on a relative proposal of the Board of Directors, amendments of the Articles of Association. They also include the appointment of the Auditor. Should the General Meeting not appoint the Auditor, then this power accrues to the Board. Resolutions are adopted by a simple majority of the votes cast in a meeting at which at least 50% of the issued capital is represented, unless the law or the Articles of Association prescribe a larger majority or quorum. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting. There are no shareholders that hold shares with special control rights.

At the Annual General Meeting of Shareholders held on 16 June 2009, the shareholders were informed that it is the general intention of the Board of Directors that Vimetco will make distributions to its shareholders of approximately 20% of consolidated net income on average over the aluminium price cycle. 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 considerations, ongoing capital and cash requirements, planned acquisitions, and any other factors the Board of Directors considers relevant. Due to the nature of Vimetco's strategy, focus on growth and the structure of earnings, dividend distributions may vary from year to year. The proposal of the Board of Directors not to pay a dividend for 2009 was adopted by the General Meeting held on 30 June 2010, the profits of 2009 being allocated to reserves. Furthermore, the Annual Report 2009 was reviewed at the 2010 Annual General Meeting of Shareholders and the 2009 Annual Accounts were adopted.

Significant ownership of shares/ GDRs

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

As mentioned above in the paragraph on Shareholders, Vimetco had the following significant shareholders in 2010:

1. Maxon Limited through Vi Holding N.V. (59.4%); and
2. Zhi Ping Zhang through Willast Investments Limited (10%).

Takeover Directive

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

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


Frank Müller


Gaobo Zhang


Bernard Zonneveld


Valery Krasnov


James Currie


Igor Sventski


Vyacheslav Agapkin


Denis Sedyshev

Vitaliy Machitski

Chairman

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007 Board committee membership: Audit Committee, Remuneration Committee Israeli national; age: 56

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

Frank Müller

Chief Executive Officer

Executive Director (not independent within the meaning of Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011

Date of initial appointment as a member of Vimetco's Board of Directors: 16 June, 2009

German national;

age: 54

Prior to being appointed as acting CEO on 20 March 2009, Frank Müller was responsible for Aluminium related projects and processing improvements at Vimetco N.V. Dr. Müller joined the Company from Alcan Singen GmbH, where he served as director of production for the rolling mill plant and the cast house. Previously, Dr. Müller worked for Amag/Austria and Aleris/Koblenz (formerly Hoogovens Aluminium). Dr. Müller has more than twenty years of experience in casting and processing of aluminium, working as manager for production departments in various positions. Dr. Müller has a PhD degree in Metallurgy from Technische Universität Bergakademie of Freiberg/Sachsen. Current directorship positions in other companies: president of the board of Alro SA, member of the board of Everwide Industrial Limited, sole administrator Vimetco Management Romania SRL, member of the board Vimetco Extrusion SRL

Directorship positions in other companies within the past five years: Alcan Singen GmbH

Gaobo Zhang

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007 Chinese national;

age: 46

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: Everwide Industrial Limited, Crown Honor Holdings Limited, OP

Capital Investments Limited, Oriental Patron Management Services Limited, Oriental Patron Investment Management (Tianjin) Limited, OP Investment Service Limited, Choice Even Investments 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, Entrepreneur Investments Limited, OP Financial Investments Limited (formerly called Concepta Investments Limited), Partnerfield Investments Limited, Plansmart Investments Limited, Oriental Patron Resources Investment Limited, OPS Education Consulting Limited, Willast Investments Limited, Ottness Investments Limited, Oriental Patron Investment Consulting (Shenzhen) Limited. Directorship positions in other companies within the past five years: Oriental Patron Select (OPS) Limited, Lucky Unicom Investments Limited, Oriental Patron China Investment Limited, Oriental Patron Property Limited, Beijing Kava Online Technology Company Limited.

Bernard Zonneveld

Non-Executive Director (independent within the meaning of the Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011
Date of initial appointment as a member of Vimetco's Board of Directors: July 12, 2007 Board committee membership: Remuneration Committee (Chairman), Audit Committee (member) Dutch national;
age: 54
Since May 2007, Mr. Zonneveld has served as Managing Director/Global Head of Structured Metals & Energy Finance at ING Bank's wholesale banking division in Amsterdam. Mr. Zonneveld joined ING Group in 1993 and has since held various senior positions, including Managing Director/Global Head of Structured Commodity Finance and Product Development and Director/ Head of Structured Commodity & Export Finance. Since the beginning of 2006, he has served as Chairman of the Dutch-Russian Council for Trade Promotion. He holds a master's degree in business law from Erasmus University in Rotterdam. Current directorship positions in other companies: Netherlands-Russian Council for Trade Promotion (Chairman), Netherlands-Ukraine Council for Trade Promotion. Directorship positions in other
companies within the past five years: International Energy Credit Association (IECA), Severstal Auto, MC Estar, Netherlands-Kazakh Council for Trade Promotion

Valery Krasnov

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007 Russian national;
age: 67
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: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007 Board committee membership: Audit Committee (Chairman), Remuneration Committee British national;

age: 69

From 1997 to 2001, Mr. Currie served as the Director General for Environment and Nuclear Safety at the European Commission. He currently serves as a consultant to the law firm Eversheds LLP and to Burson-Marsteller, Brussels. Mr. Currie holds a master's degree from Glasgow University. Current directorship positions in other companies: Total Holdings UK, Davaar Associates, UK MetOffice

Directorship positions in other companies within the past five years: 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: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007 Russian national;

age: 61

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), Vi Holding, LLC. Directorship positions in other companies within the past five years: none

Denis Sedyshev

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code) Elected until: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009 Russian national;

age: 36

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: Annual General Meeting of 2011 Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009
Russian national; age: 39
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 executed 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 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 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.
At the 2010 Annual General Meeting of Shareholders, the members of the Board of Directors were granted a discharge vis-à-vis Vimetco for their management as described by the 2009 Annual Report.

Group Management and its responsibilities

Frank Müller

Chief Executive Officer (acting CEO starting March 20, 2009, executive director and CEO starting from 16 June 2009) Prior to being appointed as acting CEO on 20 March 2009 Frank Müller was responsible for Aluminium related projects and processing improvements at Vimetco N.V. Dr. Müller joined the Company from Alcan Singen GmbH, where he served as director of production for the rolling mill plant and the cast house. Previously, Dr. Müller worked for Amag/Austria and Aleris/Koblenz (formerly Hoogovens Aluminium). Dr. Müller has more than twenty years of experience in casting and processing of aluminium, working as manager for production departments in various positions. Dr. Müller has a PhD degree in Metallurgy from Technische Universität Bergakademie of Freiberg/ Sachsen.

Marian Nastase

Chief Financial Officer of Vimetco N.V. (acting CFO starting 20 March 2009, CFO starting from 29 June, 2009) Alro Vice President and Country Manager Romania. 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. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.

Gheorghe Dobra

Alro General Manager Gheorghe Dobra has served in the current position since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 25 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.

Hong'en Zhang

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

He HuaiQin

Director, Board Chairman and Committee Member of Zhongfu Industry Co., Ltd. on behalf of Henan Yulian Energy Group Co., Board Chairman of Shenzhen Oukai Industrial Development Co., Ltd. and Zhongfu Electric Power Co., Ltd

He HuaiQin served as Deputy Director of Zhongfu Electric Power Group Co., Ltd. from October 1993 to November 1997. He served as Disciplinary Secretary of Zhongfu Electric Power Group Co., Ltd. from November 1997 to March 1998. He served as Deputy General Manager of Henan Yulian Group from March 1998 to September 2000. He served as Deputy General Manager and Secretary of the Board of Zhongfu Industrial Co., Ltd. September 2000 to December 2003. He served as Deputy General Manager and Yulian Party Committee Member of Zhongfu Industrial Co., Ltd. from December 2003 to August 2007. He served as Director, General Manager and Yulian Party

Committee Member of Zhongfu Industrial Co., Ltd. from August 2007 to November 2009. He served as Director, Board Chairman and Yulian Party Committee Member of Zhongfu Industrial Co., Ltd. as well as Board Chairman of Shenzhen Oukai Industrial Development Co., Ltd. and Zhongfu Electric Power Co., Ltd. from November 2009 to date.

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 2010. 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 members at the Annual General Meeting of Shareholders in 2010 and their nomination for new terms at the Annual General Meeting of Shareholders in 2011.

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

The members of the Audit Committee met twice in the course of 2010 to review and discuss half year and annual financial reports of Vimetco with participation of Vimetco's external auditors - Deloitte Accountants B.V.

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. Bernard Zonneveld (Chairman), Mr. Vitaliy 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 2010, 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 attract, motivate and retain 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 2010, 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 Company during the year 2010 was of 645,500 USD in salary and pension contributions. No bonuses were paid to the members of the Board of Directors during 2010. In 2009, the total compensation amounted to USD 1.21 million in salary, bonuses and pension contributions. No member of the Board of Directors is entitled to any benefits upon termination of his employment. Vimetco does not provide loans to members of the Board of Directors, nor to members of the Group Management. There are no loans outstanding. A company in which Mr. 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	132	-	-	-	132
J. Currie	132	-	-	-	132
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
F. Müller	312	-	37	-	349
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	608	-	37	-	645

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 2010, no RSU or options to purchase GDRs were granted by the Company according to 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 2010:

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]
Frank Müller: 15,000 (shares)[1]
Bernard Zonneveld: 50,000 (shares)[1]

[1] None of these shares has been granted as a part of the incentive compensation scheme (For further details please see page 97, Note 19 and pages 140 and 141, Note 14).

Dutch Corporate Governance Code

Dutch companies listed on a government recognised stock exchange, whether in The Netherlands or elsewhere, are required to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code (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 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 be independent, the majority of Vimetco's Board members do not currently fulfill the respective criteria. Vimetco is nevertheless convinced that its Board of Directors

meets the highest standards in terms of strong and effective leadership of the Company.

- Company Secretary: considering the size of the Company, there is no formally appointed Secretary of the Company. The Chief Financial Officer performs the duties under this article qualitate qua.
- Internal Audit: in view of its size, Vimetco has decided to not yet create its own internal audit department. 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 at 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.

As far as Mr. Frank Müller's position as the president of the board of Alro S.A. is concerned, the Board of Directors of Vimetco has permitted the exception as Alro S.A. is Vimetco's subsidiary.

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, have exerted, 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

High energy costs in recent years have forced several competitors to shut down or reduce the capacity of production facilities in Europe. Energy costs are rising more quickly in Europe, partly as a result of the introduction of the EU Emissions Trading Scheme (EU ETS), which was launched in January 2005 to reduce European greenhouse gas emissions. Energy costs are expected to continue to increase over the coming years, in part due to compliance costs related to existing regulations, such as the EU ETS, and new environmental, health and safety laws and regulations, whether at the national or international level. China has and continues to face major power supply deficits, primarily due to soaring energy demand driven by rapid economic growth, which is outstripping generating capacity. Romania also faces a future electricity generation deficit. Increase in energy prices could adversely impact Vimetco's cash flow, turnover and profits. Vimetco has taken steps to ensure energy independence through the construction of its own power generating plants in China. Moreover, its Romanian subsidiary, Alro is considering building a power plant on gas for its alumina refinery in Tulcea.

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 recently acquired a bauxite mine, the Company still depends on a limited number of alumina suppliers. The increasing costs of and disruptions to the availability of raw materials have a major impact on Vimetco's profitability. Disruptions may require Vimetco to purchase alumina on the spot market on less favorable 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 2011, Vimetco Ghana (Bauxite)

Ltd. was granted several licenses to prospect for bauxite in Ghana.

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 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 2010 by 22% to USD 1,821 million (2009: USD 1,490 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 81% 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 2010 would have decreased/ increased by USD 16 million (2009: USD 12 million). The Group's sensitivity to interest rates has increased during the current period because of new loans obtained to finance the expansion projects in China. USD 853 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 factorised clients), banks (in case of bank guarantees and LCs) and are reviewed and approved by the 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 2010;
- there are no indications that the risk management and control systems in relation to the financial reporting will not work properly in 2011;
- 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, Vimetco hereby declares that in 2010:

- 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
- there were no transactions between Vimetco and any of its shareholders who hold at least ten percent (10%) of its shares, involving conflicts of interest with such shareholders and being of material significance to the company and/or to such shareholders, which would need to be disclosed herein. In the event of a potential conflict of interest, the provisions of Principles II.3 and III.6 of the Code are applied.

In 2010, 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.

Auditors

Deloitte Accountants B.V. were the appointed auditors of Vimetco N.V. In 2010 and 2009, the following amounts were paid to Deloitte for audit services and non-audit services (thousand USD):

2010	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total network firm
Statutory audit annual	1,306	351	1,657
Non-audit services	-	115	115
Total	1,306	466	1,772

2009	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total network firm
Statutory audit annual	1,526	376	1,902
Non-audit services	-	653	653
Total	1,526	1,029	2,555

Annual Report 2010

This Annual Report and the 2010 financial statements, audited by Deloitte Accountants B.V., have been presented to the Board of Directors. The financial statements and the report of the external auditor with respect to the audit of the financial statements were discussed by the Audit Committee and by the Board with the presence of the external auditor. The Board recommends that the Annual General Meeting of Shareholders adopts the 2010 financial statements included in this Annual Report and approves the proposal to pay a cash dividend in the amount of USD 0.08 per share subject to approval by the General Shareholders Meeting. This Annual Report is signed by all members of the Board of Directors.

Shareholder Information

Shareholder Information

2010 is the fourth 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. However, a slight improvement was registered in 2010.

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.

The GDR's price increased for the most part of 2010, reaching USD 3.5 in March last year, and USD 4.1, in February 2011. This appreciation was partly determined by the general trend registered on the main stock exchanges in 2010. Last year, Vimetco's GDR's fluctuated between USD 1.7 (low) and USD 3.5 (high).

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

Vimetco N.V. controls, directly and indirectly, more than 87% of Alro S.A. shares, which are listed on the Bucharest Stock Exchange under the ticker symbol ALR. Alro S.A. in turn owns 99.39% of Alum S.A. shares, which are listed on the RASDAQ platform of the Bucharest Stock Exchange under the ticker symbol BBGA. Vimetco N.V. indirectly holds 96.78% 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 2010 were:

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

Dividend policy

The Group intends to make distributions to its shareholders of approximately 20% of its consolidated income on average over the aluminium price cycle. Vimetco intends to pay a dividend in amount of USD 0.08 per share, subject to approval by the General Shareholders Meeting.

Financial calendar

Full year report 2010: 28 April 2011
Annual General Meeting: 22 June 2011
Half-year report 2011: 26 August 2011

Exchange rates

RON per USD 3.108
CNY per USD 6.770

For further information please contact: Florenta Ghita Premium Communication 0040740063116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Consolidated Financial Statements 2010
Vimetco NV

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income
for the year ended 31 December

in USD '000, except per share data

	Note	2010	2009
Sales	3	2,295,333	1,519,401
Cost of goods sold		-1,992,292	-1,263,141
Gross profit		**303,041**	**256,260**
General and administrative expenses	4	-115,106	-92,026
Restructuring charge		-137	-5,999
Impairment of property, plant and equipment	9	-865	-13,580
Impairment of goodwill	11	-	-6,747
Gain on disposal of associates	14	-	1,316
Share of result of associates	14	-838	-3,058
Other income	5	32,464	67,050
Other expenses	5	-28,972	-32,240
Operating profit / (loss)		**189,587**	**170,976**
Finance costs, net	6	-122,608	-76,014
Foreign exchange (loss) / gain		-15,768	-19,179
Profit / (loss) before income taxes		**51,211**	**75,783**
Income tax expense	7	-60,816	-12,486
Profit / (loss) for the year		**-9,605**	**63,297**

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income for the year ended 31 December

in USD '000, except per share data

	Note	2010	2009
Other comprehensive income / (expense):			
Translation adjustment		-12,425	-17,828
Gain / (loss) on cash flow hedges		-20,441	8,036
Related income tax		3,271	-1,286
Amounts of cash flow hedges recycled in income statement		17,300	-50,532
Related income tax		-2,768	8,085
Other comprehensive income / (expense) for the period, net of tax		**-15,063**	**-53,525**
Total comprehensive income / (expense) for the period		**-24,668**	**9,772**
Profit / (loss) attributable to:			
Shareholders of Vimetco N.V.		**-35,462**	**28,360**
Non-controlling interest		**25,857**	**34,937**
		-9,605	63,297
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-57,358**	**-18,719**
Non-controlling interest		**32,690**	**28,491**
		-24,668	9,772
Earnings per share			
Basic and diluted (USD)	8	-0.162	0.129

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

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at 31 December in USD '000

Assets	Note	2010	2009
Non-current assets			
Property, plant and equipment	9	2,283,538	1,951,037
Intangible assets	10	10,344	11,694
Goodwill	11	292,264	84,135
Mineral rights	12	268,513	-
Land use rights	13	58,265	55,651
Investments	14	27,749	18,061
Derivative financial instruments asset, non-current	27	5,276	-
Deferred tax asset	23	13,562	42,219
Other non-current assets		1,001	-
Total non-current assets		**2,960,512**	**2,162,797**
Current assets			
Inventories	15	371,599	308,252
Trade receivables, net	16	238,710	177,367
Accounts receivable from related parties	25	37,550	6,672
Current income tax receivable		1,796	557
Other current assets	17	212,443	130,094
Derivative financial instruments asset, current	27	39	1,439
Restricted cash	18	591,799	507,386
Cash and cash equivalents	18	186,993	167,498
Total current assets		**1,640,929**	**1,299,265**
Total assets		**4,601,441**	**3,462,062**

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

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at 31 December

in USD '000

Shareholders' Equity and Liabilities	Note	2010	2009
Shareholders' equity			
Share capital	19	27,917	27,917
Share premium		366,126	366,126
Other reserves		15,902	37,798
Retained earnings		212,224	183,864
Profit / (loss) for the year		-35,462	28,360
Equity attributable to shareholders of Vimetco N.V.		**586,707**	**644,065**
Non-controlling interest		430,905	273,583
Total equity		**1,017,612**	**917,648**
Non-current liabilities			
Bank and other loans	20	980,264	650,423
Loans from related parties	20, 25	172,981	172,981
Finance leases	20	1,631	4,026
Provisions	21	3,137	3,446
Post-employment benefit obligations	22	7,106	7,225
Other non-current liabilities		331	79
Derivative financial instruments	27	22,089	32,114
Deferred tax liabilities	23	96,857	14,565
Total non-current liabilities		**1,284,396**	**884,859**
Current liabilities			
Bank loans, overdrafts and other loans	20	836,883	817,034
Loans from related parties	20, 25	14,324	10,948
Finance leases	20	1,711	2,092
Trade and other payables	24	1,408,249	799,592
Trade and other payables to related parties	25	1,215	2,435
Provisions	21	46	2,326
Current income taxes payable		8,107	7,659
Derivative financial instruments	27	28,898	17,469
Total current liabilities		**2,299,433**	**1,659,555**
Total liabilities		**3,583,829**	**2,544,414**
Total shareholders' equity and liabilities		**4,601,441**	**3,462,062**

Consolidated Statements of Changes in Total Equity

Consolidated Statement of Changes in Total Equity

in USD '000

	Share capital	Share premium	Revaluation reserve	Hedging reserve	Hedging reserve - deferred tax
Balance at 1 January 2009	**27,917**	**366,126**	**47,721**	**-2,094**	**335**
Profit / (loss) for the year	**-**	**-**	**-**	**-**	**-**
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-38,544**	**6,167**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-38,544**	**6,167**
Non-controlling interests acquired in Vimetco Management Gmbh	-	-	-	-	-
Non-controlling interests acquired in Zhongfu Power	-	-	-	-	-
Non-controlling interests changed on share capital increase in Zhongfu Power	-	-	-	-	-
Non-controlling interests on acquisition of Shanghai Zhongfu Aluminium	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Allocation of prior year loss	-	-	-	-	-
Balance at 31 December 2009	**27,917**	**366,126**	**47,721**	**-40,638**	**6,502**
Profit / (loss) for the year	**-**	**-**	**-**	**-**	**-**
Total other comprehensive income / (expense)	**-**	**-**	**-**	**677**	***-109***
Total comprehensive income / (expense)	**-**	**-**	**-**	**677**	**-109**
Non-controlling interests acquired in Zhongfu Aluminum Product	-	-	-	-	-
Non-controlling interests acquired in Zhongshan Investment Holdings	-	-	-	-	-
Non-controlling interests acquired in Fanda Group	-	-	-	-	-
Non-controlling interests acquired in Dengcao Group	-	-	-	-	-
Dividend distribution	-	-	-	-	-
Appropriation of prior year profit	-	-	-	-	-
Balance at 31 December 2010	**27,917**	**366,126**	**47,721**	**-39,961**	**6,393**

The "revaluation reserve" pertains to the revaluation as part of the capital increase at Alro in 2005 when property, plant and equipment fair value uplifts and USD 27,023 goodwill were recognised (excluding amounts attributable to minority interests).

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

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

in USD '000

Translation reserve	Total other reserves	Retained earnings	Profit for the year	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total equity
38,915	**84,877**	**351,999**	**-165,268**	**665,651**	**281,374**	**947,025**
-	**-**	**-**	**28,360**	**28,360**	**34,937**	**63,297**
-14,702	**-47,079**	**-**	**-**	**-47,079**	**-6,446**	**-53,525**
-14,702	**-47,079**	**-**	**28,360**	**-18,719**	**28,491**	**9,772**
-	-	16	-	16	-110	-94
-	-	-2,074	-	-2,074	-27,204	-29,278
-	-	-809	-	-809	809	-
-	-		-	-	146	146
-	-	-	-	-	-9,923	-9,923
-	-	-165,268	165,268	-		-
24,213	**37,798**	**183,864**	**28,360**	**644,065**	**273,583**	**917,648**
-	**-**	**-**	**-35,462**	**-35,462**	**25,857**	**-9,605**
-22,464	**-21,896**	**-**	**-**	**-21,896**	**6,833**	**-15,063**
-22,464	**-21,896**	**-**	**-35,462**	**-57,358**	**32,690**	**-24,668**
-	-	-	-	-	29,544	29,544
-	-	-	-	-	11,079	11,079
-	-	-	-	-	14,525	14,525
-	-	-	-	-	77,465	77,465
-	-	-	-	-	-7,981	-7,981
-	-	28,360	-28,360	-	-	-
1,749	**15,902**	**212,224**	**-35,462**	**586,707**	**430,905**	**1,017,612**

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

The "retained earnings" comprise retained earnings of Vimetco N.V. and the cumulative retained earnings of its subsidiaries since acquisition date. The retained earnings available for distribution to the shareholders of Vimetco N.V. at 31 December 2010 amount to USD 89,147 (2009: USD 57,681). The remaining balance is not immediately available for distribution since it comprises retained earnings of subsidiaries which are subject to certain legal restrictions before they can be distributed to Vimetco N.V.

Consolidated Statement of Cash Flows

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

	Note	2010	2009
Cash flow from operating activities			
Profit / (loss) before income taxes		51,211	75,783
Adjustments for:			
Depreciation and amortisation		126,909	108,198
Interest and guarantee income	6	-14,820	-22,014
Net foreign exchange losses / (gains)		-15,318	1,660
(Gain) / loss on disposal of property, plant and equipment	5	-1,619	4,855
(Gain) on disposal of associates		-	-1,316
Impairment of goodwill	11	-	6,747
Impairment of property, plant and equipment	9	865	13,580
Charge / (Release) of provisions	21	-2,175	-6,180
Interest and guarantee expense	6	124,823	91,031
Share of result of associates	14	838	3,058
Effect of derivative financial instruments		24	-8,363
Changes in working capital:			
(Increase) / decrease in inventories		-61,278	9,074
(Increase) / decrease in trade receivables and other assets		-69,022	-25,638
Increase / (decrease) in trade and other payables		252,223	5,371
Income taxes paid		-31,737	-26,237
Interest paid		-137,886	-90,272
Net cash generated by operating activities		**223,038**	**139,337**

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

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 31 December

in USD '000

	Note	2010	2009
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-226,665	-222,154
Proceeds from sale of property, plant and equipment		10,086	1,333
Acquisition of associates	14	-9,771	-9,871
Acquisition of subsidiaries	26	-167,718	-30,162
Proceeds from sale of subsidiaries		-	399
Proceeds from sale of associates	14	-	28,985
Sale / (acquisition) of available-for-sale financial assets		-5,909	4,252
(Increase) / decrease in restricted cash		-41,101	-176,999
Interest received		9,907	10,140
Net cash used in investing activities		**-431,171**	**-394,077**
Cash flow from financing activities			
Proceeds from loans		1,400,158	1,123,593
Repayment of loans		-1,158,416	-794,908
Dividends paid		-7,705	-9,923
Net cash provided by financing activities		**234,037**	**318,762**
Net increase in cash and cash equivalents		**25,904**	**64,022**
Cash and cash equivalents at beginning of year		**167,498**	**101,561**
Effect of exchange rate differences on cash and cash equivalents		-6,409	1,915
Cash and cash equivalents at end of year		**186,993**	**167,498**

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

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. is listed on the London Stock Exchange since 2 August 2007. The Company and its subsidiaries (collectively referred to as "the Group") are a global, vertically integrated producer of primary and processed aluminium products. The aluminium operation in Romania has its customers primarily in Central and Eastern Europe.

Since October 2006, the Group expanded to China through the investment in Everwide Industrial Limited ("Everwide"), which is involved in the production of aluminium and energy in China. Everwide was acquired fully in June 2007. In July 2008 the Group invested in bauxite mining operations in Sierra Leone.

The Group's administrative and managerial offices are located in 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 59.4% of the shares of the Company and its registered office is at Landhuis Joonchi, Kaya Richard J. Beaujon Z/N, Curaçao, Netherlands Antilles. The other major shareholder is Willast Investments Limited, British Virgin Islands, which owns 10%. 26.5% are free floating on the London Stock Exchange and 4.1% are spread among other shareholders. The ultimate controlling entity in respect of 59.4% of the shares in the Company is Maxon Limited (Bermuda).

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 27 April 2011.

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in paragraph 2.30.

2.1.1 Standards and interpretations effective in 2010 that the Group has applied to these financial statements:

The following new and revised Standards and Interpretations are effective for annual period ending on 31 December 2010 and have affected the presentation or amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements that have had no effect on the amounts reported are set out in section 2.1.2.

- IFRS 3 (revised) Business combinations (effective from 1 July 2009), adopted by the EU on 3 June 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group has early adopted this standard for all business combinations occurring on or after 1 January 2009.

- IAS 27 (revised) Consolidated and separate financial statements (effective from 1 July 2009). The revised standard requires the effects of all transactions with noncontrolling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group has early adopted this standard for all business combinations occurring on or after 1 January 2009.

- Amendments to IAS 28 (as revised in 2008) Investments in Associates. The principle adopted under IAS 27(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to IAS 28; therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. The Group has early adopted this standard in 2009.

2.1.2 Amended Standards and Interpretations adopted with no effect on financial statements

- IFRS 1 (revised) First-time Adoption of IFRS adopted by the EU on 25 November 2009 (effective for annual periods beginning on or after 1 January 2010).

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters, adopted by the EU on 23 June 2010 (effective for annual periods beginning on or after 1 January 2010). The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.

- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions, adopted by the EU on 23 March 2010. The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2008). The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items, adopted by the EU on 15 September 2009. The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

- Improvements to IFRSs issued in 2009, adopted by the EU on 23 March 2010. The application of Improvements to IFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

2.1.3 Standards and Interpretations in issue not yet adopted

- IFRS 9, Financial instruments, issued in November 2009. This standard is the first step in the process to replace IAS 39, Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been adopted by the EU.

- IAS 24 Related Party Disclosures (as revised in 2009), adopted by the EU on 19 July 2010, modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the defintion of a related party may come within the scope of the Standard.

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on 30 June 2010. The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7.

- Amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets, not yet adopted by the EU, increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures.

- Amendments to IAS 12 Income Taxes" - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012). The amendment has not yet been adopted by the EU.

- Amendments to IAS 32 titled Classification of Rights Issues, adopted by the EU on 23 December 2009, address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

- Amendments to IFRIC 14 Prepayments of a minimum funding requirement, adopted by the EU on 19 July 2010. The amendments correct an unintended consequence of IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, adopted by the EU on 23 July 2010, provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature.

- Improvements to IFRSs (2010), adopted by the EU on 18 February 2011. The IASB issued amendments to various standards with various effective dates. Most of the amendments are effective for annual periods beginning on or after 1 January 2011.

The Group is evaluating the impact of the above pronouncements. The above changes are not expected to be material to the Group's earnings or to shareholders' funds.

2.2 Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of 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

Acquisitions of subsidiaries and businesses 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 cost of acquisition 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. Changes in the fair value of contingent consideration classified as equity are not recognised.

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 (2008) are recognised at their fair value at the acquisition date, except that:

- 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 the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; 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, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Generally, significant influence occurs when the Group has between 20% and 50% of the voting rights. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

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

Any excess of the cost of acquisition over the Group's share of the 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 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.

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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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 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.

2.7 Foreign currencies

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

In preparing the financial statements of the individual companies, transactions in currencies other than the entities' functional currency are recorded at the exchange rates prevailing at the date of the transactions. At 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 2.29 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.

2.8 Revenue recognition

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

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

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

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.

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 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 income statement over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under "other income".

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. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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

Equity incentive compensation scheme
The Group operates a cash-settled, share-based compensation plan for key management. A liability equal to the portion of the employee services received in exchange for the grant of global depository receipts ("GDRs") is recognised at the current fair value determined at the end of each reporting period. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.14 Income taxes

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

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

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

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

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

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

Deferred tax 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 realised, 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 liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

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

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

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

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

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.

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

2.17 Intangible assets

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

ii) Customer relationships
Customer relationships are recognised when acquired in the context of a business combination. Based on current experience of customer attrition, customer relationships are amortised using the straight-line method over 5 to 7 years and included in the statement of comprehensive income under the caption "general and administrative expenses".

iii) 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.

Capitalised exploration and evaluation expenditure is recorded at cost less impairment losses. Once an operating licence has been obtained, the respective exploration assets are amortised over the shorter of the life of the mine and the life of the mining licence. 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.

iv) 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.

2.18 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.

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.

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.

2.19 Mineral rights

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.

2.20 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.

2.21 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 by the first-in first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

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 noncurrent 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 2.28.

2.26 Provisions

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

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

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

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 amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the statement of comprehensive income in each accounting period. The amortisation of the discount is shown as a financing cost.

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 Mineral Rights. These costs are then depreciated over the estimated economic life of the operation on a units of production basis.

2.27 Guarantees

A liability is recorded for the fair value of a guarantee issued by the Group. Subsequent to initial measurement, the fair value assigned to the guarantee is reduced and recognised in the income statement as the Group is released from its risk under the guarantee, as appropriate.

2.28 Financial instruments

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Effective interest method

The effective interest method is a method of calculating the amortised 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 on 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

i) Financial assets at fair value through profit or loss (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 recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'finance costs, net' line item in the statement of comprehensive income. Fair value is determined in the manner described in Note 27.

ii) Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

iii) 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.

iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories and are stated at fair value. Fair value is determined in the manner described in Note 27. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. 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 recognised in profit or loss when the Group's right to receive the dividends is established.

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

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 listed and unlisted equity investments classified as AFS, 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, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- 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 of 60 days, 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 recognised 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, 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 recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised 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 recognised, the previously recognised 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 recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised 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 recognised in other comprehensive income and accumulated in equity is recognised 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 recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

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

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 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 recognised less, where appropriate, cumulative amortisation recognised 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 derecognised and the consideration paid and payable is recognised in profit or loss.

2.29 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 aluminium options are fair valued through profit or loss and are not designated by the Group as hedging instruments in hedge relationships. Further details of derivative financial instruments are disclosed in Note 27.

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

- hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 27. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, 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 recognised in profit or loss.

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.

ii) Cash flow hedge

The Group designates and qualifies as cash flow hedge accounting all its LME aluminium forward swaps agreements and forward foreign exchange contracts. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within “finance costs, net”.

Amounts previously recognised in other comprehensive income and accumulated in equity are recycled to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of hedges attributable to aluminium price risk are recognised in the statement of comprehensive income within "sales". The gain or loss relating to the effective portion of forward foreign exchange contracts which is recycled to profit or loss is reported within "foreign exchange (loss) / gain".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss.

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.

Further details of derivative financial instruments are disclosed in Note 27.

2.30 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

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 2,293,882 (2009: 1,962,731) after a reversal of impairment of USD -865 recognised during 2010 for property, plant and equipment (2009: USD -13,580). Details of the reversal of impairments are set out in Note 9.

ii) Determining whether goodwill is impaired requires an estimation of the value in use of the 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.

The carrying amount of goodwill at the end of the reporting period was USD 292,264 (2009: USD 84,135) after an impairment loss of USD nil was recognised during 2010 (2009: USD 6,747). Details of the impairment loss calculation are set out 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. 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 present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Additional information is disclosed in Note 22.

vi) Environmental and restructuring 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.

vii) Deferred taxes, see Note 23.

viii) Provisions and contingent liabilities, see Notes 21 and 28.

ix) Fair value of derivatives and other financial instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, for details see Note 27.

3. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. The Group's geographical segments are: China, Romania and Sierra Leone. A list of the principal companies included in each segment is shown in Note 30.

The Chinese operations are located in Gongyi, Zhengzhou and Linzhou, Henan Province. The integrated operations in China principally consist of primary aluminium production, processed aluminium production and thermal power generation. In 2010 the Group acquired 4 coal mines located in Henan Province, for details see Note 26.

The Group's operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary aluminium and processed aluminium. The captive alumina plant was restarted during 2009 as a further step in the vertical integration strategy of the Group.

In Sierra Leone the Group operates a bauxite mine under a mining lease with the Government of Sierra Leone. Until November 2010 the mining had been performed by a 3rd party. Starting November 2010, the mining process was taken over by the Group with the purpose of improving the efficiency of operations.

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.

Management monitors interest income and expense on a net basis.

Segment revenues and results for the years ended 31 December 2010 and 2009 were as follows:

	China	Romania	Sierra Leone	Inter-segment transactions	Reconciliation to Group	Total
2010						
Sales	1,704,874	589,308	30,273	-29,122	-	2,295,333
Cost of goods sold	-1,575,872	-415,233	-28,910	29,122	-1,399	-1,992,292
Gross profit / (loss)	**129,002**	**174,075**	**1,363**	**-**	**-1,399**	**303,041**
General and administrative expenses	-50,817	-54,796	-1,159	-	-8,334	-115,106
Restructuring charge	-	-137	-	-	-	-137
(Charge)/Reversal of impairment of property, plant and equipment	-1,477	811	-	-	-199	-865
Impairment of goodwill	-	-	-	-	-	-
Share of result of associates	-838	-	-	-	-	-838
Other income / (expenses)	11,373	-6,326	-1,572	-	17	3,492
Operating profit / (loss)	**87,243**	**113,627**	**-1,368**	**-**	**-9,915**	**189,587**
Interest income	8,869	840	-	-	19	9,728
Interest expense	-115,235	-10,078	-1,768	-	7,090	-119,991
Other financial income / (expense) (net)	5,599	-28,743	109	-	-5,078	-28,113
Profit / (loss) before income taxes	**-13,524**	**75,646**	**-3,027**	**-**	**-7,884**	**51,211**
Income tax expense	-42,634	-18,179	-	-	-3	-60,816
Profit / (loss) for the year	**-56,158**	**57,467**	**-3,027**	**-**	**-7,887**	**-9,605**
Additional information						
Capital expenditure (incl. intangible assets)	230,450	22,870	13,653	-	49	267,022
Depreciation and amortisation	92,148	32,337	2,269	-	155	126,909
Average number of employees	9,475	3,444	338	-	9	13,266

in USD 000 except where otherwise mentioned

	China	Romania	Sierra Leone	Inter-segment transactions	Reconciliation to Group	Total
2009						
Sales	978,899	526,564	17,678	-3,740	-	1,519,401
Cost of goods sold	-854,462	-394,093	-18,326	3,740	-	-1,263,141
Gross profit	**124,437**	**132,471**	**-648**	**-**	**-**	**256,260**
General and administrative expenses	-31,644	-47,042	-304	-	-13,036	-92,026
Restructuring charge	-	-5,999	-	-	-	-5,999
(Charge)/Reversal of impairment of property, plant and equipment	-22,436	8,856	-	-	-	-13,580
Impairment of goodwill	-	-	-6,747	-	-	-6,747
Share of result of associates	-3,058	-	-	-	-	-3,058
Other income / (expenses)	22,064	6,416	-979	-	8,625	36,126
Operating profit / (loss)	**89,363**	**94,702**	**-8,678**	**-**	**-4,411**	**170,976**
Interest income	7,369	1,711	1	-	29	9,110
Interest expense	-75,632	-11,598	-1,759	-	5,604	-83,385
Other financial income / (expense) (net)	3,830	-26,809	-25	-	2,086	-20,918
Profit / (loss) before income taxes	**24,930**	**58,006**	**-10,461**	**-**	**3,308**	**75,783**
Income tax expense	-2,571	-9,915	-	-	-	-12,486
Profit / (loss) for the year	22,359	**48,091**	**-10,461**	**-**	**3,308**	**63,297**
Additional information						
Capital expenditure (incl. intangible assets)	238,542	12,131	1,160	-	24	251,857
Depreciation and amortisation	69,696	36,403	1,944	-	155	108,198
Average number of employees	6,613	3,340	-	-	20	9,973

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:

	2010	2009
China	1,628,806	978,899
Romania	122,117	113,115
Other European Union countries	463,207	376,406
Other European countries	37,812	24,054
USA	10,909	10,199
Other countries	32,482	16,728
Total	**2,295,333**	**1,519,401**

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

	2010	2009
Bauxite	1,151	13,938
Primary aluminium	1,781,910	1,125,275
Processed aluminium	315,705	208,367
Coal	32,389	-
Other products	164,178	171,821
Total	**2,295,333**	**1,519,401**

in USD 000 except where otherwise mentioned

Segment assets and liabilities at 31 December 2010 and 2009 are as follows:

	China	Romania	Sierra Leone	Reconciliation to Group	Total
31 December 2010					
Investments in associates	27,749	-	-	-	27,749
Other non-current assets allocated	2,283,113	303,318	40,459	194	2,627,084
Total assets	**3,924,714**	**645,406**	**46,257**	**-14,936**	**4,601,441**
Total liabilities	**3,365,828**	**313,290**	**29,414**	**-124,703**	**3,583,829**
31 December 2009					
Investments in associates	18,060	-	-	-	18,060
Other non-current assets allocated	1,726,117	388,857	29,191	572	2,144,737
Total assets	**2,749,388**	**667,351**	**41,677**	**3,646**	**3,462,062**
Total liabilities	**2,280,101**	**320,379**	**21,807**	**-77,873**	**2,544,414**

4. General and administrative expenses

	2010	2009
Personnel costs	-46,589	-36,854
Third-party services	-24,055	-19,981
Depreciation and amortisation	-11,263	-11,387
Taxes other than income taxes	-7,955	-6,886
Marketing and public relations	-6,356	-3,749
Provision for doubtful receivables (trade and other)	-407	2,231
Other general and administrative expenses	-18,481	-15,400
Total	**-115,106**	**-92,026**

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

5. Other income and expenses

	2010	2009
Other income		
Receipt from a legal case	-	4,070
Reimbursements from insurance claims	266	-
Government grants	17,671	24,998
Other income	6,813	19,463
Net gain on disposal of property, plant and equipment	1,619	-
Sale of emission rights	6,095	18,519
Total other income	**32,464**	**67,050**
Other expenses		
Payment resulting from a legal case	-16,142	-
Idle plants maintenance expenses	-10,816	-25,079
Net loss on disposal of property, plant and equipment	-	-4,855
Other expenses	-2,014	-2,306
Total other expenses	**-28,972**	**-32,240**

Government grants represent mainly compensation for replacing old facilities, bonuses for local development and awards for applying advanced technical knowhow received from the government of China.

Other income include release of provision in amount of USD 2,175 of which USD 1,932 represents reduction resulting from utilization of provision for Alum waste dump (see Note 21).

During 2008-2009 Alum has been closed for a technological overhaul, which resulted in its costs being classified under other expenses in the period subsequent to the closure of the factory for modernisation. These include depreciation of USD nil (2009: USD -5,806). The costs incurred by Alum during the modernisation period were presented as "Idle plants maintenance expenses".

Payment resulting from a legal case represents the settlement terminating the arbitration commenced by the calcinated alumina supplier claiming damages in respect of the repudiation of a contract.

"Idle plants maintenance expenses" include also the maintenance expenses incurred for the idle plants held by the Group's subsidiaries. These include depreciation of USD -10,816 (2009: USD -8,733).

in USD 000 except where otherwise mentioned

6. Finance costs

	2010	2009
Interest income	9,728	9,110
Interest expense	-107,046	-67,930
Interest expense to related parties (Note 25)	-12,945	-15,455
Finance guarantee income	5,092	12,904
Finance guarantee expense	-4,832	-7,646
Bank charges	-11,368	-5,338
Other financial costs (net)	-1,237	-1,659
Total	**-122,608**	**-76,014**

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 20,750 (2009: USD 23,238) based on average interest rates of 7.2% (2009: 6.9%).

There were no ineffectiveness of cash flow hedges recognised in profit or loss during 2010 and 2009.

7. Income tax expense

	2010	2009
Current income tax	-30,794	-21,004
Deferred income tax (Note 23)	-30,022	8,518
Total	**-60,816**	**-12,486**

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

	2010	2009
Profit / (loss) before income taxes	51,211	75,783
Expected weighted average income tax rate for the Group	23.9%	22.4%
Expected income tax expense	-12,239	-16,973
Difference between expected and actual tax rates of subsidiaries	-16,627	-17,201
Goodwill impairment	-	-1,687
Non-taxable income	15,599	18,168
Non-deductible expenses	-12,499	-4,156
Capitalisation of previously unrecognised tax losses	4,277	6,658
Unused tax losses not recognised as deferred tax assets	-16,543	-621
Adjustments recognised in relation to the current tax of prior years	-22,852	1,702
Other adjustments	68	1,625
Total income tax expense	**-60,816**	**-12,486**

The weighted average applicable tax rate was 23.9% (2009: 22.4%). The increase is caused by a change in the profitability and expiry of tax reductions for some subsidiaries in China.

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

Under the non-deductible items, an amount of USD 6,625 is recorded relating to amendments of Romanian legislation regarding the fiscal depreciation terms of fixed assets.

Adjustments recognised in relation to the current tax of prior years of USD 22,852 include reversal of unused tax losses recognised as deferred tax assets in prior periods in amount of USD 15,734.

8. Earnings per share

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

	2010	2009
Profit / (loss) for the year attributable to shareholders of Vimetco N.V.	-35,462	28,360
Weighted average number of ordinary shares outstanding during the year	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.162	0.129

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

9. Property, plant and equipment

	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Cost						
Balance at 1 January 2009	**29,542**	**471,074**	**1,476,194**	**99,932**	**440,228**	**2,516,970**
Additions	-	939	3,945	1,259	244,974	251,117
Acquisition /disposal of subsidiaries	-	-439	-68	-2	-3,171	-3,680
Disposals	-	-5,934	-36,958	-12,651	-23	-55,566
Transfers between categories	-	82,462	391,887	2,448	-476,797	-
Translation adjustment	-1,026	-9,711	-18,439	-3,915	-1,081	-34,172
Balance at 31 December 2009	**28,516**	**538,391**	**1,816,561**	**87,071**	**204,130**	**2,674,669**
Additions	3	2,613	15,676	21,134	226,293	265,719
Acquisition /disposal of subsidiaries	-	127,584	29,635	5,982	14,399	177,600
Disposals	-	-4,622	-40,754	-7,769	-606	-53,751
Transfers between categories	-	118,343	165,125	10,442	-294,827	-917
Translation adjustment	-2,388	-8,948	2,567	-7,205	2,902	-13,072
Balance at 31 December 2010	**26,131**	**773,361**	**1,988,810**	**109,655**	**152,291**	**3,050,248**

in USD 000 except where otherwise mentioned

Accumulated depreciation and impairment

	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Balance at 1 January 2009	**-**	**-185,840**	**-416,638**	**-77,583**	**-**	**-680,061**
Additions	-	-18,996	-75,061	-7,509	-	-101,566
Disposals	-	5,691	32,052	11,324	-	49,067
Impairment charge for the period	-	-	-22,436	-		-22,436
Reversal of impairment	-	2,028	2,703	4,125	-	8,856
Transfers between categories	-	-23	-24	47	-	-
Translation adjustment	-	6,570	12,670	3,267	1	22,508
Balance at 31 December 2009	**-**	**-190,570**	**-466,734**	**-66,329**	**1**	**-723,632**
Additions	-	-26,279	-90,865	-7,870	-	-125,014
Acquisition /disposal of subsidiaries	-	-	-	-	-	-
Disposals		3,438	34,404	2,645	-	40,487
Impairment charge for the period	-	-60	-1,477	-664	-	-2,201
Reversal of impairment	-	243	597	496	-	1,336
Transfers between categories	-	-252	252	-	-	-
Translation adjustment	-	14,078	22,272	5,965	-1	42,314
Balance at 31 December 2010	**-**	**-199,402**	**-501,551**	**-65,757**	**-**	**-766,710**
Net book value						
Balance at 31 December 2009	**28,516**	**347,821**	**1,349,827**	**20,742**	**204,131**	**1,951,037**
Balance at 31 December 2010	**26,131**	**573,959**	**1,487,259**	**43,898**	**152,291**	**2,283,538**

Leased assets included above have a net book value of USD 1,673 and USD 2,273 as at 31 December 2010 and 2009 respectively.

Bank borrowings are secured by "property, plant and equipment" in the amount of USD 719,000 (2009: USD 500,604).

Capital expenditure (additions) includes capitalised interest amounting to USD 20,750 (2009: USD 23,238) based on average interest rates of 7.2% (2009: 6.9%).

Of the total impairment charge of USD 2,201, an amount of USD 1,510 (2009: USD 22,436) was recognised for old power plants for which government grants were received from the government of China (see Note 5).

The reversal of impairment relates mainly to Alum in amount of USD 812 (2009: USD 7,522), which restarted the calcinated alumina production in 2009 after the upgrading and reorganization program.

10. Intangible assets

	Software	Customer relationships	Exploration assets	Other intangible assets	Total
Cost					
Balance at 1 January 2009	**5,742**	**9,994**	**3,632**	**1,836**	**21,204**
Additions	212	-	-	528	740
Transfers between categories	159	-	-	-159	-
Translation adjustment	-178	10	-	-50	-218
Balance at 31 December 2009	**5,935**	**10,004**	**3,632**	**2,155**	**21,726**
Additions	512	-	-	184	696
Acquisition of subsidiaries	10	-	-	408	418
Disposals	-274	-	-	-5	-279
Transfers from property, plant and equipment	912	-	-	5	917
Translation adjustment	-446	310	-	-173	-309
Balance at 31 December 2010	**6,649**	**10,314**	**3,632**	**2,574**	**23,169**
Amortisation					
Balance at 1 January 2009	**-2,481**	**-2,223**	**-312**	**-861**	**-5,877**
Additions	-1,474	-1,673	-541	-502	-4,190
Translation adjustment	27	-3	-	11	35
Balance at 31 December 2009	**-3,928**	**-3,899**	**-853**	**-1,352**	**-10,032**
Additions	-889	-1,689	-537	-110	-3,225
Disposals	150	-	-	3	153
Transfers between categories	63	-	-	-63	-
Translation adjustment	322	-158	-	115	279
Balance at 31 December 2010	**-4,282**	**-5,746**	**-1,390**	**-1,407**	**-12,825**
Net book value					
Balance at 31 December 2009	**2,007**	**6,105**	**2,779**	**803**	**11,694**
Balance at 31 December 2010	**2,367**	**4,568**	**2,242**	**1,167**	**10,344**

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

in USD 000 except where otherwise mentioned

11. Goodwill

Cost	
Balance at 1 January 2009	324,979
Translation adjustment	-1,685
Balance at 31 December 2009	**323,294**
Additions	206,025
Translation adjustment	7,704
Balance at 31 December 2010	**537,023**
Impairment	
Balance at 1 January 2009	-232,713
Additions	-6,747
Translation adjustment	301
Balance at 31 December 2009	**-239,159**
Additions	-
Translation adjustment	-5,600
Balance at 31 December 2010	**-244,759**
Net book value	
Balance at 31 December 2009	**84,135**
Balance at 31 December 2010	**292,264**

Impairment tests for goodwill

The goodwill is allocated to the cash-generating units at 31 December 2010 and 2009 as follows (after additions and impairment):

	2010	2009
China	237,902	26,487
Romania	49,763	53,049
Sierra Leone	4,599	4,599
Total	**292,264**	**84,135**

China

In 2010 the recoverable amount of goodwill allocated to cash generating unit China is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of 13.4% per annum (2009: 15.9%). The cash flows beyond that five-year period have been extrapolated using a steady 5% (2009: nil) per annum growth rate.

The key assumptions used in the value in use calculations for the cash-generating unit China are as follows: EBITDA margin of 11%, growth rate of 3% per year and 5% growth beyond the five-year period. The directors believe that the planned growth per year for the next five years is reasonably achievable.

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

Romania

In 2010 the recoverable amount of cash-generating unit Romania is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of 16.3% per annum (2009: 17.0%). The cash flows beyond that five-year period have been extrapolated using a 1.5% (2009: nil) 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 of 22%, growth rate of 3% per year and 1.5% growth beyond the five-year period.

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

in USD 000 except where otherwise mentioned

Sierra Leone

The recoverable amount of Sierra Leone operations has been 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 discount rate of 17.1% per annum (2009: 21.6% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 1.6% (2009: nil) per annum growth rate.

The key assumptions used in the value in use calculations for the cash-generating unit Sierra Leone are as follows: EBITDA margin of 17% and growth rate of 1.6% beyond the five-year period.

The recoverable amount calculated based on value in use exceeded carrying value by USD 136 and any adverse movement in a key assumption would lead to goodwill impairment.

12. Mineral rights

Cost	
Balance at 1 January 2009	-
Balance at 31 December 2009	**-**
Acquisition of subsidiaries (Note 26)	264,648
Additions	453
Translation adjustment	5,877
Balance at 31 December 2010	**270,978**
Amortisation	
Balance at 1 January 2009	-
Balance at 31 December 2009	**-**
Additions	-2,410
Translation adjustment	-55
Balance at 31 December 2010	**-2,465**
Net book value	
Balance at 31 December 2009	**-**
Balance at 31 December 2010	**268,513**

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

13. Land use rights

Cost	
Balance at 1 January 2009	56,995
Additions	1,376
Translation adjustment	56
Balance at 31 December 2009	**58,427**
Acquisition of subsidiaries	2,026
Additions	154
Translation adjustment	1,859
Balance at 31 December 2010	**62,466**
Amortisation	
Balance at 1 January 2009	-1,512
Additions	-1,262
Translation adjustment	-2
Balance at 31 December 2009	**-2,776**
Acquisition of subsidiaries	-
Additions	-1,312
Translation adjustment	-113
Balance at 31 December 2010	**-4,201**
Net book value	
Balance at 31 December 2009	**55,651**
Balance at 31 December 2010	**58,265**

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

in USD 000 except where otherwise mentioned

14. Investments

Details of the carrying values of the Group's investments at 31 December 2010 and 2009 are set out below:

Company	Type of investment	2010	2009
Henan Yonglian Coal Industry Co., Ltd	Associate - equity method	14,291	13,949
Datang Gongyi Yulian Power Co., Ltd (i)	Associate - equity method	2,220	1,076
Datang Linzhou Thermal Power Co., Ltd (ii)	Associate - equity method	10,397	1,465
Henan Yellow River Heluo Water Supply Co., Ltd	Associate - equity method	797	774
Henan Zhongfu Thermal Power Co., Ltd	Associate - equity method	44	797
Total associated companies		**27,749**	**18,061**

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

Company	2010	2009
Henan Non-Ferrous Metal Holdings Co., Ltd (iii)	-	-2,858
Henan Yonglian Coal Industry Co., Ltd (iv)	-78	-19
Datang Gongyi Yulian Power Co., Ltd	-	-
Datang Linzhou Thermal Power Co., Ltd	-	-
Henan Yellow River Heluo Water Supply Co., Ltd	-	-
Henan Zhongfu Thermal Power Co., Ltd	-760	-181
Total share of the results of associates	**-838**	**-3,058**

(i) In April and October 2010 the Group increased its contribution in Datang Gongyi Yulian Power Co., Ltd by USD 443 and USD 643, respectively, maintaining constant its shareholding of 49% in the mentioned entity.

(ii) In December 2010 the group increased its contribution in Datang Linzhou Thermal Power Co., Ltd by USD 8,685, maintaining constant its shareholding of 20% in the mentioned entity.

(iii) During 2009 the Group sold almost entirely the stake it held in Henan Non-Ferrous Metal Holdings Co., Ltd, retaining still 0.31% of the entity as of 31 December 2009. The selling price was established with the reference to the fair value of its net assets and amounted USD 28,985. The remaining stake was classified as available-for-sale financial asset and presented under "Other current assets".

	2009
Acquisition cost of the disposed stake	28,985
Share of cummulative losses until the disposal date	-1,316
Total value at the disposal date	27,669
Consideration received	28,985
Gain on disposal	**1,316**

(iv) In March and June 2009 the Group increased the investment in Henan Yonglian Coal Industry Co., Ltd with the amount of USD 7,576 by participating to the increase in the associate's share capital and maintaining its shareholding of 45% in the entity.

Summarised financial data for the associated companies at 31 December 2010 and 2009 and for the years then ended is set out below:

	2010	2009
Total assets	338,876	136,042
Total liabilities	-248,724	-92,142
Net assets	**90,152**	**43,900**
Group's share of net assets of associates	**27,749**	**18,060**
Total sales	2,126	52,377
Result for the period	-1,724	-20,454
Group's share of result of associates	**-838**	**-3,058**

Cash consideration paid for the acquisition and increase of investments in associates amounted USD 9,771 (2009: USD 9,871).

15. Inventories

	31 December	
	2010	2009
Raw and auxiliary materials	174,676	167,876
Work in progress	133,549	95,773
Finished goods	65,997	49,610
Less: Provision for obsolescence	-2,623	-5,007
Total	**371,599**	**308,252**

in USD 000 except where otherwise mentioned

The movements in the provision for obsolescence are as follows:	2010	2009
Balance at 1 January	-5,007	-55,465
Credit to cost of goods sold	1,981	46,459
Utilisations and other movements	-	1,793
Translation adjustment	403	2,206
Balance at 31 December	**-2,623**	**-5,007**

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

Credit to cost of goods sold in amount of USD 1,981 (2009: USD 46,459) relates to the reversal of 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 1,138,422 (2009: USD 823,194).

16. Trade receivables, net

	31 December	
	2010	2009
Trade accounts receivable	73,950	42,239
Bills of exchange	166,467	136,605
Provision for doubtful receivables	-1,707	-1,477
Total	**238,710**	**177,367**

The Group exposure to concentration of credit risk did not increase significantly at the end of 2010 compared to 2009. As at 31 December 2010, the highest 4 trade receivables accounted for roughly 42% (2009: 40%) of the net trade receivable balance (excluding bills of exchange). The total balance for these four debtors is USD 30,349 (2009: USD 18,974).

Bills of exchange include USD 120,434 (2009: 93,852) representing bills receivable discounted with recourse received from one of the main customers of the Group. In 2010 two clients individually accounted for more than 5% of the Group's sales, i.e.% 11.5% and 7.0% respectively (in 2009: one client: 9.8%).

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

The amount available to factor under the agreements at 31 December 2010 was approximately USD 73,000 (2009: USD 86,000) of which approximately USD 39,000 (2009: USD 27,000) was utilised.

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

Movements in the provision for doubtful receivables are as follows:	2010	2009
Balance at 1 January	-1,477	-3,350
(Charge) / credit to general and administrative expenses	-409	1,641
Utilisations and other movements	150	160
Translation adjustment	29	72
Balance at 31 December	**-1,707**	**-1,477**

	31 December	
Trade receivables past due but not impaired at 31 December are as follows:	2010	2009
Up to 3 months	45,486	12,962
3 to 6 months	542	107
Over 6 months	3,032	25
Total	**49,060**	**13,094**

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

	31 December	
Ageing of impaired trade receivables:	2010	2009
Up to 3 months	-	-
3 to 6 months	8	5
Over 6 months	1,699	1,472
Total	**1,707**	**1,477**

in USD 000 except where otherwise mentioned

17. Other current assets

	31 December	
	2010	2009
Advances to suppliers	73,398	58,631
VAT receivable	52,607	23,634
Prepayments	271	261
Other debtors	58,236	25,590
Provision for doubtful debtors	-2,289	-877
Receivable in connection with LME aluminium swaps	32	1,759
Available for sale financial assets	7,180	1,106
Other current assets	23,008	19,990
Total	**212,443**	**130,094**

Advances to suppliers primarily relate to investment deposits and amounts advanced to suppliers for raw materials such as alumina, coal and other production materials (at 31 December 2009, they related mainly to advances to suppliers of energy).

18. Cash and cash equivalents

	31 December	
	2010	2009
Restricted cash	591,799	507,386
Cash at banks and in-hand	177,862	167,175
Cash equivalents	9,131	323
Cash and cash equivalents	186,993	167,498
Total cash	**778,792**	**674,884**

Restricted cash represents amounts:

- pledged to banks to guarantee repayments of bills of exchange issued by the Group;
- held in bank accounts as restricted cash with the purpose of financing the construction of a new flat rolled products plant in China;
- held in escrow and classified as restricted cash as a guarantee under the provisions of a loan agreement. The guarantee represents estimated interest expenses to be paid by the Company within the following 15 months.

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:

	2010	2009
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.

Incentive compensation scheme ("ICS")
The Group granted restricted share units ("RSUs") and cash to its key management personnel. RSUs represent the unsecured right to receive a global depository receipt ("GDR") free of charge.

The grant under the ICS was made in connection with the Initial Public Offering in 2007. The RSUs are not transferable. The cash component of the ICS was fully payable within a five-month period after the end of the calendar year. The RSUs themselves will generally vest, subject to exception, over five years in equal instalments (i.e. 20% on each anniversary until the fifth anniversary, on which date 100% is vested). The RSUs entitle the holder to an equal number of GDRs. The Group can elect to settle the respective amounts in cash.

No RSUs were granted in 2010 (2009: no RSUs granted).

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

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

	2010	2009
Balance of RSUs at 1 January	98,494	157,591
Granted during the period	-	-
Vested during the period	-32,832	-32,832
Lapsed during the period	-	-26,265
Balance of RSUs at 31 December	65,662	98,494
Expected number of RSUs to vest over the remaining vesting period	65,662	98,494
Weighted average fair value of an unvested RSU for which service has been received (in USD)	0.06	0.11
Liability recognised for unvested RSUs for which service has been received	0.4	0.9

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

in USD 000 except where otherwise mentioned

20. Borrowings

	31 December 2010	31 December 2009
Long-term borrowings		
Long-term bank loans	857,002	716,111
Less: Short-term portion of long-term bank loans	-67,907	-109,893
Bank loans	**789,095**	**606,218**
Other loans	191,169	44,205
Bank and other loans	**980,264**	**650,423**
Loans from related parties (Note 25)	172,981	172,981
Finance leases	1,631	4,026
Total long-term borrowings	**1,154,876**	**827,430**
Short-term borrowings		
Short-term bank loans and overdrafts	596,244	582,268
Short-term portion of long-term bank loans	67,907	109,893
Bank loans and overdrafts	**664,151**	**692,161**
Other loans	172,732	124,873
Bank loans, overdrafts and other loans	**836,883**	**817,034**
Loans from related parties (Note 25)	14,324	10,948
Finance leases	1,711	2,092
Total short-term borrowings	**852,918**	**830,074**
Total borrowings	**2,007,794**	**1,657,504**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks in amount of USD 120,434 (2009: 93,852), for details see Note 16.

Bank borrowings mature until 2023 and have born interest at annual interest rates between 0.97% and 14.93% (2009: between 1.23% and 15.39%).

At 31 December 2010, 51% of the Company's shares in Alro (2009: 51% of the Company's shares in Alro and Everwide) are pledged as collateral for the Group's borrowings.

In August 2010 the Company signed a loan agreement with Raiffeisen Bank for a total long term financing in amount of USD 75,000. The loan was used for refinancing current facilities and has a maturity period of 5 years.

According to the existing borrowing agreements the Company is subject to certain restrictive covenants. These covenants require the Company 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.

In August 2010 one of the Group's subsidiaries signed a syndicated loan agreement in amount of USD 180,000 with European Bank for Reconstruction and Development ("EBRD") that refinanced most of the subsidiary's existing debt. The EBRD retained USD 75,000 on its account, with USD 105,000 syndicated to commercial banks.

The Group was not in breach of covenants as at 31 December 2010. In 2009 the Group has amended a USD 135 million loan facility with an outstanding balance of USD 52,500 (including USD 22,500 due over 1 year) via an amendment dated 16 March 2010 with the lenders of the facility. The amendment changed one of the covenants i.e. the Tangible Net Worth ratio from 50% to 40% with effect from 30 December 2009, for the covenant computation on 31 December 2009. The Company's ongoing borrowing costs under the facility remained the same. According to IFRS the non-current portion was reclassified as due in less than 1 year. The loan was reclassified as non-current in 2010.

Bank and other borrowings include secured liabilities of USD 345,463 (2009: USD 756,393). These borrowings are secured by property, plant and equipment of the Group in the amount of USD 719,000 (2009: USD 500,604) (Note 9), by inventory amounting to USD 114,605 (2009: 26,133), by 30.5% (2009: 50.1%) 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 price at 31 December 2010 and 2009 was higher than the level stated in the loan contracts.

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

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

The Group has the following undrawn borrowing facilities:

	31 December	
	2010	**2009**
EUR denominated floating rate (EUR '000)		
Expiring within 1 year	-	-
Until further notice	-	1,611
Total	**-**	**1,611**
USD denominated floating rate (USD '000)		
Expiring within 1 year	-	4,138
Expiring beyond 1 year	10,000	-
Until further notice	-	359
Total	**10,000**	**4,497**
CNY denominated floating rate (CNY '000)		
Expiring within 1 year	1,000,000	-
Expiring within 2 years (2011/9)	-	1,200,000
Total	**1,000,000**	**1,200,000**

in USD 000 except where otherwise mentioned

The minimum lease payments for finance leases are set out below:	2010	2009
Lease installments falling due:		
Within 1 year	1,865	2,268
1 to 5 years	1,729	4,406
After 5 years	-	-
Total lease installments	3,594	6,674
Less: Future finance charges	-252	-556
Present value of lease obligations	3,342	6,118
Thereof:		
Short-term finance lease obligations (less than 1 year)	1,711	2,092
Long-term finance lease obligations (2 to 5 years)	1,631	4,026

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 1,673 and USD 2,273 as at 31 December 2010 and 2009 respectively.

21. Provisions

	Provision for Alum waste dump	Restructuring	Other provisions	Total
Balance at 1 January 2009	**4,160**	**4,899**	**3,547**	**12,606**
Additional provisions recognised	-	-	363	363
Release of provision	-1,851	-	-138	-1,989
Utilisation	-	-4,554	-	-4,554
Translation adjustment	-216	-345	-93	-654
Balance at 31 December 2009	**2,093**	**-**	**3,679**	**5,772**
Thereof:				
Current	2,093	-	233	2,326
Non-current	-	-	3,446	3,446
Additional provisions recognised	-	-	47	47
Release of provision	-1,932	-	-290	-2,222
Utilisation	-	-	-	-
Translation adjustment	-161	-	-253	-414
Balance at 31 December 2010	**-**	**-**	**3,183**	**3,183**
Thereof:				
Current	-	-	46	46
Non-current	-	-	3,137	3,137

The provision for Alum waste dump was recognised in 2005 for the closure of the Red Lake waste dump: based on an Agreement with the National Environmental Agency, the Red Lake waste dump had to be partially closed by the end of 2010 and starting with 1 January 2011 the red waste dump has been deposited in solid form. On 31 December 2008 the provision was calculated based on an independent valuation report and included expected materials and the contractors' costs. On 31 December 2009 the provision was reassessed based on the contracts already concluded for the partial closing of the red mud lake.

In 2010 the above mentioned environmental compliance works were finalized, so the provision of USD 1,932 was released through Other income (see Note 5).

The other provisions cover various operating risks, among which litigations arising from civil cases claiming payments for their inventions.

22. Post-employment benefit obligations

Defined contribution plans
The employees of the Group are members of state-managed retirement benefit plans operated by the local government. The Group contributes a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The 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 11,969 were recognized as expense in the income statement (2009: USD 11,142).

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

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2010 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:

	2010	2009
Discount rate (%)	6.87	9.51
Expected rate of salary increase (%)	5.14	4.00
Expected inflation rate (%)	3.50	4.00

in USD 000 except where otherwise mentioned

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

	2010	2009
Current service cost	-208	-194
Interest cost on obligation	-472	-542
Actuarial gains / (losses) recognised in the year	120	19
Past service cost	-	-
Total expense	**-560**	**-717**

The expense on current service cost and actuarial gains for the year are included in the statement of comprehensive income as Cost of goods sold and interest cost on obligation as Finance costs, net.

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

	31 December	
	2010	2009
Present value of defined benefit obligation	6,384	5,219
Net actuarial gains / (losses) not recognised	722	2,006
Net liability from defined benefit obligation	**7,106**	**7,225**

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

	2009	2008
Balance at 1 January	7,225	7,135
Current service cost	208	194
Interest cost	472	542
Actuarial losses / (gains) recognised in the year	-120	-19
Past service cost	-	-
Benefits paid	-69	-393
Translation adjustment	-610	-234
Balance at 31 December	**7,106**	**7,225**

	2010	2009
Total actuarial gains / (losses) in the period	-1,163	1,146
Thereof experience adjustment	-352	504

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 2010		31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	3,140	40,912	12,306	12,580
Intangible assets	-	1,142	14	1,526
Mineral rights	-	62,266	-	-
Investments	-	-	555	-
Inventories	2,035	31	503	-
Trade receivables and other current assets	640	811	465	253
Borrowings	-	849	-	54
Provisions and other liabilities	10,404	610	10,760	445
Gross deferred tax assets / liabilities	16,219	106,621	24,603	14,858
Capitalisation of tax loss carryforwards	7,107	-	17,909	-
Offset of deferred tax assets and liabilities	-9,764	-9,764	-293	-293
Net deferred tax assets and liabilities as disclosed in the statement of financial position	**13,562**	**96,857**	**42,219**	**14,565**
Net deferred (asset) / liability		83,295		-27,654

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

	2010	2009
Balance at 1 January	-27,654	-12,964
Charge / (credit) to income statement (Note 7)	30,022	-8,518
Charge / (credit) to equity	-502	-6,799
Acquisition of subsidiaries	78,222	-
Other	-	-4
Translation adjustment	3,207	631
Balance at 31 December	**83,295**	**-27,654**

in USD 000 except where otherwise mentioned

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

	31 December	
	2010	**2009**
China	28,527	-
Romania	863	7,498
The Netherlands	6,083	5,942
Sierra Leone	2,575	2,553
Total	**38,048**	**15,993**

	31 December	
Tax loss expiring	**2010**	**2009**
Within 1 year	-	1,860
1 - 2 years	294	4,525
2 - 5 years	33,107	5,133
More than 5 years	4,647	4,475
Total	**38,048**	**15,993**

24. Trade and other payables

	31 December	
	2010	**2009**
Trade accounts payable	197,530	90,995
Bills of exchange	742,721	509,178
Liabilities for capital expenditure	95,591	59,530
Customer deposits	98,364	79,345
Consideration payable for acquisition of subsidiaries	179,246	-
Wages and social security, including taxes	13,509	6,202
Sales and other taxes payable	4,300	2,678
Financial guarantees	2,437	2,622
Other accounts payable	74,551	49,042
Total	**1,408,249**	**799,592**

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 may not always be at arm's length.

The imediate parent and Group's main shareholder is Vi Holding N.V. which owns 59.4% of the shares of the Company which is 100% controlled by a trust company Meccania Ltd., controlled by a family trust.

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 primary related party transactions are described below.

Financing
In 2010 and 2009, the loan from shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250,000. USD 173,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd.

	31 December	
Related party	**2010**	**2009**
Vi Holding N.V.	187,305	183,929
Total borrowings from related parties	**187,305**	**183,929**
Thereof:		
Short-term portion of borrowings	14,324	10,948
Long-term portion of borrowings	172,981	172,981

The loan payable to Vi Holding N.V. at 31 December 2010 is repayable on 31 May 2013 and is subject to interest at LIBOR plus 5.75% (between September 2009 and 13 May 2010 it was LIBOR plus 7.75%). The loan is subordinated.

Interest expense related to the loans amounted to USD 12,945 thousand (2009: USD 15,455 thousand).

in USD 000 except where otherwise mentioned

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

Goods and services provided to related parties	2010	2009
Vi Holding N.V.	-	-
Companies under common control	7	680
Associates	1,459	-

Goods and services purchased from related parties	2010	2009
Vi Holding N.V.	-138	-
Companies under common control	-38,591	-17,681
Associates	-	-
Key management personnel	-80	-

Furthermore, the following balances were outstanding at 31 December

		31 December
Trade and other accounts receivable	**2010**	**2009**
Vi Holding N.V.	-	-
Companies under common control	3,129	280
Associates	34,421	6,392

		31 December
Trade and other accounts payable	**2010**	**2009**
Vi Holding N.V.	138	296
Companies under common control	997	2,139
Associates	-	-
Key management personnel	80	-

Management compensation

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

	2010	2009
Short-term employee benefits	608	1,165
Post-employment benefits	37	40
Total	**645**	**1,205**

Compensation for other related parties
Other related parties include close family members of the Group's key management personnel. Total compensation included in "general and administrative expenses" in the income statement:

	2010	2009
Short-term employee benefits	322	-
Post-employment benefits	62	-
Total	**384**	**-**

26. Acquisitions and disposals of subsidiaries

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

2009
On 30 March 2009 the Group entered into a purchase agreement to acquire the remaining 22.22% of the non-controlling interests in its subsidiary Henan Zhongfu Power Co., Ltd. As the result of minority acquisition, the Group held interest in the company through its 2 subsidiaries: Henan Yulian Energy Group Co., Ltd. (31.81%) and Henan Zhongfu Industry Co., Ltd. (68.19%). The purchase was made for a cash consideration of USD 29,278.

On 31 August 2009 Henan Zhongfu Power Co., Ltd. increased its share capital by an amount of USD 51,237. All the shares issued were acquired by Henan Yulian Energy Group Co., Ltd. As the result the ownership in the subsidiary has changed as follows: Henan Yulian Energy Group Co., Ltd. (50.90%) and Henan Zhongfu Industry Co., Ltd. (49.10%).

The following summarises the effect of changes in the Group's ownership interest in Henan Zhongfu Power Co., Ltd.:

	2009
Group's ownership interest at beginning of period	62,878
Effect of increase in Group's ownership interest	27,204
Effect on comprehensive income from increase in ownership	-2,074
Effect of increase in share capital	37,724
Effect on comprehensive income from the share issue	-809
Share of profit or loss	-2,839
Group's ownership interest at end of period	**122,084**

On 4 March 2009 the Group purchased the 10% non-controlling interests in Vimetco Management GmbH from its related party Ringas Management B.V. for a cash consideration payable of USD 94. Vimetco Management GmbH is now a 100% subsidiary of the Group.

Acquisition of Linzhou Zhenxin Machinery
On 14 December 2009, the Group acquired 100% of Linzhou Zhenxin Machinery Co., Ltd. an anod stud conductor located in Linzhou.

in USD 000 except where otherwise mentioned

The business acquired contributed sales of USD 1,259 and net profit of USD 25 to the Group for the period from 14 December 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, consolidated revenue would have been USD 1,526,624 and consolidated profit for the period would have been USD 64,093.

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

Total purchase consideration (cash)	**2,348**
Thereof paid in 2009	2,348
Fair value of net assets acquired	2,348
Goodwill	**-**

Linzhou Zhenxin	Book value	Fair value adjustment	Fair value
Current assets	6,342	54	6,396
Property, plant and equipment	224	33	257
Current liabilities	-4,248	-57	-4,305
Net assets acquired (100%)	**2,318**	**30**	**2,348**

Cash and cash equivalents in subsidiary acquired: USD 1,464.

Disposal of Henan Zhongfu Thermal Power Co., Ltd.

On 1 June 2009 in accordance with a share transfer agreement the Group disposed of the 51% shareholding in its 100% held subsidiary Henan Zhongfu Thermal Power Co., Ltd. The selling price was established with the reference to the fair value of its net assets and amounted USD 1,017. Since then Henan Zhongfu Thermal Power Co., Ltd. became an associate and is accounted for using the equity method.

Henan Zhongfu Thermal Power Co., Ltd.	2009
Current assets	914
Non-current assets	3,937
Current liabilities	-2,857
Non-current liabilities	-
Net assets disposed of	**1,994**
51% thereof	1,017
Consideration received	1,017
Gain on disposal	**-**
Consideration received less cash disposed of	**399**

2010

On 14 April 2010 the Group's subsidiary Henan Zhongfu Industrial Co., Ltd. and Chalco Henan Aluminum Fabrication Co., Ltd. set up a new company Henan Zhongfu Specialized Aluminum Product Co., Ltd.

The company's issued capital is USD 113,597, of which Chalco Henan Aluminum Fabrication Co., Ltd. made a cash contribution of USD 29,544 representing 26% of the registered capital and Henan Zhongfu Industrial Co., Ltd. made a contribution comprising cash, inventory and production facilities of USD 84,053 representing 74% of the registered capital of the subsidiary.

On 15 April 2010 the Group's subsidiary Linzhou Zhenxin Machinery Casting Co., Ltd. merged with its 100% parent company Linzhou Linfeng Aluminium Product Co., Ltd. (former Linzhou Hongfeng Aluminium Co., Ltd.).

On 13 June 2010 the Group's subsidiary Henan Zhongfu Power Co., Ltd. set up a new company Henan Zhongshan Investment Holdings Co. Ltd. The company has a registered capital of USD 73,861 of which Henan Zhongfu Power Co., Ltd. made a cash contribution of USD 62,781 representing 85% of the registered capital. Subsequently to that date, the Group held 85% of the shares in Henan Zhongshan Investment Hodlings Co. Ltd., controlling shareholdings in several coal mines in China. The purpose of establishing the subsidiary was to organise and group the interest in several coal mines as part of the Group strategy to hedge the inflating thermal coal prices that forms a substantial part of Group's costs with raw materials. Details of the coal mines acquired by Henan Zhongshan Investment Holdings Co. Ltd. in the period are disclosed below:

Acquisition of Fanda Group

On 23 June 2010 Henan Zhongshan Investment Holdings Co. Ltd. acquired 100% of an investment company Zhengzhou City Fanda Investment Management Co. Ltd. Fanda's assets included a 70% shareholding in a coal mine Zhengzhou City Huixiang Coal Industry Co., Ltd.

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

Fanda Group	Book value	Fair value adjustment	Fair value
Property, plant and equipment	28,755	-	28,755
Mineral rights	3,301	68,086	71,387
Current assets	16,311	-	16,311
Current liabilities	-55,742	-	-55,742
Deferred tax liability	-	-17,021	-17,021
Net assets	**-7,375**	**51,065**	**43,690**
Non-controlling interest			-14,525
Goodwill arising on acquisition			**56,661**
Consideration:			**85,826**
Net cash acquired with the subsidiary			973
Cash paid			46,443
Cash consideration payable			39,383
Net cash outflow on acquisition of subsidiaries			**45,470**

in USD 000 except where otherwise mentioned

Acquisition of Henan Jiatuo Coal Distribution Co., Ltd.
On 26 July 2010 the Group's subsidiary Henan Zhongshan Investment Holdings Co. Ltd. acquired 100% of a coal distribution company Henan Jiatuo Coal Distribution Co., Ltd.

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

Henan Jiatuo Coal Distribution Co., Ltd	Book value	Fair value adjustment	Fair value
Non-current assets	1,636	-	1,636
Current assets	93,376	-	93,376
Non-current liabilities	-	-	-
Current liabilities	-92,741	-	-92,741
Deferred tax liability	-	-	-
Net assets	**2,271**	**-**	**2,271**
Non-controlling interest			-
Goodwill arising on acquisition			**683**
Consideration:			**2,954**
Net cash acquired with the subsidiary			1,857
Cash paid			2,954
Cash consideration payable			-
Net cash outflow on acquisition of subsidiaries			**1,097**

Acquisition of Dengcao Investment Group

On 17 September 2010 the Group's subsidiary Henan Zhongshan Investment Holdings Co. Ltd. acquired 55% of an investment company Zhengzhou City Dengcao Investment Co. Ltd. Dengcao's assets included 2 coal mines: Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co. Ltd and Dengfeng City Jinxing Coal Mine Co. Ltd.

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

Dengcao Investment Group	Book value	Fair value adjustment	Fair value
Property, plant and equipment	37,378	66,182	103,560
Mineral rights	12,917	125,387	138,304
Other non-current assets	463	-38	425
Current assets	24,522	-	24,522
Current liabilities	-46,782	-	-46,782
Non-current liabilities	-	-	-
Deferred tax liability	-	-47,883	-47,883
Net assets	**28,498**	**143,648**	**172,146**
Non-controlling interest			-77,465
Goodwill arising on acquisition			**78,374**
Consideration:			**173,055**
Net cash acquired with the subsidiary			12,026
Cash paid			120,182
Cash consideration payable			52,873
Net cash outflow on acquisition of subsidiaries			**108,156**

in USD 000 except where otherwise mentioned

Acquisition of Zhengzhou Guangxian Industry and Trade Co. Ltd.

On 13 October 2010 the Group's subsidiary Henan Zhongshan Investment Holdings Co. Ltd. acquired 100% of a coal mine Zhengzhou Guangxian Industry and Trade Co. Ltd.

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

Zhengzhou Guangxian Industry and Trade Co. Ltd	Book value	Fair value adjustment	Fair value
Property, plant and equipment	41,840	1,809	43,649
Mineral rights	3,889	51,068	54,957
Other non-current assets	1,658	398	2,056
Current assets	17,000	-	17,000
Current liabilities	-24,329	-	-24,329
Non-current liabilities	-11,818	-	-11,818
Deferred tax liability	-	-13,319	-13,319
Net assets	**28,240**	**39,956**	**68,196**
Non-controlling interest			-
Goodwill arising on acquisition			**70,307**
Consideration:			**138,503**
Net cash acquired with the subsidiary			1,782
Cash paid			55,401
Cash consideration payable			83,102
Net cash outflow on acquisition of subsidiaries			**53,619**

Total net cash outflow on acquisition of subsidiaries:	2010	2009
Consideration paid in cash	224,980	31,626
Less: cash and cash equivalent balances acquired	-57,262	-1,464
Net cash outflow on acquisition of subsidiaries	**167,718**	**30,162**

Goodwill arose in the acquisition of coal mines because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and potentially mineable mineral resourses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Non-controlling interests acquired in Fanda Group and Dengcao Investment Group were measured at proportionate share of the recognised amounts of their identifiable net assets.

The fair value of receivables acquired in these transactions of USD 44,735 (which principally comprised trade receivables) did not differ from their gross contractual amounts. According to the best estimate at acquisition date of the contractual cash flows there are no receivables expected to be uncollectible.

As per 30 November 2010, the Group entered into a share purchase contract with a third party to sell 45% of its shares in Henan Zhongshan Investment Holdings Co. Ltd. for an amount of RMB 225M which is due at the latest by November 30, 2011. In addition, on 30 November 2010, the Group entered into a call option agreement with the same third party to have the exclusive option to repurchase all or part of the shares of Henan Zhongshan Investment Holdings Co. Ltd. for an exercise price of RMB 225M for 45% of the shares.

The Group appointed five board members to the board of Henan Zhongshan Investment Holdings Co. Ltd. (out of six board members in total) and retained through agreement with the third party a majority of the voting rights in the Board of Henan Zhongshan Investment Holdings Co. Ltd after transfer of 45% shares to third party. As such, the Group retained significant control of Henan Zhongshan Investment Holdings Co. Ltd.

The revenue included in the consolidated statement of comprehensive income since acquisitions contributed by coal mines consolidated under Zhongshan Group was USD 75,523. Zhongshan Group also contributed profit of USD 14,404 over the same period.

Had Zhongshan Group been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of USD 2,335,281and loss of USD 4,286.

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 Group Treasury 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, "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.

in USD 000 except where otherwise mentioned

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 sheet plus net debt.

During 2010, the Group's strategy, was to maintain the gearing ratio within 60% to 70%, the same as in 2009. The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010	2009
Total borrowings (Note 20)	2,007,794	1,657,503
Less: cash and cash equivalents (Note 18)	-186,993	-167,498
Net debt	**1,820,801**	**1,490,005**
Total shareholders' equity	**1,017,612**	**917,648**
Total capital	**2,838,413**	**2,407,653**
Gearing ratio	64%	62%

The increase in the gearing ratio during 2010 resulted primarily from the increase of borrowings to finance the expansion in China.

Categories of financial instruments — 31 December

	2010	2009
Financial assets		
Cash and bank balances	778,792	674,884
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	1,190
Derivative instruments in designated hedge accounting relationships	5,315	249
Held-to-maturity investments	-	-
Loans and receivables	347,296	228,350
Available-for-sale financial assets	7,180	1,107
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	1,138
Derivative instruments in designated hedge accounting relationships	50,987	48,445
Amortised cost	3,417,258	2,459,531
Financial guarantee contracts	2,437	2,622

The prior year figures have been reclassified to facilitate comparison with the current year figures. Loans and receivables include now VAT receivable of USD 23,634, which was previously reported as Other current assets.

There were no reclassifications between the categories of financial assets during 2010.

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.

	31 December	
Financial liabilities designated as at FVTPL	**2010**	**2009**
Changes in fair value attributable to changes in credit risk recognised during the year	-	-
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 comodity 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 foreign currency exchange rates, interest rates and commodity prices. The Group enters into a variety of contracts for derivative financial instruments to manage its exposure to foreign currency risk and market prices, including:
• forward foreign exchange contracts to hedge the exchange rate risk arising on the USD denominated sales; and
• swaps to manage the commodity prices risks associated with sales of aluminium based on the London Metal Exchange price for High Grade Aluminium.
• 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 and USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Group's risk management policy is to hedge approximately 50% of anticipated cash flows (Romanian sales and purchases) in USD.

The Group's foreign currency exposure results from:

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

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

in USD 000 except where otherwise mentioned

Currency of denomination	EUR	USD	USD		
Functional currency	RON	RON	CNY	Other	**Total**
31 December 2010					
Total monetary assets *	37,742	81,394	5,859	1,321,260	**1,446,255**
Total monetary liabilities *	34,058	169,845	383,444	2,904,239	**3,491,586**
31 December 2009					
Total monetary assets *	44,145	39,361	8,830	674,202	**766,538**
Total monetary liabilities *	83,823	96,917	351,484	1,631,990	**2,164,214**

* They do not include derivative contracts the Group entered into on the purpose to hedge its probable future sales of aluminium.

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 external loans where the denomination of the loan is in a currency other than the functional currency.

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

Currency of denomination	EUR	USD	USD
Functional currency	RON	RON	CNY
31 December 2010			
Profit or loss	-368 1)	8,845 2)	37,759 4)
Other equity	-	13,765 3)	-
31 December 2009			
Profit or loss	3,968 1)	5,756 2)	34,265 4)
Other equity	-	4,814 3)	-

1) This is mainly attributable to the exposure outstanding on EUR denominated receivables and borrowings at the end of the period.
2) This is mainly attributable to the exposure outstanding on USD denominated receivables and short- and long-term borrowings at the end of the period.
3) This is mainly a result of the changes in fair value of derivative instruments designated as cash flow hedges.
4) This is mainly attributable to exposure outstanding on USD denominated financing.

Forward foreign exchange contracts

The Group, through one of its Romanian subsidiaries, has entered into forward foreign exchange contracts with reputable counterparties to hedge foreign exchange risk.

The following table details the forward foreign currency contracts outstanding at 31 December 2010 and 2009:

Forward contracts: sell USD / buy RON	Weighted average exchange rate	Contract amounts USD '000	Fair value USD '000
31 December 2010			
Less than 1 year	2.51	83,665	-20,584
Between 1 and 2 years	2.51	41,833	-11,499
Between 2 and 5 years	-	-	-
Total	**2.51**	**125,498**	**-32,083**
31 December 2009			
Less than 1 year	2.51	83,665	-16,332
Between 1 and 2 years	2.51	83,665	-20,708
Between 2 and 5 years	2.51	125,498	-11,405
Total	**2.51**	**292,828**	**-48,445**

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

As at 31 December 2010, the aggregate amount of unrealised losses under forward foreign exchange contracts relating to the exposure on the future sales is USD 32,083 (2009: USD 48,445). The settlement of the hedge transactions will take place four times a year in 2011 and twice in 2012 at which stage the amount deferred in equity will be recycled to profit or loss. The realised loss on forward foreign exchange contracts in 2010 included in "foreign exchange (loss) / gain" amounted to USD 19,624 (2009: USD 12,801).

Interest rate risk management

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

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

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

Interest rate sensitivity

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would decrease/increase by USD 15,910 (2009: USD 11,539). The Group's sensitivity to interest rates has increased during the current period because of new loans obtained to finance the expansion projects in China.

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market price of aluminium.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

As of 31 December 2010 30,200 tons of highly forecasted sales were hedged against the adverse effect of aluminium price changes through swap agreements for a period of up to 31 December 2011.

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

	Volume	Contract fixed price	Contract value	Fair value
Aluminium	tonnes '000	USD	USD '000 [1]	USD '000
31 December 2010				
Swap - receive fixed	30,000	2,438	73,141	-1,280
Swap - pay fixed [2]	200	2,274	455	39
Total	**30,200**	**2,437**	**73,596**	**-1,241**
31 December 2009				
Swap - pay fixed [2]	510	1,897	1,347	249
Total	**510**	**1,897**	**1,347**	**249**

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. In 2010 the realised gain on the aluminium swap contracts included in "sales" amounts to USD 2,324 (2009: USD 63,356).

Commodity options

During 2009 and 2010 in order to protect itself from adverse changes in aluminium market prices the Group entered into several 50% collar transactions, by buying European put options partially financing the premiums by selling European call options for half of the quantity of the put options.

Thus the company bought 80,000 Mt of PUT options (2009: 26,750 Mt) with the averaged floor level of USD 2.079/Mt (2009: USD 1.994/Mt) and sold 40,000 Mt of CALL options (2009: 13,375 Mt) with the average cap level of USD 2.456/Mt (2009: USD 2.376/Mt).

The options were over-the-counter (OTC) contracts with first class banks and were settled on a monthly basis in 2010. As at December 31, 2010, the fair value amounts to USD nil (December 31, 2009: USD 52) and the net gains for the year ended December 31, 2010 of USD 592 were recognised in profit or loss within the finance costs, net (2009: USD -465).

Embedded derivatives

In 2010, a Group subsidiary in Romania entered into a long-term electricity supply contract valid until January 2018. The contract sets forth the quantities of electricity to be supplied each year that represent expected volumes to be consumed by the Group. The agreed pricing contains an LME-linked price adjustment. Management has analysed the contract and concluded that the price adjustment is not clearly and closely related to the host contract and therefore represents an embedded derivative which should be separated from the host contract and accounted for at fair value through profit and loss.

The embedded derivative included in the energy supply contract consists of a series of 97 monthly forward contracts to sell aluminium, each contract commencing at the date when the price adjustment contractual provisions came into effect (1st January 2010) and being settled at the end of each consecutive month over the contract duration. The notional amounts of the forward contracts are determined on the basis of the aluminium quantities specified under the energy supply contract, which represents the Group's management best estimate as of the inception date of the amounts of energy to be acquired under the contract.

Subsequent changes in fair value are determined based on the observable spot and forward prices of High Grade Aluminium on the London Metal Exchange. Due to the length of the contracts, the valuation model also requires the Management to estimate the long-term price of aluminium. The embedded derivatives in the electricity supply contract are classified within Level 2 of the fair value management hierarchy.

The embedded derivatives have been designated as cash flow hedges of future highly probable sales of aluminum. The realized net gains for the year ended December 31, 2010 in amount of USD 6,339 are included in Sales (2009: nil).

The fair value of the forward contracts was determined using the "3 month seller" aluminium quotations on LME for each remaining contract term, discounting using LIBOR rates for USD adjusted for the credit spreads of the contract counterparty and the Group. The strike price of the forward contracts was determined as the average "3 months seller" aluminium quotations for the month preceding each contract term as of 1 January 2010, so that the fair value of the contract is zero on initial recognition. The subsequent changes in the fair value of the derivatives between the contract date and the end of the reporting period are recognised in other comprehensive income. The change in fair value of these derivative financial instruments between the contract date and 31 December 2010 amounted to a net of USD 12,348 (2009: nil). The change in fair value was driven primarily by the change in the aluminium price.

in USD 000 except where otherwise mentioned

Summary of the fair value of derivative financial instruments as at 31 December 2010 and 2009:

	Assets	Liabilities
31 December 2010		
Forward foreign exchange contract - cash flow hedges	-	32,083
Aluminium forward swaps - cash flow hedges	39	1,280
Embedded derivatives	5,276	17,624
Total	**5,315**	**50,987**
Thereof:		
Non-current	5,276	22,089
Current	39	28,898
31 December 2009		
Forward foreign exchange contract - cash flow hedges	-	48,445
Aluminium forward swaps - cash flow hedges	249	-
Aluminium options	1,190	1,138
Total	**1,439**	**49,583**
Thereof:		
Non-current	-	32,114
Current	1,439	17,469

The positive fair values of hedging derivatives are classified as assets and the negative fair values as liabilities. There was no ineffectiveness to be recorded from cash flow hedges as at 31 December 2010 and 2009.

Commodity price sensitivity

As of December 31, 2010, a parallel upward/downward shift of the aluminium forward curve equal to 10% of the High Grade Aluminium LME Cash price would decrease/increase other components of equity by USD 102,500 as a result of a decrease/increase in the fair value changes of commodity swaps and embedded derivatives designated as hedges.

Credit risk management

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is required. In Romania, all the receivables are immediately sold to 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 Group Treasury. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has set up an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 20 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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

	within 1 year	1 to 5 years	after 5 years	Total
2010				
Borrowings (principal and expected future interest payments)	944,160	1,025,122	348,153	2,317,435
Trade and other monetary payables	1,417,571	-	-	1,417,571
Total	**2,361,731**	**1,025,122**	**348,153**	**3,735,006**
2009				
Borrowings (principal and expected future interest payments)	900,237	654,341	399,052	1,953,630
Trade and other monetary payables	809,686	-	-	809,686
Total	**1,709,923**	**654,341**	**399,052**	**2,763,316**

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 quarantee 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 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 2010			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Unquoted equities	-	-	-	-
Financial assets at FVTPL				
Aluminium swaps	-	39	-	39
Embedded derivatives	-	5,276	-	5,276
Total	**-**	**5,315**	**-**	**5,315**

31 December 2010	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Aluminium swaps	-	1,280	-	1,280
Forward foreign exchange contracts	-	32,083	-	32,083
Embedded derivatives	-	17,624	-	17,624
Financial guarantee contracts	-	-	2,437	2,437
Total	**-**	**50,987**	**2,437**	**53,424**

31 December 2009	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Unquoted equities	-	-	1,107	1,107
Financial assets at FVTPL				
Aluminium options	-	1,190	-	1,190
Aluminium forward swaps	-	249	-	249
Total	**-**	**1,439**	**1,107**	**2,546**

31 December 2009	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Aluminium options	-	1,138	-	1,138
Forward foreign exchange contracts	-	-	48,445	48,445
Financial guarantee contracts	-	-	2,622	2,622
Total	**-**	**1,138**	**51,067**	**52,205**

in USD 000 except where otherwise mentioned

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

2010				
		Assets	Libilities	
	Unquoted equities	Unquoted securities	Financial guarantee contracts	Derivative financial liabilities
Opening balance	**1,107**	**-**	**2,622**	**-48,445**
Gains/(losses) in profit or loss	-	-60	-260	-19,624
Gains/(losses) in other comprehensive income	-	-	-	12,398
Purchases	-	6,647	-	-
Issues	-	-	-	-
Settlements / Sale	-	-678	-	19,624
Transfer out of level 3	-1,107	-	-	32,083
Translation adjustment	-	531	75	3,964
Total	**-**	**6,440**	**2,437**	**-**

2009				
		Assets	Libilities	
	Unquoted equities	Unquoted securities	Financial guarantee contracts	Derivative financial liabilities
Opening balance	**5,203**	**-**	**7,874**	**75,527**
Gains/(losses) in profit or loss	-	-	-5,258	-
Gains/(losses) in other comprehensive income	-	-	-	-10,752
Purchases	732	-	-	-
Issues	-	-	-	-
Settlements / Sale	-4,904	-	-	-12,801
Transfer out of level 3	-	-	-	-
Translation adjustment	76	-	6	-3,529
Total	**1,107**	**-**	**2,622**	**48,445**

Net gains for the period included in profit or loss of USD 260 (2009: USD 5,258) related to financial guarantee contracts are included in Note 6 'Finance costs'.

Net losses included in other comprehensive income of USD 12,398 (2009: net gains of 10,752) related to derivative financial liabilities are reported as 'Gain / (loss) on cash flow hedges'.

On 31 December 2010 forward foreign exchange contracts with a carrying amount of USD 32,083 were transferred from Level 3 to Level 2 because in determining the fair value, management used a valuation technique in which all significant inputs were based on observable market data.

Also on 31 December 2010 unquoted equities with a carrying amount of USD 1,107 were transferred out of Level 3 because their fair value could not be reliably measured and they were measured at cost.

28. Contingencies and commitments

Contingencies

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).

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 829,891 as at 31 December 2010 (2009: USD 492,534).

The Group has further investment commitments in China amounting to USD 85,100 (2009: USD 177,231) mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the project.

The Group through one of its subsidiaries in Romania has committed to purchase electricity until 2018 under a long-term agreement with an electricity supplier. The estimated value of this commitment is USD 1,157,804 (2009: USD 1,310,402) and is based on estimates made at inception date of the contract, excluding the impact of embedded derivatives recognised in these consolidated financial statements.

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 131,756 for the year ended 31 December 2010 (2009: USD 259,780).

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 2010 was USD 105 (2009: USD 214). At 31 December 2010, the Group had commitments of USD 123 (2009: USD 319) under non-cancellable operating leases. Of these USD 93 are due within one year (2009: USD 199), and the rest between one and five years.

Guarantees

During 2010, bank guarantees to the amount of USD 77 (2009: USD 197) were issued and extended to sundry partners. These guarantees were issued mainly in relation to budget debts in 2010, and for customs and other duties in 2009.

In addition, the Group had issued guarantees amounting to USD nil as at 31 December 2010 (2009: USD 6) relating to electricity purchasing contracts.

in USD 000 except where otherwise mentioned

29. Events after the balance sheet date

In March 2011 the Company paid in its 100% contribution of USD 48 to subsidiary, Vimetco Ghana (Bauxite) Ltd., as a further step in Group's strategy to develop and get involved in establishing a major, vertically integrated industrial complex to produce alumina and aluminium in Africa. In March 2011 the subsidiary was granted several licenses to prospect for bauxite in Ghana.

30. Principal companies in the Vimetco Group

The principal companies in the Vimetco Group at 31 December 2010 and 2009, classified by segment, are as follows:

	2010		2009	
	shareholding	votes [1]	shareholding	votes [1]
China				
Datang Gongyi Yulian Power Co., Ltd	47.42%	49.00%	47.42%	49.00%
Datang Linzhou Thermal Power Co., Ltd	9.93%	20.00%	9.93%	20.00%
Dengfeng City Jinxing Coal Mine Co., Ltd	34.42%	100.00%	0.00%	0.00%
Everwide Industrial Ltd	100.00%	100.00%	100.00%	100.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd	42.58%	44.00%	42.58%	44.00%
Henan Yinhu Aluminium Co., Ltd	49.63%	100.00%	49.63%	100.00%
Henan Yonglian Coal Industry Co., Ltd	43.55%	45.00%	43.55%	45.00%
Henan Yulian Energy Group Co., Ltd	96.78%	96.78%	96.78%	96.78%
Henan Zhongfu Specialized Aluminium Product Co., Ltd	36.72%	74.00%	0.00%	0.00%
Henan Zhongfu Anodes Carbon Co., Ltd	56.78%	51.01%	56.78%	83.52%
Henan Zhongfu Industry Co., Ltd	49.63%	51.28%	49.63%	51.28%
Henan Zhongfu Power Co., Ltd	73.63%	50.90%	73.63%	100.00%
Henan Zhongfu Thermal Power Co., Ltd	36.08%	49.00%	36.08%	49.00%
Henan Zhongfu Aluminium Alloy Co., Ltd	36.72%	74.00%	0.00%	0.00%
Henan Zhongshan Investment Holdings Co., Ltd	62.58%	85.00%	0.00%	0.00%
Zhengzhou City Fanda Investment Management Co., Ltd	62.58%	100.00%	0.00%	0.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd	43.81%	70.00%	0.00%	0.00%
Zhengzhou City Dengcao Investment Co., Ltd	34.42%	55.00%	0.00%	0.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd	34.42%	100.00%	0.00%	0.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd	62.58%	100.00%	0.00%	0.00%
Henan Jiatuo Coal Distribution Co., Ltd	62.58%	100.00%	0.00%	0.00%
Jinhe Electrical Power Equipment Co., Ltd	25.31%	51.00%	25.31%	51.00%
Linzhou Linfeng Aluminium Product Co., Ltd[2]	49.63%	100.00%	49.63%	100.00%
Linzhou Linfeng Aluminium and Power Co., Ltd	49.63%	100.00%	49.63%	100.00%
Linzhou Zhenxin Machinery Casting Co., Ltd[3]	0.00%	0.00%	49.63%	100.00%
Shanghai Zhongfu Aluminium Co., Ltd	44.66%	90.00%	44.66%	90.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd	49.63%	100.00%	49.63%	100.00%

	2010		2009	
	shareholding	votes [1]	shareholding	votes [1]
Romania				
Alro S.A.	87.50%	87.97%	87.50%	87.97%
Alum S.A.	86.96%	99.38%	86.96%	99.38%
Conef S.A.	87.47%	99.97%	87.47%	99.97%
Vimetco Extrusion S.r.l.	87.50%	100.00%	87.50%	100.00%
Vimetco Management Romania S.r.l.	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%
Sierra Leone				
Bauxite Marketing Ltd	100.00%	100.00%	100.00%	100.00%
Global Aluminium Ltd	100.00%	100.00%	100.00%	100.00%
Sierra Mineral Holdings I, Ltd	100.00%	100.00%	100.00%	100.00%
Ghana				
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	0.00%	0.00%
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%

[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.

[2] Former Linzhou Hongfeng Aluminium Co., Ltd.

[3] Merged with Linzhou Linfeng Aluminium Product Co., Ltd.

Company-only Financial Statements
Vimetco NV

Condensed Company-only Income Statement

Condensed Company-only Income Statement
for the year ended 31 December

in USD 000

	Note	2010	2009
Company-only result after tax		-4,309	-3,471
Share of net result of investments	5	-31,153	31,831
Profit/(loss) for the year		**-35,462**	**28,360**

Company-only Statement of Financial Position

Company-only Statement of Financial Position as at 31 December

in USD 000

Before appropriation of current year result

	Note	2010	2009
Assets			
Non-current assets			
Intangible fixed assets:			
Goodwill	6	65,787	68,129
Other intangible assets		139	-
Property, plant and equipment		13	-
Financial fixed assets:			
Investments	7	408,841	495,323
Loans to Group companies	8	297,912	309,372
Total non-current assets		**772,692**	**872,824**
Current assets			
Other receivables	9	6,970	18,357
Prepaid expenses		150	50
Loans to Group companies	8	1,479	-
Accrued income from Group companies		70,775	46,009
Cash and cash equivalents		2,252	5,790
Restricted cash		2,905	878
Total current assets		**84,531**	**71,084**
Total assets		**857,223**	**943,908**

Company-only Statement of Financial Position as at 31 December

in USD 000

Before appropriation of current year result

	Note	2010	2009
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	10	27,917	27,917
Share premium		366,126	366,126
Legal reserve		361,016	351,081
Retained earnings / (accumulated deficit)		-132,890	-129,419
Profit / (loss) for the year		-35,462	28,360
Total shareholders' equity		**586,707**	**644,065**
Non-current liabilities			
Loan from credit institutions	11	58,651	65,758
Loan from shareholder	12	172,981	172,981
Total non-current liabilities		**231,632**	**238,739**
Current liabilities			
Current portion of loan from credit institutions	11	15,005	38,000
Interest payable		14,324	10,948
Accrued expenses		1,738	1,326
Deferred income	13	6,434	8,043
Accounts payable	9	628	2,014
Other payables	9	755	773
Total current liabilities		**38,884**	**61,104**
Total liabilities		**270,516**	**299,843**
Total shareholders' equity and liabilities		**857,223**	**943,908**

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 2009	**27,917**	**366,126**
Appropriation of prior year result	-	-
Change in minorities' share of net assets	-	-
Losses from cash flow hedges	-	-
Net profit for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2009	**27,917**	**366,126**
Appropriation of prior year result	-	-
Change in minorities' share of net assets	-	-
Gains from cash flow hedges	-	-
Net loss for the year	-	-
Translation adjustment	-	-
Balance at 31 December 2010	**27,917**	**366,126**

The "legal reserve revaluation" pertains to the revaluation as part of the capital increase at Alro in 2005 when property, plant and equipment fair value uplifts and USD 27,023 goodwill were recognised (excluding amounts attributable to minority interests).

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

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

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

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

in USD '000

Legal reserve							
Legal reserve revaluation	Legal reserve hedging	Legal reserve translation	Other legal reserve	Total legal reserve	Retained earnings	Profit / (loss) for the year	Total shareholders' equity
47,721	**-1,759**	**38,915**	**266,774**	**351,651**	**85,225**	**-165,268**	**665,651**
-	-	-	49,376	49,376	-214,644	165,268	-
-	-	-	-2,867	-2,867	-	-	-2,867
-	-32,377	-	-	-32,377	-	-	-32,377
-	-	-	-	-	-	28,360	28,360
-	-	-14,702	-	-14,702	-	-	-14,702
47,721	**-34,136**	**24,213**	**313,283**	**351,081**	**-129,419**	**28,360**	**644,065**
-	-	-	31,831	31,831	-3,471	-28,360	-
-	-	-	-	-	-	-	-
-	568	-	-	568	-	-	568
-	-	-	-	-	-	-35,462	-35,462
-	-	-22,464	-	-22,464	-	-	-22,464
47,721	**-33,568**	**1,749**	**345,114**	**361,016**	**-132,890**	**-35,462**	**586,707**

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).

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).

Investments in subsidiaries and associates

Investments in subsidiaries, joint ventures and associates are accounted for using the net equity value. Vimetco N.V. calculates the net equity value using the accounting policies as described in Note 2 to the consolidated financial statements.

The net equity value of subsidiaries comprises the cost, excluding goodwill, of Vimetco's share in the net assets of the subsidiary, plus Vimetco's share in income or losses since acquisition, less dividends received. Goodwill paid upon acquisition of an investment in associate is excluded from the net equity value of the investment and is shown separately on the face of the statement of financial position.

3. Employees and salaries

7 employees, excluding directors, served the Company during the year ended 31 December 2010 and 8 employees during the year ended 2009. The salaries amounted to USD 735 in 2010 (2009: USD 981). For the details of directors' remuneration on Group level see Note 14.

4. Auditors' remuneration

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 1,306 to the statutory auditors in 2010 (2009: USD 1,526) and additionally USD 351 to their network firms in 2010 (2009: USD 376). The Company also incurred expenses for non-audit services (mainly tax and other advisory services) amounting to USD 115 to the statutory auditors' network firms in 2010 (2009: USD 653).

5. Share in the results of investments

	2010	2009
Alro S.A. (including shares held by its subsidiary Conef S.A.)	47,681	41,635
Everwide Industrial Ltd.	-74,719	-6,583
Global Aluminium Ltd.	-3,027	-3,714
Vimetco Management GmbH	-686	60
Vimetco Management Romania S.r.l.	-228	432
Vimetco Power Romania S.r.l.	-33	-27
Vimetco Trading S.r.l.	-141	28
Balance at 31 December	**-31,153**	**31,831**

6. Goodwill

The movements in goodwill are as follows:

	2010	2009
Balance at 1 January	68,129	76,066
Impairment charge	-	-6,747
Translation adjustment	-2,342	-1,190
Balance at 31 December	**65,787**	**68,129**

in USD 000 except where otherwise mentioned

7. Investments

As of 31 December 2010 and 31 December 2009, the Company has investments in the following companies:

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

The movement in investments in subsidiaries is as follows:	2010	2009
Balance at 1 January	495,323	562,648
Dilution gains from changes in minority interests of Chinese entities	-	-2,883
Non-controlling interests acquired in Vimetco Management Gmbh	-	110
Hedge accounting at Alro S.A.	568	-32,377
Dividend payments	-35,775	-50,479
Translation adjustment	-20,122	-13,527
Share in result of investments	-31,153	31,831
Balance at 31 December	**408,841**	**495,323**

8. Loans to Group companies

Loans to Group companies as at 31 December 2010 comprise two loans to Everwide Industrial Ltd. and Sierra Mineral Holdings I, Ltd. The loans are not secured. Repayment date of the loan to Everwide Industrial Ltd. was 8 June 2009 with the right to postpone the repayment. The loan was rolled over at the maturity date in 2009, for another 4 years. In respect of the loan to Sierra Mineral Holdings I, Ltd, the termination date was extended until August 2011. This loan was classified as short-term in 2010 financial statements.

Until May 2010 the loan to Everwide Industrial Ltd. had an interest rate of London Interbank Offered Rate ("LIBOR") plus 8% (2009: LIBOR plus 8%). Starting May 2010 the interest for this loan is LIBOR plus 6%. The interest rate for the loan to Sierra Mineral Holdings I, Ltd. in 2010 was 15% (2009: 15%).

	31 December	
	2010	2009
Loan to Everwide Industrial Ltd.	297,912	297,912
Loan to Sierra Minerals I Holdings Ltd.	1,479	11,460
Balance at 31 December	**299,391**	**309,372**

9. Receivables and payables

	31 December	
	2010	2009
Other receivables		
Third parties	82	204
Group companies	6,888	18,153
Total	**6,970**	**18,357**
Accounts payable		
Third parties	490	1,718
Shareholder (Vi Holding N.V.)	138	296
Total	**628**	**2,014**

in USD 000 except where otherwise mentioned

	31 December	
	2010	2009
Other payables		
Third parties	14	9
Group companies	618	670
Related parties	123	94
Total	**755**	**773**

10. Share capital and share premium

The authorised share capital consists of 800,000,000 (2009: 800,000,000) common shares. All shares have a par value of EUR 0.10.

As of 31 December 2010 and 2009, 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.

11. 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. The loan was used for refinancing all existing facilities and has a maturity period of 5 years. The balance is due as follows:

Due date	Repayment installment
31 May 2011	20%
31 May 2012	20%
31 May 2013	20%
31 May 2014	20%
31 May 2015	20%
Total	**100%**

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

Repayments which will mature within 12 months from 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.

The Raiffeisen Bank agreement limits the dividends distribution to the lower of distributable net profit and 75% of the "Excess cash" computed in accordance with the provisions of the agreement.

12. Loan from shareholder

In 2010 and 2009, the loan from shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250,000. USD 173 million 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% (between September 2009 and 13 May 2010 it was LIBOR plus 7.75%) and is due for repayment on 31 May 2013. The loan is subordinated. The average interest rate paid in 2010 was 6.73% (2009: 7.71%).

13. 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 2010 (2009: USD 1,608). This deferred income will be recognised until the end of 2014.

	2010	2009
Opening balance	8,043	9,651
Revenue recognition	-1,609	-1,608
Balance at 31 December	**6,434**	**8,043**

in USD 000 except where otherwise mentioned

14. Directors' remuneration

The remuneration of the individual members of the Board of Directors for the financial years 2010 and 2009 is as follows:

	Gross periodical remuneration (salary and directors' fee)	Bonus [1]	Pension contributions	Distributions made on termination of the em-ployment	Total
Year ended 31 December 2010					
Independent directors					
B. Zonneveld	132	-	-	-	132
J. Currie	132	-	-	-	132
Executive directors					
F. Müller	312	-	37	-	349
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**608**	**-**	**37**	**-**	**645**
Year ended 31 December 2009					
Independent directors					
B. Zonneveld	139	-	-	-	139
J. Currie	139	-	-	-	139
Executive directors					
R. Steinemann	63	-	5	236	304
P. Baillot	296	-	-	-	296
F. Müller	210	-	21	-	231

	Gross periodical remuneration (salary and directors' fee)	Bonus [1]	Pension contributions	Distributions made on termination of the employment	Total
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	41	-	7	-	48
V. Krasnov	41	-	7	-	48
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**929**	**-**	**40**	**236**	**1,205**

[1] including cash payments from incentive compensation scheme.

The above mentioned amounts are remunerations for full year.

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

The number of granted RSUs under the incentive compensation scheme is as follows (reference is made to Note 19 to the Consolidated Financial Statements):

	Granted in 2009	**Balance of RSUs as of 31 December 2009**	Vested in 2010	Lapsed in 2010	**Balance of RSUs as of 31 December 2010**
Independent directors					
B. Zonneveld	-	-	-	-	-
J. Currie	-	-	-	-	-
Executive directors					
F. Müller	-	-	-	-	-
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	-	49,247	-16,416	-	32,831
V. Krasnov	-	49,247	-16,416	-	32,831
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**-**	**98,494**	**-32,832**	**-**	**65,662**

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

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 distribute a dividend in the amount of USD 0.08 per share, subject to approval by the General Shareholders Meeting.

Subsequent events

Reference is made to the Consolidated Financial Statements, Note 29.

Independent auditors' report

To: the shareholders of Vimetco N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 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 December 31, 2010, the consolidated statements of comprehensive income, changes in equity and 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 balance sheet sheet as at December 31 2010, the 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 December 31, 2010 and of its result and its cashflows 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 December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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, April 27, 2011

Deloitte Accountants B.V.

Already signed: M.J. van der Vegte

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 46 to 142, 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 46 to 142 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 18 to 23 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 2010 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

Frank Müller Chief Executive Officer	Marian Nastase Chief Financial Officer

27 April 2011

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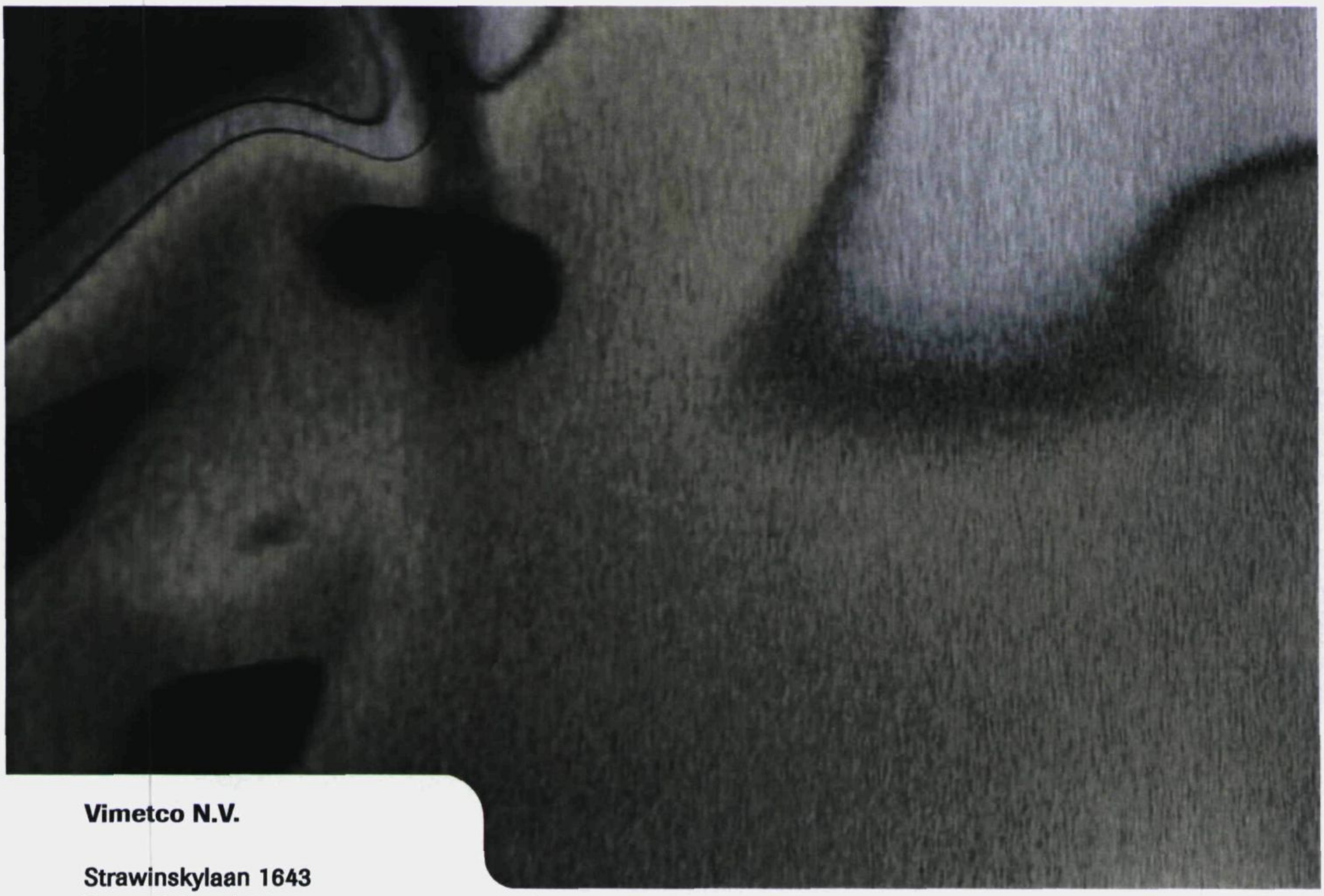
Cautionary notice

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

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

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



Vimetco N.V.

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Press release

VIMETCO REPORTS FULL YEAR FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2010

Amsterdam, 28 April 2011 – Vimetco NV (LSE: VICO), the global producer of primary and processed aluminium products, today announces its financial results for the 12 months ended 31 December 2010.

Financial highlights

- EBITDA of USD 317 million, representing a 6% increase over the 2009 figure
- Net loss of USD 10 million, compared to a net profit of USD 63 million, in 2009
- Total consolidated cash available, at year end of USD 779 million (out of which USD 592 million represent restricted cash), representing a 15% increase compared to 2009
- Overall increase of 58% in total cost of goods sold, from USD 1,263 million in 2009, to USD 1,992 million, in 2010
- Proposed dividends to be distributed in amount of USD 0.08 per share (subject to approval by the General Shareholders Meeting) being the first year after the IPO in 2007 when dividends are proposed for distribution

Operational highlights

- The total consolidated sales of primary aluminium stood at 884,000 tonnes in 2010, while the sales of processed products reached 110,000 tonnes, out of which
  - for the Chinese segment: primary aluminium, including tolling – 737,000 tonnes, processed products - 50,000 tonnes
  - for the Romania segment: primary aluminium - 147,000 tonnes, processed products - 60,000 tonnes
- Take over of the management of the mining operations in Sierra Leone
- First full year of operation of the alumina refinery Alum Tulcea, in Romania, following the completion of the upgrading programme in 2009
- The commissioning of the 80,000 tpa, 400 kA potlines in Linfeng in June 2010, followed by the commissioning of another 80,000 tpa in January 2011

Vitaliy Machitski, Chairman of the Board, said:
"Our managerial competencies and staff endeavours have enabled us to steer through the challenging global environment and achieve sales by 51% higher than in the previous year, as well as a 6% EBITDA increase compared to 2009, and at the same time pursuing a firm investment strategy.

We increased our profitability in our core business – aluminium production – both in primary and processed aluminium areas in Romania, and we are now turning our attention towards China segment in order to implement the same strategy that led us to this successful result.
We remained committed to our aim of complete integration of Vimetco to take the form of organic growth, as well as acquisition of worthy targets.

In 2010 we took the mining process in our hands, after months of investments in latest technology equipment and intensive training. We thus ensured a smooth supply chain in Romania, with the bauxite produced in Sierra Leone fully covering the demand for alumina production at the refinery in Tulcea, which in its turn serves as raw material for the smelter and further for the rolling mill in Slatina.

Securing adequate sources of raw materials is a key to success in the economical environment and we continuously face new challenges in this respect, in our operations in Europe, Africa and Asia. Vimetco is currently engaged in exploration and prospecting for new sources of bauxite. Thus we established Vimetco Ghana (Bauxite) Ltd., a 100% owned subsidiary of Vimetco, which, in early 2011, was granted prospecting rights for two potential bauxite mining areas in Ghana, Africa.

We remain confident in our business model and the development of Vimetco into a strong player in the global aluminium industry."

Frank Mueller, Chief Executive Officer, said:
"The results for the year show dramatic increases in production, a result of successful investment programs made since 2008. The increases were not only in electrolytic aluminium production that grew by 26% to 886,688 mt, while the production of primary aluminium grew by 37% to 875,937 mt compared to 2009.

We recorded a 40% increase in the production of processed aluminium compared to 2009, reaching 138,414 mt at Group level. This was the result of significant increases in the volume of the added value products both in China (36.5% increase compared to 2009) and Romania (44.7% increase compared to 2009). The joint venture with Chalco in Zhengzhou for flat rolled products based on aluminium supplied from our smelters in Gongyi has improved our position on the Chinese high added value products market.

While both the production and the sales results are satisfactory, Vimetco has faced a significant increase in the price of raw materials in 2010. This affected both the Romanian and the Chinese segment. In Romania, the new energy supply contract with Hidroelectrica is linked to the aluminium price on the London Stock Exchange. This translated in higher costs for energy during the second half of 2010. In China, the regulatory measures taken by the Chinese government to ensure a sustainable growth of the economy resulted in a disparity between the energy price and the coal price. The coal price has risen significantly and impacted on our power generation business in China, which is entirely coal-based.

Vimetco has already taken steps toward answering this issue by acquiring interests in several coal mines operations in China and we are confident that the results of this move will be seen in the profitability of our power generation business in the future.

We are confident that our strategy to be a reliable, quality driven global player will prove successful and we are looking forward to continue developing our business."

A conference call will be held today at 9.30 BST during which Frank Mueller, CEO Vimetco and Marian Nastase, CFO Vimetco, will present the results. Please contact Florenta Ghita at Premium Communication on the e-mail florenta.ghita@premiumpr.ro for access details to the conference call.

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About Vimetco

Vimetco is a global, vertically integrated producer of primary and processed aluminium products with major production assets in Romania, Sierra Leone and China, and a holding company in The Netherlands. Vimetco controls an aluminium production capacity of 1.1 million tonnes pa. Vimetco's global depositary receipts are listed on the London Stock Exchange.

www.vimetco.com

Business Review

As expected, 2010 turned out to be a year of auspicious events for Vimetco, which allowed it to consolidate its position as a producer in the global aluminium market. It grabbed the chance to benefit from the worldwide economic recovery by expanding its sales geographically; the increase in the quoted aluminium price reflected in its higher turnover; it took advantage of the investments it had made into better technologies and the improved quality of its products contributed to better sales margins.

The investment programs were continued both in China and Romania with the overall objective to increase the production of high added value products and to secure reliable sources of raw materials. In H1 2010, the first and second phase of the new 250,000 tpa electrolytic aluminium pot line in Linfeng were commissioned. The final phase, involving the commissioning of 80,000 tpa electrolytic aluminium production capacity has been completed at the beginning of 2011 and is operational to date.

Structural changes within the organization were implemented with a view to better integrate all the stages in the production chain, with the management of the mining operation in Sierra Leone transferred to the Romanian managers of Alro. The Company also acquired interests in a number of coal mining operations in China, a move that will provide a secure raw material source for its power plants.

Financial Highlights

Vimetco recorded an increase of 51% in overall sales, to USD 2,295 million, along with a 58% increase of the cost of goods sold. The sharp increase in the cost of raw materials offset the 30% rebound in average of aluminium prices quoted on the London Metal Exchange (LME) in 2010 compared to 2009. Similarly, the costs increase offset the 12% raise in the average price of the aluminium quoted on the Shanghai Metal Market (SMM) in 2010 compared to 2009.

Contrasting to last year, the sales of high added-value products increased in 2010 by 24% in volume to 110,000 mt and by 52% in value to USD 316 million. The first full year of joint operations of the mining in Sierra Leone and Tulcea alumina refinery resulted in an overall increase of bauxite production by 39% to 1.05 million mt, as well as in a total production of alumina of 414,045 mt in 2010.

In 2010 we witnessed an increase in raw materials prices which impacted negatively all our operations mainly in China where alumina prices rose by 17%, while the anodes price increased by 41% (in line with the increase in price of crude oil). The coal prices in China surged by 20%, thus leading to higher costs for the electricity we produce in China.

Moreover, during 2010 the price discount on power supply in China was eliminated, which resulted in an increase of the average electricity down-grid price for the smelters, where operations depend on third party energy. In the same time the SMM price increased only by 12% (i.e.: from CNY 11,924 average in 2009 (ex VAT) to CNY 13,432 average in 2010 (ex VAT)).

The new energy price formula negotiated with Hidroelectrica that links the energy price to the LME aluminium quotation lead to an average increase in the energy costs in Romania as well.

At group level, Vimetco recorded an overall increase of USD 729 million of total cost of goods sold, from USD 1,263 million to USD 1,992 million.

Financial results

Vimetco Group finished the year with a gross profit of USD 303 million and a net loss of USD 10 million.

In 2010, Vimetco recorded a gross profit of USD 303 million, a 18% increase compared to 2009, thus harvesting the upshots of its operational efforts. EBITDA was USD 317 million, representing a 6% increase over the 2009 figure. The net loss for 2010 was USD 10 million, compared to a net profit in 2009, of USD 63 million. The loss recorded in 2010 is a combination of two factors – the sharp increase of the raw materials costs, translated into higher costs of goods sold, and the financing needs arising from the development of the Chinese operations, triggering significant financing costs. i.e. USD

123 million compared to only USD 76 million in the prior year. The Romanian segment profitability improved, but the USD 57 million net profit could not offset the loss in China.

Financial position

Total cash available at Group level, at the end of 2010 was of USD 779 million, representing a 15% increase compared to the end of 2009. Out of it USD 592 million represent restricted cash with the Chinese operations. The net cash generated by operating activities was USD 223 million, almost twice the amount generated in the prior year, with the effect of higher interest paid and higher inventories purchased being compensated by higher trade payables.

Total debt at Vimetco Group level was USD 2,008 million at 31 December 2010. The 21% increase in total debt mirrors investment programs in both China and Romania. In 2010 and 2009, the loan from the shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250 million. USD 173 million were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd. in Sierra Leone. The loan from Vi Holding N.V. repayable in 2013 is subordinated.

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks in amount of USD 120 million (2009: USD 94 million). In 2010, Vimetco successfully managed to restructure its funding arrangements. In August 2010 the Company refinanced its existing borrowings trough a loan agreement with Raiffeisen Bank for the amount of USD 75 million. The loan has a maturity period of 5 years. At the same time the Romanian subsidiary Alro signed a syndicated loan agreement for USD 180 million with the European Bank for Reconstruction and Development ("EBRD"). Part of the facility was used to refinance its existing borrowings for more convenient terms, and another part was dedicated to an energy efficiency investment plan.

China segment

Vimetco is among the top producers in China and mainly supplies its aluminium to the local market. Vimetco's Chinese holdings include the operations in Gongyi city, that represent mainly a smelter of 490,000 tpa capacity and 400 kA cells, a cast house producing 300,000 tpa of added value products (wire rods, billets, slabs), 3 x 300 MW coal-fired power stations commissioned and an anodes plant producing 150,000 tpa green anodes.

Moreover, Vimetco holds also facilities in Linzhou city, that include mainly smelting facilities with a total capacity of 325,000 tpa (including the temporary idle ones) and casting facilities with capacities of 30,000 tpa in wire rod and 120,000 tpa in billets.

Last year, Henan Zhongfu Industry Co and Chalco Henan Aluminium Fabrication Co established joint company Henan Zhongfu Specialized Aluminium Products Co, in Zhenzhou, to produce aluminium rolled products, with 120,000 tonnes per year capacity.

In China, the Company produced over 634,750 tonnes of primary aluminium, in 2010 (412,000 tonnes in 2009 thus advancing by 54%), and 79,050 tonnes of processed aluminium (58,000 tonnes in 2009, recording a 37% increase).

The increase in production was mainly determined by the commissioning of new pot lines in Linzhou. In 2010, Vimetco seized the opportunity to expand its supply chain by acquiring coal mines in China. The coal extracted in these mines is further used in the production process in its power plants. The electricity thus produced is supplied to the aluminium factories. However, the business was significantly affected by the combination of coal price increase on one side, and by the cancellation of governmental support in the form of price discount, on the other side.

Romania segment

Vimetco's operations in Romania cover 4 mainstream product ranges: alumina produced at the refinery in Tulcea, primary and processed products at Alro, Slatina, and finally extruded products at Vimetco Extrusion in Slatina.

Wire rod from Alro is used for high-voltage cables and wires, which are then used for telecom or power cables. The slabs are processed by Alro's rolling mill into flat rolled products: coils, sheets and plates, which are supplied to customers in various sectors worldwide, such as construction, engineering and machinery. The billets from Alro are used in the extrusion process to make profiles.

Pursuing its long-term strategy of becoming a vertically integrated aluminium producer, Vimetco restarted production at the alumina refinery Alum Tulcea in Romania in Q4 2009, thus controlling the entire supply chain, from bauxite extraction in Sierra Leone to high added value products in Slatina. Alum produced 414,000 tonnes of alumina in 2010, while in 3 months of 2009 only 44,000 tonnes were produced and managed to fully cover the production needs of Alro. It also continued its technological improvement and modernization programmes and added new CAPEX investment projects on the list.

In 2010, Alum completed the ecological closing of the red mud pond in Tulcea, thus complying with the environmental requirements. Starting January 2011, the red mud waste is deposited in solid form, and all the measures were taken to limit the risk of hazards.
Alro is Romania's only aluminium producer and one of the largest primary aluminium producers in the Central and Eastern Europe.

Production facilities include a smelting plant in Slatina, that produced 207,000 tonnes of electrolytic aluminium (200,000 tonnes in 2009) that were further used to produce 241,000 tonnes of primary aluminium (228,000 tonnes in 2009) and 44,000 tonnes of processed products in 2010 (32,000 tonnes in 2009). Alro has a production capacity of 268,000 tpa of electrolytic aluminium, 42,000 tonnes of hot rolled products and 36,000 tonnes of cold rolled aluminium.

Alro consolidated its position, technologically and financially, and it benefited from the slight recovery of international market, throughout 2010. The Company continued its investments focused on increasing its wire rod production capacity, reducing utilities consumption, and consolidating the efficiency of the smelter.

Vimetco Extrusion produced 15,000 tonnes of extruded products in 2010 (in 2009: 9,000 tonnes) out of a total capacity of 19,000 tpa, and increased its turnover to USD 48 million from USD 25 million in 2009 by taking advantage of the market opportunities, as well as the increase of LME.

Sierra Leone segment

Bought in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tonnes of bauxite, produced over 1 million tonnes last year, compared to 757,000 tonnes in 2009. The bauxite mine ensures the necessary raw materials for the alumina refinery in Romania.

Vimetco continued to consolidate its business and by the end of 2010 it started to operate the bauxite mines in Sierra Leone on its own. In this process it deployed human and material resources from experienced employees of the Group and carried out intensive preparations and transfer of know-how. Moreover, in order to make the organization leaner and the operations faster, the Group decided to transfer the management of the bauxite mine in Sierra Leone to Alro in 2011. Thus, Alro would control the entire production chain, from bauxite to alumina in its refinery in Tulcea, and to the aluminium production in Slatina.

Outlook

The aluminium price is showing signs of increase, based on the higher demand from the customers. The highest LME price from 1Q 2010, about 2,300 USD/tonne, was the lowest quotation registered in 1Q 2011, when aluminium surged to as much as 2,630 USD/tonne.

In China, the Group will continue to make efforts towards the improvement of its profitability and of the quality of its products, with a focus on high added value items.

In Romania, Vimetco has already announced a new investment programme in the same direction, worth approx. USD 15 million. The programme is meant to refine the production of flat rolled products, especially in the light of the recent aeronautics accreditation. It also aims at amore efficient usage of resources and increase of productivity. In Africa, the Group has entered into enterprising projects and recently obtained several licenses to prospect for bauxite in Ghana.

Vimetco will continue to develop based on its long-term underlying strategy, of full vertical integration, and to consolidate its position in the market, while exploring other market segments with growth potential.

Vimetco N.V.
Consolidated Statement of Comprehensive Income
for the year ended 31 December
in USD '000, except per share data

	Note	2010	2009
Sales	3	2,295,333	1,519,401
Cost of goods sold		-1,992,292	-1,263,141
Gross profit		**303,041**	**256,260**
General and administrative expenses	4	-115,106	-92,026
Restructuring charge		-137	-5,999
Impairment of property, plant and equipment	9	-865	-13,580
Impairment of goodwill	11	-	-6,747
Gain on disposal of associates	14	-	1,316
Share of result of associates	14	-838	-3,058
Other income	5	32,464	67,050
Other expenses	5	-28,972	-32,240
Operating profit / (loss)		**189,587**	**170,976**
Finance costs, net	6	-122,608	-76,014
Foreign exchange (loss) / gain		-15,768	-19,179
Profit / (loss) before income taxes		**51,211**	**75,783**
Income tax expense	7	-60,816	-12,486
Profit / (loss) for the year		**-9,605**	**63,297**
Other comprehensive income / (expense):			
Translation adjustment		-12,425	-17,828
Gain / (loss) on cash flow hedges		-20,441	8,036
Related income tax		3,271	-1,286
Amounts of cash flow hedges recycled in income statement		17,300	-50,532
Related income tax		-2,768	8,085
Other comprehensive income / (expense) for the period, net of tax		**-15,063**	**-53,525**
Total comprehensive income / (expense) for the period		**-24,668**	**9,772**
Profit/ (loss) attributable to:			
Shareholders of Vimetco N.V.		**-35,462**	**28,360**
Non-controlling interest		**25,857**	**34,937**
		-9,605	**63,297**
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-57,358**	**-18,719**
Non-controlling interest		**32,690**	**28,690**
		-24,668	**9,972**
Earnings per share			
Basic and diluted (USD)	8	-0.162	0.129

The full version including notes is available as a separate file on the web site www.vimetco.com

Vimetco N.V.
Consolidated Statement of Financial Position
as at 31 December
in USD '000

	Note	2010	2009
Assets			
Non-current assets			
Property, plant and equipment	9	2,283,538	1,951,037
Intangible assets	10	10,344	11,694
Goodwill	11	292,264	84,135
Mineral rights	12	268,513	-
Land use rights	13	58,265	55,651
Investments	14	27,749	18,061
Derivative financial instruments asset, non-current	27	5,276	-
Deferred tax asset	23	13,562	42,219
Other non-current assets		1,001	-
Total non-current assets		**2,960,512**	**2,162,797**
Current assets			
Inventories	15	371,599	308,252
Trade receivables, net	16	238,710	177,367
Accounts receivable from related parties	25	37,550	6,672
Current income tax receivable		1,796	557
Other current assets	17	212,443	130,094
Derivative financial instruments asset, current	27	39	1,439
Restricted cash	18	591,799	507,386
Cash and cash equivalents	18	186,993	167,498
Total current assets		**1,640,929**	**1,299,265**
Total assets		**4,601,441**	**3,462,062**
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital	19	27,917	27,917
Share premium		366,126	366,126
Other reserves		15,902	37,798
Retained earnings		212,224	183,864
Profit / (loss) for the year		-35,462	28,360
Equity attributable to shareholders of Vimetco N.V.		**586,707**	**644,065**
Non-controlling interest		430,905	273,583
Total shareholders' equity		**1,017,612**	**917,648**
Non-current liabilities			
Bank and other loans	20	980,264	650,423
Loans from related parties	20, 25	172,981	172,981
Finance leases	20	1,631	4,026
Provisions	21	3,137	3,446
Post-employment benefit obligations	22	7,106	7,225
Other non-current liabilities		331	79
Derivative financial instruments liability	27	22,089	32,114
Deferred tax liabilities	23	96,857	14,565
Total non-current liabilities		**1,284,396**	**884,859**

Current liabilities			
Bank loans, overdrafts and other loans	20	836,883	817,034
Loans from related parties	20, 25	14,324	10,948
Finance leases	20	1,711	2,092
Trade and other payables	24	1,408,249	799,592
Trade and other payables to related parties	25	1,215	2,435
Provisions	21	46	2,326
Current income taxes payable		8,107	7,659
Derivative financial instruments	27	28,898	17,469
Total current liabilities		**2,299,433**	**1,659,555**
Total liabilities		**3,583,829**	**2,544,414**
Total shareholders' equity and liabilities		**4,601,441**	**3,462,062**

The full version including notes is available as a separate file on the web site www.vimetco.com

Vimetco N.V.
Consolidated Statement of Cash Flows
for the year ended 31 December
in USD '000

	Note	**2010**	**2009**
Cash flow from operating activities			
Profit / (loss) before income taxes		51,211	75,783
Adjustments for:			
Depreciation and amortisation		126,909	108,198
Interest and guarantee income	6	-14,820	-22,014
Net foreign exchange losses / (gains)		-15,318	1,660
(Gain) / loss on disposal of property, plant and equipment	5	-1,619	4,855
(Gain) on disposal of associates		-	-1,316
Impairment of goodwill	11	-	6,747
Impairment of property, plant and equipment	9	865	13,580
Charge / (Release) of provisions	21	-2,175	-6,180
Interest and guarantee expense	6	124,823	91,031
Share of result of associates	14	838	3,058
Effect of derivative financial instruments		24	-8,363
Changes in working capital:			
(Increase) / decrease in inventories		-61,278	9,074
(Increase) / decrease in trade receivables and other assets		-69,022	-25,638
Increase / (decrease) in trade and other payables		252,223	5,371
Income taxes paid		-31,737	-26,237
Interest paid		-137,886	-90,272
Net cash generated by operating activities		**223,038**	**139,337**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-226,665	-222,154
Proceeds from sale of property, plant and equipment		10,086	1,333
Acquisition of associates	14	-9,771	-9,871
Acquisition of subsidiaries	26	-167,718	-30,162
Proceeds from sale of subsidiaries		-	399
Proceeds from sale of associates	14	-	28,985
Sale/(acquisition) of available-for-sale financial assets		-5,909	4,252
(Increase) / decrease in restricted cash		-41,101	-176,999
Interest received		9,907	10,140
Net cash used in investing activities		**-431,171**	**-394,077**
Cash flow from financing activities			
Proceeds from loans		1,400,158	1,123,593
Repayment of loans		-1,158,416	-794,908
Dividends paid		-7,705	-9,923
Net cash provided by financing activities		**234,037**	**318,762**
Net increase in cash and cash equivalents		**25,904**	**64,022**
Cash and cash equivalents at beginning of year		**167,498**	**101,561**
Effect of exchange rate differences on cash and cash equivalents		-6,409	1,915
Cash and cash equivalents at end of year		**186,993**	**167,498**

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