Annual Report 2015

vimetco

Vimetco N.V. is an international industrial group that focuses on the aluminium industry. The Group is present in several countries, including The Netherlands, Romania, China, and Sierra Leone. The majority of the Group’s industrial output is sold on international markets, including the London Metal Exchange (LME) as well as the Shanghai Metal Market (SMM). Additional details may be found on the company website at **www.vimetco.com.**

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Management Report

Note 1:
In this report, the terms "Vimetco Group" and "the Group" are sometimes used for convenience where references are made to Vimetco N.V. and its subsidiaries in general, and the terms “Vimetco”, "Company" and "Parent-company" are sometimes used for convenience where references are made to Vimetco N.V.

The financial statements included in this annual report are audited and they present the consolidated results of Vimetco Group and the Company-only financial statements of Vimetco N.V. The consolidated financial statements are prepared in accordance with IFRS and with the financial reporting requirements in part 9 of Book 2 of the Dutch Civil Code. The indicators/ figures might be rounded to the nearest whole number, and therefore, minor differences may result from summing and comparison with the figures mentioned in the financial statements.

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

Note 2:
A list of all abbreviations and definitions used in this report can be found on page 38.

Financial and Operational Highlights

		2015	2014
Sales	USD million	1,818	1,920
EBITDA[1]	USD million	181	204
EBITDA margin		9.9%	10.6%
Net (loss)/ profit	USD million	(437)	(266)
Total assets	USD million	4,875	5,263
Shareholders' equity	USD million	243	675
Net debt [2]	USD million	2,683	2,531
Earnings per share	USD	(1.216)	(0.710)
Equity per share	USD	(0.52)	0.67
P/E[3]	**USD**	**(0.21)**	**(0.42)**
Share price at year-end	**USD**	**0.25**	**0.30**
Production			
Electrolytic aluminium production	metric tonnes	889,018	821,572
Processed aluminium production	metric tonnes	137,311	159,437
Alumina production	metric tonnes	404,825	362,627
Bauxite production	metric tonnes	1,334,046	1,161,705
Coal production	metric tonnes	664,394	1,166,378
Energy production	MWh	6,653,476	6,330,751
Average number of employees	FTE	13,579	14,915

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

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

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

Letter from the Chairman

Dear Shareholders,

2015 was the eighth year of Vimetco as a listed company, following the successful completion of the Initial Public Offering on 2 August 2007. In 2015 as in past years, the international aluminium environment proved that it remained a challenging one from a demand and price perspective. However, we continue to believe in our strategy of vertical integration and we sustain our efforts to remain competitive in this business that continued in 2015 to be marked by low prices for aluminium on the London Metal Exchange, with an average of USD 1,661/ tonne, an even lower level than the one reported for 2014, of 1,867 USD/ tonne.

Our results continue to be significantly affected by external factors (i.e. eco-taxes in Romania, slow growth in China) and this is why we are planning to implement an even more disciplined approach to cash management and costs reduction and we will try to improve our results during the next years. The tight cost control and austerity measures implemented in the prior years have to be continued and even though we are operating effectively, the main objectives remain the significant improvement of the cost structure and liquidity.

We will also focus on monitoring and mitigating the effects of the risks related to weak economic environment and unfavourable market developments by a permanent improvement of our business in terms of operational efficiency and enhanced commercial strategies. Moreover, maintaining a strong balance sheet with a secure level of liquidity and keeping an eye on our working capital represent the top priorities for us in the next period. We continue to rely on our long-term vertical integration strategy that is also offering us a tighter, clearer control over our inputs and on our long-term strategy of focusing on high value-added products.

Therefore we will continue the programme to increase our portfolio, with focus on high value added aluminium products, both in the primary, and in the processed sectors. This strategy is supported by market analyses that show that industries, like aerospace, automotive and construction have good chances of recovery and our operations are in a good position to take advantage of such a recovery. The investments we made in state-of-the-art technology allowed us to become a certified producer for the aerospace industry, via our Romanian unit. Moreover, in the automotive sector, we are on our way of becoming an accredited supplier for the production and mechanical processing of aluminium and aluminium alloys, our Romanian operations already receiving the quality management system certification for this sector. In China, we will also continue to develop our portfolio, focusing on higher value added products and on high quality of our products.

Moreover, we remain focused on securing our business practices and even though the environment in which we operate remains a challenging one, our main aim is to reduce our losses, move towards profitability and, ultimately to create shareholders value.

Vitali Machitski
Chairman of the Board

Letter from the CEO

Dear Shareholders,

We are confident that Vimetco is on the right path and our permanent efforts and investments in our business will start to show the expected results in this challenging industry in which we operate.

I am pleased to announce that 2015 was a historical year for our Group as in Romania, Alro celebrated its 50th anniversary in June, while, in China, Zhongfu Industry celebrated its 40th anniversary in October. Both events were celebrated by a ceremony to which senior officials were invited as both companies represent a major landmark for the local communities where the factories are located and are also main contributors to the jurisdictions where they operate. Moreover, both companies, Alro and Zhongfu Industry are companies that received over the years many awards both from the Government and from local or international Professional Associations.

Even though 2015 was a difficult year in terms of prices and demand, both our segments showed improvements and positive developments in the operational area.

Good news was received in Romania when the conclusion of the in-depth investigation conducted by the European Commission (EC) regarding Alro's contracts with the electricity supplier Hidroelectrica was published in June. The conclusion specifically mentioning that no state aid was involved. The analysis revealed that the prices charged were fully in line with the benchmark market. It was also mentioned that, Alro cooperated in a professional and transparent manner with the EC representatives throughout the investigation.

Another important achievement was that in June the Romanian companies received the confirmation of qualification for the 85% exemption of green certificate quota, due to their energy-intensive technologies. Unfortunately, due to further developments in the local legislation published in February 2016, the exemption was applicable only starting from June 2015 (and not from the beginning of the year as initially regulated). However, positive results are expected to occur in the future results as this measure will allow Alro Group to compete in an equitable manner with all the other aluminium producers in the European Union, where similar measures were already implemented starting several years ago.

The end of 2015 was also an important moment for Alro, as it successfully completed the negotiations with Black Sea Trade and Development Bank (BSTDB) for signing a contract for a CAPEX facility of USD 60 million, out of which an important part will be used during 2016 for capital expenditures.

On the other side, in China, despite the poor aluminium environment that strongly affected our results, we continued to invest in promoting our brand image and expanding our presence on the international market for the products made of aluminium alloys dedicated to the transportation industries. As a consequence, Zhongfu Industry obtained the Quality Management System Certificate for production of parts and provision of respective services in the automotive industry, issued by the National Quality Assurance (NQA), Great Britain. This certificate provides our subsidiary the status of a certified supplier for automotive plates. In addition, the deep processing plant – casting line and hot rolling mill, which is the largest CAPEX investment item in China, was put in operation at the end of 2015. The investment, located in Henan Province, consists of a six roll wholly hydraulic mill and and can produce coils with a standard width in the range of 900 – 2,400 mm, the highest-performance in terms of standard width. The investments done so far by Zhongfu Industry in this project amounted to more than USD 800 million and have state-of the art technology and facilities.

Nevertheless, in 2015 both our segments continued to be affected by low aluminium price combined with significant lower premiums as compared to 2014, the result being a net loss for the Chinese segment, of USD 433 million and a break-even result for the Romanian segment. The Chinese segment was significantly affected by the sharp decrease of the coal price that generated an impairment loss in 2015 for our coal mining assets of USD 151 million. In terms of operational results, during 2015 we managed to maintain a stable level of EBITDA margin, around 10%, while experiencing a slight decrease of 5% in sales volume and keeping our costs under control.

In 2016 we continue to strive for a better and more sustainable business, while confirming once again our commitment to this industry with a strong responsible behaviour towards the communities and the environment in which we operate.

Gheorghe Dobra
Chief Executive Officer

Overview

The challenging environment for the aluminium players continued in 2015; at the international level, the aluminium market price dropped, in 2015, reaching a minimum of USD 1,424/ tonne (2014: USD 1,642/ tonne), while the premiums were significant lower as compared to 2014. To compensate this decrease, Vimetco continued its investment strategy to increase its operational and energy efficiency. Moreover, through its competitiveness increase programs, the Company has tried to overcome the overall decreasing aluminium market (i.e. the average LME price for 2015 was of USD 1,661/ tonne, while the average for 2014 was of USD 1,867/ tonne) and remained focused on the:

- Continuous improvement of its activities, processes and products;
- Decrease of production costs and production time;
- Development of the actual technological processes, to obtain the best available technologies for quality and costs;
- Waste management measures;
- Optimization of processes and technologies, reducing the energy consumption and using the available opportunities to improve the energy efficiency.

In 2015, Vimetco remained committed to its long-term development strategy to achieve vertical integration, and supplying highly sophisticated aluminium products to high-end customers; therefore the management put an even stronger emphasis on developing its sales network, especially those for the high processed products and also entering new markets. Moreover, the management is focused on securing its business practices and even though the environment in which the Company operates remains a challenging one, its main aim is to reduce its losses, move towards profitability and thus to create shareholders value.

As in previous years, the weak aluminium market and the increase in the price of raw materials, impacted significantly the 2015 Group financial results.

While external factors led to a decrease in the Group's overall sales by 5% to USD 1.8 billion, down from USD 1.9 billion in 2014, the gross profit decreased by 8.5% in 2015 to USD 146 million (2014: USD 160 million). The operating result showed a significant lower negative level of USD 194 million compared to a negative level of USD 55 million in 2014.

In 2015, Vimetco sold 696,468 tonnes of primary aluminium for USD 1,230 million, compared to 622,352 tonnes, in 2014 for USD 1,254 million, while the sales for processed aluminium products decreased by 18%, to 130,149 tonnes for USD 370 million, compared to the previous year, when they stood at 159,502 tonnes for USD 451 million.

In terms of production, the electrolytic aluminium output increased by 8%, to 889,018 tonnes, from 821,572 tonnes, in 2014, while the processed aluminium production decreased by 14% to approximately 137,311 tonnes, from 159,437 tonnes, in 2014. This decrease was generated by the fact that in China, in 2015 a significant part of the produced electrolytic aluminium has been used in the new plant for testing and calibrating the new equipment. Significant part of the new plant has been put into operation by the end of 2015, as the testing phase was finalized. Both alumina and bauxite production increased: alumina by 12% to 404,825 tonnes (2014: 362,627 tonnes), compared to 2014, while the bauxite production increased by 15% to 1,334,046 tonnes (2014: 1,160,705 tonnes).

Both segments faced the negative effects of external factors, such as low price of aluminium and high production costs. In Romania the high burden of eco-taxes on electricity consumption has continued to have a significant impact on this segment results as the 85% exemption the green certificates quota was applicable only starting with June 2015 (and not from the beginning of the year as per the initial regulation). In China the Group faced low aluminium prices due to overproduction. The effect was a net loss for the Chinese segment, of USD 433 million and a break-even result for the Romanian segment.

Sustainable Development

For Vimetco Group the sustainability of its operations and business practices represent core directions and, hence Vimetco is constantly pursuing its long-term development strategy of strenghtening its operations and drive performance implemented in all its business units in China, Romania and Sierra Leone. The Company focuses on consolidating its position as a vertically integrated aluminium producer, by securing the necessary raw materials for current and future activity, and delivering high value added products. Vimetco is acting responsibly towards preserving the environment and supporting the communities where it operates and the local economies.

Operating in a highly competitive international market, Vimetco focuses on identifying the best solutions for cost savings and for increasing the efficiency of the production processes, while safeguarding the environment.

Business sustainability

Vimetco is a vertically integrated international Group with its own production of bauxite, alumina, coal, power and aluminium. The Company developed its own raw material production units, operating its own energy plants in China, a bauxite mine in Sierra Leone and an alumina refinery in Romania. Vimetco focuses its production activity on delivering high value added products, both in primary and processed sectors. The Company is constantly improving the quality of products and services, having a wide range of aluminium products in the primary sector, including billets, wire rod, slabs and in the processed sector, such as plates, sheets, coils and extruded products. With a favourable geographic positioning, with long standing expertise in high value added products and with a vertically integrated business model, Vimetco is able to offer increased value to its stakeholders (customers, employees, shareholders and local communities).

International presence

Vimetco has production assets in China, Romania and Sierra Leone, a holding company in The Netherlands, being well positioned to cover the demand of its international customers. Having almost 14,000 employees, Vimetco N.V. controls annual production capacities of up to one million tonnes of electrolytic aluminium, 340,000 tonnes of processed aluminium products, 600,000 tonnes of alumina, 1.7 million tonnes of bauxite, 2.25 million tonnes of coal, 3 x 300 MW of electricity and 318,000 tonnes of baked anodes per year. The Group pursues its corporate governance principles and it does business in a fair manner, with mutual respect, transparency and accountability. Vimetco Group includes three aluminium smelters and rolling mills, one alumina refinery, bauxite-mining facilities, nine coal mines and four power plants in five countries, in three parts of the world. Vimetco's operations in China include smelting plants and casting facilities in Gongyi and Linzhou and processing facilities in Gongyi and Zhengzhou. Moreover, the Group owns an anode plant, three power plants in China with a total capacity of 900 MW and several coal mines, securing partly its electricity needs in the country. In Romania, Vimetco's operations include a smelter, an anode plant, casting facilities, and a processing plant, with a production capacity of electrolytic aluminium of 265,000 tpa and over 85,000 tpa of processed aluminium, including plates, sheets, coils, and extruded products.

Moreover, through its Romanian unit, Vimetco is an active member of the European Aluminium Association (EAA), organization that includes primary aluminium producers, downstream manufacturers, producers of recycled aluminium and national aluminium associations representing the manufacturers of rolled and extruded products in 18 European countries. The overall objective of the EAA is to actively engage with EU decision-makers and the wider policy community to promote the outstanding properties of aluminium and optimise the contribution our metal can make to meeting Europe's sustainability challenges. Through its Romanian unit, Vimetco also became a member of the Association of the Big Industrial Energy Consumers (ABIEC), association that includes the biggest energy consumers in Romania, having a combined energy consumption of over 10% of the total energy generation in Romania.

Long-term strategy

Vimetco is committed to continue its focus on becoming a fully integrated aluminium producer, with the goal to achieve full integration and ensure all necessary raw materials for its operations. In 2015, the Company continued to consolidate its production capacities, worked towards diversifying its products portfolio and towards identifying opportunities for further securing the necessary raw materials, both bauxite and electricity. Since 2012, the Company's bauxite producing subsidiary, Sierra Mineral Holdings I Ltd. (SMHL), has an updated Mining Lease Agreement with the Government of Sierra Leone. Under this agreement the Company's Mining Lease, of 321 square km in the Mokanji area of Sierra Leone, is granted for a period of 20 years from the effective date, while the perimeters remain the same. The updated lease brings SMHL up to date with the latest legislation in the mining and minerals field in Sierra Leone. Vimetco also supports the local community, via SMHL Foundation, and takes part in building the infrastructure, community halls, water wells and other facilities in the regions where the Company operates. In Romania, the Company's investments focused on increasing its operational efficiency, its aluminium scrap processing capacities and the production of the highly processed products, while upgrading its technology, in order to keep its equipment in line with the latest technological innovations in this industry.

Another direction in which the Group had actively invested during the past years is recycling the aluminium scrap, with a facility of this sort in Romania, allowing the Company to reuse scrap aluminium from different suppliers and with different levels of impurities. Recycled aluminium that can be used in almost all areas, also means energy savings, reducing CO_2 emissions and reducing the raw materials consumption. In Romania, the Company has a recycling aluminium scrap division that uses modern equipment, both in terms of furnaces, as well as scrubbing equipment.

Research and development

Vimetco continued its research and development programme that has two major components: continuous improvement of the product ranges, quality and services, on the one hand, and on the other hand, reducing specific consumption and increasing energy efficiency of its operations. Vimetco's units in China and in Romania are qualified to supply a wide range of aluminium products that meet the requirements of the most demanding customers, in terms of quality and services.

Vimetco is investing in the diversification of the product ranges, placing a strong emphasis on research and development. Vimetco's products hold the quality certifications from the most prestigious institutes in the respective fields, such as NADCAP certificate for aerospace industry or ISO 9001. The Romanian unit, Alro is a member of Aluminium REACH Consortium, an organisation that assists industry players in the compliance process to REACH (European Community Regulation on chemicals and their safe use, which deals with Registration, Evaluation, Authorization and Restriction of Chemical substances). In its turn, Vimetco's Henan Zhongfu achieved the most advanced level of energy efficiency in its category. The Research and Development Department of Vimetco's Zhongfu Industry had successfully achieved 'low-temperature low-voltage aluminium smelting technology'. As a result, since 2012 the direct current consumption has decreased to 11,819 kWh/tonne of aluminium, down by 10.7% from 13,235 kWh/tonne.

Along with the above mentioned achievements, the research activity remains focused on many strategic directions:

- Reducing specific consumption:
    - Modification of the cathode block design for the electrolysis cell, to reduce the electricity consumption;
    - A new system to input the alumina in the electrolysis cell;
    - Reduction of the heat treatment cycles to reduce the natural gas consumption and increase the production capacity;
    - Conception, testing and implementation of a software application for optimizing the number of plates allocated to each slab.
- Equipment and products quality:
    - Increase the equipment efficiency, a method for identifying the mechanical malfunctions;
    - Improve the mechanical properties for aluminium alloy plates;
    - Conception, testing and implementation of mathematical models, in order to correlate the chemical composition of slabs with the final properties of the rolled products.
- Investments to expand the products portfolio:
    - To manufacture products for the shipbuilding industry and pressure vessel;
    - Establish the processing conditions required to obtain the plasticity and deep drawing characteristics for a series of alloy plates and strips.

Vimetco had and will continue to have as major objective the efficiency of its operations and of making products that promote the use of aluminium and sustainable development.

Health and safety

Vimetco has in place a comprehensive set of health and safety policies in all its units around the world, resulting in a successful track record in this field. Each employee is responsible for observing safety and health rules and regulations, working safely and efficiently. Health and safety principles also apply to the Company's contractors, visitors, and customers. Vimetco is constantly addressing health and safety issues across the entire production chain and for all its products, delivering goods that comply with their intended functionalities. The Company offers working protection materials, specially designed for its employees, a regular monitoring program with in-house medical teams, and also free medical supervision and emergency aid is provided at any time.

Moreover, in 2015, the Company paid a special attention for improving the labour conditions, working environment and the safety of its employees.

Quality

Vimetco places a strong emphasis on the quality of all its products, implementing a complex control policy programme for its units. The Group's teams achieved significant results in improving quality throughout the production chain from raw material to finished products and services.

In Romania, Alro's products are ISO 9001 certified for quality management and have NADCAP as well as EN 9100 certificate for aerospace production organizations, complying with the quality standards for primary aluminium on the London Metal Exchange - LME, as well as the international standards for flat rolled products. Alro is also certified for quality management system in accordance with international standards ISO/TS 16949:2009.

In China, Zhongfu Industry 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 and is also ISO 14001 certified. In addition to these, Zhongfu Industry is a certified supplier for automotive plates as it obtained in 2015 the Quality Management System Certificate for production of parts and provision of respective services in the automotive industry, issued by the National Quality Assurance (NQA), Great Britain.

Environment

The constant involvement in environmental protection activities is part of the Company's long-term development strategy. The Group permanently monitors the environment footprint and takes the necessary measures to comply with the specific environment rules. In addition, the specific investments in environment protection programs, the Group uses modern technologies, in line with the requirements in this field. Moreover, Vimetco is constantly working towards maintaining a low impact on the environment, as it is aware of its responsibility towards the communities where it operates. All its units work in compliance with the respective rules and regulations and implemented self-monitoring techniques in order to maintain compliance.

The Group's Romanian unit, Alro, developed programs for the self-monitoring of the environmental impact factors and of the work related noxious emissions in cooperation with the Local Environmental Protection Agency and Local Public Health Authority. Alro has the Integrated Environmental Permits, representing the acknowledgment of the company's complex long-term investment plan. Alro also holds the ISO 14001 certification for the environmental protection management. Alro is also involved in global environmental-related activities by cooperating actively with international organizations, which are in charge of reduction of greenhouse gas emissions and of the entire range of pollutants generated by the company facilities. Moreover, Vimetco's Romanian operation implemented a programme to increase processing of scrap aluminium, in Slatina, to over 100,000 MT/year. During 2015, Alro continued to be actively involved in several projects related to environmental protection for both divisions (Primary and Processed) and several environmental programs were conducted in collaboration with local and regional authorities for air quality and to prevent major accidents involving dangerous substances.

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

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

Greenhouse gas emissions

Vimetco has invested in state of the art technology that indirectly has a positive impact on environment protection, by reducing the impact of CO_2 emissions and footprint. The Group is continuously assessing and evaluating the environmental footprint associated with greenhouse gas emissions. Its investments support efficient operation in aluminium production, helping to deal with climate change.

Within its Romanian unit, Alro, the energy consumption was constantly decreased and reached a level lower of 13,300 KWh/tonne and together with Faraday efficiency which was maintained at over 95.5% during the prior years show the high level of efficiency of the Electrolysis operations. Consumptions such as aluminium fluoride, some of the alloying elements which were changed due to more usage of aluminium scrap recycling, establishment of strict limits for usage of natural gas show the going concerns to improve and optimize the costs. The energy consumption rates represent the biggest achievement in Alro's history as well as other consumptions savings for utilities (such as, water, compressed air etc.).

Regarding the greenhouse gas emissions, Alro was the first company in Europe from the industry in which it operates which paid special attention to these emissions. Thus, the level of anode effect is below 0.05 EA/pots/day reducing CF4 and C2F6 emissions with about 39 times compared with the ones reported in 1990. Also, all the emissions related to burning natural gas and anodes were significantly reduced.

The recycling of aluminium scrap replaces some of the electrolytic aluminium and generates advantages such as: reducing energy consumption, reducing greenhouse gas emissions and implementing a circular concept of recovery-reuse. Last year, the aluminium recycling activity within the Alro Group reached a level of 70,000 tonnes, the aluminium scrap representing rolling mill scrap and extruded products from companies within the Alro Group and from third parties.

Energy efficiency

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

In addition, the Company continued its strategy of increasing energy efficiency by testing new technologies in the electrolytic sector, which could decrease the energy consumption by at least 100 kWh/tonne of electrolytic aluminium. Alro aims at both reducing the specific consumption of electricity, and increasing the lifetime of its electrolytic pots, by using a new type of cathode, respectively "shaped cathode". This way, the impact is to reduce the total costs of production. Thanks to these investments, made in prior years, the Company managed to reduce the electricity consumption per tonne of aluminium by over 75% for the processed products, while gas consumption decreased by over 90% since 2004.

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

Employees

At the end of 2015, Vimetco employed almost 14,000 people in Asia, Europe and Africa. Vimetco places all its employees on the top of its priorities and is constantly investing in work safety and security, in protection equipment, safety materials and health and safety training programmes. Beside the protection programmes, the Company is conducting regular internal safety audits to determine the compliance with the safety and security standards. The Company is committed to ensuring the best working conditions for all employees in compliance with the international standards. Moreover, the Company has complex training programmes that ensure all employees are trained to work with best available equipment and latest techniques available.

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

Social Responsibility

Vimetco considers the local communities where it operates as the Company's partners and is committed to work towards improving the life of the people living in the areas where the Group operates. The well-being of the people reflects the success of our business, and Vimetco is actively involved in the lives of the local communities, supporting their development, implementing the specific projects, including education, health and infrastructure. In Romania, the Company is constantly involved in the lives of the communities where it operates, focusing its corporate social responsibility programme on major programmes, from rebuilding homes destroyed by natural disasters, to education and health initiatives. In Sierra Leone, the Company contributes to the Agricultural Development Fund, and to a Foundation focusing on community development projects in the mining area. In China, the Group invested in a local fund set up with the purpose of financing the construction of the Art Centre and the Central Library in Gongyi.

Business Review

Financial review- reported results

In 2015, Vimetco's sales slightly decreased by 5%, to USD 1.8 billion, while the net group loss increased to USD 437 million compared to USD 266 million in 2014. This slowdown in sales is mainly due to lower aluminium prices, accompanied by weaker demand and a slow growth in the market.

The ***cost of goods sold*** decreased to USD 1.67 billion, in 2015, from USD 1.76 billion in 2014, as an effect of lower overall sales, but also as a result of management's efforts to reduce its costs. The gross profit margin stood at 8% in 2015, due to the Group's success in reducing its production costs and specific consumptions per aluminium tonne.

The ***operational results*** decreased significantly in 2015 compared to the previous reported loss of USD 194 million (2014: loss of USD 55 million), mainly due to the sharp decrease of the coal price and of the resulting impairment charge in the Chinese segment.

The Group's ***total assets*** reported as at 31 December 2015 decreased by USD 388 million, from USD 5,263 million in 2014 to USD 4,875 million, out of which non-current assets amounted to USD 3,351 million (31 December 2014: USD 3,771 million).

The ***cash and cash equivalents*** at the end of 2015 was of USD 783 million, up from USD 739 million, at the end of 2014, out of which restricted cash represents USD 740 million (31 December 2014: USD 689 million). The net cash used in operating activities was USD 121 million in 2015, compared to net cash generated by operating activities, in 2014, of USD 182 million.

In 2015, the Group's ***total liabilities*** increased by almost USD 44 million to USD 4,632 million (31 December 2014: USD 4,588 million), total ***non-current liabilities*** at Vimetco level being of USD 1,102 million as at 31 December 2015, down from USD 1,321 million as at 31 December 2014 with long-term loans from third parties lower by USD 223 million compared to USD 962 million as at 31 December 2014, while the short-term loans increased to USD 1,717 million as at 31 December 2015 (31 December 2014: USD 1,349 million), mainly due to the Chinese segment.

At 31 December 2015, in its company-only financial statements, prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code, Vimetco N.V. reported a negative total shareholders' equity. The negative value of Vimetco's equity was mainly driven by the reported losses over the past few years by the investments in both segments of Vimetco, for which equity accounting is applied in accordance with The Netherlands Civil Code. The reported losses were most significant for the Chinese segment and resulted that the investment and the loan that form part of the net-investments were recorded at nil as at 31 December 2015. The main items which affected these book values were the impairment charges recorded during the last couple of years for the mineral rights and property, plant and equipment owned in China, impairments driven by the low current level, combined with poor forecasts on the coal and aluminium markets (please see also additional information in the Notes 9 and 10 to the consolidated financial statements).

Should Vimetco have considered in the accounts the investments in Zhongfu Industry (listed on the Shanghai Stock Exchange) and Alro (listed on the Bucharest Stock Exchange) at their market value (determined based on each subsidiary's market capitalization as at 31 December 2015) and not at their accounting net assets value, then Vimetco's equity as at 31 December 2015 would have been positive.

At the end of 2015 Vimetco had 13,579 people employed across Asia, Europe and Africa (31 December 2014: 14,915). This reduction is mainly due to a reduction of the G&A staff in China as a measure of decreasing the administrative costs.

Liquidity, financial position, investments

Considering the ongoing challenging aluminium environment, Vimetco's management continued its focus on liquidity and cash flows, paying special attention to incremental improvements in procurement efficiencies, overhead rationalization, working capital, and disciplined capital spending. All of these measures are essential components of current business practices to enable a strengthened balance sheet and to ensure sustainable growth.

Within Vimetco Group, each segment manages its liquidity needs, while ensuring sufficient funds are available to cover the Group's operational requirements.

In 2015, cash used in continuing operating activities was USD 121 million, compared to the cash generated by operating activities in 2014, of USD 182 million. The cash generated from financing activities was USD 278 million in 2015 (2014: cash used by financing activities USD 91 million).

Net debt increased by USD 152 million compared to the previous year, amounting to USD 2.7 billion at the end of 2015. The gearing ratio also rose to 92% (2014: 79%). The liquidity level was significantly affected in Romania over the last five years by the green certificates quota acquisition which cost more than USD 100 million. However, there have been positive signs from mid-2015, as the Romanian subsidiary is now entitled to an 85% exemption of green certificates quota which will lead to a significant reduction in electricity costs, which is a key input for the aluminium production technology.

Moreover, this measure will allow the Romanian subsidiary to compete in an equitable manner with other aluminium producers in the European Union, where similar measures were implemented several years ago.

Considering the figures mentioned above, the Group is planning to implement an even more disciplined approach to cash management to try to improve its balance sheet over the next few years. This tight cost control and the austerity measures implemented in the prior years are to be continued and although the Group is operating efficiently, the main objectives remain the significant improvement of the cost structure and liquidity.

The level of capital expenditure has to be maintained or even increased given the cyclical industry we operate in. The investment in state-of-the-art technology represents a key strategic direction. Investments in modern equipments and technology increase the operational efficiency and, at the same time, decrease production costs, while expanding our range of products, improving quality and reducing delivery time, as fulfilling customer demands is a top priority for Group.

At the end of 2015, Alro successfully completed negotiations to obtain two loans: one with a syndicate of banks for a revolving loan, amounting to USD 137 million, with the main purpose of refinancing the existing revolving loan and another contract for a CAPEX facility of USD 60 million. In addition, cash generated from operations and financing activities is expected to be able to cover all operational and business needs over the next 12 months.

During 2015, the Group continued its investment strategy focused on increasing the efficiency of its operations. In China the largest CAPEX item refers to the construction of a deep processing project; the casting facility and the hot-rolling mill were made fully operational in Q4 2015, following the completion of the testing phase for this equipment. The six roll hydraulic mill located in Henan Province can produce coils with a width in the range of 900 – 2,400 mm, the highest-performance in terms of standard width reached at present in China. The Company has already invested more than USD 800 million in this deep processing project which has state-of-the-art technology and facilities.

In 2015, Zhongfu Industry announced the issuance of a private placement of 790,861,152 shares for approximately USD 690 million. The issue considers eight target investors at a price of CNY 5.69 per share, the amount planned to be spent on the investment of Internet Data Center project (i.e. USD 292 million) and the repayment of the Group's borrowings (i.e. USD 400 million). Currently the transaction is awaiting approval from the China Securities Regulatory Commission, which may take several months until completion.

On the other side, the Romanian segment also continued to invest in the reconditioning of the electrolytic pots, new aluminium scrap processing facilities and management's intention is to invest even more in the Processed Aluminium segment. Through capital expenditures related to the aluminium scrap processing facility, management's intention is to increase the quantity of aluminium scrap used at the Cast house for the production of aluminium alloyed slabs and billets. The recycled aluminium represents a way to reduce energy consumption, but also the CO_2 emissions and the raw materials. Alro operates a scrap aluminium recycling facility, which uses the most modern equipment.

At 31 December 2015, Vimetco's cash and cash equivalents were USD 783 million, out of which restricted cash represents USD 740 million. Management is confident that cash from continuing operations, together with its liquidity holdings and available credit facilities, will be sufficient to cover planned capital expenditures, operational requirements, and financing activities in 2016 - see *Note 2.1.1 Going Concern* of the Consolidated Financial Statements.

Operational update

Romania & Sierra Leone (Romanian segment)

In Romania, Vimetco's operations are vertically integrated, covering the entire aluminium production chain. The Group has a smelting plant and processing facilities in Slatina with a current working capacity of 215,000 tpa and almost 112,000 tpa respectively (including the extruded products maximum capacity). In addition, it owns an alumina refinery in Tulcea with a total capacity of 600,000 tpa and controls a bauxite mine in Sierra Leone (Africa) with a total capacity of 1.7 million tpa.

In 2015, the Romanian segment ("Alro Group") reported a total production of primary aluminium of 271,356 tonnes, higher than the 263,098 tonnes reported in 2014. Alro Group increased its processed aluminium production by almost 4,000 tonnes and reached a level of 102,386 tonnes (2014: 98,537 tonnes). In 2015, the alumina production increased by 42,198 tonnes, while the bauxite production increased from 1,160,705 tonnes to 1,334,046 tonnes in 2014, as a result of the sustained efforts and investments made in Sierra Leone.

The consolidated sales of the Romanian segment ("Alro Group") amounted at USD 605 million in 2015, approximately 4 % lower than the level reported in 2014 (USD 630 million), mainly due to the lower LME aluminium prices in 2015.

The primary aluminium segment contribution to sales was USD 266 million and represented about 44% of the Romanian segment's sales (2014: USD 282 million, 44%). Considering Alro Group's strategy to produce more high added value products, the processed products sales consolidated their share in total sales and reached 53% of the total revenues with an amount of USD 320 million of sales (2014: USD 328 million, 52%).

The main market for Romanian segment's products is represented by the EU countries (including Romania, Germany, Poland, Spain), about 84% of the Group's sales being absorbed by this market. For primary products, Alro mainly focuses on Romanian market, due to lower transportation costs that make its products more competitive and thus being able to improve its profitability.

Alro Group's net result was at break even, significantly improved from the 2014 net loss of USD 16 million. The net result was mainly influenced by the high burden of eco-taxes on electricity consumption as the 85% exemption from the green certificates quota was applicable only from June 2015 instead of January 2015, as per the initial regulation.

In 2010 Alro, entered into a long-term electricity supply contract valid until January 2018. Following this date, the contract had several amendments, which significantly changed the contractual price. For more information, please see *Note 27 – Risk Management* of the Consolidated Financial Statements attached to this report. In order to reduce its costs and to remain competitive in an industry marked by low LME levels and high raw material costs, Alro diversified its risk of electricity supply, and concluded several agreements with other electricity suppliers, in order to secure the needs for 2015, at competitive prices.

At the end of 2015, Alro has signed a USD 60 million CAPEX facility agreement with the Black Sea Trade and Development Bank (BSTDB). This facility will allow Alro to continue the investment program for 2016, focused on increasing the operations efficiency, reducing energy dependency and improving its competiveness. In December 2015, an amount of USD 15 million from this loan was drawn, while the balance is to be used in 2016 and onwards. The investments made in 2015 focused on completing the projects started in 2014, which aim at increasing the percentage of value added aluminium deliveries, as well as increasing the product mix. Also, in Alro the development of the scrap aluminium production facility was continued, with positive effects for decreasing the energy consumption per tonne of produced aluminium. Only for the upgrade of equipments and technologies, Alro invested approximately USD 12 million in 2015. Moreover, the implementation of continuous improvement programs, for all its areas of activity (i.e. production, quality, environment, human resources, sales etc.) as part of the strategy to increase the performance of each company within the Group was continued. According to the study 'Energy Efficiency and GHG Emissions: Prospective Scenarios for the Aluminium Industry', published in 2015, by Joint Research Center, at the request of the European Commission, Alro reached 99% of maximum possible efficiency. The study estimates that Alro implemented three of the four possible phases to optimize the electrolysis process and ranked fourth out of 18 plants evaluated, which produce primary aluminium in Europe. Alro plans investments for necessary projects to continue to improve its efficiency.

Alro's management is optimistic that the improvement of the operational results, reported in 2015, despite the low international aluminium prices, will continue in 2016 as well, as the investments to decrease the specific consumption and the increase of the high value added aluminium production will increase.

SMHL represents one component of the Group's key components in its technological chain, being at the base of this integrated production chain by supplying the bauxite. The bauxite produced by SMHL is sold to Alum to be refined and thus, calcinated alumina to be obtained, which is further used by Alro and processed into aluminium. In 2015, SMHL produced 1,334,046 tonnes of bauxite, an increase by 173,341 tonnes, compared to the previous year (2014: 1,160,705 tonnes). This is a result of the measures that have been implemented since 2013, being a reorganizational programme in SMHL, which included a decrease of the employees' number, changes of the management and the outsourcing of the mining and transport activity showed positive results. Through all these measures, SMHL aimed to reduce the costs and thus, to increase its profitability. Moreover, the capital expenditure related to the bauxite washing equipment, that started in 2013, was finalized and since November 2013 the washing machine productivity doubled as these capital works increased its capacity from about 2,000 tonnes/ day to 4,000 tonnes/ day.

China

In China, the Group has smelting plants in Gongyi and Linzhou with a total capacity of 740,000 tonnes, casting facilities with capacities of 30,000 tpa in wire rod and 120,000 tpa in billets and 70,000 tpa recycled billets and rolling mill of 100,000 tpa of coils. Vimetco also controls mining facilities with a capacity of 2.25 million tonnes p.a. of coal, 3 x 300 MW coal-fired power stations in Gongyi and anodes plant producing 150,000 tpa of green anodes. Vimetco Group has also a significant shareholding in 2 x 300 MW coal-fired power stations in Linzhou (jointly held with Datang).

In 2015, in China, Vimetco produced approximately 585,755 tonnes of primary aluminium, up from 465,868 tonnes in 2014 and 34,925 tonnes of processed aluminium, down from 60,900 tonnes in 2014; due to low demand and due to the decreasing trend of the aluminium price some pot cells temporarily suspended operations during 2015.

Sales revenues decreased to USD 964 million for primary aluminium in 2015, compared to USD 971 million in 2014, while the sales for processed aluminium significantly dropped to a level of USD 49 million in 2015 (2014: USD 123 million), mainly due to the significant decrease of the coils production and due to poor market conditions.

At the beginning of 2015, Vimetco's main subsidiary in China, Zhongfu Industry announced that its technical center was jointly recognized by the National Development and Reform Commission, Ministry of Science and Technology of the People's Republic of China, Ministry of Finance of the People's Republic of China, General Administration of Customs of the

People's Republic of China, and State Administration of Taxation as one of the National Enterprise Technology Centers.
Zhongfu Industry also obtained the Quality Management System Certificate for production of parts and provision of respective services in the automotive industry, issued by National Quality Assurance Co., Ltd. (NQA), Great Britain. This certification, ISO/TS 16949:2009 represents the International Standard for Automotive Quality Management Systems, which is applicable to sites of the organization where customer-specified parts, for production and/or service, are manufactured. The Quality Management System for automotive plates TS16949 is based on the ISO9001 standard being a technological benchmark for international automotive industry, introduced by International Automotive Task Force (IATF) in accordance with specifics of the automotive industry. Nowadays, this system comprises the highest international standards recognized everywhere across the global automotive industry and at the respective production plants.

This certificate means that Zhongfu Industry has acquired the status of a certified supplier of automotive plates, which will further promote Zhongfu Industry brand image and expand its presence on the international market of products made of aluminium alloys for the transportation industries. This Certificate is valid until 23 June 2018.

Moreover, in June 2015, Zhongfu Industry also entered into other strategic projects such as a cooperation agreement with Shanghai Jiao Tong University for the development of high purity aluminium refining equipment and technology with a production scale of 20,000 tpa.

In July 2015, Zhongfu Industry was awarded a certificate from Lloyd's Register for certified products of aluminium alloy refining and semi-finished, plates and coils. This Certificate is valid until 29 June 2018.

In August 2015, Zhongfu Industry announced that the company was awarded a certificate from ABS & Affiliated Companies, for certified products of aluminum alloy plates and coils. This certificate is valid until 17 May 2020.

At the end of 2015, Zhongfu Industry announced that the company obtained thirteen authorized patents mainly in relation to the aluminum production during the year, three of which with invention patent certificate awarded by the State Intellectual Property Office of the P.R.C.

Corporate Governance

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

Share Capital

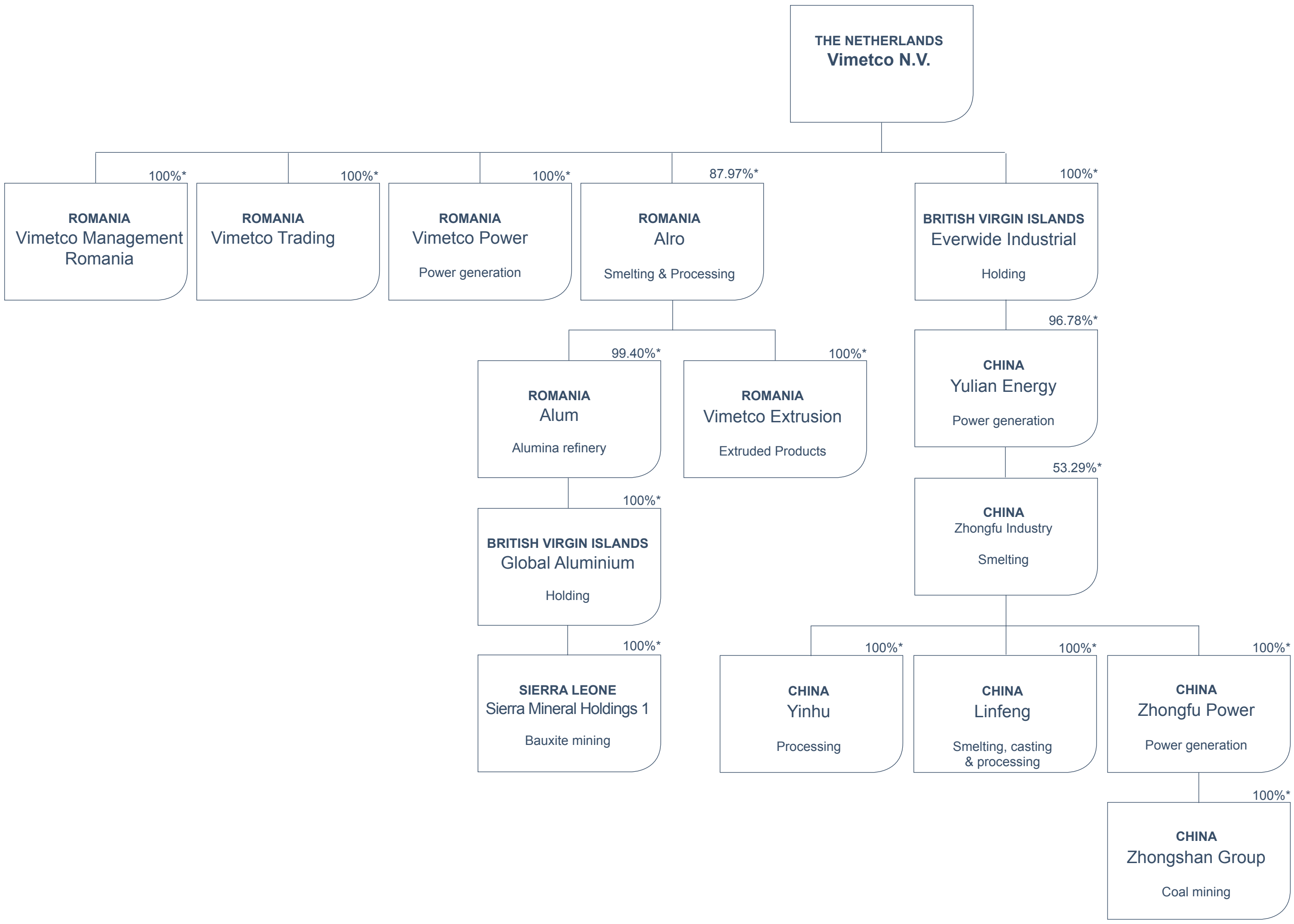
Vimetco's issued share capital on 31 December 2015 amounted to EUR 21,948,472, split into 219,484,720 common shares of EUR 0.10 each. Each share gives the right to cast one vote. Pre-emptive rights accrue to shareholders upon the issue of shares against payments in cash. As a result of the Initial Public Offering in 2007 ('the Offering'), the GDR Depository, J.P. Morgan Chase Bank, N.A., issued global depository receipts ('GDRs') 58,192,034 out of which (26.5% of total number of the Company's shares) are currently listed on the London Stock Exchange (LSE). A GDR holder may instruct the Depositary how to exercise the voting rights for the shares, which underlie the GDRs. The Depositary will not itself exercise any voting discretion. The General Meeting of Shareholders is competent to adopt a resolution for the issue of shares and to fix the issue price and any additional conditions of issue. Vimetco's Articles of Association provide that the General Meeting of Shareholders may designate the Board of Directors as the body competent to adopt such resolutions for the issue of shares, to fix the issue price and additional conditions and to restrict or exclude statutory pre-emption rights for a fixed period not exceeding five (5) years. 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

Pursuant to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Vimetco's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets ('Autoriteit Financiële Markten') (the 'AFM') if, as a result of that acquisition or disposal, the percentage of outstanding capital interest or voting rights held by that person or legal entity reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The obligation to notify the AFM also applies when a percentage of outstanding capital interest or voting rights held by any person or legal entity reaches, exceeds or falls below a threshold as a result of a change in the total outstanding capital or voting rights of Vimetco. Shareholders on record with the AFM register on 31 December 2015 that hold an interest of 3 per cent or more were Maxon Limited through Vi Holding N.V. (59.4%), Zhi Ping Zhang through Willast Investments Limited (10%) and Irina Machitski (3%). Vimetco's shareholders exercise their rights through the Annual and Extraordinary General Meetings of Shareholders. These meetings must be held in the Netherlands, and specifically in the municipalities of Amsterdam or Haarlemmermeer (Airport Schiphol). The General Meeting is convened at least once a year, within six months following the end of the financial year. The Shareholders' Meetings are chaired by the Chairman of the Board. In case of absence of the Chairman of the Board, the General Meeting will be presided over by the Vice Chairman. In case of absence of the Vice Chairman, the General Meeting itself will appoint its chairman. Minutes of the meetings are kept unless a notary's record is drawn up of the meeting's proceedings. Such proceedings can include a review of the Management Report, adoption of the Annual Accounts, determination of the appropriation of profits, discharging the responsibilities of the members of the Board and, on a relative proposal of the Board of Directors, amendments of the Articles of Association. They also include the appointment of the Auditor. Should the General Meeting not appoint the Auditor, then this power accrues to the Board. Resolutions are adopted by a simple majority of the votes cast in a meeting at which at least 50% of the issued capital is represented, unless the law or the Articles of Association prescribe a larger majority or quorum. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting.

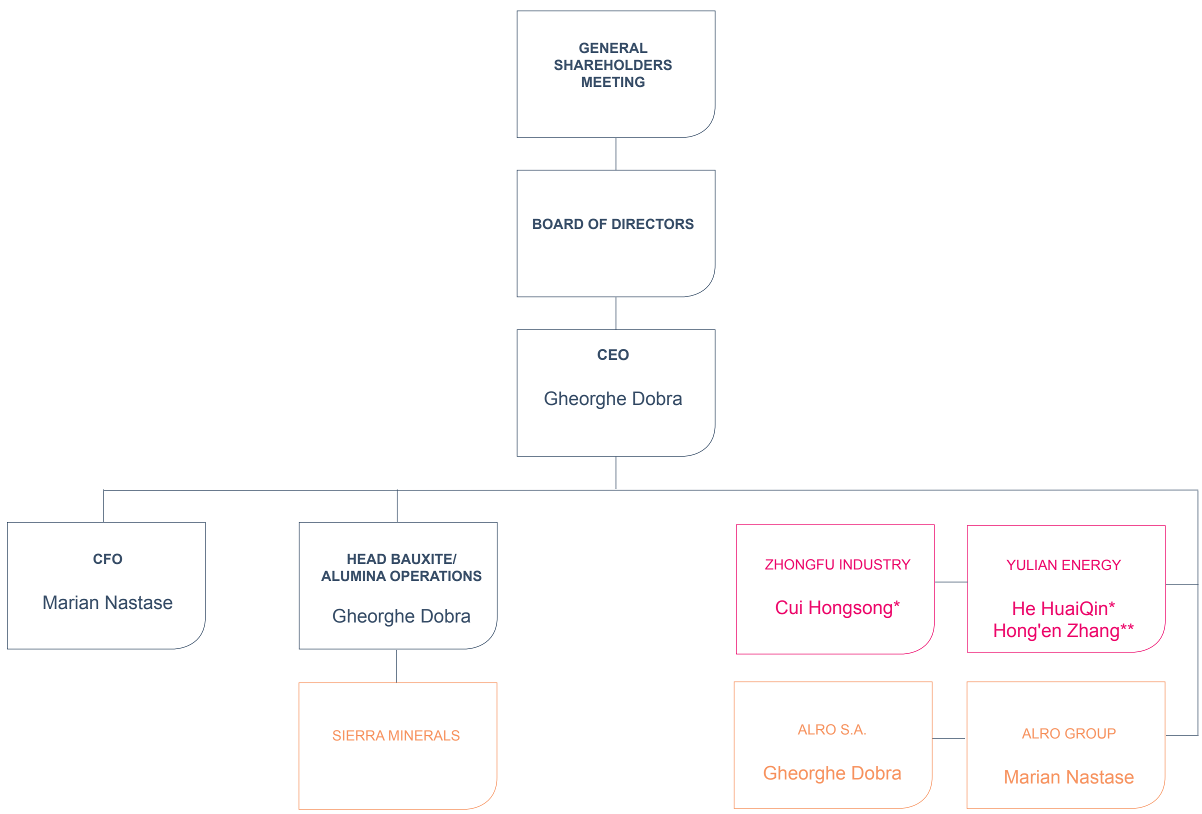
There are no shareholders that hold shares with special control rights. Profits shall be distributed at the discretion of the General Meeting, subject to the following: Vimetco may only make distributions to its shareholders and other parties susceptible to distributions, in so far as the common

Simplified Group structure (as of 31 December 2015)



* held directly and indirectly

Organisational chart (as of 31 December 2015)



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

* From November 2015. For more details, please see the Corporate Governance section on page 25

** Since November 2015, he serves as Honorary Board Chairman. For more details, please see the Corporate Governance section on page 25 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 agreements, 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 Annual General Meeting held on 19 June 2015 reviewed the Management Report 2014 and adopted the 2014 Annual Accounts of Vimetco N.V. Although the general intention of the Vimetco Group is to distribute approximately 20% of the consolidated income of the Group on average over the aluminium price cycle to shareholders, in deviation from the dividend policy, due to absence of profits in 2014 Vimetco N.V. did not make any appropriation of profits to the shareholders and holders of depository receipts for shares of Vimetco N.V. At the mentioned Annual General Meeting, the Company fixed the number of the members of the Board of Directors at 11 and reappointed with preservation of their current title Mr. V.L. Machitski, Mr. J.M. Currie, Mr. G.G.B. Zhang, Mr. B. Ciobotaru, Mr. V.N. Krasnov, Mr. V.M. Agapkin, Mr. D. Sedyshev and Mr. I. Sventski as Non-Executive members of the Board, Mr. G. Dobra as Executive member of the Board and CEO, Mr. M. Nastase as Executive member of the Board and CFO, Mr. P. Machitski as Executive member of the Board for the period ending on the date of the Company's General Meeting of Shareholders in 2016.

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 Management 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 aforementioned shareholders which may result in restrictions on the transfer of shares or on voting rights other than the Share Swap Agreement that was concluded on 5 June 2007, inter alia, by Vimetco B.V. (now Vimetco N.V.), Romal Holdings N.V. (subsequently renamed into Vi Holding N.V.) and Willast Investments Limited and its owners. According to this agreement any of Vimetco's shares transferred by either Willast Investments Limited or Vi Holding N.V. are subject to mutual pre-emptive rights;
- Vimetco and its subsidiaries are a part of several 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


Vitali Machitski


Gheorghe Dobra


Marian Năstase


Pavel Machitski

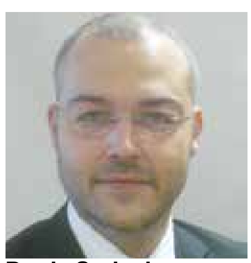

Gaobo Zhang


Bogdan Ciobotaru


Valery Krasnov


James Currie


Vyacheslav Agapkin


Denis Sedyshev


Igor Sventski

Vitali Machitski

Chairman, Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007. Board committee membership: Audit Committee (member), Remuneration Committee (member).
Israeli national; age: 61.

Mr. Machitski has served as Chairman of Vimetco's Board of Directors since 16 June 2009. Previously he was Vice Chairman of Vimetco's Board of Directors since June 20, 2007. From 1999 to 2005, he served as Chairman of Rinco Holding Management Company, LLC (formerly named CJSC Rosinvestcenter), and from 1998 to 2000, he served as Chairman of the Board of CJSC Petrol Complex Holding Company, a joint venture between ST Group and BP Amoco. Mr. Machitski holds a degree in engineering and economics from the Faculty of Economics of the Institute of National Economy in Irkutsk, Russia.

Current directorship positions in other companies: none.

Directorship positions in other companies within the past five years: none.

Gheorghe Dobra

Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: January 16, 2012.
Romanian national; age: 57.

Mr. Dobra is the Chief Executive Officer of Vimetco N.V. and the General Manager of Alro S.A. He was appointed as Acting CEO of the Company on 29 June 2011, and as CEO of the Company on 16 January 2012. Mr. Gheorghe Dobra has served as Alro General Manager since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 31 years of experience in the aluminium industry, working for Alro since 1984. He has held various management positions within Alro, including in the anode plant, cast house, smelting plant and planning production.

Mr. Dobra holds a degree in chemical engineering and a doctorate in material science and engineering from Polytechnic University of Bucharest, as well as an executive master's degree in business administration from the Business and Public Administration Institute, Bucharest, which collaborates closely with the University of Washington, Seattle/USA. He is CEFRI certified (leadership and planning strategy training programme). Mr. Dobra is the (co-) author of several publications and patents in the field of smelting technology.

Current directorship positions in other companies: Alro SA, Alum SA (chairman), Vimetco Power Romania.

Directorship positions in other companies within the past five years: Sierra Mineral Holdings 1 Ltd.

Marian Nastase

Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011
Romanian national; age: 44.

Mr. Marian Nastase has served as Alro Vice President and Country Manager Romania since 2002 before he was appointed as acting CFO of Vimetco on 20 March 2009 and as CFO of the Company since June 2009. Mr. Nastase is responsible for Vimetco Group's operations in Romania and focuses on capital raising and restructuring issues. Also, Mr. Nastase is the President of the Association of the Biggest Energy Consumers (ABIEC), which includes the biggest energy consumers in Romania. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.

Current directorship positions in other companies: Alro SA (Chairman), Vimetco Management Romania SRL, Vimetco Trading SRL, Everwide Industrial Ltd.

Directorship positions in other companies within the past five years: TM Power.

Pavel Machitski

Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011.
British national; age: 33.

Mr. Pavel Machitski has joined Vimetco N.V. as Deputy CFO in 2009 and in 2010 was appointed a Deputy General Manager of Vimetco Management Romania, a subsidiary company offering consulting services to the Group companies.

Mr. Pavel Machitski's role includes, among other responsibilities, business development, strategy, financial planning, M&A, financing, budgeting, controlling & reporting, investor relations and risk management. Mr. Machitski has broad- based business and finance experience and has joined Vimetco from Morgan Stanley where he acted as an advisor in numerous transactions in EMEA region focusing on debt capital markets and M&A advisory.

Mr. Machitski holds a diploma in Finance and International Business from New York University, Stern School of Business.

Current directorship positions in other companies: Alro SA, Vimetco Management Romania SRL, Vimetco Trading SRL, Vimetco Power Romania SRL, Global Aluminium Ltd., Bauxite Marketing Ltd, Sierra Mineral Holdings 1 Ltd, Vi Holding LLC.

Directorship positions in other companies within the past five years: Alum SA.

Garry G.B. Zhang

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Chinese national; age: 51.

From November 2003 to June 2007. Mr. Zhang served as the Chairman of Henan Yulian Energy Group Co., Ltd. He previously served as Deputy Chief of the Policy Division of Hainan Province, Deputy Chief of the Financial Markets Administration Committee of the Hainan Branch of the People's Bank of China and Chairman of the Hainan Stock Exchange Centre. Mr. Zhang holds a degree in science from Henan University and a master's degree in economics from Peking University.

Current directorship positions in other companies as at 31 December 2015: Kirin Delight Limited, TI Systems Limited, Oriental Patron Securities Limited, Bliss Century Investments Limited, Wonder Vision Holdings Limited, Widen Success Investments Limited, Prosper Gain Holdings Limited, River King Investments Limited, CCA Chile Inversión Y Desarrollo Minero S.A., Panlink Investments Limited, Oriental Patron Development HK Limited, Oriental Patron Development Limited, Everwide Industrial Limited, OP Capital Investments Limited, Oriental Patron Management Services Limited, OP Investment Service Limited, South South Education Foundation Limited (formerly known as OP Education Foundation Limited), Wisland Investments Limited, Golden Investor Investments Limited, Suremind Investments Limited, Keynew Investments Limited, Profit Raider Investments Limited, Beijing Enterprises Water Group Limited, Oriental Patron Financial Group Limited, CSOP Asset Management Limited, Guotai Junan Fund Management Limited, Oriental Patron Holdings Limited, Oriental Patron Finance Limited, Oriental Patron Financial Services Group Limited, Pacific Top Holding Limited, Oriental Patron Derivatives Limited, Best Future International Limited, Million West Limited, Vitari Consultants Limited, Capital House Limited, OP Financial Investments Limited (formerly known as Concepta Investments Limited), Oriental Patron Resources Investment Ltd., Willast Investments Limited, Ottness Investments Limited, OP Financial Group Limited, OPFI (GP1) Limited, Ontrack Investments Limited, Bone Messis Holdings Limited, Kazakhstan Development Limited, Perfect Field Holdings Limited, Sino Stature Investments Limited, Magic Oasis Limited, South South Financial Investment Group Limited, South South Financial Investment Group (HK) Limited, OP Vision Investments Limited, OP Fine Billion Limited, Apex Ridge Limited, South South Green Energy Limited, Manner International Trading Limited, OPFI GP(2) Limited, Beijing Zhongdi Properties Development Company Limited, New Pi (Hong Kong) Investment Co., Limited, Finance Center for South-South Cooperation Limited.

Additional Directorship positions in other companies after 31 December 2015: Peak Achiever Holdings Limited.

Directorship positions in other companies within the past five years (2009 to present): Oriental Patron Select (OPS) Limited, Oriental Patron Investment Management (Tianjin) Limited, Choice Even Investments Limited, OPS Education Consulting Limited, Oriental Patron Investment Consulting (Shenzhen) Limited, Partnerfield Investments Limited, Plansmart Investments Limited, Excel Perfect Investments Limited, Valueworth Ventures Limited, Entrepreneur Investments Limited, Glory Yield Holdings Limited, Crown Honor HK Limited (formerly known as Meichen Finance Group Limited), Shenzhen Mei Ying Zhi Technology Company Limited, Sunshine Prosper Limited, Crown Honor Holdings Limited, King Aspect Investments Limited, City Charm Ventures Limited, Solution Key Investments Limited, Yellow River Ventures Limited, Quester Investments Limited, Fortune Arena Investments Limited, Pure Alliance Limited, Oriental Patron Overseas Investment Group Co., Limited, Prodirect Investments Limited, South South Technology Company Limited.

Bogdan Ciobotaru

Non-Executive Director (independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as member of Vimetco's Board of Directors: June 21, 2013. Board committee membership: Remuneration Committee (chairman), Audit Committee (member).
Romanian national; age: 38.

Mr. Ciobotaru also serves on the board of RCS&RDS, one of the largest independent telecom and cable businesses in Central and Eastern Europe. Moreover, Mr. Ciobotaru was responsible for building and driving Renaissance Capital's financing business across the Central & Eastern Europe Middle East & Africa (CEEMEA) region with a focus on debt and equity capital markets franchise. He has over 10 years experience at Morgan Stanley in the investment banking division with responsibility for the equity capital markets business in Africa and Eastern Europe. He has also expertise in equity capital market having raised in excess of USD 15 billion of equity for a number of blue chip companies in the emerging markets space. Mr. Ciobotaru is a graduate of the Academy of Economic Studies in Bucharest where he majored in Business Administration.

Current directorship positions in other companies: RCS & RDS.

Directorship positions in other companies within the past five years: none.

Valery Krasnov

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Russian national; age: 72.

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: none.

James Currie

Non-Executive Director (independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting.

Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007. Board committee membership: Audit Committee (chairman), Remuneration Committee (member).
British national; age: 74.

From 1997 to 2001, Mr. Currie served as the General Director for Environment and Nuclear Safety at the European Commission. He currently serves as a Chairman and Senior Adviser at Burson-Marsteller, Brussels. Mr. Currie holds a master's degree from Glasgow University.

Current directorship positions in other companies: James Currie SCS Belgium.

Directorship positions in other companies within the past five years: Total Holdings UK, Davaar Associates, UK MetOffice, British Nuclear Fuels Ltd, Royal Bank of Scotland Group.

Vyacheslav Agapkin

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007.
Russian national; age: 66.

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: Vi Holding, LLC, BNP-Pilot Plant LLC.

Directorship positions in other companies within the past five years: International Institute of Construction.

Denis Sedyshev

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009.
Russian national; age: 41.

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: 2016 Annual General Meeting. Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009.
Russian national; age: 44.

Mr. Sventski has extensive experience in corporate finance, business planning, cash flow and liquidity management. Prior to joining Vi Holding LLC, Mr. Sventski managed and was involved in global financial transactions for over 15 years. Transactions included M&As, restructurings and joint ventures. Mr. Sventski also acted as an advisor in a number of transactions in the debt and equity markets which are related to the metallurgical and energy sector. Mr. Sventski also holds a diploma from the Moscow Aviation Institute (1994) and a master's degree in economics from the Financial and Economic Institute in Moscow, Russia (1997).

Current directorship positions in other companies: Vi Holding, LLC, OJSC 'Torgovy Komplex', Format, LLC.

Directorship positions in other companies within the past five years: none.
five years: none.

Appointment

Vimetco has a one-tier board, consisting of both Executive and, as a majority, Non-Executive Directors. The General Meeting of Shareholders appoints, suspends or dismisses a member of the Board of Directors by a simple majority of the votes cast in a Shareholders' Meeting at which at least 50% of the issued capital is represented. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting. A member of the Board of Directors is appointed for a one-year term and is eligible for reappointment.

An Executive member of the Board may hold a maximum of two supervisory board memberships in listed companies. An Executive member of the Board may not act as chairman of a supervisory board or the board of directors of another listed company.

Group Management and its Responsibilities

Gheorghe Dobra

Chief Executive Officer of Vimetco N.V., an Executive Member of the Board of Vimetco N.V. and General Manager of Alro S.A. Appointed as Acting CEO of the Company on 29 June 2011, and as CEO of the Company on 16 January 2012.

Mr. Gheorghe Dobra has served as Alro General Manager since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 31 years of experience in the aluminium industry, working for Alro since 1984. He has held various management positions within Alro, including in the anode plant, cast house, smelting plant and planning production. Mr. Dobra holds a degree in chemical engineering and a doctorate in material science and engineering from Polytechnic University of Bucharest, as well as an executive master's degree in business administration from the Business and Public Administration Institute, Bucharest, which collaborates closely with the University of Washington, Seattle/USA. He is CEFRI certified (leadership and planning strategy training programme). Mr. Dobra is the (co-) author of several publications and patents in the field of smelting technology.

Marian Nastase

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

Mr. Marian Nastase was appointed Alro's President of the Board on 7 December 2012, after serving as Alro Vice President and Country Manager Romania since 2002. He is the CFO of Vimetco since March 2009. Mr. Nastase is responsible for the Group's operations in Romania and focuses on capital raising and restructuring issues. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.

Pavel Machitski

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

Hong'en Zhang

Chairman of the Board of Directors, Director and Legal representative of Yulian Energy since 2007 until November 2015. Hong'en Zhang served as Chairman of Zhongfu Industry between 1993 and 2007. From November 2015 until now serves as Honorary Board Chairman of Yulian Energy.

From 1981 to 1993, Hong'en Zhang served as factory manager at the Gongyi City Power Plant. Hong'en Zhang is a deputy Head of Nonferrous Metals Society of China. He is a member of the Chinese Communist Party and serves on the Gongyi City People's Congress Standing Committee. In 2008, Hong'en Zhang was elected as a deputy to the National People's Congress (NPC), the highest organ of state power in China. In 2013, Hong'en Zhang was elected to represent Henan province as a deputy to the 12-nd National People's Congress (NPC). He holds a law degree from Zhongnan University of Economics and Law, Wuhan City, and an EMBA Degree from Tsinghua University, Beijing.

He Huaiqin

Mr. He Huaiqin, born in 1963, was appointed as Chairman, Director and Legal representative of Yulian Energy starting with November 2015 for a term of 4 years. He Huaiqin is Director, Board Chairman and Committee Member of Zhongfu Industry on behalf of Yulian Energy. He Huaiqin served as Disciplinary Secretary of Zhongfu Electric Power Group Co. Ltd. from 1997 to 1998. He served as Deputy General Manager of Henan Yulian Group from 1998 to 2000. He served as Deputy General Manager and Secretary of the Board of Zhongfu Industry from 2000 to 2003. He served as Deputy General Manager of Zhongfu Industry and Secretary Commission for Discipline Inspection Henan Yulian Group from 2003 to 2007. He served as General Manager of Zhongfu Industry and Yulian Party Committee Member from 2007 to 2009. He served as Director, Board Chairman and Yulian Party Committee Member of Zhongfu Industry from October 2009 to date. He is a member of the Chinese Communist Party and holds a master degree of management from Tsinghua University, Beijing.

Cui Hongsong

Mr. Cui Hongsong, born in 1969, member of CPC, Master of Economics and Management from Qinghua University, senior accountant. From 2000 to October 2006 served as Chief Accountant of Yulian Group and Zhongfu Industry. From November 2006 to October 2009 served as Deputy General Manager and Chief Accountant of Zhongfu Industry. From November 2009 to February 2012 served as Board member, Deputy General Manager and Chief Accountant of Zhongfu Industry. From February 2012 to November 2015 served as Board member and General Manager of Zhongfu Industry. From November 2015 until now Cui Hongsong serves as Board Chairman of Zhongfu Industry. From November 2004 until now serves as Board member of Zhongfu Anodes. From November 2011 until now serves as Board member of Linfeng.

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 2015; at the moment, Vimetco is not using an external consultant to assist in the members' evaluation. This evaluation of the functioning of the members of the Board and the Board committees has taken place in the course of the appointment and re-appointment of the members of the Board at the Annual General Meeting of Shareholders in 2015 and nomination of candidates to the Board for new terms at the Annual General Meeting of Shareholders in 2016.

The Board of Directors has two standing committees: the Audit Committee and the Remuneration Committee. The organisation, powers and modus operandi of the Board of Directors are detailed in the Board Rules. The division of tasks among the members of the Board, more specifically the tasks, rights and obligations entrusted by the Board to the Executive members of the Board, are detailed in the Framework Document.

Board Committees

Audit Committee

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

The members of the Audit Committee met twice in the course of 2015 to review and discuss half year and annual financial reports of Vimetco with participation of Vimetco's external auditors – Ernst & Young Accountants LLP (EY). Having periodically reviewed the need for an internal auditor, the Audit Committee confirms its position, which is supported by the Board of Directors, that there is no need for an internal auditor to date.

Remuneration Committee

Vimetco's Remuneration Committee consists of Mr. Bogdan Ciobotaru (Chairman), Mr. Vitali Machitski and Mr. James Currie. They meet at least twice annually. The role of the Remuneration Committee is to establish and control the internal practices and rules developed with regard to financial compensation for the members of Vimetco's Board of Directors, Senior Management and other key employees. They advise the Board of Directors on the remuneration of the Management, including the fixed remuneration, incentive schemes to be granted and other variable remuneration components as well as the performance criteria and their application. In the course of 2015, 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 of base pay versus variable pay for the staff of Vimetco Group.

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

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

USD '000

Directors	Gross periodical remuneration (salary and directors' fee)	Bonus	Pension contributions	Distributions made on termination of the employment	Total
B. Ciobotaru	161	-	-	-	161
J. Currie	110	-	-	-	110
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	13	-	-	-	13
V. Krasnov	13	-	-	-	13
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
P. Machitski	223	-	19	-	242
M. Nastase	420	2,171	55	-	2,646
Gh. Dobra	292	281	48	-	621
Total	**1,232**	**2,452**	**122**	**-**	**3,806**

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 in the Corporate Governance section. During 2015, no deviations from the remuneration policy were agreed upon.

The aggregate amount of remuneration paid by Vimetco to the members of its Board of Directors as a group for services in all capacities provided to the Group during the year 2015 was of USD 3,806 thousand in salary, bonus and pension contributions. In 2014, the total compensation amounted at USD 1,909 thousand in salary 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 either to members of the Board of Directors or to members of the Group Management. There are no loans outstanding.

Equity incentive compensation scheme

In connection with its Initial Public Offering in 2007, Vimetco established an equity incentive compensation scheme ('ICS'.), which enables certain directors and key employees to be granted a 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 2015 no RSUs or options to purchase GDRs were granted by the Company under the ICS. The package of awards is linked to the performance of Vimetco 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 2015

Name Number of shares/GDRs in Vimetco

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

[1] None of these shares have been granted as a part of the incentive compensation scheme (For further details please see page 91, Note 19 and page 132, Note 15).

Dutch Corporate Governance Code

Companies with their corporate seat *(statutaire zetel)* in the Netherlands and whose shares or depositary receipts for shares have been admitted to listing on a stock exchange, or more specifically to trading on a regulated market or a comparable system, are required to disclose in their management reports whether or not they apply the provisions of the Dutch Corporate Governance Code (the 'Code') pertaining to the management board, and should they not apply them, to explain why. The Code stipulates that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy of a company and endorses such company's explanation for any deviation from the best practice provisions, the company will be deemed to have applied the Code. Vimetco acknowledges the importance of good corporate governance and its Board of Directors has taken and will take any further steps it considers appropriate to implement the Code. Thus, to comply with the best practice provisions of the Code the following internal documents recommended by the Code have been adopted by the Board of Directors in 2009-2010: Whistleblower Rules - to ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature within the company to the chairman of the Board of Directors or to an official designated by him, without jeopardising their legal position; Code of professional conduct– to have an additional instrument of the internal risk management and control system; Profile for the Non-Executive members of the Board – to determine composition of the Non-Executive members of the Board, taking into account 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 best practice provisions in the following areas:

- *Board remuneration:* Vimetco is of the opinion that the Board remuneration is best determined by the Board of Directors itself. The Company's Articles of Association stipulate that the remuneration of the Board of Directors be based on a proposal from the Remuneration Committee and that it be in line with the remuneration policy adopted by the General Meeting of Shareholders.
- *Selection and Appointment Committee:* while the Code recommends the establishment of a separate Selection and Appointment Committee, Vimetco is of the opinion that such activities can efficiently be dealt with by the Remuneration Committee, as well as by the Board of Directors as a whole.
- *Independent Board members:* while the Code recommends that a majority of the members of the Board of Directors should be independent, the majority of Vimetco's Board members do not currently fulfil this criterion. Nevertheless Vimetco is convinced that its Board of Directors meets the highest standards in terms of strong and effective leadership of the Company.
- *Company Secretary:* considering the size of the Company, there is no formally appointed Secretary of the Company. However, the Company's Board in accordance with Art. 16.2 of the Articles of Association of the Company and the Company's Board Rules by its Resolution of December 26, 2013 has delegated certain authorities

of administrative nature to Mr. Bogdan Ciobotaru. The authorities delegated to Mr. Ciobotaru include: preparation of documentation for holding of the Company's Board of Directors meetings; obtaining of proposals to and/or approvals in respect of their agenda from the members of the Board; opening and conduct of the meetings of the Board in absence of the Chairman of the Board etc.

- *Internal Audit:* in view of its size, Vimetco has decided to not yet create its own internal audit department. Having periodically reviewed the need for an internal auditor, the Audit Committee confirms its position, which is supported by the Board of Directors, that there is no need for an internal auditor to date.
- *Positions in other companies:* the Dutch Corporate Governance Code limits the number of supervisory board positions that management board members and supervisory board members may hold at other listed companies. Unfortunately, the Code does not provide any guidance in respect of Non-Executive board members of one-tier boards. Nonetheless, in line with the spirit of best practice provision II.1.8, Vimetco hereby declares that Mr. Gary G.B. 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.

For further details or for downloading the Dutch corporate governance Code, please use the following link: http://www.commissiecorporategovernance.nl/dutch-corporate-governance-code.

Dutch Civil Code

Vimetco is not complying with the Dutch Civil Code's provision concerning the even distribution of seats between men and women in the Board of Directors and the Supervisory Board: the Dutch Civil Code appoints distribution by gender of at least 30% of the seats to women and at least 30% to men, insofar such seats are allocated to natural persons. However, Vimetco took notice of such deviation as much as possible and will strive to comply with the legislation in view of its further appointments and nominations of directors. During 2015, no changes in board positions have taken place and therefore the Company has no changes to report on the distribution of the seats by gender.

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 Vimetco Group.

Risks & Risk Management

The main objective of Vimetco's risk management system is to sustain the financial position and performance of the entire Group and management believes that an effective management of the risk factors represents an integral part of how the Company is creating value, and hence it represents a fundamental aspect to Vimetco's business success.

Vimetco's business – both from a financial condition and results of operations points of view - could materially be impacted by a number of risk factors and uncertainties (both externally and internally driven), as the risks to which the Company is exposed are part of all its business activities and daily operations. Therefore through the risk management system - i.e. policies and procedures, internal controls implemented within the Company driven by the Board of Directors and embedded at every level of the organization, Vimetco may mitigate the adverse effects of the risk factors and is maintaining the levels of these risks and uncertainties within Vimetco risk appetite as set by the Board of Directors. Moreover, the Board of Directors regularly evaluates and reviews the efficiency of the overall risk management system and environment within the Company.

The risk management and environment within Vimetco is composed of standards to regulate operational processes with a view to identify, analyse, communicate risks and actively manage the risks and opportunities and covering certain risks under insurance policies.

The Board members must have the necessary professional training or a significant and relevant managerial experience, allowing them to analyze the overall financial position of the Company, the risk management processes and its governance, ensuring that these mechanisms are functional and effective. The members of the Board support, coordinate and actively get involved to improve the risk management system through continuous and direct monitoring. The risk management is conducted under policies approved by Board of Directors. The subsidiaries Treasury departments identify, evaluate and hedge financial risks in close collaboration with the operational units of Vimetco Group. The Board provides written principles for overall risk management as well as written policies covering specific areas such as currency risk, interest rate risk, credit risk, price risk. The Board of Directors is also supported by the Audit Committee whose role is to monitor Vimetco's financial, accounting and legal practices and to supervise the internal control processes; in this way it is ensured an effective risk identification, evaluation and management across the entire group. Additionally, in Vimetco, risks are managed at all levels based on the policies and procedures and the responsibility for identifying and managing risks lies with all of Vimetco managers and business leaders. These risks are reviewed on an annual basis or as often as necessary. Moreover, audits are carried out by an external auditor once a year to determine also the effectiveness of the internal control system.

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. Vimetco Group developed its strategy of vertical integration to secure future profitability and to reduce the impact of the major risks to the Company's result. In accordance with this 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 (like alumina, anodes etc.).
Below, certain risks that may affect the Company's business and strategy, financial condition and the results of operations from time to time and, hence, the share price are described; these risks should be read carefully when evaluating Vimetco's business, its prospects and the forward looking statements set out in this management report; however, additional risks and uncertainties not presently known to Vimetco or that Vimetco currently deems immaterial or of which the Board of Directors is currently unaware may materially adversely affect the business in future periods. Reference is also made to *Note 27 to the Consolidated Financial Statements*.

Risks Tolerance/Appetite

The level of risk that Vimetco Group is prepared to accept in pursuit of its objectives and before any action is deemed necessary to reduce these risks represents the Company's risk appetite. Moreover, the risk appetite is a balance between the potential benefits of innovation and the threats that any change will bring. In Vimetco the risk appetite adopted as a response to the risks occurrence was set to a minimal level considering the fragile environment in which the Company operates, the substantial investments that have to be done to innovate; hence the options that are safer in terms of risks, even if the rewards are limited are usually chosen. However, the appropriate approach may be different across the entire organization, depending on the type of the project, circumstances, level of risks versus rewards etc. In each and every case the Board of Directors has an ultimate opinion and it supervises that the Company's view over the risk appetite is consistently applied. Moreover, a precise measurement is not always possible and risk appetite may be defined by a broad statement of approach, as the Company has an appetite for some types of risk, as detailed below and might be averse to others, depending on the context and the potential losses or gains. By defining the acceptable levels of risk also means for the Company that resources are not spent on further reducing risks that are already at an acceptable level.

Please see below the risk appetite tabel for the main risks faced by the Group:

Risk Category	Category description	Risk appetite
Operational risk	The risks and hazards associated with daily operations – i.e. safety of production processes and event risks like explosions, strategic equipment failure, personal injury or death, environmental damages, monetary losses and possible legal liability	Low - Moderate depending on a case by case basis and following the normal business operations
Financial risk	The risks associated with potential financial losses and the uncertainty of return, structure of debt and cash flow	Low
Environmental/ Compliance	The risks that may arise from potential claims relating to product liability, health and safety, environmental matters, intellectual property rights, compliance with local/ international laws, anti-bribery laws etc.	Zero – no risks

Risk factors

Aluminium industry is highly cyclical and influenced by the global economic environment

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. The demand for aluminum is highly correlated to economic growth. There is an ongoing trend towards consolidation among Vimetco's major competitors. These industry developments combined with excess production capacity, continued to exert in 2015 and may in the future continue to exert, downward pressure on the prices of aluminium and certain aluminium products. However, further reductions in prices of aluminium and certain aluminium products could adversely impact Vimetco's cash flow, turnover and results. Therefore, one of the core strategies is to reduce the risks related to weak economic environment and unfavourable market developments through a permanent improvement of the business in terms of operational efficiency, cost reductions and enhanced commercial strategies.

Energy prices

The international energy market is dominated by unpredictability that leads to a higher volatility of the energy prices. Since January 2005 when the EU

Emissions Trading Scheme (EU ETS) was launched to reduce the European greenhouse gas emissions the compliance costs in this area have increased; moreover to these existing regulations other new environmental, health and safety laws and regulations were implemented at national or international level leading to an even higher increase in these compliance costs. Additionally, the demand is showing lately declining signs due to efficiency policies implemented by large corporations and by local governments.

China has started lately to face power oversupply, while experiencing an economic slowdown. In Romania, the end consumer energy prices have increased significantly in the past years due to a taxation system related to green certificates costs; developments were noted in this area and starting with June 2015 the Romanian segment received an 85% exemption from the mandatory green certificates quota.

All these could adversely impact Vimetco's cash flow, turnover and results as Vimetco's operations consume substantial amounts of energy. Vimetco has taken steps to ensure energy independence, in China, through the construction of its own power generating plants. In Romania, the local management closely monitored the approval and implementation of the 85% exemption as its impact on the operating results was quite significant. Moreover, in Romania a contract is signed with a major supplier to ensure the necessary energy quantities; however if the market price is better, the Company can acquire the necessary quantities directly from the market being able in this way to take advantage of market prices.

In respect of these two above mentioned risk factors, Vimetco believes that the long-term prospects for aluminium and aluminium products will be positive; however the Company is unable to predict the future trend of this industry or the direction of the global economy and the effects of government intervention. Further negative economic conditions, such as another major economic downturn, a prolonged recovery period or disruptions in the financial markets, could have a material adverse effect on Vimetco's business, financial condition or results of operations.

Bauxite and alumina procurement synergies

Alumina is the principal raw material used to produce electrolytic aluminium, while bauxite is the raw material from which alumina is refined. The increasing costs of and disruptions to the availability of raw materials have a major impact on Vimetco's profitability. Disruptions may require Vimetco to purchase alumina on the spot market on less favourable terms than under its current supply agreements. Such purchases of alumina could adversely impact Vimetco's cash flow, turnover and results. To mitigate this risk, 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 Romania. In 2012, Sierra Mineral Holdings 1 Ltd. (SMHL) has signed an updated Mining Lease Agreement (MLA) with the Government of Sierra Leone. Under this agreement the Company's Mining Lease of 321 square km in the Mokanji area of Sierra Leone was granted for a period of 20 years from the effective date, while the perimeters remain the same.

Emerging markets – potential and risks

While Vimetco's main production operations are located in emerging markets with above average growth potential, the markets also come with higher risks and uncertainties than in more developed countries. Vimetco's operation of its bauxite mine in Sierra Leone carries with it its own set of risks and challenges associated with its presence in an African country, where politically induced risks tend to be higher than in other areas of the world. The Group's operations could potentially be affected by a strengthening of existing regulations or the introduction of new regulations, laws and taxes. The Group also depends on the continuing validity of its licenses, the issuance of new licenses and compliance with the terms of its licenses in Romania, China and Sierra Leone. To mitigate these potential risks, the Group management is closely monitoring its operations in Sierra Leone to ensure that any political or legislation changes are noted in real time. For licences, the renewal process is permanently monitored in all countries; in Sierra Leone the main licence needed for the continuity of operations – the Mining Lease Agreement was prolonged in 2012 for a period of 20 years.

Vimetco's global exposure may adversely affect the Company's results and cash flows

Vimetco has operations in several countries and regions, including Europe, China and Africa – totally different areas from various points of view (i.e. climate, culture, social, environment etc.). Therefore, the Company's global operations are subject to a number of risks, including Vimetco's business being dependent on demand for its product. A reduced demand level due to adverse economic conditions could adversely impact Vimetco's cash flow, turnover and results of operations. Moreover, a weak LME aluminium pricing environment, deterioration in LME aluminium prices, or a decrease in product premiums could have a material adverse effect on Vimetco's business, in general and specifically, on its cash flow. Moreover, the Company's results and cash-flow may be negatively impacted by economic and commercial instability risks, corruption, and changes in local government laws, regulations and policies, geopolitical risks such as political instability, war or terrorist activities, major public health issues (as happened in the past with Ebola in Africa – Sierra Leone) or unexpected events, including fires or explosions at facilities, and natural disasters (as happened in 2014 in the Romanian segment – an explosion took place at one of the facilities in Slatina, Romania).

In order to remain competitive in this highly challenging environment, Vimetco needs substantial capital to invest in growth opportunities and to maintain and prolong the life and capacity of its existing facilities. For 2016, generating positive cash flow from operations that will exceed capital spending continues to be the Company's target.

Human resources – a key asset for Vimetco's sustainable growth

Vimetco's operations and development projects require highly skilled executives and staff with relevant industry and technical experience. In this way the Company is safeguarding its operations and achieves future growth. Demand for personnel with the range of capabilities and experience required in this type of business is high and the inability of the Company to attract and retain such people may adversely impact Vimetco's ability to adequately meet project demands and fill roles in existing operations. Skills shortages in engineering, technical service, construction and maintenance contractors and other labour market inadequacies may also impact daily activities. These shortages may adversely impact the cost and schedule of development projects and the cost and efficiency of existing operations. Therefore, the management is also focussed on strategic workforce planning to secure future requirements for managers and technical specialists and to meet diversity aspirations.

Market and Commercial Risks (Financial risks)

Liquidity and interest rate risks

Considering the current business environment, the Company focuses on monitoring the liquidity risk, with operating, investing and financing cash inflows and outflows being monitored and analyzed monthly, and in some cases even on a daily basis, so that any unexpected change in the liquidity level could be noticed immediately. Based on this analysis, the management can take the best decisions on the financing needs, for the Group to have the necessary capital to be able to meet all current and future financial obligations and to ensure its solvability. Cautious liquidity risk management implies maintaining sufficient cash and transactional values, financing availability with an adequate amount from committed credit facilities. The management regularly monitors rolling forecasts of liquidity reserves of the Company. The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has set up an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements.

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, the Group has raised several credit facilities from different banks or syndicates of banks. Some of the facilities are on a long term basis, used for financing the Group's investments; others are on short term for working capital needs. The Group's net debt increased in 2015 by 6% to USD 2,683 million (2014: USD 2,531 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. At 31 December 2015, approximately 55% of the Group's borrowings are at a fixed rate of interest (2014: 49%). 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 2015 would have decreased/ increased by USD 12 million (2014: USD 13 million). The Group's sensitivity to interest rates has decreased during the current period because of new loans obtained to finance the expansion projects in China, which are bearing fixed interest rates in a higher proportion. USD 1,773 million of the debt capital is repayable in less than one year (2014: USD 1,417 million). There is a risk that Vimetco may have to refinance these loans at higher interest rates upon their expiration.

Hedging policy (FX and aluminium price risk)

The operating results are primarily affected by price developments of its main products, aluminium, alumina and power, and of raw materials, in addition to fluctuations in the value of U.S. dollar (USD), New Romanian Leu (RON) and Euro (EUR) which are the most significant currencies for Vimetco. 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 Company's main risk management strategy for upstream operations is to accept exposure to price movements, while at the same time focusing on reducing the average cost position of its production assets. 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.

Credit risk

The credit risk represents the risk that a business partner does not comply with their contractual obligations, which could result in a financial loss for the Company. Credit risk of Group's counterparties that have outstanding payment obligations creates exposure to Vimetco and may in some circumstances have a material and adverse effect on Group's financial position. Moreover, in line with Group's risk appetite, in Romania, for example, most of its account receivables are sold to financial institutions through non-recourse factoring. Moreover, in Romania, Vimetco has adopted a policy by which it trades only with reliable partners and requests guarantees, when necessary, in order to mitigate the risk of financial loss resulting from non-fulfilment of the contractual obligations. For promissory 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.

The financial quality of the borrowers is continuously monitored and the Group's exposure to credit risk is distributed between agreed parties. The credit risk exposure is controlled through limits imposed on each borrower. The Group subsidiaries regularly monitor the financial position of its debtors and adjust credit limits as appropriate. The credit limits are analyzed and approved by the subsidiaries' management. The accounts receivables consist in a large number of clients, from different industries and geographic areas. In addition, credit exposure is controlled through certain limits granted by factoring companies (in case of factored clients), banks (in case of bank guarantees and LCs) and reviewed and approved by local management.

Regarding the assets from derivative instruments, the maximum exposure to credit risk is represented by the fair value at the reporting date.

The credit risk resulted from the transactions with banks and financial institutions are managed by each subsidiary Treasury function. Investing excess liquidity is possible only with approved banks and for credit lines and limits assigned to each counterparty. The counterparty credit limits are annually reviewed by management and may be updated during the year. The limits are set so as to minimize concentration risk and thus to diminish the possible financial losses from failure by the counterparty. It is estimated that there is not a significant exposure from failing to honour the contractual obligations by counterparties regarding financial instruments.

Operational risk

Regarding the operational risk, Vimetco Group is vertically integrated and has a diverse and complex portfolio of assets, production capacities, inventories. Therefore the companies within the Group are exposed to risks and hazards related to the safety of production processes and event risks like explosions, strategic equipment failure, personal injury or death, environmental damages, monetary losses and possible legal liability. Major accidents could result in substantial claims, fines or significant damage to Vimetco's reputation. Breakdown of equipment, power failures or other events leading to production interruptions could have a material adverse effect on the financial results and cash flows.

For these types of risks, analyses are performed and incidence scenarios are developed and, afterwards safety plans are set in case of occurrence. For the critical equipment there were set up spare parts stocks, so in case an unforeseen event takes place, operating activities could be resumed as quickly as possible and the inherent losses in such situations are minimized. Although the Group has in place some insurance policies to protect against certain risks as it considers reasonable and in accordance with market practice, its insurance may not cover all the potential risks associated with its operations. In Romania an active insurance policy is currently in place and it covers both the material damage for equipments and inventories, as well business interruptions. Unfortunately, in May 2014 an explosion of equipment took place at the processed aluminium division, an event which caused significant material damages and through this insurance policy insurance payments compensation was received for both economic losses and for the damaged equipment during this unfortunate event. Please see also *Note 5 – Other income and expenses* of the Consolidated Financial Statements attached to this report.

Capital risk management

Vimetco Group capital management goals refer to providing business continuity, to create value for shareholders and benefits for interested third parties, and maintain optimal capital structure to reduce its cost. The capital structure consists of liabilities, which includes net borrowings of cash and cash equivalents and equity, including share capital, share premiums, reserves and retained earnings.

The management reviews the capital structure periodically. As part of this process, the management analyses the cost of capital and the risks associated with each class of capital. To maintain or to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, to refund capital to shareholders, to issue new shares or sell assets using receivables to refund loans. Moreover, the focus is on maintaining a strong balance sheet, capital discipline and a continued focus on working capital. Specific financial ratios are targeted over the business cycle aimed at ensuring a high degree of liquidity and strong credit profile (i.e. consistently with other companies in the industry, the Group monitors capital on the basis of the gearing ratio: net debt divided by total capital). The management is also focussed on increasing the robustness of our portfolio, through the ongoing operational improvements.

Compliance Risks

Legal risks

Vimetco Group is acting on several regions and, hence is monitoring the relevant legal requirements and proposed legislation in these countries so that it can respond to changes in the legal environment in real time. Risks of product liability damages are eliminated as far as possible by quality assurance measures.

Vimetco is involved in or threatened with various legal and tax matters arising in the ordinary course of its business. The management's opinion is that is not probable that the resulting liabilities, if any, will have a material adverse effect on its consolidated results of operations, liquidity or financial position.

Environmental risks

Vimetco Group is more and more concerned about its environmental footprint. Environmental risks are minimised by certified environmental management systems within the relevant Group companies. Rising environmental protection expenses are partly offset by savings on energy and a new scrap processing facility.

Compliance, controls and procedures

Vimetco's internal control system aims to comply with the laws and regulations in force, a good internal operating activity in accordance with the decisions made by the management, and also contributes to the effectiveness of Vimetco Group's operations, to the efficient use of resources, the prevention and control of the risk of failing to achieve its goals. The Group internal control system has been designed to safeguard the assets of the Group, maintain proper accounting records, and ensure execution with appropriate authority and compliance with relevant laws and regulations. The Board is responsible for maintaining and reviewing the effectiveness of the Group internal control system.

Internal control is applicable before, during and after the operations is performed. Internal controls aims to achieve at least the following goals:

- compliance with the laws and regulations in force
- implementation of the decisions taken by the management
- the effective operation of the internal activities within the group companies
- the reliability of financial information
- the effectiveness of the group operations
- the efficient use of resources
- the prevention and control of risks to achieve the goals set.

The Group via its management structure and organizational culture made efforts to implement an internal control system that includes various activities for the prevention and detection of unexpected events and risks and potential fraud attempts, of errors or omissions, damages, non-compliances, unauthorized transactions, incorrect or misleading financial reporting, activities that may negatively affect Vimetco's reputation. Through its procedures and internal regulations which represent the basis for an integrated internal control system, Vimetco has aimed to include all relevant operations and activities occurring within the group in order to ensure that:

- all its operations are conducted in accordance with the law in force for each area in which it operates (for example to meet local requirements and legal reporting in China, Romania and Sierra Leone), and in accordance with the internal organization and operation rules;
- controls are implemented to prevent, identify and solve in a more efficient way fraud, errors or omissions that may have serious consequences over Vimetco Group's activities;
- an organizational culture exists and is maintained, concerning the risk of fraud or error, and the employees are aware that providing misleading or wrong information can have serious consequences in the effective administration of daily operations.

Therefore, internal control procedures are designed:

- on one side, to assure the compliance of the Group activity and staff conduct with the framework of applicable laws, values, regulations and internal rules of the company;
- on the other side, to verify the accuracy of reported financial, accounting and management information so that it can correctly reflect the Group activity and position.

Within Vimetco Group and at the level of each subsidiary separately, the same accounting and reporting rules are applied to ensure the same treatment for the same types of transactions/ business related activities. Depending on the evolution of the business and the current law, these rules/ accounting treatments are updated to ensure both compliance with legal requirements and their relevance to the conducted operations.

In case an employee notices alleged irregularities of a general, operational or financial nature and/ or breaches of the Vimetco Code of Professional Conduct in any of the Group companies there is a Whistleblower procedure available on Vimetco website within the Corporate Governance section which clearly specifies the steps to be followed in such cases. In this way, each employee may report such cases to the Reporting Official, without jeopardizing his/her legal position.

Moreover, the management has constantly tried to use integrated reporting software and automate as many processes as possible, in order to reduce the risk of manual record-keeping where the risk of error is higher. Setting standards for preparing the annual and quarterly financial statements of Vimetco Group represents a crucial component of the internal control system.

Improvements to the Company's risk management system

An effective risk management system requires an up to date reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. Regular audits of policy and standards compliance are carried out in the main subsidiaries and standards performance reviewed to identify opportunities for improvement.

The Board of Directors knows that the organisation is dynamic and operates in a dynamic environment and this is why it supports alignment, consistency and continuous improvement of the risk management system within the Group. The Board members are focused on the Group need to remain competitive and to have a predictable framework conditions in the different regions where it operates.

Moreover, the Board considers that each and every individual represents a key component for a functional risk management system and this is why within the organisation the continuous improvement is implemented at each individual level and, hence the following steps are monitored:

- individuals understand their accountability for individual risks;
- individuals understand how they can enable continuous improvement of risk management response;
- individuals understand that risk management and risk awareness are a key part of the organisation's culture;
- individuals report systematically and promptly to senior management any perceived new risks or failures of existing control.

The regular review done by the Board aims to provide assurance that there are appropriate controls in place for the organisation's activities and that the procedures are understood and followed. Moreover, in this way the changes within the organisation and the environment in which it operates may be identified in real time and appropriate changes and improvements are made to systems internally used.

Any monitoring and review process determines whether:

- the measures adopted resulted in what was intended
- the procedures adopted and information gathered for undertaking the assessment were appropriate

- improved knowledge would have helped to reach better decisions and identify what lessons could be learned for future assessments and management of risks.

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. The internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any errors of material importance.

Vimetco Group procedures cover financial (i.e. interest rate risk, foreign exchange risk, credit risk), operational (i.e. laws and regulations risks, culture risks), strategic (i.e. competition risk, customer changes/ demand risks, industry changes risk) and hazard risks (i.e. environmental risk, natural events risk, contracts and suppliers risks). The Board of Directors has also established a clear organizational 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, as also stated in the statement of management responsibilities, 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 errors; – the risk management and control systems in relation to the financial reporting have worked properly in 2015; – there are no indications that the risk management and control systems in relation to the financial reporting will not work properly in 2016; – no material failings in the risk management and control systems in relation to the financial reporting were discovered in the year under review or the current year up to the date of signing of these accounts; and – as regards operational, strategic, legislative and regulatory risks: no material failings in the risk management and control systems were discovered in the year under review.

Further to the discussions with the Audit Committee in relation to the above, the Board of Directors confirms that no significant changes have been made to the internal risk management and control systems over the past year and that no significant alterations are currently planned.

Related-Party/ Conflict-of-Interest Transactions

In view of the best practice requirements under the Dutch Corporate Governance Code and the relevant provisions of the Dutch Civil Code, Vimetco hereby declares that in 2015:

- there were no transactions involving conflicts of interest with any Board members that are of material significance to Vimetco and/or to the relevant Board members, which would need to be disclosed herein; and
- in 2015, 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'* of the Consolidated Financial Statements of the Company

Auditors

Having in view the corporate governance rules and for securing high standards of independence and objectivity, in 2013 the Company has changed its auditor and Ernst & Young Accountants LLP (EY) has been appointed as the Group's new auditor (replacing Deloitte Accountants B.V. In 2015 and 2014, the following amounts were paid for audit services and non-audit services to the auditor (USD thousand):

2015	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit annual	102	847	949
Other audit services	-	266	266
Non-audit services	-	9	9
Total	**102**	**1,122**	**1,224**

2014	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit annual	97	834	931
Other audit services	-	249	249
Non-audit services	-	5	5
Total	**97**	**1,088**	**1,185**

Management Report 2015

This Management Report and the 2015 financial statements, audited by EY, have been presented to the Board of Directors. The financial statements and the independent auditor's report of the external auditor with respect to the audit of the financial statements were discussed by the Audit Committee and by the Board within the presence of the external auditor. The Board recommends that the Annual General Meeting of Shareholders adopts the 2015 financial statements included in this Management Report. This Management Report is signed by all members of the Board of Directors on 29th of April 2016 in Amsterdam, The Netherlands.

Outlook for 2016

Considering the significant uncertainty that continues to surround the wider economic environment, in Europe in particular, in 2016, the Group will continue to closely monitor the activity and the evolution of aluminium prices across international markets, in order to be able to take the appropriate measures, allowing the company to maintain its competiveness and to keep running all its facilities.

The demand for aluminium products in mature markets like North America and Europe is, in general, in line with the economic environment, although with greater volatility. Aluminium is used in a variety of applications in several industries, the major consumer segments being transportation, building and construction, packaging and foil and electrical applications. Aluminium remains an essential part of lightweighting vehicles (i.e. for fuel economy) and aluminium gives vehicles competitive features on the roads. However, the aluminium industry is highly cyclical, and the Group is subject to cyclical fluctuations in global economic conditions and aluminium end-use markets. This is why the implementation of Vimetco's strategy of vertical integration and robust growth to drive performance and become profitable will continue in 2016. Moreover, Vimetco's people strategy will continue with an emphasis on people performance and development processes together with on-going focus on strategic workforce planning.

The Group is confident that relying on its strategy which aims to increase its competitiveness and its operational efficiency by upgrading its production equipments and by investing in training programs for its employees represent key opportunities for the future. Expanding the products portfolio, with a focus on high and very high value added aluminium also remains a priority for the company in 2016.

The investment strategy to diversify the product portfolio, to increase product quality, whilst decreasing consumption, generated positive results for the Group and supported its entry into new markets, with more advanced products, such as those for the aerospace and automotive industries. Capital expenditure remains a top priority for Vimetco in 2016; in Romania at the end of 2015 the negotiations for signing a contract for a CAPEX facility of USD 60 million were completed and an important part of this facility will be used within the investment program planned for 2016. The investment in modern equipment and technology to increase operational efficiency and decrease production costs, while expanding its range of products, improving quality and decreasing the delivery time to comply with its customers' demands, remains a core strategy for the Group.

In 2016, the Group's intention is to maintain a stable staff level, and no restructurings or redundancies are planned for 2016. Some increases in total wages and salary expenses may occur in nominal terms, with the Group's aim being to keep them in line with the inflation rates in the countries where it is operating as much as possible.

Vimetco is committed to maintaining the viability of the company's global business operations and is trying to ensure stable, predictable conditions in the countries where it operates. Along with this, Vimetco's intention is to enhance its social contribution through targeted initiatives including recycling and water management, stakeholder engagement and promoting CSR in its supply chain to achieve sustainable business practices which will improve the company's ability to create shareholder value while making a positive difference in the areas where it operates.

Shareholder Information

2015 was the eighth year of Vimetco as a listed company, following the successful completion of the Initial Public Offering, on 2 August 2007.

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 Conduct Authority (FCA). Contact information of Vimetco's Investor Relations Department can be found at the end of this chapter.

The GDR's price was more stable in 2015 compared to 2014, the average for 2015 being of USD 0.26 (2014: USD 0.27), which was in line with the general trend registered on the main stock exchanges during 2015 and 2014. The GDS's maximum price in 2015 was of USD 0.3 and the minimum level reached was of USD 0.25.

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

Vimetco N.V. controls, directly and indirectly, more than 87% of Alro S.A. shares, which are listed on the Bucharest Stock Exchange under the ticker symbol ALR. Alro S.A. in turn owns 99.40% of Alum S.A. shares, which are listed since April 2015 on the Alternative Trading System (ATS) platform of the Bucharest Stock Exchange under the ticker symbol BBGA. Vimetco N.V. indirectly holds 96.78% of Yulian Energy, which is the majority shareholder of Zhongfu Industry, 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 26.5% have been deposited with J.P. Morgan Chase Bank, N.A. (free float).

Vimetco's shareholders on record with the AFM register as on 31 December 2015 were: Maxon Limited through Vi Holding N.V. (59.4%), Zhi Ping Zhang through Willast Investments Limited (10%) and Irina Machitski (3%).

Dividend policy

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

Financial calendar

Full year report 2015: 29 April 2016
Annual General Shareholders Meeting: 20 June 2016
Half-year report 2016: 26 August 2016

Exchange rates

Average 2015
RON per USD 4.0062
CNY per USD 6.2285

Average 2014
RON per USD 3.3487
CNY per USD 6.1428

For further information please contact:

Ana-Maria Imbrea
Investor Relations Officer
Address: 64 Splaiul Unirii St., District 4, Bucharest
Tel: +40 750 067 717
Fax:+40 21 408 35 89
E-mail: investor.relations@vimetco.com

Abbreviations and definitions used in this report

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

Other abbreviations	
ATS	Alternative Trading System
CAPEX	Capital expenditure
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EU	European Union
EURIBOR	Euro Interbank Offered Rate
GD	Government Decision
GSM	General Shareholders' Meeting
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
LIBOR	London Interbank Offered Rate
LME	London Metal Exchange

Consolidated Financial Statements 2015
Vimetco N.V.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

in USD '000, except per share data

	Note	2015	2014
Sales	3	1,818,104	1,920,162
Cost of goods sold		-1,672,008	-1,760,437
Gross profit		**146,096**	**159,725**
General and administrative expenses	4	-110,161	-119,336
Impairment of property, plant and equipment	9	-125,543	-13,776
Impairment of mineral rights	10	-138,151	-109,687
Share of result of associates	14	1,511	5,934
Other income	5	41,092	43,910
Other expenses	5	-9,268	-21,818
Operating result		**-194,424**	**-55,048**
Finance costs	6	-258,110	-262,232
Finance income	6	36,796	45,471
Fair value gains/(losses) from derivative financial instruments	27	-15,662	-43,989
Foreign exchange gain/(loss)		-28,545	-16,356
Loss before income taxes		**-459,945**	**-332,154**
Income tax	7	22,512	66,203
Loss for the year		**-437,433**	**-265,951**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

in USD '000, except per share data

Other comprehensive income / (expense)	**Note**	**2015**	**2014**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations		1,746	-1,066
Income tax on items that will not be reclassified		-274	184
Items that may be reclassified subsequently to profit or loss:			
Translation adjustment		-45,127	-40,976
Gain / (loss) on cash flow hedges		-	-4,738
Related income tax		-	758
Amounts of cash flow hedges recycled in income statement		-	4,780
Related income tax		-	-764
Other comprehensive income / (expense) for the year, net of tax		**-43,655**	**-41,822**
Total comprehensive income / (expense) for the year		**-481,088**	**-307,773**
Loss attributable to:			
Shareholders of Vimetco N.V.		**-266,849**	**-155,886**
Non-controlling interest		**-170,584**	**-110,065**
		-437,433	**-265,951**
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-287,369**	**-188,618**
Non-controlling interest		**-193,719**	**-119,155**
		-481,088	**-307,773**
Earnings per share			
Basic and diluted (USD)	8	-1.216	-0.710

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

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at in USD '000

Assets	Note	31 December 2015	31 December 2014
Non-current assets			
Property, plant and equipment	9	2,585,305	2,882,389
Mineral rights	10	240,069	401,297
Goodwill	11	179,510	191,143
Land use rights	12	63,532	68,977
Other intangible assets	13	3,045	4,363
Investments in associates	14	75,724	72,375
Derivative financial instruments asset, non-current	27	3,277	22,501
Deferred tax asset	23	120,417	90,568
Long-term loans to related parties	25	23,223	24,429
Other non-current assets		57,277	12,972
Total non-current assets		**3,351,379**	**3,771,014**
Current assets			
Inventories	15	343,630	375,930
Trade receivables, net	16	153,853	120,704
Accounts receivable from related parties	25	50,270	36,283
Current income tax receivable		496	1,703
Other current assets	17	190,733	217,845
Derivative financial instruments asset, current	27	916	46
Restricted cash	18	739,590	688,797
Cash and cash equivalents	18	43,779	50,456
Total current assets		**1,523,267**	**1,491,764**
Total assets		**4,874,646**	**5,262,778**

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

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position as at			in USD '000
Shareholders' Equity and Liabilities	**Note**	**31 December 2015**	**31 December 2014**
Shareholders' equity			
Share capital	19	27,917	27,917
Share premium		348,568	348,568
Other reserves		-59,193	-37,302
Retained earnings		-164,474	-36,798
Loss for the year		-266,849	-155,886
Equity attributable to shareholders of Vimetco N.V.		**-114,031**	**146,499**
Non-controlling interest		356,724	528,247
Total equity		**242,693**	**674,746**
Non-current liabilities			
Loans and borrowings, non-current	20	739,009	962,475
Loans from related parties, non-current	20, 25	213,915	201,666
Finance leases, non-current	20	478	244
Provisions, non-current	21	11,801	15,401
Post-employment benefit obligations	22	8,723	11,072
Other non-current liabilities		17,524	18,219
Deferred tax liabilities	23	110,434	112,177
Total non-current liabilities		**1,101,884**	**1,321,254**
Current liabilities			
Loans and borrowings, current	20	1,717,203	1,349,283
Loans from related parties, current	20, 25	55,905	67,409
Finance leases, current	20	175	110
Trade and other payables	24	1,713,301	1,816,946
Accounts payable to related parties	25	20,952	11,156
Provisions, current	21	16,209	12,443
Current income taxes payable		6,299	9,414
Derivative financial instruments liability, current	27	25	17
Total current liabilities		**3,530,069**	**3,266,778**
Total liabilities		**4,631,953**	**4,588,032**
Total shareholders' equity and liabilities		**4,874,646**	**5,262,778**

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

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity — in USD '000

	Share capital	Share premium	Revaluation reserve	Hedging reserve	Hedging reserve - deferred tax
Balance at 1 January 2014	**27,917**	**348,568**	**47,721**	**-37**	**5**
Profit / (loss) for the year	-	-	-	-	-
Other comprehensive income / (expense)					
Translation adjustment	-	-	-	1	-
Gain / (loss) on cash flow hedges	-	-	-	-4,146	-
Related income tax	-	-	-	-	663
Amounts of cash flow hedges recycled in income statement	-	-	-	4,182	-
Related income tax	-	-	-	-	-668
Remeasurements of post-employment benefit obligations	-	-	-	-	-
Income tax on items that will not be reclassified	-	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**37**	**-5**
Total comprehensive income / (expense)	**-**	**-**	**-**	**37**	**-5**
Transactions between consolidated entities (Note 26)	-	-	-	-	-
Transfer between categories	-	-	-47,721	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2014	**27,917**	**348,568**	**-**	**-**	**-**
Profit / (loss) for the year	-	-	-	-	-
Other comprehensive income / (expense)					
Translation adjustment	-	-	-	-	-
Remeasurements of post-employment benefit obligations	-	-	-	-	-
Income tax on items that will not be reclassified	-	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-**	**-**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**	**-**
Transactions between consolidated entities (Note 26)	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2015	**27,917**	**348,568**	**-**	**-**	**-**

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

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

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

in USD '000

Translation reserve	Total other reserves	Retained earnings	Profit/(loss) for the year	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total equity
-5,181	**42,508**	**8,593**	**-85,269**	**342,317**	**611,801**	**954,118**
-	-	-	-155,886	-155,886	-110,065	-265,951
-32,121	-32,120	129	-	-31,991	-8,985	-40,976
-	-4,146	-	-	-4,146	-592	-4,738
-	663	-	-	663	95	758
-	4,182	-	-	4,182	598	4,780
-	-668	-	-	-668	-96	-764
-	-	-933	-	-933	-133	-1,066
-	-	161	-	161	23	184
-32,121	**-32,089**	**-643**	**-**	**-32,732**	**-9,090**	**-41,822**
-32,121	**-32,089**	**-643**	**-155,886**	**-188,618**	**-119,155**	**-307,773**
-	-	-7,200	-	-7,200	35,601	28,401
-	-47,721	47,721	-	-	-	-
-	-	-85,269	85,269	-	-	-
					-	
-37,302	**-37,302**	**-36,798**	**-155,886**	**146,499**	**528,247**	**674,746**
-	-	-	-266,849	-266,849	-170,584	-437,433
-21,891	-21,891	84	-	-21,807	-23,320	-45,127
-	-	1,527	-	1,527	219	1,746
-	-	-240	-	-240	-34	-274
-21,891	**-21,891**	**1,371**	**-**	**-20,520**	**-23,135**	**-43,655**
-21,891	**-21,891**	**1,371**	**-266,849**	**-287,369**	**-193,719**	**-481,088**
-	-	26,839	-	26,839	22,196	49,035
-	-	-155,886	155,886	-	-	-
-59,193	**-59,193**	**-164,474**	**-266,849**	**-114,031**	**356,724**	**242,693**

The "translation reserve" comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group (excluding amounts attributable to non-controlling interest).

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

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

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows for the year ended 31 December			in USD '000
	Note	**2015**	**2014**
Cash flow from operating activities			
Loss before income taxes		-459,945	-332,154
Adjustments for:			
Depreciation and amortisation		111,254	135,889
Interest and guarantee income	6	-36,796	-45,423
Net foreign exchange losses / (gains)		26,577	15,955
Disposal of property, plant and equipment	5	1,486	7,742
Disposal of land use rights	5	-	635
Impairment of property, plant and equipment	9	125,543	13,776
Impairment of mineral rights	10	138,151	109,687
Charge / (Release) of provisions	21	4,761	11,866
Interest and guarantee expense	6	248,261	250,306
Share of result of associates	14	-1,511	-5,934
Effect of derivative financial instruments		16,821	25,930
Changes in working capital:			
(Increase) / decrease in inventories		12,631	26,666
(Increase) / decrease in trade receivables and other assets		-71,888	100,966
Increase / (decrease) in trade and other payables		36,157	107,950
Income taxes paid		-12,928	-2,594
Interest paid		-259,025	-234,589
Proceeds / (payments) from derivatives, net		-573	-4,625
Net cash generated / (used) by operating activities		**-121,024**	**182,049**

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	2015	2014
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		-119,591	-168,529
Proceeds from sale of property, plant and equipment		728	4,314
Acquisition of associates	14	-3,693	-
Acquisition of shares in subsidiaries	26	-336	-
Sale of shares in subsidiaries	26	49,371	28,401
Sale / (acquisition) of available-for-sale financial assets	17	1,445	-
(Increase) / decrease in restricted cash		-106,347	6,619
Interest received		19,461	31,443
Net cash used in investing activities		**-158,962**	**-97,752**
Cash flow from financing activities			
Proceeds from loans		2,006,349	1,451,758
Repayment of loans		-1,728,692	-1,543,129
Net cash generated/ (used) by financing activities		**277,657**	**-91,371**
Net increase / (decrease) in cash and cash equivalents		**-2,329**	**-7,074**
Cash and cash equivalents at beginning of year		**50,456**	**61,319**
Effect of exchange rate differences on cash and cash equivalents		-4,348	-3,789
Cash and cash equivalents at end of year		**43,779**	**50,456**

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 Strawinskylaan 403, WTC, A Tower, 4th floor, 1077 XX 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, as well as in the coal mining activity. Everwide was acquired fully in June 2007.

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

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

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

A list of the principal companies in the Group is shown in Note 30. Companies in the Vimetco Group. Details of changes in the Group structure are reported in Note 26. Acquisitions and disposals of subsidiaries.

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

These Consolidated Financial Statements were authorised for issue by the Board of Directors on 29 April 2016.

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 and statement of compliance

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

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

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

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

2.1.1 Going concern

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

The consolidated financial statements for the year ended 31 December 2015 show that the Group generated a loss for the year of USD 437,433 (2014: USD loss of 265,951) with the current liabilities exceeding the current assets by USD 2,006,802 (2014: USD 1,775,014). In addition, as at 31 December 2015 the Group registered a negative equity attributable to shareholders of Vimetco N.V. of USD 114,031 caused by the negative consolidated equity of the subsidiaries in China.

The Group has developed forecasts and projections of cash-flows and liquidity needs for the upcoming year taking into account the current market conditions and reasonably possible changes in trading performance based on such conditions. It has also considered in the forecasts its cash balances, its available borrowings, its ability to access additional indebtedness, whether or not it will maintain compliance with financial covenants and the possibility to obtain waivers in case of non compliance with certain covenants.

The Group's ability to access additional indebtedness could be affected by a deterioration in the financial market conditions in 2016, in particular in its Chinese segment which is highly leveraged. A significant portion of the financing needs of the Chinese segment in 2016 are also dependent on the success of a private placement of shares in amount of RMB 4.5 billion, which is currently in progress and subject to approval by the China Securities Regulatory Commission (see Note 29) and the outcome of a re-pricing of bonds in amount of CNY 1.5 billion, at which point the investors have the put option for the bonds issued by one of the Group subsidiaries in China. The Group is satisfied that based on these forecasts and ability to adapt its cash-flows when necessary, it will generate adequate cashflows and that it is appropriate to prepare these financial statements on going concern basis.

2.1.2 Standards and interpretations effective in 2015 that the Group has applied to these financial statements:

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

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015:

- Annual Improvements 2011-2013 Cycle (effective for annual periods beginning on or after 1 January 2015 for companies in EU), adopted by the EU on 18 December 2014. These annual improvements amend standards from the 2011 – 2013 reporting cycle. It includes changes to:
- IFRS 3 *Business combinations* is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11.
- IFRS 13 *Fair value measurement* is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
- IAS 40 *Investment property* is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

2.1.3 Standards and Interpretations in issue not yet adopted

- IFRS 9 *Financial instruments*, issued on 24 July 2014 (effective for annual periods beginning on or after 1 January 2018), not yet adopted by the EU. The final version of IFRS 9 *Financial Instruments* reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The directors currently assess that the adoption of IFRS 9 will have an effect on the classification and measurement of the Group financial assets, but no impact on the classification and measurement of the Group financial liabilities.

- IFRS 14 *Regulatory Deferral Accounts* issued on 30 January 2014 (effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU, as the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. IFRS 14 is not applicable to the Group, as the Group is not a first-time adopter of IFRSs.

- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018), not yet adopted by the EU. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The directors anticipate that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements and the management is currently evaluating the impact on financial statements resulting from the standard.

- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019), not yet adopted by the EU. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management is currently evaluating the impact on consolidated financial statements resulting from the adoption of IFRS 16 in 2019.

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 24 November 2015. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The directors do not anticipate that the adoption of IFRS 11 will have material impact on the consolidated financial statements since the Parent and its consolidated subsidiaries are not a party to any joint arrangements.

- Amendments to IAS 1 Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 18 December 2015. The amendments further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The directors expect that the adoption of the amendment will affect the presentation and disclosures included in the consolidated financial statements.

- Amendments to IAS 7 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2017), not yet adopted by the EU. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. Management is currently evaluating the impact on consolidated financial statements resulting from the amendment.

- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods beginning on or after 1 January 2017), not yet adopted by the EU. The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. These amendments are not applicable to the Group.

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

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

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

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

- IFRS 2 *Share based payments*: This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition');
- IFRS 3 *Business combinations*: This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- IFRS 8 O*perating Segments:* This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- IFRS 13 *Fair Value Measurement:* This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- IAS 16 *Property Plant & Equipment:* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- IAS 24 *Related Party Disclosures:* The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

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

- *Annual Improvements to IFRSs 2012–2014 Cycle* (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 15 December 2015. The improvements are not expected to have a material impact on the Group's consolidated financial statements. These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
  - IFRS 7 Financial Instruments: Disclosures: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
  - IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
  - IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

2.2 Basis of consolidation

The accompanying Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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 in full on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

2.3 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination 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 the fair value of the contingent consideration are adjusted retrospectively against the goodwill where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

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

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

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

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

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

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

2.4 Non-controlling interests

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

2.5 Investments in associates

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

The results and assets and liabilities of associates are included in these Consolidated Financial Statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's investment are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

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

Where a Group company enters into a transaction with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2.6 Goodwill

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

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

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's

previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.
Goodwill is recognised as an asset and reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate potential impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed if conditions improve.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit (or group of cash generating units) retained.

2.7 Current versus non-current classifications

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic

benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.9 Foreign currencies

Each entity of the Group determines its own functional currency, and items included in its financial statements are measured using the functional currency. The functional currency of the foreign operations is generally their local currency, except for Sierra Leone entities that have USD as functional currency. The presentation currency used in the Consolidated Financial Statements is the US dollar (USD). The Group's management has elected to use the USD as a presentation currency as it is the common currency for global metals and energy companies and management believes it is the relevant presentation currency for international users of the Consolidated Financial Statements of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entities' functional currency are recorded at the exchange rates prevailing at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are remeasured at the exchange rates prevailing at the balance sheet date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing at the date on which the most recent fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 2.30 below for hedging accounting policies); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting the consolidated financial statements in USD, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the periods presented. Exchange differences arising on the translation are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.
Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

2.10 Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

Dividend and interest income

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

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

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

2.11 Leasing

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

Capitalized leases are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated 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 recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.
Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. 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.

2.13 Government grants

Government grants are recognised once there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. They are recognised in the profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under "other income". Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

2.14 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.

2.15 Employee benefits

Payments to defined contribution benefit plans are recognised as an expense as they become due. Payments made to state managed retirement programmes, as well as for healthcare and unemployment funds managed by the state, are treated as defined contribution plans. The cost of these payments is charged to profit or loss in the same period as the related salary cost, under personnel costs.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:

- Service costs (comprising current service cost, past service cost, as well as gain and losses on curtailments and settlements), included in profit or loss line item "Cost of goods sold" or "General and administrative expenses" within personnel costs;
- Net interest expense, included in profit or loss line item "Finance costs" within interest expense;
- Remeasurement.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.16 Taxation

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

Current tax

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

Deferred tax

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

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a

business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Currently the fiscal losses generated by subsidiaries in China can be carried forward for 5 years, Romania for 7 years and Sierra Leone for 10 years.

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

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

Current and deferred tax for the year

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

Sales tax

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

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

2.17 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.

2.18 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to provisions (Note 2.26) and critical accounting judgments and key sources of estimation uncertainty (Note 2.30) for further information about the recorded decommissioning provision.

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

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

Buildings and other constructions	2 - 60 years
Plant and machinery	1 - 34 years
Equipment and vehicles	2 - 25 years

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

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

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

2.19 Intangible assets

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

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

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

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

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

under the captions appropriate to the nature of the use of the software.

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

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

2.20 Mineral rights

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

2.21 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.

2.22 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.23 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: weighted average method;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost, determined on weighted average basis.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.24 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.

2.25 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.

2.26 Provisions

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

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

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

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

Provisions for close down, restoration and environmental costs of mines

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

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

2.27 Financial instruments

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

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

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

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

Financial assets

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

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

Financial assets at FVTPL

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

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

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

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

Held-to-maturity investments

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

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

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

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

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

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- the creditor, for economic or legal reasons relating to the debtor’s financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider; or
- it becoming probable that the counterparty will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity instruments

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

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

FVTPL.

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

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

Other financial liabilities

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

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

2.28 Derivative financial instruments and hedging activities

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

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

Embedded derivatives

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

Hedge accounting

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

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

Fair value hedges

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

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

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

Cash flow hedges

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

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

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

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

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

Offsetting of financial instruments

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

2.29 Dividends

Dividends are recorded as a liability in the consolidated financial statements in the period in which they are approved by the shareholders and reflected in a corresponding diminution of shareholders’ equity.

2.30 Critical accounting judgments and key sources of estimation uncertainty

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

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

The following are the critical judgments 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 non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from budgets prepared by the Company and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amount of tangible and intangible assets at the end of the reporting period was USD 2,891,951 (2014: USD 3,357,026).

The carrying amount of goodwill at the end of the reporting period was USD 179,510 (2014: USD 191,143).

Details of the impairment test calculations are presented in Note 9, 10 and 11.

ii) Useful lives of property, plant and equipment

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

iii) Mineral reserves estimates

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

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

iv) Defined benefit plans

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

v) Environmental provisions

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

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

vi) Taxes

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

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

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

The Group has USD 143,883 (2014: USD 101,005) of unrecognised tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Given the uncertainties surrounding the timing and amounts of future taxable profits available to offset tax losses, the Group has determined that it cannot recognise deferred tax assets on some of the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 143,240. Further details on taxes are disclosed in Note 7 and Note 23.

viii) Fair value measurement of financial instruments

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

3. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. For the purpose of resource allocation and assessment of segment performance the geographical segments are the basis on which the Group reports its segment information to the Board of Directors, as well as to the CEO and CFO. The Group’s geographical segments are: China and Romania. A list of the principal companies included in each segment is shown in Note 30.

in USD ‘000, except otherwise stated

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

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

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

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

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

Segment revenues and results for the years ended 31 December 2015 and 2014 were as follows:

	China	Romania	Reconciliation to Group	Total
2015				
Sales	1,213,349	604,755	-	1,818,104
Cost of goods sold	-1,168,490	-503,518	-	-1,672,008
Gross profit	**44,859**	**101,237**	**-**	**146,096**
General and administrative expenses	-55,492	-51,976	-2,693	-110,161
Impairment of mineral rights	-138,151	-	-	-138,151
Impairment of property, plant and equipment	-125,253	-290	-	-125,543
Share of result of associates	1,511	-	-	1,511
Other income / (expenses)	33,371	-1,918	371	31,824
Operating result	**-239,155**	**47,053**	**-2,322**	**-194,424**
Interest expense	-216,806	-14,304	-1,449	-232,559
Interest income	27,850	1,152	-429	28,573
Fair value gains/(losses) from derivative financial instruments	-27	-15,635	-	-15,662
Other financial income / expense net	-28,519	-14,895	-2,459	-45,873
Result before income taxes	**-456,657**	**3,371**	**-6,659**	**-459,945**
Income tax	23,842	-2,946	1,616	22,512
Net result for the year	**-432,815**	**425**	**-5,043**	**-437,433**
Additional information				
Capital expenditure (incl. intangible assets)	97,166	25,704	-	122,870
Depreciation and amortisation	81,534	29,720	-	111,254
Average number of employees	9,682	3,892	5	13,579

in USD '000, except otherwise stated

	China	Romania	Reconciliation to Group	Total
2014				
Sales	1,290,530	629,632	-	1,920,162
Cost of goods sold	-1,193,201	-567,236	-	-1,760,437
Gross profit	**97,329**	**62,396**	**-**	**159,725**
General and administrative expenses	-63,765	-52,896	-2,675	-119,336
Impairment of mineral rights	-109,687	-	-	-109,687
Impairment of property, plant and equipment	-14,369	593	-	-13,776
Share of result of associates	5,934	-	-	5,934
Other income / (expenses)	13,448	5,906	2,738	22,092
Operating result	**-71,110**	**15,999**	**63**	**-55,048**
Interest expense	-238,565	-17,193	10,041	-245,717
Interest income	30,639	897	-58	31,478
Fair value gains/(losses) from derivative financial instruments	-17	-43,972	-	-43,989
Other financial income / expense net	-3,228	-11,998	-3,652	-18,878
Result before income taxes	**-282,281**	**-56,267**	**6,394**	**-332,154**
Income tax	30,216	37,749	-1,762	66,203
Net result for the year	**-252,065**	**-18,518**	**4,632**	**-265,951**
Additional information				
Capital expenditure (incl. intangible assets)	170,906	29,779	-	200,685
Depreciation and amortisation	104,835	31,050	4	135,889
Average number of employees	11,055	3,855	5	14,915

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:

	2015	2014
China	1,213,344	1,290,529
Romania	117,809	117,854
Other European Union countries	391,214	421,929
Other European countries	55,832	50,580
USA	17,214	19,899
Other countries	22,691	19,371
Total	**1,818,104**	**1,920,162**

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

	2015	2014
Primary aluminium	1,229,795	1,253,479
Processed aluminium	369,231	450,805
Coal	93,221	75,515
Other products	125,857	140,363
Total	**1,818,104**	**1,920,162**

in USD '000, except otherwise stated

Segment assets and liabilities at 31 December 2015 and 2014 are as follows:

	China	Romania	Reconciliation to Group	Total
31 December 2015				
Investments in associates	75,724	-	-	**75,724**
Other non-current assets allocated	2,899,910	334,498	41,247	**3,275,655**
Total assets	**4,277,024**	**556,544**	**41,078**	**4,874,646**
Total liabilities	**4,225,906**	**332,153**	**73,894**	**4,631,953**
31 December 2014				
Investments in associates	72,375	-	-	**72,375**
Other non-current assets allocated	3,308,538	379,931	10,170	**3,698,639**
Total assets	**4,631,462**	**619,558**	**11,758**	**5,262,778**
Total liabilities	**4,185,728**	**361,812**	**40,492**	**4,588,032**

4. General and administrative expenses

	2015	2014
Personnel costs	-41,599	-44,299
Third-party services	-14,460	-17,348
Depreciation and amortisation	-8,957	-11,125
Taxes other than income taxes	-6,215	-10,298
Marketing and public relations	-4,516	-4,793
Impairment of doubtful receivables (trade and other)	-1,287	-8,074
Other general and administrative expenses	-33,127	-23,399
Total	**-110,161**	**-119,336**

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

5. Other income and expenses

Other income	2015	2014
Government grants	30,249	25,875
Sale of emission rights	-	5,283
Aged payables written off	4,306	4,280
Reimbursements from insurance claims and other compensations	3,604	1,661
Rental income	2,114	3,559
Other income	819	3,252
Total other income	**41,092**	**43,910**

in USD '000, except otherwise stated

Government grants represent mainly subsidies for supporting aluminium industry and awards for applying advanced technical knowhow and improvement of energy savings, received by the Chinese entities.

"Other income" includes sundry income from services performed. In 2014, it also included deferred income from fees received for services related to the initial public offering of the Company during 2007, which was recognized as income linearly until 2014.

Other expenses	**2015**	**2014**
Idle plants depreciation expenses	-462	-385
Net loss on disposal of property, plant and equipment	-1,486	-7,742
Net loss on disposal of land use rights	-	-635
Expenses for claims, penalties and compensations	-6,521	-7,701
Other expenses	-799	-5,355
Total other expenses	**-9,268**	**-21,818**

"Expenses for claims, penalties and compensations" in 2015 include the amount of USD 5,302 representing a provision for fines recognized in December 2015, as a result of the acknowledgement by one of the Group subsidiaries in Romania of a sanction imposed to it by the Competition Council (for further details see Note 21). In 2014, the category includes mainly penalty expenses and compensations for an accident that took place in 2014 in a coal mine in China, as well as provisioning the compensations to be paid to a business partner in China related to an old agreement.

6. Finance costs and income

Finance costs	**2015**	**2014**
Interest expense	-214,792	-230,178
Interest expense to related parties (Note 25)	-17,096	-14,630
Finance guarantee expense	-15,702	-4,589
Interest on post employment benefits (Note 22)	-393	-550
Interest from unwinding of provision (Note 21)	-278	-359
Bank charges	-7,848	-11,926
Total finance costs	**-258,110**	**-262,232**

Finance income	**2015**	**2014**
Interest income	28,573	31,478
Finance guarantee income	8,223	13,945
Other financial income, net	-	48
Total finance income	**36,796**	**45,471**

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 33,256 (2014: USD 25,780) based on average interest rate of 7.57% (2014: 7.58%).

There was no ineffectiveness of cash flow hedges recognised in profit or loss during the years 2015 and 2014. Refer also to Note 27 for further details.

7. Income tax expense

	2015	**2014**
Current income tax	-11,422	-3,116
Deferred income tax (Note 23)	33,934	69,319
Total	**22,512**	**66,203**

in USD '000, except otherwise stated

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

	2015	2014
Loss before income tax	-459,945	-332,154
Expected weighted average income tax rate for the Group	22.0%	20.9%
Expected income tax (expense) / benefit	100,989	69,312
Non-taxable income	8,319	1,985
Non-deductible expenses	-3,228	-1,393
Capitalisation of previously unrecognised tax losses	6,454	21,540
Capitalisation of previously unrecognised deferred tax assets	-	6,144
Reversal of previously capitalised tax losses	-23,840	-4,717
Reversal of previously recognised deferred tax assets	-	-8,945
Current year tax losses not recognised as deferred tax assets	-42,797	-22,484
Deductible temporary difference not recognised as deferred tax assets	-22,838	-
Utilisation of previously unrecognised tax losses	910	-49,250
Adjustments recognised in relation to the current tax of prior years	-1,457	53,713
Adjustment to deferred taxes due to change in tax rate	-	298
Total income tax (expense) / benefit	**22,512**	**66,203**

Vimetco's expected weighted average income tax rate for the Group is affected by the statutory income tax rates and regulations in effect in the various countries in which it operates and on the pre-tax results of its subsidiaries in each of these countries, which can vary year to year. The variance in expected weighted average income tax rate for the Group between 2015 and 2014 is explained by a change in mix of pre-tax earnings over the various jurisdictions in which Vimetco operates.

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.

The capitalisation of previously unrecognised tax losses in 2015 relates mainly to Vimetco' subsidiary Henan Zhongfu Aluminium Co., Ltd. in amount of USD 6,384 (2014: nil). In 2014 the amount of the fiscal losses carried forward from previous years related to Alro S.A. in amount of USD 19,733 and Alum S.A. in amount of USD 1,807, for which the Group recognized a deferred tax asset, as the management believed there will be sufficient taxable profits in the future against which these fiscal losses could be used. Details for the recognition of deferred tax assets from tax loss carryforwards are presented in Note 23.

Current year tax losses not recognised as deferred tax assets of USD 42,797 (2014: USD 22,484) arose mainly in China and are available 5 years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Under the "Adjustments recognised in relation to the current tax of prior years" in 2014, the amount of USD 51,357 related to the impairment loss recognised by the Company in 2013 on the loan granted to its subsidiary Everwide Industrial Ltd. considered as a deductible expense in Company only financial statements. In 2014 due to partial conversion of this loan into the share capital of the subsidiary, the significant portion of the provision was reversed and USD 48,832 recognised on the line "Utilisation of previously unrecognised tax losses", while an amount of USD 2,975 was recognised as deferred tax liabilities in Group consolidated financial statements.

8. Earnings per share

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

	2015	2014
Loss for the year attributable to shareholders of Vimetco N.V.	-266,849	-155,886
Weighted average number of ordinary shares outstanding during the year	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-1.216	-0.710

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

in USD ‘000, except otherwise stated

9. Property, plant and equipment

Cost	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Balance at 1 January 2014	**25,725**	**856,823**	**2,175,695**	**130,200**	**920,376**	**4,108,819**
Additions	-	18,634	4,442	2,874	173,557	199,507
Disposals	-	-4,305	-52,426	-6,419	-1,059	-64,209
Transfers between categories	-	-21,382	75,126	6,904	-60,288	360
Transfers to land use rights	-	-	-	-	-14,226	-14,226
Translation adjustment	-3,013	-28,025	-67,817	-12,327	-4,025	-115,207
Balance at 31 December 2014	**22,712**	**821,745**	**2,135,020**	**121,232**	**1,014,335**	**4,115,044**
Additions	-	778	6,347	2,449	112,855	122,429
Disposals	-	-7,829	-3,565	-6,314	-	-17,708
Transfers between categories	-	52,578	397,976	4,843	-455,397	-
Translation adjustment	-2,523	-59,496	-164,433	-11,391	-44,830	-282,673
Balance at 31 December 2015	**20,189**	**807,776**	**2,371,345**	**110,819**	**626,963**	**3,937,092**
Accumulated depreciation and impairment						
Balance at 1 January 2014	**-**	**-281,567**	**-816,965**	**-92,294**	**-22,804**	**-1,213,630**
Charge for the period	-	-35,965	-83,451	-9,533	-	-128,949
Disposals	-	2,902	43,261	4,931	-	51,094
Impairment charge for the period	-	-8,911	-1,390	-	-13,787	-24,088
Reversal of impairment	-	1,875	8,437	-	-	10,312
Transfers between categories	-	31,909	-31,904	-5	-	-
Translation adjustment	-	17,305	45,320	9,952	29	72,606
Balance at 31 December 2014	**-**	**-272,452**	**-836,692**	**-86,949**	**-36,562**	**-1,232,655**
Charge for the period	-	-29,528	-76,486	-8,152	-	-114,166
Disposals	-	3,566	3,066	5,194	-	11,826
Impairment charge for the period	-	-5,499	-61,420	-1,346	-57,419	-125,684
Reversal of impairment	-	120	-	21	-	141
Transfers between categories	-	-	300	-300	-	-
Translation adjustment	-	23,835	71,476	8,989	4,451	108,751
Balance at 31 December 2015	**-**	**-279,958**	**-899,756**	**-82,543**	**-89,530**	**-1,351,787**
Net book value						
Balance at 31 December 2014	**22,712**	**549,293**	**1,298,328**	**34,283**	**977,773**	**2,882,389**
Balance at 31 December 2015	**20,189**	**527,818**	**1,471,589**	**28,276**	**537,433**	**2,585,305**

Assets under construction mainly refer to the construction of a deep processing project in China. The new cold-rolling facility in the pilot phase of this project was initiated during 2014, and certain functional facilities in amount of USD 431,935 have been transferred in 2015 from Assets under construction to property, plant and equipment, the balance as at 31 December 2015 being of USD 401,749 (31 December 2014: USD 818,057).

Capital expenditure (additions) includes capitalised interest amounting to USD 33,256 (2014: USD 25,780) based on average interest rates of 7.57% (2014: 7.58%).

The amount of total expenditures (including interest, consultancy fees, test runs expenses, wages and salaries) recognised in the carrying amount of assets under construction at 31 December 2015 was of USD 123,560 (2014: USD 237,203).

As at 31 December 2015 property, plant and equipment with a net book value of USD 1,422,081 (2014: USD 1,247,964) are pledged to secure the borrowings contracted by the Group.

In 2015 the amount of USD 101,835 representing depreciation and amortisation was charged to Cost of goods sold (2014: USD 124,379) and USD 8,957 (2014: 11,125) to General and administrative expense.

In 2014, reversal of impairment for Plant and machinery in amount of USD 10,312 relates to buildings and constructions and old 200kA aluminium plants in one of the Group subsidiaries in China disposed in 2014, for which provision for impairment was recognised in 2013.

In 2014, part of the land on which the deep processing project in China is developed in amount of USD 14,226 were transferred from assets under construction to land use rights (see also Note 13). Also, an amount of USD 360 was transferred from Other intangible assets and included in the line transfers between categories (see also Note 13).

On 30 December 2013, the Group subsidiary Henan Zhongfu Industry Co., Ltd. announced the liquidation of its 76% subsidiary Henan Zhongfu Specialized Aluminium Product Co., Ltd. The subsidiary was set up in March 2010 and its main activity was the production of cold rolled products. The production was still under the test running and due to poor business results and external market changes, the management decided to stop its activity and initiate the liquidation procedures. The management has not yet approved and announced a formal disposal or liquidation plan, therefore it doesn't meet the criteria to be classified as held for sale. Total assets of the company as at 31 December 2015 amounted USD 61,026 (2014: 65,536) excluding intragroup balances. The main assets of the subsidiary are represented by assets under construction with the carrying value as at 31 December 2015 of USD 35,024 (2014: USD 38,076), investment in subsidiary Henan Zhongfu Aluminium Alloy Co., Ltd. of USD 15,400 (2014: USD 16,342) and other receivables of USD 9,535 (2014: USD 9,987). As at 31 December 2015, an impairment of USD 21,411 (2014: 22,722) is recognised representing the write-down of assets in course of construction to the recoverable amount. The recoverable amount of USD 35,024 as at 31 December 2015 (2014: USD 37,710) is based on the fair value less costs of disposal. Currently, the Group is involved in a legal case defending an action brought by the non-controlling business partner of the subsidiary who is claiming damages in respect of the business developed together. The use and/or sale of the assets of the subsidiary are restricted until the finalization of the legal case (for details see Note 28).

Additionally, the Group has idle assets in China and Romania not classified as held for sale with a carrying value at 31 December 2015 of USD 12,874 (at 31 December 2014: USD 21,205).

Leased assets included above have a net book value of USD 716 and USD 278 as at 31 December 2015 and 2014 respectively.

Impairment tests for property, plant and equipment

As at 31 December 2015, the management of the Group identified several factors including declining aluminium and coal prices that indicated that a number of the Group's cash-generating units may be impaired. The management carried out an impairment test of the property, plant and equipment for the cash generating units (CGUs) with impairment indicators. For the purposes of impairment testing the recoverable amounts were determined by discounting expected future net cash flows of each cash generating unit. The details of the impairment tests are presented below:

China

As a result of the annual impairment review of assets carrying values in China, a charge of USD 112,320 (including specific provision of USD 29,856 recognised for assets under construction at ZF Industry) was recorded in relation to property, plant and equipment of aluminium cash-generating units and a charge of USD 12,936 was recognised in relation to property, plant and equipment of coal cash-generating units. Details of the impairment test carried out for the coal mines and assumptions used are presented in the Note 10.

The recoverable value of the aluminium CGUs in China was determined based on fair value less costs of disposal calculation by using future cashflows extracted from the business plan for the next 5 years estimated by management. The terminal value was computed by using a growth rate of 2.2% per annum. The result of the impairment tests and the key assumptions for the aluminium CGUs are presented in the table below:

in USD '000, except otherwise stated

	ZF Industry	ZF Aluminium	Linfeng	Yinhu	ZF Alloy
Excess over the carrying value / (impairment), USD	264,537	250,690	-31,994	-32,605	-17,865
Discount rate, after-tax	8.00%	8.00%	8.00%	8.00%	8.00%
Growth rate, average of next five years	4.40%	4.20%	4.20%	4.00%	3.90%
EBITDA margin, average of next five years	4.60%	10.60%	6.30%	2.00%	3.00%
EBITDA margin, terminal value	6.40%	11.80%	7.60%	2.20%	2.90%

The following table shows the amount up to which the key assumptions used would need to change individually for the estimated recoverable amount to be equal to the carrying amount at 31 December 2015:

	ZF Industry	ZF Aluminium	Linfeng	Yinhu	ZF Alloy
Discount rate, after-tax	11.58%	10.85%	7.29%	N/A	N/A
Growth rate, average of next five years	3.82%	3.39%	4.54%	8.19%	4.34%
EBITDA margin, including terminal value	4.18%	8.72%	7.93%	13.50%	3.83%

Romania

As at 31 December 2015, an impairment test of the property, plant and equipment for the assets of cash generating unit Alro was carried out. The resulting recoverable value of these property, plant and equipment was higher than their net book value, so no impairment expense was recognized (except a specific provision of USD 428 recognised for assets under construction). The impairment test was performed by an independent appraiser with some inputs being provided by management.

The recoverable value of the cash generating unit (CGU) Alro was determined based on a fair value of CGU less costs to sell calculation by using future cashflows extracted from the business plan for the next 8 years estimated by the management of the company. The casflows in perpetuity beyond this period were extrapolated by using a growth rate of 1.9% per annum, in line with forecast inflation. Average EBITDA margin was assumed at 11% for the next eight years increasing to its normal level of 13.75% afterwards and remaining constant at this value in perpetuity. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 27).

The key assumptions for the cash-generating unit Alro are:

	2015	2014
Discount rate, after-tax	12.1%	12.7%
Growth rate, average of next eight years (2014: six years)	3.85%	10.50%
EBITDA margin, average of next eight years (2014: six years)	11.00%	14.10%

The estimated recoverable amount of the CGU Alro exceeded its carrying amount by approximately USD 57,936 (2014: USD 372,758). The following table shows the amount up to which the key assumptions used would need to change individually for the estimated recoverable amount to be equal to the carrying amount at 31 December 2015:

	CGU Alro
Discount rate, after-tax	13.4%
Growth rate, average of next eight years	2.19%
EBITDA margin, average of next eight years	8.75%
EBITDA margin, terminal value	11.57%

Sierra Leone

The recoverable value of the bauxite cash generating unit (CGU Sierra Leone) was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the management cover a five-year period. The after-tax discount rate is of 18% per annum until 2018, being the estimated period of depletion for measured reserves and of 20% per annum thenafter for inferred mineral reserves due to the higher risk or uncertainty (2014: 19.1% and 21.1% respectively). The cash flows beyond that five-year period have been extrapolated until the year 2028, when the estimated reserves (measured, indicated and inferred) will be used up, applying a 1.9% growth rate (in line with forecasted inflation rate).

in USD '000, except otherwise stated

The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 27).

The key assumptions for the cash-generating unit Sierra Leone are:

	2015	**2014**
Discount rate, after-tax	18.0%	19.1%
Growth rate, average of next five years	9.40%	6.30%
EBITDA margin, average of next five years	23.70%	24.40%

The estimated recoverable amount of the CGU Sierra Leone exceeded its carrying amount by approximately USD 43,697 (2014: USD 38,125). The most sensitive key assumption used in impairment test of CGU Sierra Leone is EBITDA margin. A decrease to 7.8 % would cause the estimated recoverable amount of property, plant and equipment to be equal to the carrying amount (2014: 11%). For the other assumptions, the management considers that there are no reasonably possible modifications that would lead to an impairment of the property, plant and equipment of the CGU Sierra Leone.

10. Mineral rights

Cost	
Balance at 1 January 2014	**570,720**
Additions	394
Translation adjustment	-2,061
Balance at 31 December 2014	**569,053**
Translation adjustment	-32,827
Balance at 31 December 2015	**536,226**
Amortisation and impairment	
Balance at 1 January 2014	**-45,134**
Charge for the period	-12,621
Impairment charge for the period	-109,687
Translation adjustment	-313
Balance at 31 December 2014	**-167,755**
Charge for the period	-5,803
Impairment charge for the period	-138,151
Translation adjustment	15,552
Balance at 31 December 2015	**-296,157**
Net book value	
Balance at 31 December 2014	**401,297**
Balance at 31 December 2015	**240,069**

Mineral rights represent the present value of economic benefits expected from the extraction, processing and sale of the recoverable reserves of the mines acquired in a business combination in 2010 and consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits.

The amortisation charge has been included in the Cost of goods sold and the net impairment charge was included in the consolidated statement of profit or loss and other comprehensive income as a separate line "Impairment of mineral rights".

Impairment tests for mineral rights

As part of the annual impairment review of asset carrying values, a net charge of USD 138,151 was recorded in relation to mineral rights of the coal mines owned by the Group, included in China operating sergment (2014: 109,687). The Group carried out an impairment review of the coal mines cash-generating units ("CGU") and the review determined that the future profitability of the mines has decreased comparing to prior periods and previous forecasts made by the Group.

In assessing whether an impairment is required, the carrying value of the each coal mine CGU was compared with its recoverable amount. The recoverable amount was determined based on value in use ("VIU") of CGUs using the net present value of the future estimated cash flows expected to be generated from the continued use of the CGUs (based on the most recent estimations of the mines remaining exploitation life). These cash flows were forecasted explicitely for the remaining life of the mines (no terminal value required) and discounted using an after-tax discount rate of 10.3% that reflected current market assessments of the time value of money and the risks specific to the CGU.

Net impairment losses of USD 138,151 were recognised on mineral rights (2014: 109,687) and a net impairment loss of USD 12,936 was recognised on property, plant and equipment (2014: USD 22,698). The triggers for the impairment were primarily the effect of decrease in the coal prices and higher–than-expected estimates of costs of extraction.

The recoverable amount of the property, plant and equipment and mineral rights for the five mining companies representing five CGUs where impairment was recorded is USD 278,184 (2014: USD 282,225).

The values assigned to key assumptions and estimates used to measure the recoverable amount of the CGU's are consistent with external sources of information and are based on management's expectations of market development.

Production volumes used in the VIU and incorporated into the cash flow models were based on management's plans for the mines estimated as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; and the selling price of the commodities extracted. The production profiles used were consistent with the reserves and resource volumes estimated by an external valuator as at 31 December 2014.

Coal prices were based on management's estimates and are consistent with external sources. These prices were adjusted to arrive at appropriate price assumptions for the specific quality and type of coal for each mine.

The changes in key assumptions taken in isolation would produce the following results: decrease of production volumes by 10% would lead to additional impairment of USD 30,268 a decrease of coal prices by 10% would result in additional impairment of USD 45,733 and a rise in the discount rate to 11.3% (i.e. +1.0%) would lead to further impairment of USD 19,590.

in USD '000, except otherwise stated

11. Goodwill

Cost	
Balance at 1 January 2014	**459,774**
Translation adjustment	-7,025
Balance at 31 December 2014	**452,749**
Translation adjustment	-26,931
Balance at 31 December 2015	**425,818**
Impairment	
Balance at 1 January 2014	**-264,086**
Translation adjustment	2,480
Balance at 31 December 2014	**-261,606**
Translation adjustment	15,298
Balance at 31 December 2015	**-246,308**
Net book value	
Balance at 31 December 2014	**191,143**
Balance at 31 December 2015	**179,510**

Impairment tests for goodwill

The goodwill is allocated for impairment testing purposes to the groups of cash-generating units at 31 December 2015 and 2014 as follows (after additions and impairment):

	2015	**2014**
China	133,323	141,484
Romania	41,588	45,060
Sierra Leone	4,599	4,599
Total	**179,510**	**191,143**

China

In 2015 the recoverable amount of the group of cash generating units in China was determined based on fair value less costs of disposal ("FVLCS"), being the higher of value in use and FVLCS, as assessed by an independent valuer as of 31 December 2015, based on some inputs provided by management and others derived from open market evidence.

The holding company for the China group of CGUs is Everwide Industrial Ltd. ("Everwide") which holds 96.78% of Henan Yulian Energy Group Co., Ltd. ("Yulian"), which in its turn owns 53.29% of Henan Zhongfu Industry Co., Ltd. ("Zhongfu"), a company whose shares are actively traded on the Shanghai Stock Exchange. All other Group subsidiaries in China are directly or indirectly held by Zhongfu. Beside the investment in Zhongfu, which represents the main asset of Yulian, all the other assets and liabilities of Yulian and Everwide include mainly short term receivables and loans and borrowings, for which it was considered within the impairment test that the carrying amounts approximate their fair values.

The quoted share price of Zhongfu as at 31 December 2015 was used as the main input in the valuation model to determine the FVLCS of the group of CGUs in China. The book value of Zhongfu net debt was added to its equity market value (computed using the market quotation) in order to reach Zhongfu's enterprise fair value. This enterprise value was consolidated upwards at Yulian and further on at Everwide level and ultimately compared to the Everwide enterprise carrying value. 2% selling costs (reflecting incremental costs directly attributable to the disposal of shares in Zhongfu) were deducted in the computation of Everwide's enterprise FVLCS prior to the comparison with the carrying value.

No impairment resulted form this assessment.

in USD ‘000, except otherwise stated

Romania

In 2015 the recoverable amount of cash-generating unit Romania was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. This method requires eliminating all owner specific synergies from the cash-flow projections other than those synergies that any market participant would be able to realize. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 27).

The cash flow projections were based on financial forecasts estimated by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the estimation of the recoverable amount are set out in the following table. The values assigned to key assumptions and estimates used to measure the recoverable amount of the CGU Romania reflect past experience, are consistent with external sources of information and are based on management’s expectations of market development. The production quantities were estimated based on past experience, represent management’s best estimate of future production and reflect investment plans. Sales prices were based on the long-term aluminium prices derived from available industry and market sources. Operating costs were projected based on the historical performance and adjusted for the current market conditions and inflation.

	2015	2014
Discount rate, after-tax	12.1%	12.7%
Growth rate (average of next five years)	6.4%	10.1%
EBITDA margin (average of next five years)	13.1%	17.2%

The discount rate is the weighted-average cost of capital of the CGU, i.e. 15.6% (2014: 16.4%), calculated based on the average unlevered betas of comparable companies within the industry and a cost of debt after tax of 4.1% (2014: 4.54%), using the CGU's debt leverage of 30.6%.

Growth rates during the next five years are based on published industry research, directors' future expectations of economic and market conditions, the result of capital investments and anticipated efficiency improvements. The growth rate beyond the five-year period was assumed to be equal to the forecast inflation of 1.9%.

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the average levels experienced over the past years, with adjustments made to reflect the expected future sales volumes and price rises.

Sierra Leone

The recoverable amount of cash-generating units operating in Sierra Leone (Global Aluminium Ltd.) was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors cover a five-year period. The after-tax discount rate is of 18.0% per annum until 2018, being the estimated period of depletion for measured reserves and of 20.0% per annum thenafter for indicated and inferred mineral reserves due to the higher risk or uncertainty (2014: 19.1% and 21.1% respectively). The cash flows beyond the five-year period have been extrapolated until the year 2028, when the estimated reserves (measured, indicated and inferred) will be used with a 1.9% growth rate (in line with forecast inflation rate). The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 27).

The key assumptions for the cash-generating unit Sierra Leone are:

	2015	2014
Discount rate, after-tax	18.0%	19.1%
Growth rate (average of next five years)	9.4%	6.3%
EBITDA margin (average of next five years)	23.7%	24.4%

The discount rate is the CGU weighted-average cost of capital of 23.2% (2014: 26.9%), calculated based on the average unlevered betas of comparable companies within the industry and using the CGU's debt leverage of 34.6% (2014: 40%) and a cost of debt after tax of 8.1% (2014: 7.14%).

Growth rates during the next five years are based on current contract with Alum S.A. (alumina plant in Romania, which is the immediate parent of Global Aluminium Ltd.) reflecting the price in the market for long term contracts and on company's intention to develop sales to third party clients. The growth rate beyond the five-year period was assumed relatively in line with forecasted inflation at 1.9%.

in USD '000, except otherwise stated

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the external analysis and the expected future sales volumes and prices, coupled with company's cost cutting efforts.

The estimated recoverable amount of the CGU China exceeded its carrying amount by approximately USD 1,086,023 (2014: 656,778), of CGU Romania exceeded its carrying amount by approximately USD 170,339 (2014: USD 533,223) and for CGU Sierra Leone by approximately USD 39,098 (2014: USD 33,525). The following table shows the amount by which the key assumptions used for CGU Romania would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	Romania
Discount rate	15.9%
Growth rate	1.1%
EBITDA margin	11.7%

The most sensitive key assumption used in impairment test of CGU Sierra Leone is EBITDA margin. A decrease to 9.3% would cause the estimated recoverable amount to be equal to the carrying amount (2014: 11%). For the other assumptions management considers that there are no reasonably possible modifications that would lead to an impairment of the goodwill allocated to CGU Global Aluminium Ltd.

12. Land use rights

Cost	
Balance at 1 January 2014	**64,987**
Additions	302
Disposals	-777
Transfer from property, plant and equipment	14,226
Translation adjustment	-185
Balance at 31 December 2014	**78,553**
Additions	199
Translation adjustment	-4,536
Balance at 31 December 2015	**74,216**
Amortisation	
Balance at 1 January 2014	**-7,558**
Charge for the period	-2,180
Disposals	142
Translation adjustment	18
Balance at 31 December 2014	**-9,578**
Charge for the period	-1,726
Translation adjustment	620
Balance at 31 December 2015	**-10,684**
Net book value	
Balance at 31 December 2014	**68,977**
Balance at 31 December 2015	**63,532**

in USD '000, except otherwise stated

During 2015 and 2014, the Group sold no land use rights.

The land use rights are amortized over their economic useful life using a straight-line method over a period of no more than 50 years.

In 2014 land use rights amounting to USD 14,226 were transfered from property, plant and equipment, for details see Note 9.

13. Other intangible assets

	Exploration assets	Development expenses	Software	Customer relationships	Other intangible assets	Total
Cost						
Balance at 1 January 2014	**3,647**	**3,296**	**4,923**	**11,203**	**5,595**	**28,664**
Additions	74	-	107	-	301	482
Disposals	-	-	-	-	-13	-13
Transfer to property, plant and equipment	-	-	-	-	-360	-360
Translation adjustment	-	-386	-437	-40	-508	-1,371
Balance at 31 December 2014	**3,721**	**2,910**	**4,593**	**11,163**	**5,015**	**27,402**
Additions	-	-	66	-	176	242
Disposals	-	-1,587	-	-	-5	-1,592
Translation adjustment	-	-270	-430	-644	-486	-1,830
Balance at 31 December 2015	**3,721**	**1,053**	**4,229**	**10,519**	**4,700**	**24,222**
Amortisation						
Balance at 1 January 2014	**-2,708**	**-2,585**	**-3,936**	**-10,586**	**-2,252**	**-22,067**
Additions	-451	-380	-273	-613	-316	-2,033
Amortization charge	-	-	-	-	13	13
Translation adjustment	-	338	412	36	262	1,048
Balance at 31 December 2014	**-3,159**	**-2,627**	**-3,797**	**-11,163**	**-2,293**	**-23,039**
Additions	-458	-261	-220	-	-316	-1,255
Amortization charge	-	1,587	-	-	-	1,587
Translation adjustment	-	248	385	644	253	1,530
Balance at 31 December 2015	**-3,617**	**-1,053**	**-3,632**	**-10,519**	**-2,356**	**-21,177**
Net book value						
Balance at 31 December 2014	**562**	**283**	**796**	**-**	**2,722**	**4,363**
Balance at 31 December 2015	**104**	**-**	**597**	**-**	**2,344**	**3,045**

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

Research and development costs that are not eligible for capitalisation in amount of USD 1,261 have been expensed in 2015 (2014: USD 1,228) being recognised as General and administrative expenses.

in USD '000, except otherwise stated

14. Investments in associates

Details of the carrying values of the Group's investments accounted for using the equity method in the consolidated financial statements at 31 December 2015 and 2014 are set out below:

Company	Type of investment	Place of business	Nature of activities	2015	2014
Henan Yonglian Coal Industry Co., Ltd.	Associate - equity method	China	Coal mining	18,019	20,188
Datang Gongyi Power Generation Co., Ltd. (i)	Associate - equity method	China	Power generation	9,543	3,844
Datang Linzhou Thermal Power Co., Ltd. (ii)	Associate - equity method	China	Power generation	23,270	19,069
Henan Yellow River Heluo Water Supply Co., Ltd.	Associate - equity method	China	Water supply	809	859
Henan Zhongfu Thermal Power Co., Ltd.	Associate - equity method	China	Power generation	2,514	3,792
Shanghai Bao Shuo Trading Co. Ltd.	Associate - equity method	China	Trading activities	1,693	1,698
Xing Cun Coal Mine Co., Ltd.	Associate - equity method	China	Coal mining	10,787	12,290
Shang Zhuang Coal Mine Co. Ltd.	Associate - equity method	China	Coal mining	9,089	10,635
Total associated companies				**75,724**	**72,375**

The information on ownership and voting rights is presented in Note 30.

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

	2015	2014
Henan Yonglian Coal Industry Co., Ltd.	-1,045	-754
Datang Gongyi Power Generation Co., Ltd.	-	-
Datang Linzhou Thermal Power Co., Ltd.	5,366	4,126
Henan Yellow River Heluo Water Supply Co., Ltd.	-1	-1
Henan Zhongfu Thermal Power Co., Ltd.	-1,105	3,180
Shanghai Bao Shuo Trading Co. Ltd.	96	28
Xing Cun Coal Mine Co., Ltd.	-828	-310
Shang Zhuang Coal Mine Co. Ltd.	-972	-335
Total share of the results of associates	**1,511**	**5,934**

Acquisition of equity interests

2015

(i) In 2015 the Group increased its contribution in Datang Gongyi Power Generation Co., Ltd. by USD 6,178 maintaining its shareholding in the entity of 49%.

(ii) The Group increased its investment in Datang Linzhou Thermal Power Co., Ltd. by USD 161 slightly increasing its shareholding in the entity from 19.23% to 20.00%.

Cash consideration paid for the increase of investments in associates amounted to USD 3,693 (2014: nil).

2014

On 8 April 2014, one of the Group' subsidiaries in China acquired 37% equity interest of Xing Cun Coal Mine Co., Ltd. ("Xing Cun") and 40% equity interest of Shang Zhuang Coal Mine Co. Ltd. ("Shang Zhuang") for a cash consideration of USD 12,552 and USD 10,929 respectively. The main activity of the associates is the mining and sale of coal.

in USD ‘000, except otherwise stated

Details of net assets acquired and goodwill are as follows:

Acquisition of Xing Cun

	On aquisition
Purchase consideration:	
– Consideration payable	12,551
– Direct cost relating to acquisition	-
Total consideration	**12,551**
Share of fair value of net assets acquired	11,206
Goodwill	**1,345**

The goodwill is attributable to the benefit of expected synergies, revenue growth and potentially mineable mineral resources, which cannot be separately recognised as an intangible asset.

Acquisition of Shang Zhuang

	On aquisition
Purchase consideration:	
– Consideration payable	10,929
– Direct cost relating to acquisition	-
Total consideration	**10,929**
Share of fair value of net assets acquired	10,929
Goodwill	**-**

Set out below are the summarised financial information for associates which are accounted for using the equity method:

						2015
	Yonglian Coal	Datang Linzhou	Xing Cun	Shang Zhuang	Other	Total
Current assets	31,735	49,228	16,909	13,453	84,367	195,691
Non-current assets	76,469	329,039	39,297	57,077	178,917	680,799
Current liabilities	54,799	45,255	29,686	6,584	127,861	264,184
Non-current liabilities	13,334	216,675	616	41,215	93,388	365,229
Equity	**40,071**	**116,337**	**25,904**	**22,730**	**42,035**	**247,077**
Group’s carrying amount of the investment	**18,019**	**23,270**	**10,787**	**9,089**	**14,559**	**75,724**
Revenue	13,775	148,101	10,454	5,946	577,249	755,525
Cost of sales	-9,241	-113,118	-10,536	-6,860	-577,663	-717,418
Operating Income/ (expenses)	-6,207	12,933	-2,051	-1,452	-216	3,007
Finance costs	-484	-12,875	-106	-0	-979	-14,444
Result before tax	**-2,156**	**35,041**	**-2,238**	**-2,367**	**-1,610**	**26,670**
Income tax expense	-	-8,262	-	-	-166	-8,428
Result for the year	**-2,156**	**26,779**	**-2,238**	**-2,367**	**-1,776**	**18,242**
Total comprehensive income for the year	-2,323	27,156	-2,238	-2,431	-1,776	18,388
Group’s share of result for the year	**-1,045**	**5,366**	**-828**	**-972**	**-1,010**	**1,511**

in USD '000, except otherwise stated

						2014
	Yonglian Coal	Datang Linzhou	Xing Cun	Shang Zhuang	Other	Total
Current assets	14,770	41,452	13,017	7,131	98,775	175,144
Non-current assets	79,834	369,288	37,082	62,682	72,875	621,761
Current liabilities	34,319	43,245	19,677	9,067	138,431	244,739
Non-current liabilities	15,396	268,344	654	34,151	7,191	325,735
Equity	**44,888**	**99,150**	**29,768**	**26,596**	**26,027**	**226,430**
Group's carrying amount of the investment	**20,188**	**19,069**	**12,290**	**10,635**	**10,193**	**72,375**
Revenue	23,880	172,397	12,614	5,197	572,244	786,332
Cost of sales	-16,326	-130,862	-10,628	-4,990	-571,982	-734,788
Operating Income/ (expenses)	-7,454	70	-2,238	-1,059	38	-10,644
Finance costs	-1,757	-17,030	-184	-9	-1,426	-20,406
Result before tax	**-1,658**	**24,575**	**-436**	**-861**	**-1,126**	**20,494**
Income tax expense	-	-3,279	-	-	-49	-3,328
Result for the year	**-1,658**	**21,295**	**-436**	**-861**	**-1,175**	**17,166**
Total comprehensive income for the year	-1,658	21,295	-837	-837	6,856	24,819
Group's share of result for the year	**-755**	**4,126**	**-310**	**-335**	**3,207**	**5,934**

15. Inventories

	31 December 2015	31 December 2014
Raw and auxiliary materials	132,573	138,748
Work in progress	152,370	179,969
Finished goods	75,772	71,233
Less: Provision for obsolescence	-17,085	-14,020
Total	**343,630**	**375,930**

The movement in the provision for obsolescence is as follows:

	2015	2014
Balance at 1 January	-14,020	-24,483
Charge to cost of goods sold	-7,443	-3,861
Reversal credited to cost of goods sold	3,323	13,516
Translation adjustment	1,055	808
Balance at 31 December	**-17,085**	**-14,020**

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

As at 31 December 2015, inventories in amount of USD 114,959 (2014: USD 121,089) were pledged for securing borrowings of the Group. Please see also Note 20.

in USD '000, except otherwise stated

16. Trade receivables, net

	31 December 2015	31 December 2014
Trade receivables	51,323	61,406
Bills of exchange	117,195	73,582
Allowance for doubtful receivables	-14,665	-14,284
Total	**153,853**	**120,704**

The Group's exposure to concentration of credit risk at 31 December 2015 decreased as compared to the end of 2014. As at 31 December 2015, the highest four trade receivables balances accounted for approximately 32% (2014: 49%) of the net trade receivable balance (excluding bills of exchange). The total balance for these four debtors is USD 11,740 (2014: USD 22,900).

Bills of exchange include USD 105,538 (2014: 64,665) bills receivable discounted with recourse.

In 2015 there was one client that individually accounted for more than 5% of the Group sales, i.e. 7% (in 2014 no client accounted for more than 5% of the Group sales).

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

The factoring facilities available to Group companies at 31 December 2015 amounted to approximately USD 129,935 (2014: USD 138,283) of which approximately USD 61,700 (2014: USD 69,333) were utilised at the reporting date.

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

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the customer from the date the credit was initially granted up to the reporting date. Accordingly, the Group's management believes that there is no further credit provision required in excess of the allowance for doubtful receivables already provided for.

Movements in the impairment of doubtful receivables are as follows:

	2015	2014
Balance at 1 January	-14,284	-6,257
Increase through income statement	-3,610	-8,166
Release through income statement	2,295	92
Utilisations and other movements	28	-
Translation adjustment	906	47
Balance at 31 December	**-14,665**	**-14,284**

The receivables' ageing is provided below:

	31 December 2015	31 December 2014
Not past due and not impaired	147,838	93,743
Past due but not impaired	6,009	26,961
Past due and impaired	14,671	14,284
Less: Allowance for doubtful receivables	-14,665	-14,284
Total	**153,853**	**120,704**

in USD '000, except otherwise stated

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

	31 December 2015	31 December 2014
Up to 3 months	1,338	13,996
3 to 6 months	2,793	316
Over 6 months	1,878	12,649
Total	**6,009**	**26,961**

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

Ageing of impaired trade receivables:

	31 December 2015	31 December 2014
Up to 3 months	-	-
3 to 6 months	1	-
Over 6 months	14,670	14,284
Total	**14,671**	**14,284**

17. Other current assets

	31 December 2015	31 December 2014
Advances to suppliers	83,234	97,676
VAT receivable	57,774	53,590
Prepayments	2,297	2,005
Other debtors	55,073	67,476
Impairment of doubtful debtors	-19,109	-7,411
Available for sale financial assets	1	1,471
Other current assets	11,463	3,038
Total	**190,733**	**217,845**

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

18. Cash and cash equivalents

	31 December 2015	31 December 2014
Cash at banks	43,492	50,160
Cash in hand	287	296
Cash and cash equivalents	**43,779**	**50,456**

Restricted cash includes mainly:

- USD 700,382 (2014: USD 675,474) pledged to banks to guarantee repayments of bills of exchange issued by the Group;

- USD 39,191 (2014: USD 12,353) pledged under the provisions of loan agreements by several companies in the Group.

in USD '000, except otherwise stated

In addition to the above figures the Group has the amount of USD 10,861 representing cash placed with a bank until December 2017 as a pledge for a revolving loan and a non-cash facility contracted by one of the Group's subsidiaries. As of 31 December 2015, this amount was classified as "Other non-current assets" due to the maturity of the deposits, which is longer than 1 year.

19. Share capital

The authorised share capital of the Company consists of 800,000,000 ordinary shares of EUR 0.10 (the equivalent of USD 0.127), of which the following number of ordinary shares are issued and paid in:

	2015	2014
Number at 1 January	219,484,720	219,484,720
Number at 31 December	**219,484,720**	**219,484,720**

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

No dividends were declared and paid by Vimetco N.V. in 2015 (2014: nil).

20. Borrowings and leasing

	31 December 2015	31 December 2014
Long-term borrowings		
Long-term bank loans	703,125	854,895
Less: Short-term portion of long-term bank loans	-158,428	-337,007
Bank loans	*544,697*	*517,888*
Other loans	93,950	201,877
Corporate bonds	100,362	242,710
Bank and other loans	*739,009*	*962,475*
Loans from related parties (Note 25)	213,915	201,666
Finance leases	478	244
Total long-term borrowings	**953,402**	**1,164,385**
Short-term borrowings		
Short-term bank loans and overdrafts	587,091	469,421
Short-term portion of long-term bank loans	158,428	337,007
Bank loans and overdrafts	*745,519*	*806,428*
Other loans	701,830	293,582
Corporate bonds	269,854	249,273
Bank loans, overdrafts and other loans	*1,717,203*	*1,349,283*
Loans from related parties (Note 25)	55,905	67,409
Finance leases	175	110
Total short-term borrowings	**1,773,283**	**1,416,802**
Total borrowings	**2,726,685**	**2,581,187**

in USD ‘000, except otherwise stated

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted with recourse at banks in amount of USD 105,538 (2014: 64,665); for other details please see also Note 16.

In December 2015, Alro SA signed a revolving loan agreement amounting to USD 137,000 with a syndicate of banks, with the maturity in December 2017 and with the possibility to extend it for one more year, whereby the Company mainly refinanced the outstanding USD 120,000 revolving loan obtained from the European Bank of Recontruction and Development in August 2010. Alro SA had the entire credit facility of USD 137,000 drawn at 31 December 2015.

In December 2015, Alro SA also signed a credit facility with the Black Sea Trade and Development Bank for the amount of USD 60,000 to support the investment program. The loan has a maturity of 7 years, with a grace period of 2 years from payment of instalments. On 31 December 2015 the amount drawn down from the loan was of USD 15,000.

At the same time, in December 2015 Alro SA signed the extension until December 2017 of another revolving loan amounting to RON 180,000 thousand obtained from a commercial bank in December 2013. At 31 December 2015 the Group had the entire facility drawn down for working capital.

Bank borrowings mature until 2023 and bear interest at annual interest rates between 0.44% for EUR and 15.00% for SLL (Sierra Leone Leones) (2014: between 0.65% for EUR and 15.00% for SLL).

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

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

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

At 31 December 2015, some of the Group companies were in breach of some of the covenants in respect of its loans. The Group companies discussed the situation with the banks and received the necessary waivers. Due to the fact that the waivers were received after the testing period agreed with the banks, the Group classified an amount of USD 4,087 representing loans due after the year 2016 from "Long term loans" to "Short-term portion of long term loans".

In 2011 and 2012, one of the Group subsidiaries in China made two corporate bond issues (denominated in CNY, with a total face value of CNY 1,500,000,000, CNY 100 each, respectively CNY 1,000,000,000, CNY 100 each), mainly for the repayment of short-term borrowings. In 2015 the Henan Zhongfu Industry Co., Ltd., announced the maturity prolongation by 2 years for the 2012 bonds issue, giving the bond holders the right to sell back part of their bonds at par value. As a consequence, bonds with a total face value of CNY 657,917,000 were prolonged until August 2017. The bonds are listed on the Shanghai Stock Exchange with an AA rating, the market price and the fair value being as presented in the table below:

Market price (USD per bond)	**31 December 2015**	**31 December 2014**
2011 bonds issue	15.00	15.83
2012 bonds issue	14.87	16.30

In 2014 one of the Group subsidiaries in China made another corporate bonds issue, which was privately subscribed (denominated in CNY, with a total face value of CNY 447,500,000). These bonds were not listed and they were fully reimbursed in 2015. The same subsidiary, in 2015, made another corporate bonds issue, which was privately subscribed (denominated in CNY, with a total face value of CNY 208,330,000). These bonds are not listed and they have short term maturity.

in USD '000, except otherwise stated

Fair value	31 December 2015	31 December 2014
2011 bonds issue	224,991	237,465
2012 bonds issue	97,863	163,016
2014 bonds issue	-	73,157
2015 bonds issue	32,082	-
Total fair value	**354,936**	**473,638**
Carrying amount	**370,216**	**491,983**

The fair value for 2011 and 2012 bonds issues belong to the level 1 of the fair value measurement hierarchy (those issues being listed), while the 2014 and 2015 bonds issue belongs to the level 3 of the fair value measurement hierarchy.

Bank and other borrowings include secured liabilities of USD 1,052,706 (2014: USD 1,452,214). These borrowings are secured by tangible assets of the Group in the amount of USD 1,422,081 (2014: USD 1,247,964) (Note 9), by inventory amounting to USD 114,959 (2014: USD 121,089), by 46% (2014: 51%) of the shares of Alro, by 52.57% (2014: 47.49%) of the shares of Zhongfu Industry, by current accounts opened with several banks and by future accounts receivable. For the Zhongfu share pledge the loan contracts specify that the Group has to compensate for any shortfall in the share price below a certain level. The share prices as at 31 December 2015 was above the trigger prices in the loan contracts, except for one loan. For the respective loan appropriate actions have been taken by the management of the respective subsidiary, with no additional requirement from the corresponding bank.

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

Except for the corporate bonds, for which the fair value has been presented above, the Group has estimated the fair value of the other borrowings, which is presented in the table below:

	31 December 2015	31 December 2014
Fair value of borrowings and leasing (others than bonds)	2,351,249	2,077,647
Carrying amount of borrowings and leasing (others than bonds)	2,356,469	2,089,204

As at 31 December 2015 the Group had undrawn borrowing facilities amounting to USD 45,000 (31 December 2014: nil).

As at 31 December 2015 the Group had a revolving facility meant for issuing letters of credit and letters of guarantee, with the ceiling of USD 10,908 (31 December 2014: USD 12,157). At 31 December 2015, USD 3,706 were unused from this facility (31 December 2014: USD 4,806).

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

	31 December 2015	31 December 2014
Lease installments falling due:		
Within 1 year	196	124
1 to 5 years	505	263
After 5 years	-	-
Total lease installments	**701**	**387**
Less: Future finance charges	-48	-33
Present value of lease obligations	653	354
Thereof:		
Short-term finance lease obligations (less than 1 year)	175	110
Long-term finance lease obligations (1 to 5 years)	478	244

in USD '000, except otherwise stated

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 716 (31 December 2014: USD 278).

21. Provisions

	Provision for land restoration	Provision for litigations	Other provisions	Total
Balance at 1 January 2014	**7,298**	**2,459**	**6,778**	**16,535**
Additional provisions recognised	8,347	45	5,120	13,512
Release of provision	-	-61	-	-61
Utilisation	-	-	-1,597	-1,597
Unwinding of discount	359	-	-	359
Translation adjustment	-603	-287	-14	-904
Balance at 31 December 2014	**15,401**	**2,156**	**10,287**	**27,844**
Thereof:				
Current	-	2,156	10,287	12,443
Non-current	15,401	-	-	15,401
Additional provisions recognised	389	-	5,322	5,711
Release of provision	-3,380	-112	-2	-3,494
Utilisation	-	-300	-147	-447
Unwinding of discount (Note 6)	278	-	-	278
Translation adjustment	-888	-225	-769	-1,882
Balance at 31 December 2015	**11,800**	**1,519**	**14,691**	**28,010**
Thereof:				
Current	-	1,519	14,690	16,209
Non-current	11,800	-	1	11,801

The provision for land restoration is related to the obligations that the Group has in respect of rehabilitating mines, closing of plants and cleaning of waste deposit sites after the related production / extraction has ceased. In 2014, the additional provisions recognized are mainly for several coal mines in China, following the finalization of studies to determine the extent of environmental obligations (the corresponding entry was under Property, plant and equipment line in the Statement of Financial Position). The amounts of the provisions are determined based on time schedules for the rehabilitation works and the corresponding costs to be incurred, discounted to present value. In 2015, the release of provision is related mainly to the change of discount rate used for the calculation of the provision for the coal mines.

The "Other provisions" at 31 December 2014 and 2015 mainly relate to some obligations for compensations to be paid to a business partner in China in relation to an old agreement.

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

In 2015, the Group additionally recognized in "Other provisions" a provision of USD 5,302 following the announcement of a fine imposed on a Romanian subsidiary by the Competition Council. Having in view the enforceability of the decision issued by the Competition Council, the subsidiary booked the provision according to International Financial Reporting Standards and to the Romanian legislation, at the same time with the management analyzing all the measures that can be taken in order to defend the subsidiary position.

in USD '000, except otherwise stated

22. Employee benefits

During 2015 the Group recognized short-term employment benefits expenses representing wages and salaries and other staff costs amounting to USD 125,038 (2014: USD 136,155).

Defined contribution plans

The employees of the Group are members of state-managed retirement benefit plans operated by the local governments. The Group contributes a specified percentage of the payroll to the retirement benefit schemes to fund the benefits. The Group also contributes a certain amount to pension funds managed by non-governmental entities. The only obligation of the Group with respect to the retirement plans is to make the specified contributions during the period of employment of the respective employees.

Until April 2013 and since January 2015, the Group had an arrangement in place to make payments to an optional defined contribution plan for the post-employment benefit of a prt of its employees that have rendered service to the Group during the period. The defined contribution plan is managed by a separate entity and the contribution made by the Group was in the form of fixed amounts per employee, paid monthly. The Group recognized the liability undiscounted (accrued expense) at the reporting date after deducting any contribution already paid, and the expense incurred during the year, the Group's legal and constructive obligation being limited to the amounts that it contributes to the fund.

In 2015 USD 8,399 were recognized as expenses with contributions to defined contribution plans in the income statement (2014: USD 10,660), with the decrease being due to the reduction by 5% of the employer's regulated social contribution quota applicable to the gross salary in Romania starting October 2014.

Defined benefit plan

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

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out at 31 December 2015 and 2014 by an independent actuarial expert. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The plan is unfunded.

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

	31 December 2015	31 December 2014
Discount rate (%)	3.71	3.85
Estimated rate of salary increase (%)	3.98	4.00
Estimated inflation rate (%)	2.40	3.00

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

	2015	2014
Current service cost	-519	-521
Interest cost on obligation	-393	-550
Total expense	**-912**	**-1,071**

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

in USD '000, except otherwise stated

The movements in the net liability from defined benefit obligation regarding the determined benefits are as follows:

	2015	2014
Balance at 1 January	**11,072**	**10,731**
Included in profit or loss:		
Current service cost	519	521
Interest cost on obligation	393	550
Included in other comprehensive income:		
Actuarial changes arising from changes in demographic assumptions	-60	-10
Actuarial changes arising from changes in financial assumptions	-1,652	986
Actuarial changes arising from changes in experience adjustments	-34	89
Benefits paid	-406	-461
Translation adjustment	-1,109	-1,334
Balance at 31 December	**8,723**	**11,072**

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

	Defined benefit obligation charge 2015	2014
Discount rate +1%	-789	-1,153
Discount rate -1%	865	1,363
Estimated salary increase rate +1%	857	1,341
Estimated salary increase rate -1%	-797	-1,157
Longevity +1 year	27	8
Longevity -1 year	50	-5
Employee turnover rate +0.5%	-62	-66
Employee turnover rate -0.5%	11	67

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

The Group expects to make a payment of USD 1,076 representing benefits to be paid on its defined benefit obligation during the next financial year.

The weighted average duration of defined benefit obligation is 16.3 years.

The following information relates to the maturity profile of the defined benefit obligation at 31 December 2015:

Maturity analysis of undiscounted defined benefit payments	Retirement benefits	Death-in-service benefits	Total
Within 1 year	983	93	1,076
1 - 2 years	432	98	530
2 - 5 years	2,259	327	2,585
5 - 10 years	4,164	588	4,752
Over 10 years	25,519	1,744	27,263

in USD '000, except otherwise stated

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 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	10,852	20,105	7,468	22,787
Intangible assets	-	390	6	207
Mineral rights	-	57,408	-	96,114
Land use rights	15	6,822	17	7,434
Long-term loans receivable granted to subsidiaries	-	49,610	-	17,383
Inventories	3,210	-	3,498	73
Trade receivables and other current assets	5,419	166	12,353	116
Provisions and other liabilities	9,446	942	11,558	493
Gross deferred tax assets / liabilities	**28,942**	**135,443**	**34,900**	**144,607**
Recognition of tax loss carryforwards	116,484	-	88,098	-
Offset of deferred tax assets and liabilities	-25,009	-25,009	-32,430	-32,430
Net deferred tax assets and liabilities as disclosed in the statement of financial position	120,417	110,434	90,568	112,177
Net deferred (asset) / liability		**-9,983**		**21,609**

Deferred tax from tax loss carryforwards relates to the capitalisation of tax losses for those companies where the management believes there will be sufficient taxable profits in the future or sufficient taxable temporary differences against which these fiscal losses could be used.

The future taxable profits have been forecast on the basis subsidiaries business-plans prepared by management. The values assigned to key assumptions and estimates used to measure the taxable profits reflect past experience, are consistent with external sources of information and are based on management's expectations of market development. The main companies for which the deferred tax assets from tax loss carryforwards have been recognised and the main assumptions used in the forecasts are presented in the table below:

	Henan Zhongfy Aluminium Co., Ltd	Alro S.A.
Tax losses capitalised, USD	27,559	26,366
Average sales growth	4.17%	3.85%
Average EBITDA margin	10.70%	11.00%
Average profit before tax margin	3.50%	4.70%

in USD '000, except otherwise stated

The following table shows the amount up to which the key assumptions used would need to change individually for the estimated profit before tax to be equal to the tax loss carryforwards recognised as deferred tax assets at 31 December 2015:

	Henan Zhongfy Aluminium Co., Ltd	Alro S.A.
Average sales growth	4.07%	3.38%
Average EBITDA margin	9.81%	10.31%
Average profit before tax margin	2.65%	3.83%

Additionally, an amount of USD 49,443 of tax loss carryforwards relates the impairment loss recognised by the Company on the loan granted to its subsidiary Everwide Industrial Ltd. considered as a deductible expense in Company-only financial statements, while an amount of USD 49,776 was recognised as deferred tax liabilities in Group consolidated financial statements. Also, an amount of USD 13,116 of tax loss carryforwards were recognised mainly by companies in China to offset the taxable temporary differences against which these fiscal losses could be used.

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

	2015	2014
Balance at 1 January	21,609	88,000
Charge / (credit) to income statement (Note 7)	-33,934	-69,319
Charge / (credit) to equity	274	-178
Translation adjustment	2,068	3,106
Balance at 31 December	**-9,983**	**21,609**

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

	31 December 2015	31 December 2014
China	123,145	81,447
Sierra Leone	20,208	19,027
Ghana	530	531
Total	**143,883**	**101,005**

Tax loss expiring	31 December 2015	31 December 2014
Within 1 year	17,304	7,736
1 - 2 years	8,300	18,063
2 - 5 years	103,760	59,234
More than 5 years	14,519	15,972
Total	**143,883**	**101,005**

Additional to non-recognized deferred tax assets for tax losses, the Group has non-recognized deferred tax assets for deductible temporary differences at the level of certain Chinese subsidiaries in amount of USD 14,694 (2014: USD 13,351). The Group has not recognized these deferred tax assets because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the deductible temporary differences (see Note 7).

in USD '000, except otherwise stated

24. Trade and other payables

	31 December 2015	31 December 2014
Trade payables	206,317	249,051
Bills of exchange	1,175,133	1,109,376
Liabilities for capital expenditure	71,728	109,908
Customer advances	75,055	123,370
Wages and social security, including taxes	35,483	36,055
Sales and other taxes payable	6,899	6,766
Financial guarantees	9,624	2,599
Other payables	133,062	179,821
Total	**1,713,301**	**1,816,946**

25. Related party transactions

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

The immediate parent of the Group (the "Parent") is Vi Holding N.V. which controls 59.40% of votes of the Company. The ultimate controlling entity in respect of 59.40% of the votes in the Company is Maxon Limited (Bermuda).

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

The balances and transactions with related parties are presented below.

Financing from related parties

In 2015 and 2014, the loan from the Parent represents a credit facility granted by Vi Holding N.V. USD 172,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd.

	31 December 2015	31 December 2014
Related party		
Vi Holding N.V.	221,699	208,846
Associates	48,121	60,229
Total borrowings from related parties	**269,820**	**269,075**
Thereof:		
Short-term portion of borrowings	55,905	67,409
Long-term portion of borrowings	213,915	201,666

The borrowing payable to Vi Holding N.V. is subject to interest at LIBOR plus 5.75% and it is repayable in 5 annual installments starting 31 May 2018 and until 31 May 2022.

Interest expense related to the Parent borrowing amounted to USD 12,853 (2014: USD 12,151).

Interest expense related to borrowings from associates amounted to USD 4,243 (2014: USD 2,479).

in USD '000, except otherwise stated

Long-term loans provided to related parties	31 December 2015	31 December 2014
Associates	23,223	24,429

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

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

Goods and services provided to related parties	2015	2014
Vi Holding N.V.	-	-
Companies under common control	69	82
Associates	137,414	112,443

Goods and services purchased from related parties	2015	2014
Vi Holding N.V.	-476	-352
Companies under common control	-48,151	-58,146
Associates	-19,776	-164,711
Key management personnel	-	-
Other	-	-

The significant decrease in goods and services purchased from associates is due to the fact that in 2015 the Group obtained better conditions from third parties, which resulted in purchases from suppliers outside the Group.

Furthermore, the following balances were outstanding:

Trade and other accounts receivable	31 December 2015	31 December 2014
Vi Holding N.V.	-	-
Companies under common control	316	50
Associates	49,954	36,233
Total	**50,270**	**36,283**

Trade and other accounts payable	31 December 2015	31 December 2014
Vi Holding N.V.	580	397
Companies under common control	16	425
Associates	20,355	9,487
Key management personnel	-	17
Other	1	830
Total	**20,952**	**11,156**

in USD '000, except otherwise stated

Management Compensation

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

	2015	2014
Short-term employee benefits	3,684	1,724
Post-employment benefits	122	185
Total	**3,806**	**1,909**

Key management personnel transactions

A number of key management personnel, or their close family members, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The transactions concluded between the Group and these related parties were as follows:

	2015	2014
Entities controlled by key management personnel or their close family members	45	55
Benefits paid to close family members of the key management personnel	-	-
Total	**45**	**55**

26. Acquisitions and disposals of subsidiaries

2015

Transactions between consolidated entities

Sale of 3.07% shares in Henan Zhongfu Industry Co., Ltd. and subsequent repurchase of 0.03%

At 22 January 2015, Henan Yulian Energy Group Co., Ltd. ("Yulian") sold 53,532,552 shares of Henan Zhongfu Industry Co., Ltd. ("Zhongfu") in open market, thus reducing its equity interest in Zhongfu from 56.33% to 53.26%. Proceeds from disposal amounted to USD 49,371 and the change in ownership interest that did not result in a loss of control over Zhongfu was accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Subsequently, on 16 September 2015, Yulian purchased 506,000 shares of Zhongfu on open market for a consideration of USD 336 and after this acquisition, Yulian increased the equity interest in ZF Industry from 53.26% to 53.29%, i.e., by 0.03%. The difference between the net consideration received of USD 49,035 and the amount by which the non-controlling interest was adjusted of USD 22,196 was recognised directly in equity and the resulting amount of USD 26,839 was attributed to the owners of the parent, i.e. retained earnings. As a result of the sale of shares, the Group's effective shareholding in Zhongfu decreased from 54.52% to 51.57%.

Set up of a new subsidiary Henan Zhongfu Technology Center Co., Ltd.

On 9 September 2015, Henan Zhongfu Industry Co., Ltd. ("Zhongfu") set up a new wholly owned subsidiary, namely Henan Zhongfu Technology Center Co., Ltd. ("ZF Technology") with registered capital of CNY 20 million. The business nature of this company is research and development of new products and materials, technological design and provision of related technology consulting service. The Company's effective percentage of shareholding in ZF Technology is 51.57%.

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Liquidation of subsidiary Vimetco Management GmbH

At 31 December 2015 the Group liquidated its wholly owned subsidiary Vimetco Management GmbH due to no activity of the entity. No gain/(loss) on disposal was recognised as the subsidiary had no signifcant assets or liabilities at the date of its liquidation.

The list of principal subsidiaries is presented in Note 30.

Financial information of subsidiaries that have material non-controlling interests is provided below:

2015	**Alro**	**Zhongfu Industry**	**Dengcao Group**	**Huixiang Coal**	**Zhongfu Aluminium Group**
	Romania	**China**	**China**	**China**	**China**
NCI percentage	12.50%	48.43%	71.63%	63.90%	61.84%
Summarised statement of profit or loss and other comprehensive income:					
Revenue	573,912	1,466,482	18,318	-	164,117
Cost of sales	-496,004	-1,446,842	-25,039	-	-166,689
Administrative expenses	-41,813	-44,338	-35,636	-75,519	-19,721
Other income	3,175	1,263	177	1	-
Finance costs, net	-44,335	-67,894	-1,357	-70	238
Result before tax	**-5,065**	**-91,329**	**-43,537**	**-75,588**	**-22,055**
Income tax	-936	-9,325	5,291	14,571	3,427
Result for the year	**-6,001**	**-100,654**	**-38,246**	**-61,017**	**-18,628**
Total comprehensive income	**-37,172**	**-151,743**	**-47,315**	**-62,128**	**-23,585**
Attributable to non-controlling interests	-4,647	-73,489	-33,892	-44,502	-14,585
Dividends paid to non-controlling interests	-	-	-	-	-
Summarised statement of financial position:					
Non-current assets	327,277	1,143,021	328,310	76,819	62,549
Current assets	225,214	1,895,752	37,168	4,343	46,639
Non-current liabilities	201,554	313,652	44,680	6,640	6,930
Current liabilities	94,203	1,920,062	181,788	74,230	26,806
Net assets	**256,734**	**805,059**	**139,010**	**292**	**75,452**
Attributable to non-controlling interests	32,092	389,890	99,573	209	46,660
Summarised cash flow information:					
Operating	10,871	45,606	-2,379	779	-5,223
Investing	-14,277	-54,800	-4,065	-1,071	-2,009
Financing	11,131	1,311	6,422	-	7,225
Net increase/(decrease) in cash and cash equivalents	**7,725**	**-7,883**	**-22**	**-292**	**-7**

in USD '000, except otherwise stated

2014	Alro	Zhongfu Industry	Dengcao Group	Huixiang Coal	Zhongfu Aluminium Group
	Romania	**China**	**China**	**China**	**China**
NCI percentage	12.50%	45.48%	70.01%	61.84%	59.66%
Summarised statement of profit or loss and other comprehensive income:					
Revenue	595,495	1,197,368	53,383	4,974	150,356
Cost of sales	-546,139	-1,178,330	-42,412	-7,718	-150,661
Administrative expenses	-42,323	-20,018	-99,525	-37,117	-2,368
Other income	2,464	1,269	70	-	-
Finance costs, net	-77,818	-64,470	-3,229	104	952
Result before tax	**-68,321**	**-64,181**	**-91,713**	**-39,757**	**-1,721**
Income tax	35,867	7,163	20,331	9,940	125
Result for the year	**-32,454**	**-57,018**	**-71,382**	**-29,817**	**-1,596**
Total comprehensive income	**-73,203**	**-60,927**	**-72,398**	**-30,276**	**-1,968**
Attributable to non-controlling interests	-9,150	-27,710	-50,686	-18,723	-1,174
Dividends paid to non-controlling interests	-	-	-	-	-
Summarised statement of financial position:					
Non-current assets	375,701	1,182,118	388,282	158,146	84,535
Current assets	236,532	2,008,680	49,717	5,675	36,853
Non-current liabilities	37,964	533,048	53,615	23,084	-
Current liabilities	280,363	1,700,949	197,932	78,317	22,352
Net assets	**293,906**	**956,801**	**186,452**	**62,420**	**99,036**
Attributable to non-controlling interests	36,738	435,153	130,535	38,601	59,085
Summarised cash flow information:					
Operating	2,689	-672,951	63,868	14,818	-15,943
Investing	-36,509	751,715	-32,389	-6,439	15,081
Financing	45,490	-79,989	-34,181	-8,140	-
Net increase/(decrease) in cash and cash equivalents	**11,670**	**-1,225**	**-2,702**	**239**	**-862**

The information above is the amount before inter-company eliminations.

2014

Transactions between consolidated entities

Set up of a new subsidiary Henan Zhongfu Aluminium Co. Ltd.
On 18 March 2014, two subsidiaries of the group Henan Zhongfu Industry Co., Ltd. ("Zhongfu") and Henan Yulian Energy Group Co., Ltd. ("Yulian"), set up a new subsidiary Henan Zhongfu Aluminium Co. Ltd. ("Zhongfu Aluminum") with a 51% and 49% ownership respectively. The main business activity of the new subsidiary is the manufacturing and sale of electrolytic aluminum. Zhongfu contributed to the share capital of the new subsidiary with assets, including 100% equity interest in its subsidiary Linzhou Linfeng Aluminium and Power Co., Ltd. ("Linfeng") and liabilities, while contribution made by Yulian was in cash. The difference between the value of consideration transferred and the amount by which the non-controlling interests were adjusted for the new subsidiary was

in USD '000, except otherwise stated

recognised in Equity as Changes in ownership interests in subsidiaries. The Group recognised a decrease in retained earnings of USD -5,109 with a corresponding increase in non-controlling interests of USD 5,109.

Transfer of equity interest in Linzhou Linfeng Aluminium and Power Co., Ltd.
On 19 April 2014, Yulian repurchased from Zhongfu Aluminum 30% ownership in Linfeng and as a result the Group's effective shareholding in Linfeng increased from 56.11% to 81.69%. No goodwill was recognized on acquisition and the difference between the consideration transferred and the amount by which the non-controlling interests of the subsidiary were adjusted was recognised in Equity as Changes in ownership interests in subsidiaries. The Group recognised a decrease in retained earnings of USD -15,753 with a corresponding increase in non-controlling interests of USD 15,753.

Sale of 1.64% shares in Henan Zhongfu Industry Co., Ltd.
During the period from 24 December 2014 to 30 December 2014, Henan Yulian Energy Group Co., Ltd. ("Yulian") sold 28,549,150 shares of Henan Zhongfu Industry Co., Ltd. ("Zhongfu") in open market, thus reducing its equity interest in Zhongfu from 57.97% to 56.33%. Proceeds from disposal amounted to USD 28,401 and the change in ownership interest that did not result in a loss of control over Zhongfu was accounted for as equity transactions (ie transactions with owners in their capacity as owners). The difference between the consideration received of USD 28,401 and the amount by which the non-controlling interest was adjusted of USD 14,739 was recognised directly in equity and the resulting amount of USD 13,662 was attributed to the owners of the parent, i.e. retained earnings. As a result of the sale of shares, the Group's effective shareholding in Zhongfu decreased from 56.11% to 54.52%.

Total net cash inflow/(outflow) on acquisition/(disposal) of subsidiaries:	**2015**	**2014**
Sale of shares in Henan Zhongfu Industry Co., Ltd.	49,371	28,401
Acquisition of shares in Henan Zhongfu Industry Co., Ltd.	-336	-
Net cash inflow on disposal of subsidiaries	**49,035**	**28,401**

27. Risk management

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

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

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 20, net of "cash and cash equivalents" as disclosed in Note 18 (i.e. excluding restricted cash) and shareholders' equity.

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

Consistently 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 shareholders' equity" as shown in the consolidated statement of financial position plus net debt.

in USD '000, except otherwise stated

	2015	2014
Total borrowings (Note 20)	2,726,685	2,581,187
Less: cash and cash equivalents (Note 18)	-43,779	-50,456
Net debt	**2,682,906**	**2,530,731**
Total shareholders' equity	**242,693**	**674,746**
Total capital	**2,925,599**	**3,205,477**
Gearing ratio	92%	79%

The gearing ratio is significantly affected by the China segment, where the banking sector permits higher indebtness than in the other countries in which the Group develops its business.

Categories of financial instruments

Financial assets	**31 December 2015**	**31 December 2014**
Cash and bank balances	783,369	739,253
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	4,192	22,547
Derivative instruments in designated hedge accounting relationships	-	-
Held-to-maturity investments	-	-
Loans and receivables	421,935	298,171
Available-for-sale financial assets	2,796	4,437

Financial liabilities	**31 December 2015**	**31 December 2014**
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	-
Derivative instruments in designated hedge accounting relationships	-	-
Amortised cost	4,382,558	4,292,734
Financial guarantee contracts	9,624	2,599

There were no reclassifications between the categories of financial instruments during 2015 and 2014.

Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates. The Group enters into a variety of contracts for derivative financial instruments to manage its exposure to foreign currency risk and market prices, including:
- swaps to manage the commodity price risks associated with sales of aluminium based on the London Metal Exchange price for High Grade Aluminium.
- forward foreign exchange contracts to hedge the exchange rate risk arising on the USD denominated sales;
- commodity options to protect the Group's 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 functional currencies (RON and CNY), with respect to the currencies of denomination (EUR and USD). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Exchange rate exposures are managed within approved policy parameters by utilising forward foreign exchange contracts. The Group's risk management policy has been to hedge approximately 50% the of anticipated cash flows (sales and purchases) of its Romanian segment in USD as far as the market allowed this at reasonable costs.

in USD '000, except otherwise stated

The Group's foreign currency exposure results from:

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

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

Currency of denomination	EUR	USD	USD		
Functional currency	**RON**	**RON**	**CNY**	**Other**	**Total**
31 December 2015					
Total monetary assets *	13,260	96,765	102	1,265,869	**1,375,996**
Total monetary liabilities *	12,331	173,108	199,102	4,093,524	**4,478,065**
31 December 2014					
Total monetary assets *	17,533	72,322	108	1,196,777	**1,286,740**
Total monetary liabilities *	18,293	166,387	185,779	3,938,326	**4,308,785**

* They do not include derivative contracts the Group entered into

Foreign currency sensitivity

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

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

Currency of denomination	EUR	USD	USD
Functional currency	**RON**	**RON**	**CNY**
31 December 2015			
Profit or loss	-93 [1)]	-7,634 [2)]	-19,900 [3)]
Other equity	-	-	-
31 December 2014			
Profit or loss	-76 [1)]	-9,407 [2)]	-18,567 [3)]
Other equity	-	-	-

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

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

In respect of the embedded derivatives related to Romania segment, a paralel shift of the RON/USD exchange rate by 10% in the sense of the RON depreciation against USD would decrease the profit or loss account by -USD 371, while in the case of appreciation of RON against USD, the profit or loss account would increase by USD 106 (at 31 December 2014: -USD 123 / USD 42, respectively).

Interest rate risk management

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

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

At 31 December 2015, approximately 55% of the Group's borrowings are at a fixed rate of interest (2014: 49%).

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for EUR, USD, RON 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 2015 would decrease/increase by USD 12,212 (2014: USD 13,055).

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 derivative contracts such as swap agreements and ratio-collar transactions on aluminium when market conditions are favourable.

Commodity swap contracts

Fixed-to-floating

In 2014, the Group entered into swap agreements with highly reputed banks in order to hedge its sales at fixed prices from adverse market fluctuations, in such a way that it sold the respective quantities of aluminium at fixed prices and received from the counterparty a floating price valid at the time of the settlement.

At 31 December 2014 the Group did not have anymore aluminium fixed-to-floating swap contracts, all its ageements having been settled during the year.

Floating-to-fixed

In 2014, for the purpose of protecting its cash flows against the adverse effect of aluminium price decrease, the Group decided to conclude aluminium floating-to-fixed swap agreements with settlements between August 2014 to January 2015 for a quantity of 50,000 tonnes.

The Group designated a great part of its aluminium swap contracts both fixed-to-floating and floating-to-fixed as cash flow hedges.

In 2014, the realised loss from aluminium swap agreements, recycled from hedging reserve to "Sales" amounted to USD 4,780.

USD 73 representing realised profit from agreements settled in 2014, which were not accounted for as hedging intruments, is included under "Finance costs".

In 2015, no result from aluminium swap agreements affected the statement of profit or loss and other comprehensive income. At 31 December 2015 the Group no longer had aluminium swap contracts, all its ageements having been settled during the year 2014. The commodity swaps were classified within Level 2 of the fair value measurement hierarchy.

Embedded derivatives

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

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

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

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

In 2013, the Group reviewed the model used for the measurement of the fair value and reconsidered the separation method of the compounded embedded derivative (please see the Annual Report 2013).

In March 2014, the Group renegotiated the above mentioned contract. The main amendment with impact on the embedded derivative was to include the Group's option to establish annually the quantity of energy to be purchased during the following year, the other terms and conditions remaining mainly unchanged.

At 31 December 2015 and 2014, as a result to these changes, the embedded derivative consists of:
- a series of monthly forward contracts to sell aluminium at a fixed price denominated in RON, whose notional amounts are determined on the basis of aluminium quantities specified in the host contract;
- a series of monthly long call options on aluminium, corresponding to the maximum energy price and quantity set in the host contract;
- a series of monthly short put options on aluminium, corresponding to the minimum energy price and quantity set in the host contract;
- a series of monthly long call options on energy at the price set in the host contract, with annual exercising dates and monthly settlements during the following year.

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

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

The loss from the change in fair value of the embedded derivative instrument during the year 2015, amounting to USD 15,635 was debited to the profit or loss account, being presented under "Fair value gains/(losses) from derivative financial instruments" (for the year 2014: loss of USD 43,972).

Another USD 774 were debited to the statement of profit or loss in 2015 as "energy cost" under "Cost of goods sold" (in 2014: USD 22,936 were credited), being the fair value of the monthly derivative instruments settled during the year.

in USD '000, except otherwise stated

Summary of the fair value of derivative financial instruments as at 31 December 2015 and 2014:

Assets	**31 December 2015**	**31 December 2014**
Embedded derivatives	4,192	22,547
Total	**4,192**	**22,547**
Thereof:		
Non-current	3,277	22,501
Current	916	46

Liabilities	**31 December 2015**	**31 December 2014**
Thereof:	-	-
Non-current	-	-
Current	-	-

The positive fair values of hedging derivatives are classified as assets and the negative fair values as liabilities.

There was no ineffectiveness to be recorded from cash flow hedges for the years ended 31 December 2015 and 2014.

In 2015 and 2014 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities, except for the normal volatility of aluminium prices on international markets, and of foreign exchange rates. However, the Group was affected by the Government's scheme to support the green energy in Romania, leading to higher electricity costs.

Due to the low level of aluminium prices on the market, the Group did not enter into any other hedging relationships in 2015 and 2014, apart from the ones disclosed in this note, as these were not considered economically efficient. Although the Group main activity is to sell its products at prevailing market prices, the Group is closely monitoring the market in order to take advantage of any opportunities that may arise to protect its results against the high volatility of commodity prices.

Commodity price sensitivity

As of 31 December 2015, a paralel upward/downward shift of the aluminium forward curve equal to USD 100 per tonne would decrease/ increase the profit or loss account by USD 187 / by USD 59 (31 December 2014: USD 51 / USD 28).

Credit risk management

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit risk insurance is required. In Romania, the major part of the receivables are immediately sold to banks by factoring on a non-recourse basis. For promissory 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.

in USD ‘000, except otherwise stated

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

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has set up an appropriate liquidity risk management framework for the management of the Group’s short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In Note 20 the additional undrawn facilities are provided, which 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.

2015	within 1 year	1 to 5 years	after 5 years	Total
Borrowings (principal and expected future interest payments)	1,896,093	973,673	82,216	2,951,982
Trade and other monetary payables	1,665,497	-	-	1,665,497
Total	**3,561,590**	**973,673**	**82,216**	**4,617,479**

2014	within 1 year	1 to 5 years	after 5 years	Total
Borrowings (principal and expected future interest payments)	1,545,381	1,201,153	112,374	2,858,908
Trade and other monetary payables	1,714,146	-	-	1,714,146
Total	**3,259,527**	**1,201,153**	**112,374**	**4,573,054**

Fair value of financial instruments

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 by 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 repoting date. The fair value of forward foreign exchange contracts is determined using forward exchange rates provided by dealers at the reporting date. The fair value of LME forward swap over-the-counter derivatives is determined using LME aluminium quotes for each settlement dates provided by dealers.

• The fair values of financial guarantee contracts are determined by 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.

in USD '000, except otherwise stated

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

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

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

• Level 2 fair value measurements are those derived from valuation techniques containing 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 2015
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets	-	-	-	-
Financial assets at FVTPL				
Embedded derivatives	-	4,192	-	**4,192**
Total	**-**	**4,192**	**-**	**4,192**

				31 December 2015
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVTPL				
Aluminium swaps	-	-	-	**-**
Embedded derivatives	-	-	-	**-**
Financial guarantee contracts	-	-	9,624	**9,624**
Total	**-**	**-**	**9,624**	**9,624**

				31 December 2014
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets	-	-	-	-
Financial assets at FVTPL				
Embedded derivatives	-	22,547	-	**22,547**
Total	**-**	**22,547**	**-**	**22,547**

				31 December 2014
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at FVTPL				
Aluminium swaps	-	-	-	**-**
Embedded derivatives	-	-	-	**-**
Financial guarantee contracts	-	-	2,599	**2,599**
Total	-	-	2,599	**2,599**

in USD '000, except otherwise stated

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

	Assets		Liabilities	
2015	**Unquoted equities**	**Unquoted securities**	**Financial guarantee contracts**	**Derivative financial liabilities**
Opening balance	**-**	**-**	**-2,599**	**-**
Gains/(losses) in profit or loss	-	-	-7,479	-
Gains/(losses) in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements / sale	-	-	-	-
Transfer out of level 3	-	-	-	-
Translation adjustment	-	-	454	-
Total	**-**	**-**	**-9,624**	**-**

	Assets		Liabilities	
2014	**Unquoted equities**	**Unquoted securities**	**Financial guarantee contracts**	**Derivative financial liabilities**
Opening balance	**-**	**-**	**-12,036**	**-**
Gains/(losses) in profit or loss	-	-	9,356	-
Gains/(losses) in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements / sale	-	-	-	-
Transfer out of level 3	-	-	-	-
Translation adjustment	-	-	81	-
Total	**-**	**-**	**-2,599**	**-**

Net losses related to financial guarantee contracts, in amount of USD 7,479 (2014: net gains of USD 9,356) are included in Note 6 "Finance costs and income".

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

Directors consider that, except for loans and borrowings, the fair values of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their carrying amounts largely due to the short term maturities and low transaction costs of these instruments as of financial position date.

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

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

For loans and borrowings fair value please see Note 20.

28. Commitments and contingencies

Commitments

Investment commitments

The Group has investment commitments associated with certain production and environmental projects. The contracts for these projects require the Group to make certain investments, which are estimated at USD 79,640 as at 31 December 2015 (2014: USD 93,222).

The Group has further investment commitments in China amounting to USD 68,713 (2014: USD 79,425) mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the projects.

Raw material and utilities purchase contracts

At 31 December 2015, the Group had various contracts to purchase energy, gas and other materials and consumables amounting to USD 244,584 (2014: USD 467,774).

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

Operating lease commitments

Operating leases relate to leases of equipment, vehicles and office facilities with lease terms of up to 3 years. The expense for operating leases in 2015 was USD 3,611 (2014: 1,576). At 31 December 2015, the Group had commitments of USD 708 (2014: 41) under non-cancellable operating leases. Of these USD 589 are due within one year (2014: 492).

Contingencies

Litigations

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

In May 2015, the Group was notified of a legal civil action at the Bucharest Court of Law, brought by the energy producer Hidroelectrica S.A. regarding material claims raised for alleged unrealized benefits from the bilateral contract with Alro. In December 2015, the Primary Court rejected a significant part of the claims of the plaintif as being time-barred, and consequently only remaining claims are under discussion, related to a small period from the contract of less than 2 months, with the amount being under clarification. Based on Management's best estimate, it is not possible to make a reliable estimation of the outcome of the legal case. Consequently, the Group did not recognize a provision in relation to the legal case at 31 December 2015.

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

Currently, two of the Group’s subsidiaries in China are involved in a legal case defending an action brought by a business partner who is claiming damages in respect of a business developed in the past together with the respective partner. Total raised claims amount to USD 44,350 and the respective subsidiaries also made counterclaims of USD 34,783. The litigation is currently in incipient phase, the Group not accepting the raised claims. Based on its own analysis, and after consultation with its lawyers, management could not make a reliable estimation of the outcome of the legal case or of the potential loss that will be incurred, if any. Consequently, management did not book any provision with respect to this legal case.

European Commission investigation

In April 2012, the European Commission commenced a formal investigation in respect of the long term agreement of electricity supply concluded between the Group and the electricity producer Hidroelectrica S.A. As per the European Commission press release dated 12 June 2015 published on EC website, it is stated that none of the contracts under examination involved state aid. The conclusions of the investigation of the European Commission come as a confirmation of the Group's position presented from the beginning of the proceedings, and of the Group's fair commercial relationship with Hidroelectrica, which complied with all the legal requirements applicable to the energy sector in Romania.

Taxation

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

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

29. Events after the Reporting Period

Vimetco

On 24 February 2016 the Parent fully reimbursed its single bank borrowing which ammounted to USD 10,200 at 31 December 2015.

Romania

In January 2016, the Group subsidiary Alum SA obtained a loan amounting to USD 10,071 from a commercial bank in Romania. The loan was contracted partly for working capital and partly it refinanced a USD 2,500 old loan that Alum SA had from the same bank (repayable in 2016). The new facility is secured with a part of Alum assets and is repayable in instalments in two years.

On 24 February 2016 a Government Decision (GD) was published in Romania, which mentioned that the exemption from the provisions of art. 8 paragraph (2) of law 220/2008 promoting the energy production from renewable sources was applicable starting from the date the exemption agreement was obtained by the beneficiaries of the state aid. One day prior to the date of issuance of GD no. 113, ANRE (The Romanian Regulatory Authority for Energy) issued the Order no. 5/2016 and subsequently the list of electrical energy suppliers that have the obligation to acquire green certificates for the energy traded in 2015, whereby ANRE interprets the initial provisions of the Government Decision no. 495/2014 (regarding the exemption of the energy-intensive consumers from the payment of a part of the green certificates quota), in the sense that the exemption applies from the date when the exemption agreement is received. In the opinion of Alro SA, on one side the GD no. 113/2015 cannot be legally applied to the purchasing obligations of green certificates in the year 2015 (as the retrospective application would not be permitted), and on the other side the Order no. 5 and the List published by ANRE breaches the initial provisions of the GD 495/2015, as this foresees the exemption should be applied for the entire annual green certificates quota, and not for the energy consumed after the receipt of the exemption agreement. For this reason, Alro SA has commenced legal procedures against the ANRE Order and against the list issued by it, including cases in the Court, and continues to contemplate other ways to counteract the GD no. 113 if it is be considered that it is applicable for the year 2015, and to recover the damages incurred due to the late issuance of the exemption agreement by the authorities in charge (i.e. in June 2015 instead of February 2015 as per legal obligation). As the regulation affects the year 2015, the Group recognized an amount of USD 10,158 in its 2015 financial statements, representing the financial impact from the obligation to purchase green certificates without the 85% exemption for the first 5 months of the year.

China

On 14 December 2015, Henan Yulian Energy Group Co., Ltd. ("Yulian Energy") concluded several agreements with Henan Yulian Coal Industry Group Co., Ltd. ("Yulian Coal") and Henan Zhongfu Industry Co., Ltd. ("ZF Industry") in relation to the acquisition of 49% of equity interest in Zhengzhou Guangxian Industry and Trade Co., Ltd. ("Guangxian") and 19% of Zhengzhou City Huixiang Coal Industry Co., Ltd. ("Huixiang") from Yulian Coal and the acquisition of equity interest of 49% in Yulian Coal from ZF Industry. Both transactions will be paid by Yulian Energy in cash with its own funds. On 2 and 26 February 2016, the equity transfers were completed. After the transactions, Yulian Energy directly holds Guangxian, Huixiang and Yulian Coal with percentage of 49%, 19% and 49% respectively and the Company's effective percentage of shareholding in these 3 subsidiaries after the change of group structure increased further from 51.57%, 36.10% and 51.57% to 85.02%, 55.99% and 73.72% respectively.

On 31 December 2015, Henan Zhongfu Industry Co., Ltd. ("ZF Industry") entered into a share purchase agreement with Henan Yulian Coal Industry Group Co., Ltd. ("Yulian Coal"), pursuant to which Yulian Coal agreed to transfer its 100% equity interest in Henan Zhongfu Power Co., Ltd. ("ZF Power") to ZF Industry at cash consideration of CNY 2,560 million. On 26 February 2016, the equity transfer was completed. After the acquisition, Zhongfu Power has become a wholly owned subsidiary of ZF Industry, and the Company's effective percentage of shareholding in Zhongfu Power remains unchanged.

On 12 January 2016, ZF Industry and a third party company set up a new subsidiary of the Group, namely Henan Zhongfu Lanxun Technology Co., Ltd. ("ZF Lanxun") for operating the Group's new project - Internet Data Center in Henan China with registered capital of CNY 10 million, of which CNY 8.5 million will be injected by ZF Industry to the entity and the balance will be paid by the third party in cash. On 2 February 2016, the company was successfully registered and set-up. After the completion of establishment, Zhongfu Industry and the third party company directly held equity interest of 85% and 15% respectively in the new company. The Company's effective percentage of shareholding in ZF Lanxun is 43.84%.

On 18 January 2016, the Board of Directors of ZF Industry made an announcement that the Board approved the private placement of shares (in total of 790,861,152 shares) to 8 target investors at a price of CNY 5.69 per share for CNY 4,500 million. The fund is planned to spend on the investment of Internet Data Center project (i.e. CNY 1,900 million) and the repayment of the Group's borrowings (i.e. CNY 2,600 million). In accordance with the proposal, Yulian Energy will participate in this subscription for shares of 158,172,231. After the subscription, Yulian Energy percentage of interest holding in ZF Industry will be reduced directly by 10.4% to 42.89%. The Company's effective percentage of shareholding in ZF Industry will be reduced from 51.57% to 41.51%. In addition, local top management of ZF Industry and Yulian Energy will establish a private partnership to participate in this subscription for 79,086,115 shares. Assuming the private placement is successful, at the date of these financial statements and as per current Management best knowledge, the Company is expecting to continue to maintain control over ZF Industry.

On 24 February 2016, ZF Industry set up a new wholly owned subsidiary, namely Henan Zhongfu Power Sales Co., Ltd. ("ZF Power Sales") with registered capital of CNY 20 million. The business nature of this company is mainly trading of electricity. The Company's effective percentage of shareholding in ZF Power Sales is 51.57%.

in USD '000, except otherwise stated

30. Companies in the Vimetco Group

The companies in the Vimetco Group at 31 December 2015 and 2014, classified by segment, are as follows:

	2015		2014	
	shareholding	votes [1)]	shareholding	votes [1)]
China				
Datang Gongyi Power Generation Co., Ltd.	47.42%	49.00%	47.42%	49.00%
Datang Linzhou Thermal Power Co., Ltd.	16.13%	20.00%	15.71%	19.23%
Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.	51.57%	100.00%	54.52%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	28.37%	100.00%	29.99%	100.00%
Everwide Industrial Ltd.	100.00%	100.00%	100.00%	100.00%
Gongyi City Xing Cun Coal Mine Co., Ltd.	19.08%	37.00%	20.17%	37.00%
Gongyi City Shang Zhuang Coal Mine Co., Ltd.	20.63%	40.00%	21.81%	40.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	22.69%	44.00%	23.99%	44.00%
Henan Yinhu Aluminium Co., Ltd.	51.57%	100.00%	54.52%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	23.21%	45.00%	24.53%	45.00%
Henan Yulian Energy Group Co., Ltd.	96.78%	96.78%	96.78%	96.78%
Henan Yulian Coal Industry Group Co., Ltd.	51.57%	100.00%	54.52%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	38.16%	100.00%	40.34%	100.00%
Henan Zhongfu Aluminium Co., Ltd.	73.72%	100.00%	75.23%	100.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	43.08%	83.53%	45.54%	83.53%
Henan Zhongfu Industry Co., Ltd.	51.57%	53.29%	54.52%	56.33%
Henan Zhongfu Power Co., Ltd.	51.57%	100.00%	54.52%	100.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	38.16%	73.99%	40.34%	73.99%
Henan Zhongfu Technology Center Co., Ltd.[2)]	51.57%	100.00%	0.00%	0.00%
Henan Zhongfu Thermal Power Co., Ltd.	25.27%	49.00%	26.71%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	41.13%	51.00%	41.66%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	80.64%	100.00%	81.69%	100.00%
Linzhou Linfeng Aluminium Product Co., Ltd.	80.64%	100.00%	81.69%	100.00%
Shanghai Xinfu Industry Development Co. Ltd.	46.42%	90.00%	49.07%	90.00%
Shanghai Bao Shuo Trading Co. Ltd.	10.31%	20.00%	10.90%	20.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	51.57%	100.00%	54.52%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	28.37%	100.00%	29.99%	100.00%
Zhengzhou City Dengcao Investment Co., Ltd.	28.37%	55.00%	29.99%	55.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	36.10%	70.00%	38.16%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	28.37%	100.00%	29.99%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	51.57%	100.00%	54.52%	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 Vimetco Group is deemed to have control over them and for those in which the voting rights as reported above are less than 50% are considered associates and consolidated using the equity method. Please see also Note 14 Investments in associates for more details.

[2)] This new subsidiary was set up on 19 August 2015.

in USD '000, except otherwise stated

	2015		2014	
	shareholding	votes [1)]	shareholding	votes [1)]
Romania				
Alro S.A.	87.50%	87.97%	87.50%	87.97%
Alum S.A.	86.98%	99.40%	86.98%	99.40%
Conef S.A.	87.47%	99.97%	87.47%	99.97%
Vimetco Extrusion S.R.L	87.50%	100.00%	87.50%	100.00%
Vimetco Management Romania S.R.L	100.00%	100.00%	100.00%	100.00%
Vimetco Power Romania S.R.L	100.00%	100.00%	100.00%	100.00%
Vimetco Trading S.R.L	100.00%	100.00%	100.00%	100.00%

	2015		2014	
	shareholding	votes [1)]	shareholding	votes [1)]
Sierra Leone				
Bauxite Marketing Ltd.	86.98%	100.00%	86.98%	100.00%
Global Aluminium Ltd.	86.98%	100.00%	86.98%	100.00%
Sierra Mineral Holdings I, Ltd.	86.98%	100.00%	86.98%	100.00%

	2015		2014	
	shareholding	votes [1)]	shareholding	votes [1)]
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Management GmbH [3)]	0.00%	0.00%	100.00%	100.00%
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

[1)] For this purpose, the voting rights reported are those of the immediate parent company or companies, where the immediate parent company or companies are, themselves, controlled by the Vimetco Group. Consequently, the voting rights reported above may differ significantly from the effective shareholding. Companies in which the voting rights as reported above are greater than 50% are fully consolidated, even if the effective shareholding is less than 50%, since Vimetco Group is deemed to have control over them and for those in which the voting rights as reported above are less than 50% are considered associates and consolidated using the equity method. Please see also *Note 14 Investments in associates* for more details.

[3)] This subsidiary was liquidated in December 2015.

Company-only Financial Statements
Vimetco N.V.

Condensed Company-only Income Statement

Condensed Company-only Income Statement for the year ended 31 December			in USD '000
	Note	**2015**	**2014**
Company-only result after tax		-4,847	5,003
Share of net result of group companies	5	-165,813	-160,889
Profit/(loss) for the year		**-170,660**	**-155,886**

In 2015, the share of negative net assets of Everwide exceeded the overall exposure of Vimetco in the subsidiary, which includes the value of investment, loans and receivables. Since the value of the investment using the NAV method cannot be valued below nil and the parent has no legal or constructive obligation to cover the negative net assets or pay-off subsidiary's obligation, the excess negative equity was credited to the share of net result of group companies (see also Note 5). As the result, there is a difference of USD 96,189 between the company-only and consolidated profit/(loss) for the year.

Company-only Statement of Financial Position

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

in USD '000

	Note	2015	2014
Assets			
Non-current assets			
Intangible fixed assets:			
Goodwill	6	40,649	44,666
Financial fixed assets:			
Investments	7	173,964	199,864
Loans to Group companies	8	6,449	118,280
Accrued income from Group companies	9	2,086	10,745
Total non-current assets		**223,148**	**373,555**
Current assets			
Other receivables	10	1,048	15,961
Prepaid expenses		135	171
Restricted cash		1	954
Cash and cash equivalents		143	488
Total current assets		**1,327**	**17,574**
Total assets		**224,475**	**391,129**

Company-only Statement of Financial Position

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

in USD '000

Shareholders' equity and liabilities	Note	2015	2014
Shareholders' equity			
Share capital	11	23,938	26,679
Share premium		348,568	348,568
Other reserves		51,241	44,922
Retained earnings / (accumulated deficit)		-270,929	-117,784
Profit / (loss) for the year		-170,660	-155,886
Total shareholders' equity		**-17,842**	**146,499**
Non-current liabilities			
Loan from credit institutions	12	-	13,670
Loans from Group companies	13	7,500	5,000
Interest payable on loans from Group companies	13	500	69
Loan from shareholder	14	172,000	172,000
Interest payable on loan from shareholder	14	41,915	29,666
Other non-current liability		333	1,949
Total non-current liabilities		**222,248**	**222,354**
Current liabilities			
Current portion of loan from credit institutions	12	10,200	13,470
Interest payable		7,931	7,347
Accrued expenses		634	603
Accounts payable	10	575	557
Other payables	10	729	299
Total current liabilities		**20,069**	**22,276**
Total liabilities		**242,317**	**244,630**
Total shareholders' equity and liabilities		**224,475**	**391,129**

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 2014	**30,215**	**348,568**
Appropriation of prior year result	-	-
Change in non-controlling share of net assets	-	-
Gains from cash flow hedges	-	-
Remeasurements of post-employment benefit obligations	-	-
Net loss for the year	-	-
Translation adjustment	-3,536	-
Transfer between categories		
Balance at 31 December 2014	**26,679**	**348,568**
Appropriation of prior year result	-	-
Change in non-controlling share of net assets	-	-
Gains from cash flow hedges	-	-
Remeasurements of post-employment benefit obligations	-	-
Net loss for the year	-	-
Translation adjustment	-2,741	-
Transfer between categories	-	-
Balance at 31 December 2015	**23,938**	**348,568**

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

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

in USD '000

		Other reserves					
Revaluation reserve	**Hedging reserve**	**Translation reserve**	**Legal reserve participations**	**Total other reserves**	**Accumulated deficit**	**Profit/(loss) for the year**	**Total shareholders' equity**
47,721	**-32**	**-5,181**	**142,538**	**185,046**	**-136,243**	**-85,269**	**342,317**
-	-	-	-100,192	-100,192	14,923	85,269	-
-	-	-	-7,200	-7,200	-	-	-7,200
-	32	-	-	32	-	-	32
-	-	-	-643	-643	-	-	-643
-	-	-	-	-	-	-155,886	-155,886
-	-	-32,121	-	-32,121	3,536	-	-32,121
-47,721	-	-	47,721	-	-	-	-
-	**-**	**-37,302**	**82,224**	**44,922**	**-117,784**	**-155,886**	**146,499**
-	-	-	-	-	-155,886	155,886	-
-	-	-	26,839	26,839	-	-	26,839
-	-	-	-	-	-	-	-
-	-	-	1,371	1,371	-	-	1,371
-	-	-	-	-	-	-170,660	-170,660
-	-	-21,891	-	-21,891	2,741	-	-21,891
-	-	-	-	-	-	-	-
-	**-**	**-59,193**	**110,434**	**51,241**	**-270,929**	**-170,660**	**-17,842**

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

The "accumulated deficit" 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.

There is no equity available for distribution to the shareholders of Vimetco N.V. as at 31 December 2015 (as at 31 December 2014 an amount USD 76,629 was available for distribution).

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, which were prepared in accordance with IFRS as adopted by the European Union (see Note 2 to the consolidated financial statements), except for the accounting principles for subsidiaries. These are accounted for in accordance with principles as disclosed below.

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

Investments in subsidiaries

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

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

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.

in USD '000 except where otherwise mentioned

3. Employees and salaries

Five employees, excluding directors, served the Company during the year ended 31 December 2015 and 5 employees during the year ended 2014. The personnel costs amounted to USD 428 in 2015 (2014: USD 448). For the details of directors' remuneration on Group level see Note 15.

4. Auditor's 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):

2015	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit	102	847	**949**
Other audit services	-	238	**238**
Non-audit services	-	9	**9**
Tax services	-	-	**-**
Total	**102**	**1,094**	**1,196**

2014	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit	97	834	**931**
Other audit services	-	249	**249**
Non-audit services	-	5	**5**
Tax services	-	-	**-**
Total	**97**	**1,088**	**1,185**

5. Share in the results of group companies

	2015	2014
Alro S.A. (including shares held by its subsidiary Conef S.A.)	-30	-16,665
Everwide Industrial Ltd.	-165,835	-144,129
Vimetco Management Romania S.R.L.	319	417
Vimetco Power Romania S.R.L.	-425	-186
Vimetco Trading S.R.L.	496	245
Vimetco Ghana (Bauxite) Ltd.	-338	-571
Balance at 31 December	**-165,813**	**-160,889**

In 2015, the share of negative net assets of Everwide exceeded the overall exposure of Vimetco in the subsidiary, which includes the value of investment, loans and receivables. Since the value of the investment using the NAV method cannot be valued below nil and the parent has no legal or constructive obligation to cover the negative net assets or pay-off subsidiary's obligation, the share in the net loss of Everwide Industrial Ltd. was reduced from USD 258,863 as reported by the subsidiary in its consolidated financial result to USD 165,835 by the amount of excess negative equity of USD 96,189.

in USD '000 except where otherwise mentioned

6. Goodwill

The movements in goodwill are as follows:

	2015	2014
Balance at 1 January	44,666	48,304
Translation adjustment	-4,017	-3,638
Balance at 31 December	**40,649**	**44,666**

The goodwill is attributable to the following group companies:

	31 December 2015	31 December 2014
Alro S.A.	23,959	26,954
Everwide Industrial Ltd.	16,690	17,712
Total	**40,649**	**44,666**

In 2015 the goodwill allocated to Romania and China was tested for impairment and no impairment resulted form this assessment (see Note 11 to the consolidated financial statements).

7. Investments

As of 31 December 2015 and 31 December 2014, the Company has investments in the following companies:

Company	Registered in	Controlled share in issued capital 2015	Controlled share in issued capital 2014
Alro S.A. (including shares held by its subsidiary Conef S.A.)	Romania	87.97%	87.97%
Everwide Industrial Ltd.	British Virgin Islands	100.00%	100.00%
Vimetco Management GmbH[1)]	Switzerland	0.00%	100.00%
Vimetco Management Romania S.R.L.	Romania	99.00%	99.00%
Vimetco Power Romania S.R.L.	Romania	99.00%	99.00%
Vimetco Trading S.R.L.	Romania	99.00%	99.00%
Vimetco Ghana (Bauxite) Ltd.	Ghana	100.00%	100.00%

The movement in investments in subsidiaries is as follows:

	2015	2014
Balance at 1 January	199,864	248,688
Dilution loss from changes in non-controlling share of net assets	26,839	-7,200
Gain (loss) from liquidation of Vimetco Management GmbH	-76	-
Hedge accounting at Alro S.A.	-	32
Remeasurements of post-employment benefit obligations at Alro S.A.	1,371	-643
Dividend received	-554	-743
Translation adjustment	-17,874	-28,483
Impairment charge / (reversal) on loans and receivables from Everwide Industrial Ltd.	129,573	-135,898
Partial capitalisation of loan into equity of Everwide Industrial Ltd.	-	285,000
Impairment charge / (reversal) on loan to Vimetco Power Romania S.R.L.	634	-
Share in result of group companies	-165,813	-160,889
Balance at 31 December	**173,964**	**199,864**

[1)] Liquidation of subsidiary Vimetco Management GmbH

in USD '000 except where otherwise mentioned

At 31 December 2015 the Group liquidated its wholly owned subsidiary Vimetco Management GmbH due to no activity of the entity.

Additional impairment on the loans and receivables from Everwide Industrial Ltd. was recognised in 2015 for the negative net equity value of investment in Everwide, thus bringing the investment value to nil. Overall, the Company recognised impairment on loan granted to Everwide in amount of USD 181,479 (2014: USD 69,529) (Note 8), on accumulated accrued interest of USD 16,961 (2014: nil) (Note 9), on other receivables from Everwide of USD 662 (2014: nil) (Note 10). No impairment was recognised on the goodwill allocated to China as the result of the impairment test (see Note 11 to the consolidated financial statements).

The reconciliation between the share of net assets of Everwide Industrial Ltd. and the investment value in 2015 and 2014 is as follows:

	2015	**2014**
Balance of share of net assets at 1 January	-69,529	-205,364
Share in result of Everwide Industrial Ltd.	-262,024	-144,129
Dilution loss from changes in non-controlling share of net assets	26,839	-7,200
Translation adjustment	9,423	2,164
Partial capitalisation of loan into equity of Everwide Industrial Ltd.	-	285,000
Accumulated impairment on loans (Note 8)	181,479	69,529
Accumulated impairment on accrued interest (Note 9)	16,961	-
Accumulated impairment on other receivables (Note 10)	662	-
Excess of share of negative net assets over loans and receivables	96,189	-
Balance of investment at 31 December	**-**	**-**

On 26 August 2014 the Board of Directors of Vimetco N.V. approved the partial conversion of Everwide loan into equity in amount of USD 285,000. As the result of the increase in Everwide's equity, in 2014 the impairment recognised on loan granted by Vimetco N.V. to Everwide was reduced by USD 135,898 (see also Note 8).

8. Loans to Group companies

The movement in loans to Group companies in 2015 was as follows:

Long-term loans	**31 December 2014**	**Disbursement**	**Repayment**	**Impairment charge**	**Capitalised in equity**	**31 December 2015**
Loan to Everwide Industrial Ltd.	180,749	730	-	-	-	181,479
Impairment recognised on loan to Everwide Industrial Ltd.	-69,529	-	-	-111,950	-	-181,479
Loan to Vimetco Ghana (Bauxite) Ltd.	2,019	-	-	-	-	2,019
Impairment recognized on loan to Vimetco Ghana (Bauxite) Ltd.	-2,019	-	-	-	-	-2,019
Loan to Vimetco Power Romania S.R.L.	1,045	38	-	-	-	1,083
Impairment recognised on loan to Vimetco Power Romania S.R.L.	-	-	-	-634	-	-634
Loan to Alro S.A.	6,000	-	-	-	-	6,000
Loan to Vimetco Management GmbH	15		-	-15	-	-
Total long-term loans	**118,280**	**768**	**-**	**-112,599**	**-**	**6,449**

in USD '000 except where otherwise mentioned

The movement in loans to Group companies in 2014 was as follows:

Long-term loans	31 December 2013	Disbursement	Repayment	Impairment reversal	Capitalised in equity	31 December 2014
Loan to Everwide Industrial Ltd.	301,357	562	-	-	-121,170	180,749
Impairment recognised on loan to Everwide Industrial Ltd.	-205,427	-	-	135,898	-	-69,529
Loan to Global Aluminium Ltd.	3,521	-	-3,521	-	-	-
Loan to Vimetco Ghana (Bauxite) Ltd.	2,019	-	-	-	-	2,019
Impairment recognized on loan to Vimetco Ghana (Bauxite) Ltd.	-2,019	-	-	-	-	-2,019
Loan to Vimetco Power Romania S.R.L.	932	113	-	-	-	1,045
Loan to Alro S.A.	6,000	-	-	-	-	6,000
Loan to Vimetco Management GmbH	-	15	-	-	-	15
Total long-term loans	**106,383**	**690**	**-3,521**	**135,898**	**-121,170**	**118,280**

Long-term loans include one loan granted to Everwide Industrial Ltd., one loan in USD granted to Vimetco Ghana (Bauxite) Ltd., one loan granted in USD to Vimetco Power Romania S.R.L., one loan granted in USD to Alro S.A. and one loan granted in CHF to Vimetco Management GmbH. All these loans are not secured and bear interest rates as follows:

- Everwide Industrial Ltd. loan A: LIBOR plus 6%;
- Alro S.A.: LIBOR plus 4.75%;
- Vimetco Power: LIBOR plus 5%;
- all the others: 5%.

The initial repayment date of loan granted to Everwide Industrial Ltd. was 8 June 2009 with the right to postpone the repayment and subsequently rolled over for another 4 years. The loan matured on 8 June 2013. In April 2014 the loan was rescheduled having the following repayment dates: 18% on 31 May 2018, 20% on 31 May 2019, 20% on 31 May 2020, 20% on 31 May 2021 and 22% on 31 May 2022. On 26 August 2014 the Board of Directors of Vimetco N.V. approved the partial conversion of Everwide loan principal in amount of USD 121,170 and accrued interest in amount of USD 163,830 into the equity, thus increasing the amount of investment in Everwide by USD 285,000 (see also Note 7).

Vimetco N.V. recognised an impairment on the loan granted to Vimetco Ghana (Bauxite) Ltd. in amount of USD 2,019 (2014: USD 2,019) due to the uncertainty related to the future development of the project in Ghana.

Additional impairment on the loan granted to Everwide Industrial Ltd. was recognised in 2015 for the negative net equity value of investment in Everwide, thus bringing the investment value to nil (2014: nil).

The Company also recognised an impairment on the loan granted to Vimetco Power Romania S.R.L. equal to the negative net equity value of investment, thus bringing its value to nil (2014: nil).

in USD '000 except where otherwise mentioned

9. Accrued income

Accrued income from Group companies represent interest accrued for the loans granted to Group companies.

The movement in accrued income in 2015 was as follows:

	31 December 2014	Accrual	Repayment	Impairment	Capitalised in equity	31 December 2015
Accrued income from Group companies, long-term						
Accrued interest on loan to Everwide Industrial Ltd.	5,029	11,932	-	-16,961	-	-
Accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	102	-	-	-	-	102
Accrued interest on loan to Vimetco Power Romania S.R.L.	141	69	-	-	-	210
Accrued interest on loan to Alro S.A.	5,575	737	-4,436	-	-	1,876
Impairment on accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	-102	-	-	-	-	-102
Total long-term loans	**10,745**	**12,738**	**-4,436**	**-16,961**	**-**	**2,086**

The movement in accrued income in 2014 was as follows:

Accrued income from Group companies, long-term	31 December 2013	Accrual	Repayment	Impairment	Capitalised in equity	31 December 2014
Accrued interest on loan to Everwide Industrial Ltd.	146,457	22,402	-	-	-163,830	5,029
Accrued interest on loan to Global Aluminium Ltd.	665	75	-740	-	-	-
Accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	104	-	-	-2	-	102
Accrued interest on loan to Vimetco Power Romania S.R.L.	79	62	-	-	-	141
Accrued interest on loan to Alro S.A.	4,518	1,057	-	-	-	5,575
Impairment on accrued interest on loan to Vimetco Ghana (Bauxite) Ltd.	-104	-	-	2	-	-102
Total long-term loans	**151,719**	**23,596**	**-740**	**-**	**-163,830**	**10,745**

The accrued interest receivable from Group companies is capitalised on the principal amounts of loans and receivable in a period more than 1 year.

Vimetco N.V. recognised an impairment on the loan granted to Everwide Industrial Ltd. (for details see Note 8) for the value of the negative net asset of investment in Everwide. As the value of negative net asset of investment exceed the value of the loan, additional provision in amount of USD 16,961 was recognised for the accumulated interest accrued on loan to Everwide Industrial Ltd.

in USD '000 except where otherwise mentioned

10. Receivables and payables

	31 December 2015	31 December 2014
Other receivables		
Third parties	26	42
Group companies	1,022	15,919
Total	**1,048**	**15,961**

Accounts payable	31 December 2015	31 December 2014
Third parties	15	184
Shareholder (Vi Holding N.V.)	560	373
Total	**575**	**557**

Other payables	31 December 2015	31 December 2014
Third parties	46	7
Group companies	683	273
Related parties	-	19
Total	**729**	**299**

Other receivables from group companies in amount of USD 1,022 represent the dividends receivable from Alro related to 2011 distributions.

Other receivables from group companies also include an amount of USD 662 receivable from Everwide, fully impaired because the value of negative net asset of investment exceed the value of the loans and receivables due from the subsidiary (for details see Note 7).

11. Share capital and share premium

The authorised share capital consists of 800,000,000 (2014: 800,000,000) common shares. All shares have a par value of EUR 0.10.

As of 31 December 2015 and 2014, 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 closing currency rate of each reporting period.

In 2015, the share of negative net assets of Everwide exceeded the overall exposure of Vimetco in the subsidiary, which includes the value of investment, loans and receivables. Since the value of the investment using the NAV method cannot be valued below nil and the parent has no legal or constructive obligation to cover the negative net assets or pay-off subsidiary's obligation, the excess negative equity was credited to the share of net result of group companies (see also Note 5). As the result, there is a difference of USD 96,189 between the company-only and consolidated profit/(loss) for the year.

in USD '000 except where otherwise mentioned

12. Loan from credit institutions

In August 2010 the Company signed a loan agreement with Raiffeisen Bank for a total long term financing in amount of USD 75,000. This loan was used for refinancing all existing facilities. The interest rate is 3M LIBOR plus a fixed margin and the average interest rate in 2015 was 6.56% (2014: 6.48%). As at 31 December 2015 the balance is due as follows:

Repayment installment

Due date	2015	2014
29 May 2015	-	13,500
31 May 2016	10,200	13,700
Total	**10,200**	**27,200**

The entire installment of USD 10,200 payable at 31 May 2016 was repaid by the Company in February 2016.

13. Loan from Group companies

In 2014, the Company concluded a loan agreement with the Group company Global Aluminium Ltd. for an amount of USD 6,000. At 31 August 2015 an addendum was signed and the limit of the loan was increased to USD 8,700, of which USD 7,500 were drawn down as at 31 December 2015. The purpose of the loan is the replenishment of cash and working capital, has the maturity in July 2019 and the interest is calculated at LIBOR + 6.25%. The accrued interest for the loan at 31 December 2015 was of USD 500 (at 31 December 2014: USD 69).

14. Loan from shareholder

In 2015 and 2014, the loan from the shareholder is related to a credit facility granted by Vi Holding N.V. for a maximum amount of USD 250,000. USD 173,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd. The loan is subject to interest at 6M LIBOR plus 5.75% and its initial maturity was on 31 May 2013; please see also Note 25 to the Group Consolidated Financial Statements. The loan is subordinated. The average interest rate in 2015 was 6.15% (2014: 6.04%).

In April 2014 the loan was rescheduled having the following repayment dates: 18% on 31 May 2018, 20% on 31 May 2019, 20% on 31 May 2020, 20% on 31 May 2021 and 22% on 31 May 2022.

Interest payable as at 31 December 2015 includes the non-current accrued interest capitalised within the principal of USD 41,915 (2014: USD 29,666) and current accrued interest of USD 7,784 (2014: USD 7,180).

The total carrying value of the loan from shareholder and accrued interest is USD 221,699 and its estimated fair value as at 31 December 2015 is USD 224,198.

in USD '000 except where otherwise mentioned

15. Directors' remuneration

The remuneration of the individual members of the Board of Directors for the financial years 2015 and 2014 is as follows:

	Gross periodical remuneration (salary and directors' fee)	Bonus	Pension contributions	Distributions made on termination of the employment	Total
Year ended 31 December 2015					
Independent directors					
J. Currie	110	-	-	-	110
B. Ciobotaru	161	-	-	-	161
Executive directors					
G. Dobra	292	281	48	-	621
M. Nastase	420	2,171	55	-	2,646
P. Machitski	223	-	19	-	242
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	13	-	-	-	13
V. Krasnov	13	-	-	-	13
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**1,232**	**2,452**	**122**	**-**	**3,806**

in USD '000 except where otherwise mentioned

	Gross periodical remuneration (salary and directors' fee)	Bonus	Pension contributions	Distributions made on termination of the employment	Total
Year ended 31 December 2014					
Independent directors					
J. Currie	132	-	-	-	132
B. Ciobotaru (since 21 June 2013)	152	-	-	-	152
Executive directors					
G. Dobra	351	-	71	-	422
M. Nastase	517	-	56	-	573
P. Machitski	540	-	58	-	598
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**1,724**	**-**	**185**	**-**	**1,909**

The above mentioned amounts are remunerations for periods of appointment as directors.

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

There were no loans outstanding from members of the Board of Directors during 2015 and 2014.

Other information

Independent auditor's report

Reference is made to the independent auditors' report as included hereinafter.

Statutory rules concerning profit appropriation

Distribution of profits

1. Profits shall be at the unfettered disposal of the General Meeting.
2. The Company may distribute the profits available for distribution to the shareholders and other persons with a claim to such profits only to the extent that the amount of the equity in the Company's shares exceeds the amount of the sum of the paid-up and called part of the capital plus the reserves that must be maintained by law.
3. Any distribution of profits shall be made after adoption of the Annual Accounts from which it appears that any such distribution is permitted.
4. The Company shall not make an interim distribution of profits unless the provisions of paragraph 2 have been satisfied.

Dividends

1. The dividend paid on shares may be claimed by the shareholder until four weeks after adoption of the Annual Accounts. Such claims shall become prescribed upon expiry of a period of five years. A dividend not claimed within a period of five years from the moment such claim may be entered shall vest in the Company.

Proposed result appropriation for the year

The Board of Directors proposes to allocate the result of the financial year 2015 to the accumulated deficit and not to pay any dividend.

Subsequent events

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

Independent auditor's report

To: the shareholders, Audit Committee and board of directors of Vimetco N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Vimetco N.V. (the Company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The consolidated financial statements give a true and fair view of the financial position of Vimetco N.V. as at 31 December 2015 and of its result and cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Vimetco N.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. the consolidated statement of financial position as at 31 December 2015;
2. the following statements for 2015: consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows;
3. the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. the company statement of financial position as at 31 December 2015;
2. the company income statement for 2015;
3. the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under these standards are further described in the *"Our responsibilities for the audit of the financial statements"* section of our report.

We are independent of Vimetco N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags-en beroepsregels accountants" (VGBA).

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

Materiality

Materiality	**USD 11.9 million**
Benchmark used	**0.7% of the revenues (2014: 0.7%)**
Additional explanation	**As the group operates in a loss situation and significant varying results, we have determined our materiality based on revenues.**

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Independent auditor's report

We agreed with the audit committee that misstatements in excess of USD 0.6 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of our group audit

Vimetco N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Vimetco N.V.

Our group audit mainly focused on significant group components in the Netherlands, Romania, China and Sierra Leone. We have performed audit procedures ourselves at Vimetco N.V. and our EY member firms performed audit procedures at the Romania and China components. The scoping resulted in audit procedures (full scope or specific scope) on 93% of revenues and 81% of total assets. We also performed review procedures at less significant group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description and risk	**Our audit response**
Going concern assumption, financing and covenants	
Vimetco N.V.'s disclosures about the going concern assumption and covenants are included in Note 2.1.1 and Note 20.	
The availability of sufficient funding and the testing of whether the (group) companies will be able to meet their respective financing agreements are important for the going concern assumption and, as such, are significant aspects of our audit. The going concern assessment is largely based on the expectations of and the estimates made by management. The expectations and estimates are inherently subjective and are influenced by elements such as estimated future operating cash flows, which are based on forecast product prices and estimated margins, estimated cash outflows for investment, some of which are discretionary, and estimates of financing cash flows, which are subject to the conditions in the financing markets. These estimates are, among others, based on expectations regarding future developments in the economy, currency exchange rates, aluminium prices and liquidity of the financing markets. As part of this assessment, we have also taken notice of the breach of the financing covenants and the waivers received from certain banks. The assumptions applied are subject to uncertainties. On the one hand, they have to do with expectations regarding future economic and market developments. On the other hand, for the Chinese segment there are uncertainties in relation to extension of existing financing agreements, refinancing of obligations falling due or the issuance of new bonds and equity.	We have analysed the assumptions and forecasts made by management in the budgets, cash flow forecasts and availability of financing. We have specifically paid attention to the estimates made with respect to revenues, results and cash flows in order to assess the Group's ability to continue to meet its payment obligations in the year ahead, as well as the appropriateness of the classifications of the respective bank loans as current and non-current respectively. We have also reviewed documentation regarding the group companies' relationship with financing institutions and the status of a private placement of shares initiated in 2015 by the group's principal subsidiary in China, Zhongfu Industries, and which is expected to be finalized in 2016.

Independent auditor's report

Key audit matter	How our audit addressed the matter
Valuation of goodwill	
Vimetco N.V.'s disclosures about goodwill are included in Note 11.	
Vimetco N.V. is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market conditions in China, Romania and Sierra Leone.	Our audit procedures included, among others, using our internal valuation experts to assist us in reviewing the assumptions and methodologies used by Vimetco N.V., including the computation of the discount rates for Romania, China and Sierra Leone. The assumptions related to the business plans for the respective countries (such as expected sales prices, production/sales volumes, cost and expenses, working capital changes, market analysis for aluminium price forecast, the production capacity, etc.) were tested as part of our audit procedures. We also focused on the adequacy of Vimetco N.V.'s disclosures about those assumptions to which the outcome of the impairment test is most sensitive.
Estimations related to the valuation of derivative financial instruments	
Vimetco N.V.'s disclosures about valuation of derivative financial instruments are included in Note 27.	
One of the Company's subsidiaries, Alro S.A., is party to a long-term electricity supply contract which carries embedded derivatives which are bifurcated in accordance with IAS 39. The fair value of these embedded derivatives as of 31 December 2015 is USD 4.2million (asset) and the impact on the income statement of the change in fair value in 2015 was USD 15.6 million (loss). As the valuation of group's derivative financial instruments is based on models that use both observable and unobservable inputs, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant for our audit.	Given the complexity of the instrument, the valuation is done by the subsidiary with the help of an external expert, based on a model using Monte Carlo simulations. Because of the long term nature of the contract and the optionalities included, there is significant range of the possible outcomes. We involved our valuation specialists to review the reasonableness of the assumptions and inputs in the valuation and to perform an independent valuation of the embedded derivatives, running our own model and comparing the results obtained.
Impairment and legal case Zhongfu Specialized Aluminum	
Vimetco N.V.'s disclosures about litigations are included in Note 28.	
Zhongfu Specialized Aluminum is a subsidiary within the China component. On 30 December 2013, Zhongfu Industry (the direct parent) announced the decision to liquidate Zhongfu Specialized Aluminum. Zhongfu Specialized Aluminum impaired certain, but not all, assets as of that date. On 27 August 2014, the Board of Zhongfu Industry published a new announcement that Chalco Henan Aluminum Fabrication Co., Ltd. ("Chalco Henan", the minority shareholder of Zhongfu Specialized Aluminum) filed a lawsuit to Henan High People's Court, P.R. China, against Zhongfu Industry and Zhongfu Specialized Aluminum for claiming assets, losses and expenses. In 2015 Henan High People's Court decided to engage an independent accountant to carry out a physical inspection of the assets as a basis for transferring them to Chalco Henan. In exchange Zhongfu Industry will receive compensation for the assets surrendered, net of any amounts awarded by the Court to Chalco Henan as charges and expenses. As of today the Court has not issued a ruling on the matter.	We consider this to be a key audit matter due to the highly judgmental nature of the estimates involved in assessing the impairment for the Company's assets in course of liquidation, on the one hand, and the contingent liability (i.e. no provision was recognized) resulting from the legal case raised by the minority shareholder on the other hand. We have reviewed management's assessment of the impairment and the company's position in the legal case and reviewed the letter received from the Company's lawyers. We also assessed the level of the disclosures relating to the legal case based on the description provided by the Company's external lawyers.

Independent auditor’s report

Financial guarantees	
Vimetco N.V.’s disclosures about financial guarantees contracts are included in Note 27.	
In 2015, as in prior years, several subsidiaries of the China component signed agreements whereby they guaranteed certain liabilities of a number of third parties. Management involved an independent appraiser to estimate the fair value recorded in relation to the respective financial guarantees. We consider this matter to be significant to our audit, because of the high level of estimates and judgments involved in arriving at the fair value of the financial guarantees that is recorded in the financial statements.	The audit procedures performed included the review by the audit team of guarantee agreements, of the meeting minutes of the Board of Directors to ensure the completeness of the financial guarantees and discussions with management about their knowledge of any defaults or litigations of the secured parties. We obtained the 2015 valuation report issued by the external appraiser and, with the assistance of our internal valuation experts, tested the financial guarantee contracts, the underlying data, the valuation method and the calculation of the fair values.
Estimates relating to impairment testing of property, plant and equipment and other non-financial assets	
Vimetco N.V.’s disclosures about property, plant and equipment and mining rights assets, including the related impairment, are included in Note 9 and Note 10.	
Property, plant and equipment and mining rights assets are significant to our audit because of the magnitude of the balance sheet position of USD 2,825 million as at 31 December 2015 and the impairments recorded in 2015 of in total USD 264 million.	We evaluated management’s assessment of impairment indicators for property, plant and equipment and other non-financial assets to ensure that all cash generating units for which impairment indicators exist have been tested for impairment. In respect of the impairment calculations, our audit procedures included, among others, using our internal valuation experts to assist us in evaluating the methodology used by Vimetco N.V. and the appropriateness of the models used, testing the assumptions related to the business plans for the entities (such as expected sales prices, production/sales volumes, cost and expenses, working capital change, market analysis for coal price forecast, the production capacity, etc.) and checking the mathematical accuracy of the computations. Furthermore, we also evaluated the adequacy of the Group’s disclosures regarding the impairments of property, plant and equipment and other non-financial assets.
Estimates in respect of recognition of deferred tax assets	
Vimetco N.V.’s disclosures about deferred tax assets are included in Note 23.	
Deferred tax assets are significant to our audit because of the magnitude of the balance sheet position of USD 120 million as at 31 December 2015 and the fact that management judgement is required to assess the recoverability of the balance, in particular by reference to forecast future taxable income. The periods over which the deferred tax assets are expected to be recovered can be extensive.	We examined documentation supporting the recoverability of deferred tax assets recognized, placing particular emphasis on the reasonableness of the forecasts which underpin the asset recognition, including summaries of tax losses expiry dates. We evaluated consistency with long term business plans used by management to manage and monitor the performance of the business. Furthermore, we also evaluated the adequacy of the Group’s disclosures regarding deferred tax assets.

Independent auditor’s report

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Board of Directors’ report in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern.

The Audit Committee and non-executive directors are responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may have not detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events and or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. The size and/or the risk profile of the group entities or operations were the main criteria applied. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the Board of Directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Board of Directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the Board of Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Board of Directors' report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed by the Board of Directors as auditor of Vimetco N.V. on 17 July 2013, as of the audit for the year 2013 and have operated as statutory auditor since that date.

Amsterdam, 29 April 2016

Ernst & Young Accountants LLP

Signed by J.J. Vernooij

Statement of Management Responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA), the Dutch Act on Financial Supervision ('Wet of het financieel toezicht' or 'Wft') and the Dutch Civil Code, the Company is required to prepare annual financial statements which present fairly, in all material respects, the state of affairs of Vimetco N.V. and its subsidiaries (together referred to as the "Group") at the end of each financial period and of the Group's results and its cash flows for each financial period. Management is responsible for ensuring that the Group keeps accounting records, which disclose, with reasonable accuracy, the financial position and which enable them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) as endorsed by the EU 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 39 to 134, 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 EU 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 EU, are hereby approved on behalf of the Board of Directors.
To the best knowledge of the members of the Board of Directors:
(a) the Consolidated Financial Statements set out on pages 39 to 134 have been prepared in accordance with IFRS as endorsed by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
(b) the Business Review set out on pages 13 to 14 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 review of the situation on the position of the company and the undertakings included in the consolidation as a whole on 31 December 2015 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

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

29 April 2016

Cautionary notice

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

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

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

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Content: Vimetco
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Vimetco N.V.

Strawinskylaan 403,
WTC, A Tower, 4th floor,
1077 XX Amsterdam, The
Netherlands

Phone +31 (0)20 881 31 39
Fax +31 (0)20 881 31 38
Internet www.vimetco.com
Mail info@vimetco.com