Half-year report 2015

vimetco

Contents

Financial and Operational Highlights

		H1 2015	H1 2014
Sales	USD million	855	992
EBITDA[1)]	USD million	129	90
EBITDA margin		15%	9%
Net (loss)/ profit	USD million	-142	-115
Production			
Electrolytic aluminium production	metric tonnes	428,600	401,100
Processed aluminium production	metric tonnes	54,800	95,300
Alumina production	metric tonnes	195,300	196,800
Bauxite production	metric tonnes	689,000	651,300
Coal production	metric tonnes	309,300	596,500
Energy production	MWh	3,281,300	3,346,600

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

Note 1:
In this half-year report, the terms ‘the Company’, ‘Vimetco’ and ‘the Group’ are sometimes used for convenience where references are made to Vimetco N.V. and its subsidiaries, in general.

The financial statements included in this half-year report are unaudited and they present the consolidated results of Vimetco Group prepared in accordance with IFRS. The indicators/ figures are 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 half-year 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 11.

Letter of the CEO

The aluminium industry remained a challenging environment in the first six months of 2015 with volatile aluminium prices and high uncertainties on the currency markets. Although the average aluminium price (cash) for the first half of 2015 stood at 1,783 USD/tonne, slightly above the level registered in the same period of last year (i.e. 1,753 USD/tonne), during the second part of the semester it had a decreasing trend falling below 1,650 USD/tonne by 30 June 2015, one of the lowest levels during the last six years. This determines us to intensify even more our efforts to control costs and to increase the efficiency of our operations. Therefore we continued to invest in innovation, in China succeding to obtain the status of a certified supplier for automotive plates.

A major step for our Group was achieved by our Romanian segment, where our subsidiaries were exempted from paying 85% of the green certificates quota, as they are regarded as big electricity consumers in their production processes. This exemption is a vital step for our operations in Romania as it represents a significant reduction in the electricity related cost, which is a key input for the aluminium production technology. This measure will allow our subsidiaries to compete equitably with the other aluminium producers in the European Union, where similar measures have already been implemented several years ago.

On the other side in China, despite the poor aluminium environment and stock exchange shocks 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 high quality 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, certificate which provides our subsidiary the status of a certified supplier for automotive plates. China facilities continue to enlarge their export supply to USA, Germany, Russia, Republic of Korea, Indonesia and other countries.

Despite the tough circumstances, we succeeded to improve our EBITDA at USD 129 million compared to USD 90 million during the similar period of 2014, mainly thanks to our Romanian subsidiary, Alro, which succeeded to obtain positive results after three difficult years of loss making. However, the net results for H1 2015 were significantly influenced by the impairment recognized for our coal mine assets in China on the background of a severe drop of the thermal coal prices by approx. 15% during the last six months with a similar decrease in the analysts' forecasts for the next several years. As a consequence the consolidated net loss amounted to USD 142 million, out of which the loss attributable to Vimetco NV amounted to USD 66 million.

In the first six months of 2015, we remained committed to our investment strategy and we budgeted important amounts to continue upgrading our equipments and in this way to achieve more efficient operations while keeping our focus on increasing the output and sales of high value added products. Moreover, we continued as well to show our commitment to our ecological footprint as, for example in Romania our aim is to be a green organisation without emissions or waste, and to the people who work with us. I am confident that we can obtain these results considering our employees' perseverance within the Company, their curiosity to innovate and their commitment to obtain the best results. On the other hand our mission is to constantly develop our products portfolio by diversifying it and by increasing the quality of our products, in order to meet the requirements of our most demanding customers and to ensure that we have secured the necessary raw materials, thus ensuring the long term profitability and sustainability of our business

Gheorghe Dobra,
Chief Executive Officer

Overview

The Group results for the first six months of 2015 reflect mainly the low aluminium LME prices and premiums in the international markets. The price of aluminium stayed at an average level similar to the one registered in H1 2014 (i.e.: 1,783 USD/tonne as compared to 1,753 USD/tonne), but with a decreasing trend during the second part of the semester, a trend that continued in July and August. Moreover, the premiums on spot delivery of the metal, which supported the Group's results during 2014, have declined significantly over the past few months.

The first half of 2015 was also affected by strong volatility of the aluminium LME prices, these fluctuating in a range of 277 USD/tonne (H1 2014: 229 USD/tonne), respectively between a maximum of 1,919 USD/tonne registered in May (H1 2014: 1,871 USD/tonne in June) and a minimum of 1,642 USD/tonne registered in the end of June 2015 (H1 2014: 1,642 USD/tonne in February).

The weaker EUR/USD exchange rate, which decreased from an average of 1.3709 USD/EUR in H1 2014 to 1.1157 USD/EUR in H1 2015, supported the Group's sales in European Union.

Purchasing prices for the main raw materials decreased in H1 2015 as compared to the previous-year comparable period, except for alumina purchasing price, which slightly increased for our Chinese segment.

In this macroeconomic context, Vimetco remains committed to its long-term development strategy and continues to invest in upgrading its equipments and expanding its recycling facilities (especially in Romania). Moreover, it focuses on innovation in order to diversify its products portfolio and to obtain new certifications, in China succeeding to obtain a new quality management system certificate for automotive plates. Such certification provides the Group's subsidiary in China the status of a certified supplier of automotive plates, which will further promote its brand image and expand its presence on the international market of products made of aluminium alloys for the transportation industries.

Moreover, Vimetco is aware that is acting in a cyclical industry, with strong price increases, followed by equal decreases, and thus the Company's competitiveness comes from its products' value added. Therefore, Vimetco's long-term strategy was and continues to be, achieving the vertical integration, and delivering highly sophisticated aluminium products, for high-end customers.

In H1 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 details about related party transactions please refer to Note 19 'Related party transactions' of the Condensed Consolidated Interim Financial Statements included in this report.

In H1 2015, except for the ones mentioned in Note 11 'Property, plant and equipment' and Note 13 'Mineral rights' of the Condensed Consolidated Interim Financial Statements included in this report, there were no other significant changes in the economic context, neither in the Company's activity to affect the fair value of the Company's assets and liabilities, except for the normal volatility of the aluminium price on international markets and of the exchange rates.

The Group developed its strategy of vertical integration to secure future profitability and to reduce the major risks. Group's management is permanently trying to identify risks at an early stage, in order to be able to respond and, if possible, to mitigate them once they arise.

However, no significant changes arose in respect of the risks and uncertainties faced by the Company during the first six months of 2015, as compared to the ones described in the 2014 Annual Report under the Corporate Governance chapter, Risks & Risk Management section. For a detailed description of the Group's risk exposures and its risk management and internal control systems, please refer to Vimetco 2014 Annual Report, which is available in the Investors Relations area of our website (www.vimetco.com).

Financial Review

Sales for H1 2015 were of USD 855 million (H1 2014: USD 992 million), 14% below the previous-year comparable period. This decrease is mainly due to lower quantities sold by the Chinese segment in the context of a weaker demand and low aluminium prices.

The ***cost of goods sold*** decreased to USD 734 million, in the first half of this year, from USD 940 million during H1 2014, with a significant improvement in the gross profit margin which reached the level of 14% compared to 5%, in H1 2014. Both our segments registered important decreases in the energy related costs (with the Romanian segment receiving the 85% exemption from green certificates quota allowed for the big industrial energy consumers), as well as in the cost of the other main inputs.

In H1 2015, the Group registered an improved ***EBITDA*** of USD 129 million (up from USD 90 million, in H1 2014), the main influence coming from the Romanian segment which succeeded a significant improvement in its results generated mainly by cost reductions, also supported by the strong appreciation of the USD against the RON (from an average of 3.2571 RON/USD in H1 2014 to 3.9886 in H1 2015).

However, due to high leverage of the Chinese segment and to the impairment recognised for the coal mining assets in China on the background of a steep decrease of coal prices, the Group's ***net loss*** increased to USD 142 million from USD 115 million in H1 2014.

The ***net finance costs*** (finance costs less finance income) decreased to USD 103 million, in H1 2015, from USD 115 million, in H1 2014, as the net interest expenses were down to USD 99 million, from USD 111 million, in H1 2014 mainly due to lower interest rates in China combined with lower interest expense incurred for bills of exchange discounted at banks in China (for more details, please see Note 7 'Finance costs and income' of the Condensed Consolidated Interim Financial Statements), while the change in fair value of the embedded derivatives amounted to a loss of USD 7 million as compared to a loss of USD 25 million during the same period of 2014 (for more details, please see Note 15 'Derivative financial instruments' of the Condensed Consolidated Interim Financial Statements).

The Group's ***total assets*** reported for 30 June 2015 were of USD 5,223 million (31 December 2014: USD 5,263 million), out of which the non-current assets amounted to USD 3,627 million, a slightly lower level compared to 31 December 2014 of USD 3,771 million, mainly due to impairment charge recognized for the coal mines assets in amount of USD 112 million.

The ***cash and cash equivalents*** at the end of H1 2015 reached USD 863 million, up from USD 739 million, at the end of H1 2014, out of which restricted cash represents USD 811 million (31 December 2014: USD 689 million). The net cash generated by operating activities decreased to USD 59 million in H1 2015, from USD 149 million in H1 2014.

The Group's ***total liabilities*** reached in H1 2015 to USD 4,664 million (31 December 2014: USD 4,588 million), due to the increase in current liabilities by USD 154 million determined mainly by the increase of the current portion of the loans and borrowings position especially in China.

During H1 2015, the Group continued its ***investment*** strategy. In Romania, Alro Group invested in modernizing its equipment in order to increase the efficiency of its operations; Alro allocated for 2015 an investment budget of USD 59 million to upgrade its operations, which have as a main goal to increase the unit's efficiency, the recycling capacity, extending its products portfolio, all these measures being necessary to remain competitive on international markets and also to comply with the environmental regulations in force. The effective investment of the above mentioned amount will be made mostly starting with the second semester of 2015, being conditioned by securing the necessary financing resources.

In China the largest CAPEX investment made during the last several years refers to the construction of a deep processing plant that successfully made the first unit of cold-rolled coils by using the new cold-rolling technology. The six roll wholly hydraulic mill located in Henan Province can produce coils having a standard width in a range of 900 – 2,400 mm, the highest-performance in terms of standard width reached at the moment in China. The Company has so far invested more than USD 850 million in this project, which has state-of the art technology and facilities.

Employees - at the end of June 2015 Vimetco employed almost 13,000 people in Asia, Europe and Africa. Vimetco places all its employees at 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. Moreover, Vimetco aims to ensure continuing professional development of its employees and is offering training to the future employees, in order to secure the necessary qualified personnel for achieving its goals.

Operational Update

Romania & Sierra Leone (Romanian segment)

IIn H1 2015, the Romanian segment reported a production of 134,800 tonnes of primary aluminium, a 6% higher level compared to the one reported in the previous year (H1 2014: 127,600 tonnes). The production of processed aluminium has also increased by 6%, in H1 2015, compared to the similar period of last year, when the level was close to 49,000 tonnes. The alumina production registered a slight decrease in H1 2015, to 195,300 tonnes, compared to 196,800 tonnes in H1 2014, while the bauxite production increased up to 689,000 tonnes in H1 2015, from 651,300 tonnes in H1 2014.

The primary aluminium segment had a contribution of USD 139 million in total sales and represented about 43% of the Romanian segment's Sales, a similar level to the one registered in the same period of H1 2014, i.e. USD 139 million, 44%. Considering the Group's strategy to increase the weight of the high value added products, the processed products sales reported a slight increase of their share of revenues during the first six months of 2015, reaching a level of USD 171 million, respectively 53% of the total Alro Group's sales, compared to the same period of 2014 when they accounted for 52% of total sales.

The main market for Alro Group's products is represented by the EU countries (i.e. Romania, Hungary, Poland, Greece, Germany etc.), about 84% of the Alro Group's sales being made on this market (H1 2014: 69%).

An important achievement for our Romanian segment was represented by the fact that in H1 2015 Alro and its main subsidiaries, Alum and Vimetco Extrusion, obtained the 85% exemption from the green certificates quota, which has generated an important cost reduction after several years during which Alro had to pay more than USD 100 million for its share of green certificates. In H1 2015, Alro had to obtain an additional bank loan in order to be able to finance the acquisition of green certificates for the 2014 quota.

In H1 2015, all the Romanian subsidiaries reported improved results as a result of the efforts made during the past years by the management in order to upgrade the existing equipments while implementing cost cutting measures. An important impact had also the 22% appreciation of the USD against RON. Nevertheless, Alro Group management continues to closely monitor the activities of its subsidiaries, especially the activity in Sierra Leone, as external factors such as: the unfavourable climate, social and cultural differences, the beginning of the rainy season have a major impact on the extracted quantity and on the quality of the delivered bauxite, two variables which play an important role in the Group's operating activity.

The first six months of 2015 were also marked by a historical event for the Romanian segment, as Alro celebrated the 50th anniversary of the first cast of electrolytic aluminium, produced in Slatina, Romania. This demonstrated once again that despite all the past difficulties, the Romanian segment, mainly through Alro is a robust company and one of the largest aluminium producers in Central and Eastern Europe, with a semi-annual turnover of over USD 300 million.

Alro products are highly appreciated abroad, so, most of the production is exported, 95% of the products for the aerospace and automotive industries being exported to the EU (Hungary, Poland, Greece, Germany), to the USA and Israel, Alro making deliveries to the world's top three suppliers in the automotive industry. Alro became a founding member of the Global Compact Network Romania, a local network of United Nations' Global Pact whose mission is to promote all 10 principles of the Global Pact, which covers human rights, labour, environment and anti-corruption and serves its members with resources, guides for communicating progress, regular events to share best practices, working groups and links to other networks. In July 2015, UN Global Compact launched the "Guide to corporate sustainability: shaping a sustainable future", a guide that defines five essential principles of corporate sustainability, which the Global Compact requires companies to meet, considering corporate sustainability essential for long term corporate success and also ensures that the market in which these companies operate brings value to the local communities.

Moreover, especially in Romania intensive efforts are done to have a green organisation without emissions or waste. At 30 June 2015 Vimetco employed 3,992 persons within its Romanian segment (31 December 2014: 3,907 employees).

China

In H1 2015, the Chinese segment achieved sales of primary aluminium of 243,000 tonnes, a lower level compared to 289,800 tonnes achieved in H1 2014. The processed aluminium sales registered a significant decrease, to 3,500 tonnes from a level of 28,600 tonnes reported in the first half of 2014 due to several suspensions of the operations driven mainly by low prices and low demand on the local market. In addition, during H1 2015, the FRP project which is still under trial stage produced 108 kt hot coils and 34 kt cold coils (H1 2014: 27 kt hot coils and 7 kt cold coils).

The same descending trend was reported for the production levels. Therefore the primary aluminium production was of 241,300 tonnes compared to 270,100 tonnes, in H1 2014 and the production of processed aluminium decreased significantly in

H1 2015 to 3,200 tonnes from 46,500 tonnes in H1 2014, mainly due to the significant decrease of the coils production.

Sales revenues decreased to USD 449 million for primary aluminium in H1 2015, compared to USD 545 million in H1 2014, while the sales for processed aluminium slightly decreased to a level of USD 4 million in H1 2015 (H1 2014: USD 56 million).

At the beginning of H1 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 TS 16949 is based on the ISO 9001 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 H1 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 tonnes per annum.

Immediately after the end of this reporting period, on 2 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.

On 22 May 2015 Zhongfu Industry announced a planed non-public share issue, for which reason temporarily suspending its shares from trading on the Shanghai Stock Exchange. The suspension period had continued for the rest of H1 2015, trading being resumed on 23 July 2015. After a steep increase of the Zhongfu Industry share price on the SSE during H1 2015, increase which followed the market trend (SSE index increasing by approx. 60% since 31 December 2014), Zhongfu Industry shares also followed the market, which significantly dropped in the end of June 2015 by approx. 17%.

At 30 June 2015, Vimetco employed 8,944 persons within its Chinese segment (31 December 2014: 9,124 employees).

Outlook 2015-2016

The environment in which the Group activates continues to be a difficult and a challenging one, considering that the LME aluminium price continues to show significant volatility and levels close to those recorded in the end of 2008, beginning of 2009. This extremely challenging environment makes the management intensify its efforts to remain focused on its long-term investment strategy to secure all necessary raw materials, in order to ensure the sustainability of the business. Moreover, on short and medium term, the management will pay a special attention to monitor the activity and the evolution of the aluminium price on international markets, considering its significant volatility, thus being able to take the necessary decisions to preserve the Group’s stability and viability.

In both segments, the Group’s aim for the next period is to increase the production of the high value added products, for primary and for processed aluminium, with focus on the automotive and the aerospace industries.

During the second half of 2015 and in 2016, Vimetco will continue to monitor its costs and the evolution of the external factors such as the aluminium price (both on LME and SME), and the currencies fluctuations, in order to be able to adapt to the new market conditions as soon as possible and with minimum additional costs.

Abbreviations used in the report

Chinese segment - companies

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.

Other abbreviations

ATS	Alternative Trading System
CAPEX	Capital Expenditure
CSRC	China Securities Regulatory Commission
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
IDC	Internet Data Center
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
LIBOR	London Interbank Offered Rate
LME	London Metal Exchange

Condensed consolidated interim financial statements for the six months ended 30 June 2015
Vimetco N.V.

Condensed consolidated statement of profit or loss and other comprehensive income - unaudited

in USD '000
except per share data

	Notes	Six months ended 30 June 2015	Six months ended 30 June 2014
Sales	5	854,771	991,921
Cost of goods sold		-734,212	-940,294
Gross profit		**120,559**	**51,627**
General and administrative expenses		-49,588	-53,430
Impairment of property, plant and equipment	11	-19,227	1,990
Impairment of mineral rights	13	-92,744	-
Share of result of associates	14	553	652
Other income	6	6,036	22,164
Other expenses	6	-1,942	-8,286
Operating profit/(loss)		**-36,353**	**14,717**
Finance costs	7	-118,271	-143,093
Finance income	7	15,565	28,359
Fair value gains / (losses) from financial instruments	15	-7,464	-25,296
Foreign exchange (loss) / gain		-8,913	-4,305
Profit / (loss) before income taxes		**-155,436**	**-129,618**
Income tax	8	13,257	14,157
Profit / (loss) for the period		**-142,179**	**-115,461**
Other comprehensive income / (expense):			
Items that may be reclassified subsequently to profit or loss			
Translation adjustment		-21,996	1,312
Gain/(loss) on cash flow hedges		-	298
Related income tax		-	-48
Amounts of cash flow hedges reclassified to profit or loss		-	208
Related income tax		-	-33
Other comprehensive income for the period, net of tax		**-21,996**	**1,737**
Total comprehensive income / (expense) for the period		**-164,175**	**-113,724**
Profit / (loss) attributable to:			
Shareholders of Vimetco N.V.		**-66,421**	**-94,446**
Non-controlling interests		**-75,758**	**-21,015**
		-142,179	-115,461
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-89,228**	**-87,998**
Non-controlling interests		**-74,947**	**-25,726**
		-164,175	-113,724
Earnings per share			
Basic and diluted (USD)	9	-0.303	-0.430

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position - unaudited

in USD '000

	Notes	30 June 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	11	2,841,913	2,882,389
Intangible assets		3,742	4,363
Goodwill	12	188,844	191,143
Mineral rights	13	306,251	401,297
Land use rights		68,158	68,977
Investments in associates	14	76,754	72,375
Derivative financial instruments asset, non-current	15	12,680	22,501
Deferred tax asset		84,536	90,568
Long-term loans to related parties	19	24,846	24,429
Other non-current assets		19,684	12,972
Total non-current assets		**3,627,408**	**3,771,014**
Current assets			
Inventories	16	407,143	375,930
Trade receivables, net		89,186	120,704
Accounts receivable from related parties	19	17,193	36,283
Current income tax receivable		1,012	1,703
Other current assets		217,701	217,845
Derivative financial instruments asset, current	15	477	46
Restricted cash	17	810,620	688,797
Cash and cash equivalents		52,716	50,456
Total current assets		**1,596,048**	**1,491,764**
Total assets		**5,223,456**	**5,262,778**

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position - unaudited

in USD '000

	Notes	30 June 2015	31 December 2014
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital		27,917	27,917
Share premium		348,568	348,568
Other reserves		-60,200	-37,302
Retained earnings		-166,546	-36,798
Loss for the year		-66,421	-155,886
Equity attributable to shareholders of Vimetco N.V.		**83,318**	**146,499**
Non-controlling interest		476,624	528,247
Total equity		**559,942**	**674,746**
Non-current liabilities			
Loans and borrowings, non-current	18	897,465	962,475
Loans from related parties, non-current	18	213,915	201,666
Finance leases, non-current	18	210	244
Provisions, non-current		15,110	15,401
Post-employment benefit obligations		10,415	11,072
Other non-current liabilities		17,568	18,219
Deferred tax liabilities		88,171	112,177
Total non-current liabilities		**1,242,854**	**1,321,254**
Current liabilities			
Loans and borrowings, current	18	1,494,856	1,349,283
Loans from related parties, current	18	37,295	67,409
Finance leases, current	18	98	110
Trade and other payables		1,845,655	1,816,946
Accounts payable to related parties	19	20,549	11,156
Provisions, current		12,131	12,443
Current income taxes payable		9,883	9,414
Derivative financial instruments liability, current		193	17
Total current liabilities		**3,420,660**	**3,266,778**
Total liabilities		**4,663,514**	**4,588,032**
Total shareholders' equity and liabilities		**5,223,456**	**5,262,778**

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity - unaudited

	Share capital	Share premium	Revaluation reserve	Hedging reserve
Balance at 1 January 2014	**27,917**	**348,568**	**47,721**	**-37**
Profit for the period	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**447**
Total comprehensive income	**-**	**-**	**-**	**447**
Dividends distribution	-	-	-	-
Appropriation of prior year loss	-	-	-	-
Non-controlling interests arised in Henan Zhongfu Aluminium Co. Ltd.	-	-	-	-
Non-controlling interests arised in Linzhou Linfeng Aluminium and Power Co., Ltd.	-	-	-	-
Balance at 30 June 2014	**27,917**	**348,568**	**47,721**	**410**
Balance at 1 January 2015	**27,917**	**348,568**	**-**	**-**
Loss for the period	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**
Appropriation of prior year loss	-	-	-	-
Non-controlling interests arised in Henan Zhongfu Industry Co., Ltd. (Note 20)	-	-	-	-
Balance at 30 June 2015	**27,917**	**348,568**	**-**	**-**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

in USD '000

Hedging reserve - deferred tax	Translation reserve	Total other reserves	Retained earnings	Profit / (loss) for the period	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total shareholders' equity
5	**-5,181**	**42,508**	**8,593**	**-85,269**	**342,317**	**611,801**	**954,118**
-	-	-	-	-94,446	-94,446	-21,015	-115,461
-72	**6,077**	**6,452**	**-4**	**-**	**6,448**	**-4,711**	**1,737**
-72	**6,077**	**6,452**	**-4**	**-94,446**	**-87,998**	**-25,726**	**-113,724**
-	-	-	-	-	-	-	-
-	-	-	-85,269	85,269	-	-	-
-	-	-	-16,024	-	-16,024	16,024	-
-	-	-	-1,150	-	-1,150	1,150	-
-67	**896**	**48,960**	**-77,830**	**-94,446**	**253,169**	**587,225**	**840,394**
-	**-37,302**	**-37,302**	**-36,798**	**-155,886**	**146,499**	**528,247**	**674,746**
-	-	-	-	-66,421	-66,421	-75,758	-142,179
-	**-22,898**	**-22,898**	**91**	**-**	**-22,807**	**811**	**-21,996**
-	**-22,898**	**-22,898**	**91**	**-66,421**	**-89,228**	**-74,947**	**-164,175**
-	-	-	-155,886	155,886	-	-	-
-	-	-	26,047	-	26,047	23,324	49,371
-	**-60,200**	**-60,200**	**-166,546**	**-66,421**	**83,318**	**476,624**	**559,942**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows - unaudited

in USD '000

	Notes	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flow from operating activities			
Loss / (profit) before income taxes		-155,436	-129,618
Adjustments for:			
Depreciation and amortisation		53,848	76,843
Interest and guarantee income	7	-15,565	-28,359
Net foreign exchange losses / (gains)		7,909	2,560
Loss on disposal of property, plant and equipment	6	649	1,789
Impairment of property, plant and equipment	11	19,227	-1,990
Impairment of mineral rights	13	92,744	-
Release of provisions		-154	-1,228
Interest and guarantee expense	7	114,276	138,396
Share of result of associates	14	-553	-652
Effect of derivative financial instruments		7,634	15,636
Changes in working capital:			
(Increase) / decrease in inventories		-37,261	57,210
Decrease in trade receivables and other assets		40,837	55,610
Increase in trade and other payables		58,371	83,563
Income taxes paid		-6,262	-863
Interest paid		-121,560	-119,334
Proceeds / (payments) from derivatives		25	-357
Net cash generated by operating activities		**58,729**	**149,206**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-48,586	-75,073
Proceeds from sale of property, plant and equipment		573	39
Proceeds from sale of land use rights		-	142
Investments in associates	14	-3,753	-23,498
Proceeds from sale of subsidiaries, net of cash disposed	20	49,371	-
Proceeds from sale of available-for-sale financial assets		1,468	-
Increase in restricted cash		-121,875	-81,084
Interest received		13,417	12,059
Net cash used in investing activities		**-109,385**	**-167,415**
Cash flow from financing activities			
Proceeds from loans		721,409	774,001
Repayment of loans		-666,164	-781,623
Net cash generated by/(used in) financing activities		**55,245**	**-7,622**
Net increase / (decrease) in cash and cash equivalents		**4,589**	**-25,831**
Cash and cash equivalents at beginning of period		**50,456**	**61,319**
Effect of exchange rate differences on cash and cash equivalents		-2,329	-232
Cash and cash equivalents at end of period		**52,716**	**35,256**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

in USD '000, except per share data

1. Organisation and nature of business

Vimetco N.V. ("the Company") was established on 4 April 2002 as a limited liability company and its registered office is located at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands. Vimetco N.V. has been listed on the London Stock Exchange since 2 August 2007.

The Company and its subsidiaries (collectively referred to as "the Group") form a global, vertically integrated producer of primary and processed aluminium products. The aluminium operations are located in Romania and China. The Company through its subsidiaries controls also a number of entities engaged in energy production and coal mining business in China and bauxite mining operations in Sierra Leone, which are mainly intergrated in Group' aluminium operations.

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

A list of the principal companies of the Group is shown in Note 23. Details of changes in the Group structure are reported in Note 20.

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 shares in the Company is Maxon Limited (Bermuda).

These are not the Company's statutory financial statements prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 24 August 2015.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report are unaudited and have been prepared in accordance with IAS 34 *Interim financial reporting* as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the EU.

Going concern

The Groups' business continued to be significantly impacted by the adverse impact of the 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 6 months ended 30 June 2015 show that the Group generated a loss for the period of USD 142,179. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Significant accounting policies

The accounting policies adopted by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group:

- 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 I*nvestment 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.

There were no new standards, amendments to standards and interpretations issued in addition to those standards and interpretations that have been disclosed in the financial statements for the year ended 31 December 2014.

4. Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2014.

5. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. The Group's geographical segments are: China and Romania. A list of the principal companies included in each segment is shown in Note 23.

The Chinese operations are located in Gongyi, Zhengzhou and Linzhou, Henan Province. The integrated operations in China principally consist of primary aluminium production, processed aluminium production, 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 and processed aluminium. Sierra Leone component is aggregated and presented within the Romania segment.

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.

in USD '000, except per share data

Segment revenues and results for the six month ended 30 June 2015 and 2014 were as follows:

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2015				
Total segment sales	533,905	320,866	-	**854,771**
Segment results (operating profit/(loss))	-83,395	48,034	-992	**-36,353**
Finance costs	-110,031	-7,527	-713	-118,271
Finance income	15,217	534	-186	15,565
Fair value gains/(losses) from financial instruments	-193	-7,271	-	-7,464
Foreign exchange loss				-8,913
Group loss before income taxes				**-155,436**

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2014				
Total segment sales	677,368	314,553	-	**991,921**
Segment results (operating profit)	23,710	-8,879	-114	**14,717**
Finance costs	-142,077	-8,924	7,908	-143,093
Finance income	27,895	457	7	28,359
Fair value gains/(losses) from financial instruments	-	-25,296	-	-25,296
Foreign exchange loss				-4,305
Group profit before income taxes				**-129,618**

Segment assets at 30 June 2015 and 31 December 2014, respectively, were as follows:

	30 June 2015	31 December 2014
Segment assets		
China	4,623,369	4,631,462
Romania	590,525	619,558
Reconciliation to total Group	9,562	11,758
Total consolidated assets	**5,223,456**	**5,262,778**

Segment liabilities at 30 June 2015 and 31 December 2014, respectively, were as follows:

	30 June 2015	31 December 2014
Segment liabilities		
China	4,287,379	4,185,728
Romania	334,999	361,812
Reconciliation to total Group	41,136	40,492
Total consolidated liabilities	**4,663,514**	**4,588,032**

6. Other income and expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Other income		
Government grants	3,886	15,801
Sale of emission rights	-	418
Aged payables written off	245	1,572
Reimbursements from insurance claims and other compensations	503	-
Rental income	1,059	2,447
Other income	343	1,926
Total other income	**6,036**	**22,164**

Government grants represent mainly awards for applying advanced technical know-how and improvement of energy savings received from the government of China, and subsidies for supporting aluminium industry.

in USD '000, except per share data

	Six months ended 30 June 2015	Six months ended 30 June 2014
Other expenses		
Idle plants depreciation expense	-233	-217
Net loss on disposal of property, plant and equipment	-649	-1,789
Expenses for claims, penalties and compensations	-818	-820
Other expenses	-242	-5,460
Total other expenses	**-1,942**	**-8,286**

Idle plants depreciation expense is in connection with some idle capacities in Romania.

7. Finance costs and income

	Six months ended 30 June 2015	Six months ended 30 June 2014
Finance costs		
Interest expense	-102,508	-123,399
Interest expense to related parties (Note 19)	-8,592	-6,385
Finance guarantee expense	-2,893	-8,181
Bank charges	-3,921	-4,304
Interest on post employment benefits	-202	-304
Interest from unwinding of provision	-81	-127
Other financial costs net	-74	-393
Total	**-118,271**	**-143,093**

	Six months ended 30 June 2015	Six months ended 30 June 2014
Finance income		
Interest income	12,521	18,804
Finance guarantee income	3,044	9,555
Total	**15,565**	**28,359**

The decrease of the interest expense comparatively to the same period of the previous year is mainly attributable to lower interest rates in China (as an effect of rates reduction by the People's Bank of China) combined with lower interest expense incurred for bills of exchange discounted at banks in China, resulting from lower amounts discounted during the period.

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 18,960 (6 months ended 30 June 2014: USD 15,670).

There was no ineffectiveness of cash flow hedges recognised in profit or loss during the 6 months ended 30 June 2015 and 30 June 2014.

8. Income tax

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The estimated average annual tax rate for the 6 months ended 30 June 2015 is 9.3% (6 months ended 30 June 2014 was 10.9%).

The major components of the income tax expense in the interim consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Income tax		
Current income tax	-7,411	-1,712
Deferred income tax	20,668	15,869
Income tax credit	**13,257**	**14,157**
Income tax recognised in other comprehensive income	-	-81
Total income taxes	**13,257**	**14,076**

in USD '000, except per share data

The change in effective tax rate was caused mainly by the following factors:

- change in mix of pre-tax profits over the various jurisdictions in which the Group operates;
- unused tax losses and deductible temporary differences not recognised as deferred tax assets, because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the tax losses and deductible temporary differences.

9. Earnings per share

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

	Six months ended 30 June 2015	Six months ended 30 June 2014
Result for the period attributable to shareholders of Vimetco N.V.	-66,421	-94,446
Weighted average number of ordinary shares outstanding during the period	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.303	-0.430

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

10. Dividends

No dividends were declared and paid by Vimetco NV relating to the year 2014 and 2013.

No dividends relating to the year 2014 were declared by the subsidiaries in respect of non-controlling interests (2013: nil). Also no payments of dividends took place during the 6 months ended 30 June 2015 (6 months ended 30 June 2014: nil).

11. Additions and disposals of property, plant and equipment

During the 6 months ended 30 June 2015 the Group acquired property, plant and equipment in the amount of USD 53,276 (6 months ended 30 June 2014: USD 90,490).

From January to June 2015, the Group disposed of property, plant and equipment in the net amount of USD 1,519 (6 months ended 30 June 2014: USD 16,064).

The value of property, plant and equipment pledged for securing the Group's borrowings amounts to USD 1,451,056 (31 December 2014: USD 1,247,964).

An impairment charge of USD 19,227 (6 months ended 30 June 2014: nil) was recognised on property, plant and equipment related to the coal mines cash-generating units. Details of the impairment test carried out for the coal mines and assumptions used are presented in the Note 13.

12. Goodwill

	2015	2014
Balance 1 January	191,143	195,688
Translation adjustment	-2,299	-723
Balance 30 June	**188,844**	**194,965**

in USD '000, except per share data

Impairment test for goodwill

The goodwill is allocated to the cash-generating units as follows:

	30 June 2015	31 December 2014
China	141,609	141,484
Romania	42,636	45,060
Sierra Leone	4,599	4,599
Total	**188,844**	**191,143**

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on fair value less costs of disposal ("FVLCS") for China and value-in-use calculations that use a discounted cash flow model for Romania and Sierra Leone. The consolidated financial statements for 6 months ended 30 June 2015 show that the Group generated a loss for the period of USD 142,179, indicating a potential impairment of goodwill. In addition, the overall decline in aluminium market around the world, as well ongoing economic uncertainty, have led to a decreased demand in aluminium products. As a result, management performed a goodwill impairment calculation as at 30 June 2015.

The key assumptions used to determine the recoverable amount for the different cash generating units remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2014. As a result of the updated analysis, management did not identify an impairment for cash-generating units to which goodwill of USD 188,844 is allocated. There are no significant changes to the sensitivity information disclosed at year end.

13. Mineral rights

Cost	
Balance at 1 January 2014	570,720
Additions	394
Translation adjustment	-5,185
Balance at 30 June 2014	**565,929**
Balance at 1 January 2015	569,053
Translation adjustment	505
Balance at 30 June 2015	**569,556**
Amortisation and impairment	
Balance at 1 January 2014	-45,134
Amortisation charge	-6,319
Translation adjustment	422
Balance at 30 June 2014	**-51,031**
Balance at 1 January 2015	-167,756
Amortisation charge	-2,420
Impairment charge	-92,744
Translation adjustment	-385
Balance at 30 June 2015	**-263,305**
Net book value	
Balance at 31 December 2014	**401,297**
Balance at 30 June 2015	**306,251**

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

The overall economic uncertainty, as well as ongoing decline in coal mining activities in China, have led to further decrease of coal prices during the first half of 2015. As a result, the management performed an impairment test as at 30 June 2015 for the Group's coal mines cash-generating units ("CGU").

in USD '000, except per share data

The Group's impairment test is based on value-in-use calculations and the key assumptions used to determine the recoverable amount for the coal mines CGUs were disclosed in the consolidated financial statements for the year ended 31 December 2014. The projected cash flows were updated to reflect the decreasing coal prices (the forecasted 2015-2017 prices were decreased by 15.2%, keeping the long-term price growing rates the same) and a pre-tax discount rate of 10.7% (31 December 2014: 9.8%) was applied. All other assumptions remained consistent with those disclosed in the annual statements for the year ended 31 December 2014. As a result of the updated analysis, management recognised an impairment charge of USD 111,971, including USD 19,227 on property, plant and equipment (see also Note 11) in respect of the following coal mines Chenlou, Guangxiang, Huixiang, Jinxing and Jinyao.

The changes in key assumptions taken in isolation would produce the following results: a further decrease of coal prices by 10% would result in additional impairment of USD 85,643, decrease of production volumes by 10% would lead to additional impairment of USD 36,628 and a rise in the discount rate to 11.7% (i.e. +1.0%) would lead to further impairment of USD 21,945.

14. Investments in associates

Details of the carrying value of the Group's investments in associates are set out below:

	2015	2014
Balance 1 January	72,375	43,001
Additions	3,753	23,498
Share of result of associates	553	652
Translation adjustment	73	-447
Balance 30 June	**76,754**	**66,704**

In 2015 the Group increased its investment in two of its existing associates: Datang Gongyi Power Generation Co., Ltd. by a cash contribution of USD 3,590, maintaining its shareholding in the entity of 49%, and Datang Linzhou Thermal Power Co., Ltd. by a cash contribution of USD 163 increasing its shareholding in the entity from 19.23% to 20%.

15. Derivative financial instruments

Embedded derivatives

The Group has a contract of electricity supply until January 2018, which includes an embedded derivative financial instrument, which was separated from the host contract and accounted for at fair value.

The contract was renegotiated several times, and the valuation model of the derivative instrument embedded in it was adapted accordingly.

At 30 June 2015, the embedded derivative consists of:

- a series of monthly contracts to sell aluminium at a fixed price denominated in RON, whose notional amounts are determined on the basis of energy 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 embedded derivatives have a fair value of USD 13,157 at 30 June 2015, of which USD 12,680 are non-current assets and USD 477 are current assets (at 31 December 2014: USD 22,547, of which USD 22,501 non-current assets and USD 46 current assets).

in USD '000, except per share data

The loss from the change in fair value of the embedded derivative instrument during the 6-month period ended 30 June 2015, amounting to USD 7,271 was debited to the profit or loss account, being presented under " Fair value gains/(losses) from financial instruments derivatives" (for the 6 months ended 30 June 2014: USD 25,303).

USD 385 were debited (for the 6 months ended 30 June 2014: USD 9,870 were credited) to the statement of profit or loss as "energy cost" under "Cost of goods sold", being the fair value of the monthly derivative instruments related to the electricity quantities acquired each month during the reporting period.

Aluminium swap contracts

During the 6 months ended 30 June 2015, no result from aluminium swap agreements affected the statement of profit or loss and other comprehensive income. At 30 June 2015 the Group no longer had aluminium swap contracts, all its ageements having been settled during the year 2014.

In 2014, the Group entered into swap agreements with highly reputed counterparties in order to hedge its sales at fixed price from adverse market fluctuations, in such a way that it sold the respective quantities of aluminium at fixed prices and received from the counterparty a floating price valid at the time of sales. At 30 June 2014, 553 tonnes of forecasted sales were hedged against the adverse effect of changes in aluminium price through fixed-to-floating swap ageements for 2014, with a negative fair value at that date of USD 4, debited to Equity as a hedging reserve.

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 price swap contracts as cash flow hedges. At 30 June 2014, their fair value of USD 472 was credited to Equity as a hedging reserve.

During the 6 months ended 30 June 2014, the realised loss from aluminium swap agreements, recycled from hedging reserve to "Sales" amounted to USD 208.

The realized loss from the contracts settled in the first semester of 2014, of USD 1 was presented under "Other financial gains / (losses), net" and the gain from change in fair value of outstanding contracts amounting to USD 7 was recognized in the same category.

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

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

The Group does not have level 3 financial instruments.

During the 6 months ended 30 June 2015 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.

16. Inventories

	30 June 2015	31 December 2014
Raw and auxiliary materials	147,445	138,748
Work in progress	185,910	179,969
Finished goods	86,158	71,233
Less: allowance for obsolescence	-12,370	-14,020
Total	**407,143**	**375,930**

The movements in the provision for obsolescence are as follows:

	2015	2014
Balance at 1 January	-14,020	-10,932
Credit to cost of goods sold	1,302	1,474
Translation adjustment	348	177
Balance at 30 June	**-12,370**	**-9,281**

The value of inventories pledged for securing the Group's borrowings amounts USD 120,027 (31 December 2014: USD 121,089).

in USD '000, except per share data

17. Restricted cash

Restricted cash represents mainly amounts:

- pledged to banks to guarantee repayment of bills of exchange issued by the Group and for issuance of letters of credit;

- pledged under the provisions of some loan agreements concluded by several companies in the Group.

18. Borrowings

	30 June 2015	31 December 2014
Long-term borrowings		
Long-term bank loans	843,109	854,895
Less: Short-term portion of long-term bank loans	-395,877	-337,007
Bank loans	*447,232*	*517,888*
Other loans	207,046	201,877
Corporate bonds	243,187	242,710
Bank and other loans	*897,465*	*962,475*
Loans from related parties (Note 19)	213,915	201,666
Finance leases	210	244
Total long-term borrowings	**1,111,590**	**1,164,385**
Short-term borrowings		
Short-term bank loans and overdrafts	512,453	469,421
Short-term portion of long-term bank loans	395,877	337,007
Bank loans and overdrafts	*908,330*	*806,428*
Other loans	324,848	293,582
Corporate bonds	261,678	249,273
Bank loans, overdrafts and other loans	*1,494,856*	*1,349,283*
Loans from related parties (Note 19)	37,295	67,409
Finance leases	98	110
Total short-term borrowings	**1,532,249**	**1,416,802**
Total borrowings	**2,643,839**	**2,581,187**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks with recourse in amount of USD 27,350 (31 December 2014: USD 64,665).

Bank borrowings mature until 2023 and bore interest (fix and variable for different currencies) at annual interest rates between 0.51% for EUR and 21.00% for SLL (Sierra Leonean leone) (2014: 0.74% for EUR and 15% for SLL).

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

The borrowings are secured by property, plant and equipment, inventory, actual and future accounts receivables, current bank accounts and by some financial investments of the Group companies.

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

in USD '000, except per share data

At 30 June 2015, the Company and some of the Group subsidiairies were in breach of certain covenants in respect of their loans. The situations were discussed with the banks and the necessary waivers were received (except for the loan discussed below). A breach of covenants in respect of a liability that entitles the creditor to require repayment at a future date within one year from the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

At 30 June 2015, one of the Group companies did not obtain a waiver for the breach before the end of the period. Consequently, it classified the entire long-term loan from that bank into short term in the statement of financial position, amounting to USD 1,798.

Except for the corporate bonds, for which the fair value is presented below, the Company estimated that the fair value of the other borrowings approximates their carrying amount, due to the short nature of the borrowing for the short-term borrowings and for the long-term borrowings based on the fact that most of the borrowings bear interest at floating interest rates, while the remaining fixed rate long term loans are recently contracted.

The fair value and the carrying amounts of the bonds issued by the Group are listed below:

	30 June 2015	31 December 2014
Fair value		
2011 bonds issue	238,357	237,465
2012 bonds issue	163,355	163,016
2014 bonds issue	73,211	73,157
Total fair value	**474,923**	**473,638**
Carrying amount	**504,865**	**491,983**

19. Related party transactions

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

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

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

The balances and transactions with related parties are presented below.

Financing from related parties

Related party	30 June 2015	31 December 2014
Vi Holding N.V.	215,000	208,846
Associates	36,210	60,229
Total borrowings from related parties	**251,210**	**208,846**
Thereof:		
Short-term portion of borrowings	37,295	67,409
Long-term portion of borrowings	213,915	201,666

The loan payable to Vi Holding N.V. is subject to interest at LIBOR plus 5.75% and has final maturity on 31 May 2022.

Interest expense related to loan from Vi Holding N.V. amounted to USD 6,154 (6 months ended 30 June 2014: USD 5,977).

The loans payable to associates mature until May 2016 and are denominated in CNY. Interest expense related to the loans amounted to USD 2,438 (6 months ended 30 June 2014: USD 408).

in USD '000, except per share data

Financing to related parties

Related party	30 June 2015	31 December 2014
Vi Holding N.V.	-	-
Associates	24,846	24,429
Total loans from related parties	**24,846**	**24,429**
Thereof:		
Short-term portion of loans	-	-
Long-term portion of loans	24,846	24,429

Long-term loans receivable from associates represent the financing provided to the projects related to water supply and heat capture of the power plants owned by the Group in China. Loans are interest bearing, measured at amortised cost and included under the Long-term loans to related parties in the consolidated statement of financial position.

Interest income related to loans to associates amounted to USD 640 (6 months ended 30 June 2014: USD 930).

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

Goods and services provided to related parties

	Six months ended 30 June 2015	Six months ended 30 June 2014
Vi Holding N.V.	-	-
Companies under common control	36	45
Associates	36,274	3,011
Total goods and services provided to related parties	**36,310**	**3,056**

Goods and services purchased from related parties

	Six months ended 30 June 2015	Six months ended 30 June 2014
Vi Holding N.V.	-133	-
Companies under common control	-24,005	-31,552
Associates	-17,359	-
Other related parties	-27	-
Total goods and services purchased from related parties	**-41,524**	**-31,552**

Furthermore, the following balances were outstanding at 30 June 2015 and 31 December 2014:

Trade and other accounts receivable

	30 June 2015	31 December 2014
Vi Holding N.V.	-	-
Companies under common control	633	50
Associates	16,558	36,233
Other	2	-
Total trade and other accounts receivable from related parties	**17,193**	**36,283**

Trade and other accounts payable

	30 June 2015	31 December 2014
Vi Holding N.V.	483	397
Companies under common control	130	425
Associates	19,931	9,487
Key management personnel	-	17
Other	5	830
Total trade and other accounts payable to related parties	**20,549**	**11,156**

in USD '000, except per share data

Management compensation

Total compensation of the Group's key management personnel included in "General and administrative expenses" in the statement of profit or loss and other comprehensive income:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Short-term employee benefits	675	901
Post-employment benefits	58	98
Total	**733**	**999**

20. Acquisitions and disposals of subsidiaries

Transactions between consolidated entities

Sale of 3.07% shares in Henan Zhongfu Industry Co., Ltd.
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 (ie transactions with owners in their capacity as owners). The difference between the consideration received of USD 49,371 and the amount by which the non-controlling interest was adjusted of USD 23,324 was recognised directly in equity and the resulting amount of USD 26,047 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 51.55%.

21. Commitments and contingencies

Commitments

Investment commitments

The Group has commitments for the purchase of property, plant and equipment associated with certain production and environmental projects. The contracts for these projects require the Group to make certain investments, which are estimated at USD 127,746 at 30 June 2015 and USD 93,222 at 31 December 2014.

The Group has further investment commitments in China amounting to USD 75,501 (at 31 December 2014: USD 79,425), mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the project.

Raw material purchase contracts

The Group has entered into various contracts for acquiring energy, gas and other materials and consumables at prices prevailing at the date of purchase. The total amount for this contracts at 30 June 2015 is USD 143,650 (at 31 December 2014: USD 467,774).

The Group through one of its subsidiaries in Romania has committed to purchase electricity until 2018 under a long-term agreement with an electricity supplier. The contract relates to a yearly quantity of up to 3 TWh/year, the price being linked to LME with a certain floor and cap, as detailed in Note 15.

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.

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. The total claims raised amount to USD 44,389 (at 31 December 2014: USD 44,350), and the respective subsidiaries also made counterclaims of USD 34,814 (at 31 December 2014: USD 34,783). The litigation is currently under court proceedings, the Group not accepting the raised claims. Based on its own analysis, and after consultation with its lawyers, the 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, the management did not book any provision with respect to this legal case.

In May 2015, the Group acknowledged a legal civil action at the Bucharest Court of Law, brought by Hidroelectrica S.A., regarding material claims by the electricity producer for alleged unrealized benefits from the bilateral contract with Alro S.A. 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 30 June 2015.

On the other side, the parent Company filed cases against the force majeure clause applied by Hidroelectrica S.A. in the years 2011 and 2012, along with a file of the Company's deemed claim from the Statement of Affairs of Hidroelectrica S.A. in the context of the insolvency procedure of the latter, and the request to reverse the measures applied by the Official Receiver.

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 one of its electricity supplier in Romania. As per the European Commission press release sent out on 12 June 2015, none of the contracts under examination involved state aid, and the conclusions of the investigation of the European Commission come as a confirmation of the Group's position and fair commercial relationship with supplier complying with all the legal requirements.

22. Events after the balance sheet date

On 1 July 2015 the Board of Directors of Henan Zhongfu Industry made an announcement that the mentioned subsidiary proposed to issue no more than 629,722,922 A Shares by private placement to 8 investors for CNY 5 billion. The issue is subject to approval by the subsidiary’s General Shareholders’ Meeting and by the China Securities Regulatory Commission (CSRC). Since the main shareholder, Henan Yulian Energy Group, does not involve in this private placement, after the finalization of the transaction, Henan Yulian Energy Group equity interest in Henan Zhongfu Industry will be reduced with 13.22%. By the date of issuance of these financial statements the approvals from GSM and CSRC have not been obtained.

On 11 July 2015, the Group subsidiary Henan Zhongfy Industry Co., Ltd., announced the intention of its shareholder Henan Yulian Energy Group Co., Ltd. to further increase its shareholding in the company by USD 5,000 equivalent, as a consequence of the notices of increase of shareholding in listed companies issued by the China Securities Regulatory Commission and by the Shanghai Stock Exchange.

In August 2015 Henan Zhongfu Industry announced its intention to increase the interest rate for the 2012 bonds issue from 7.5% to 8%, fixed for the next two years. The bondholders have the right to sell at par all or part of their bonds back to the company in accordance with the bond subscription agreement issued in 2012. Period for exercising the mentioned option is between 8 and 21 August 2015.

in USD '000, except per share data

23. Principal companies in the Vimetco Group

The principal companies in the Vimetco Group at 30 June 2015 and 31 December 2014 are as follows:

	30 June 2015		31 December 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.	51.55%	100.00%	54.52%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	28.35%	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.	19.07%	37.00%	20.17%	37.00%
Gongyi City Shang Zhuang Coal Mine Co., Ltd.	20.62%	40.00%	21.81%	40.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	22.68%	44.00%	23.99%	44.00%
Henan Yinhu Aluminium Co., Ltd.	51.55%	100.00%	54.52%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	23.20%	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.	51.55%	100.00%	54.52%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	38.14%	100.00%	40.34%	100.00%
Henan Zhongfu Aluminium Co., Ltd.	73.71%	100.00%	75.23%	100.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	43.06%	83.53%	45.54%	83.53%
Henan Zhongfu Industry Co., Ltd.	51.55%	53.26%	54.52%	56.33%
Henan Zhongfu Power Co., Ltd.	51.55%	100.00%	54.52%	100.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	38.14%	73.99%	40.34%	73.99%
Henan Zhongfu Thermal Power Co., Ltd.	25.26%	49.00%	26.71%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	41.12%	51.00%	41.66%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	80.63%	100.00%	81.69%	100.00%
Linzhou Linfeng Aluminium Product Co., Ltd.	80.63%	100.00%	81.69%	100.00%
Shanghai Xinfu Industry Development Co. Ltd.	46.39%	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.	51.55%	100.00%	54.52%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	28.35%	100.00%	29.99%	100.00%
Zhengzhou City Dengcao Investment Co., Ltd.	28.35%	55.00%	29.99%	55.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	36.08%	70.00%	38.16%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	28.35%	100.00%	29.99%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	51.55%	100.00%	54.52%	100.00%
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%
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%
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Management GmbH	100.00%	100.00%	100.00%	100.00%
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

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

Statement of management responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA) the Company is required to prepare 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 adopted by the EU. 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 Condensed Consolidated Interim Financial Statements set out on pages 12 to 32, 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 adopted by the EU have been followed.

The Condensed Consolidated Interim Financial Statements, which are based on the statutory accounting reports and restated in accordance with IFRS as adopted 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 Condensed Consolidated Interim Financial Statements set out on pages 12 to 32 have been prepared in accordance with IFRS as adopted 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 3 to 11 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. 5:25d 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 half-year 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 half-year management report includes a fair review of a) the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, b) the principal risks and uncertainties for the remaining six months of the financial year and c) for issuers of shares the major related parties transactions.

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

24 August 2015

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