Annual Report 2014

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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Report of the Board of Directors

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 33.

Financial and Operational Highlights

		2014	2013
Sales	USD million	1,920	2,201
EBITDA[1]	USD million	204	140
EBITDA margin		10.6%	6.3%
Net (loss)/profit	USD million	-266	-150
Total assets	USD million	5,263	5,514
Shareholders' equity	USD million	675	954
Net debt[2]	USD million	2,531	2,594
Earnings per share	USD	-0.710	-0.388
Equity per share	USD	0.67	1.56
P/E[3]	**USD**	**-0.42**	**-0.26**
Share price at year-end	**USD**	**0.30**	**0.10**
Production			
Electrolytic aluminium production	metric tonnes	822,000	869,000
Processed aluminium production	metric tonnes	159,000	189,000
Alumina production	metric tonnes	363,000	391,000
Bauxite production	metric tonnes	1,161,000	616,000
Coal production	metric tonnes	1,166,000	1,198,000
Energy production	MWh	6,331,000	6,813,000
Average number of employees	FTE	14,915	17,073

[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,

Over the past seven years, the aluminium industry was significantly affected by the international financial crisis that translated into ever lower demand and prices. During this entire period, we took a number of actions within the business in order to adapt to the onset of some very challenging market conditions. These changes have given the Group a new opportunity to continue our operations and to further develop the long-term vision and strategy that was set out at the beginning.

2014 continued to be marked by low prices for aluminium on the London Metal Exchange, with quotations below 1,900 USD/ tonne for most of the year, the average for 2014 being of 1,867 USD/ tonne, downturn that started in the second part of 2013. Aluminium prices in China followed almost the same evolution during 2014. Inventories were, in their turn, rather high, while some of our partners remained cautious in expanding their activities.

Improved operational results

Despite these adverse conditions, I am happy to report that our strategy to fight the crisis and the measures we took proved to be correct and our significant efforts started to generate positive results. As such, we have seen progress in operational profitability, the product range and quality, and in expanding our client portfolio and global market presence.

The cost reduction programmes implemented during the recent years, along with the shift in the product range to focus on higher value added products, has allowed us to achieve better operational results, despite the low aluminium price and the slight reduction in overall aluminium production.

However, our net results were significantly affected by the impairment charge which was recognized for our coal mining business in China, where a steep decrease in coal prices during 2014 affected performance.

Innovation and high value added for higher competitiveness

Another key factor that helped us to increase competiveness and to achieve our goal of expanding product portfolio is represented by our research and development programmes. Our R&D teams achieved, both in Romania, and in China, very good results that allowed us to reduce our energy consumption, improve the casting processes, reduce the metal consumption and, in this way, we managed to increase our overall competiveness. In a highly energy intensive industry, the R&D departments are a vital part of the consumption reduction strategy. We will continue to work for developing solutions that will allow us to reduce energy and metal consumption in the production process, thus increasing efficiency and competiveness of our operations both in Romania, and in China.

The wider and more complex product portfolio was also a key factor for our latest results, as it allowed us to sell products with higher margins. Another significant aspect is that our long-term vertical integration strategy shows its results, offering us a tighter, clearer control over the necessary raw materials and thus increasing the efficiency of our business.

As we developed more products for the aerospace and automotive industries, we succeeded in entering new markets, gaining new customers and responding to orders from very demanding and sophisticated sectors, where the quality and complexity of products are key factors for long-term business agreements. While our Romanian unit focused on Western Europe, our Chinese operations registered for the first time orders from customers outside China, i.e. from Indonesia, followed, then, by other orders from Korea, America and India.

Vimetco will continue to pursue the programme to increase its 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 the aerospace, the automotive and the construction sectors 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 and on high quality of our products.

Commitment and forward-looking thinking

While our immediate focus was on reducing costs and improving the productivity, we have never forgotten our long-term commitment to vertical integration. We are an integrated aluminium producer and our goal is to further consolidate this position. The vertical integration gives us the comfort of owning the necessary raw materials and allows us to have a better and tighter cost control.

While I underlined all the general aspects of our strategy, I had one most important factor under consideration: all these elements that helped us consolidate our business were based first and foremost on the people. And I would like to take this opportunity to thank all my colleagues for their commitment to this business and for their passion for this industry.

The progress we have seen during 2014 gives us the confidence to continue pursuing our strategy and to focus on the key elements that are driving results. We are confident in our business and its potential to increase and become sounder.

Vitaliy Machitski
Chairman of the Board

Letter from the CEO

Dear Shareholders,

Over the past few years, which brought many challenges to our industry and our Group, we have succeeded in improving the quality of our products through continuous efforts made by our specialists and through several investments. 2014 was another difficult year, with many uncertainties in the market, such as aluminium overcapacity in China, high burden of eco-taxes in Romania, low level of aluminium price on international markets and ongoing volatility of financial markets. Nevertheless our Group remained committed to the industry and ran its operations at similar capacity as in the previous year.

Despite the challenges presented by the markets, we continue our focus on value-added products and on our vertical integration strategy and improving the efficiency of our operations.
In this way we are confident that we can develop our operational capabilities and keep our competitiveness in this fragile environment.

Unfortunately our segments have been facing challenging times, the Romanian segment continuing to be severely affected by the over-compensation scheme for green energy that forced us to pay high energy taxes, unlike our competitors that operate within the European Union, in a time when cost reduction represents a vital measure in order to survive in our industry.

In the meantime, the Chinese segment continued to be negatively affected by the historical overproduction, which triggered a low level of aluminium price and by a high leverage with a corresponding high interest burden, having a direct impact over this segment's results. However, China started to encourage the export of higher value added manufactured and semi-finished products and these measures are expected to generate better results in the future for our Group. Our assets in China have one of the highest technologies in the industry, Zhongfu Industry and Linfeng being nominated by the Ministry of Industry and Information Technology of the People's Republic of China on a list of aluminium smelters that meet certain sets of standards, including product quality, technology and equipment, energy consumption, resources usage, environmental protection, production safety and social responsibility.

During 2014, we have demonstrated once more our commitment to the people who work for us and to the communities we are developing our businesses and we have focused all our efforts to overcome all the difficult moments and, in the end, to succeed in keeping most of our capacities into operation, while we have continued to invest in research and development. We maintained our vision that investments in technology that lead to improved and more efficient operations represent the key factor that would make the difference in the medium and long-term in our industry. This is how we succeeded in commissioning a new scrap-recycling facility in Romania, which is expected to provide more independence from an energy point of view to our Romanian operations.

Moreover, in 2014, we succeeded in significantly increasing our EBITDA, on the previous year. However, due to a sharp decrease of the coal price and a resulting impairment charge in our Chinese segment, we ended up with a consolidated net loss of USD 266 million, compared to a loss of USD 150 million, in 2013. An important negative impact to our net result was generated by the impairment loss that we had to recognize for our coal mining assets in China amounting to USD 132 million.

In the end of 2014, SMHL, our bauxite mining operations from Sierra Leone, reported an improved production of bauxite. Thus, despite of the fact that SMHL activity takes place within an unfavourable climate, marked by several social and cultural differences and in an area that was severely affected by Ebola during 2014, the measures taken during the last years and the investments in equipment generated a significant production increase to 1,161,000 tonnes, up from 616,000 tonnes, in 2013.

We will continue our efforts to further improve our products portfolio, through diversification and further increasing the quality, in order to meet the requirements of our most demanding customers, and to attract customers from new industries. Moreover, we will continue our focus on securing the necessary inputs, thus ensuring the long-term profitability and sustainability of our business.

Gheorghe Dobra
Chief Executive Officer

Overview

During 2014, Vimetco proved that it remained committed to its long-term development strategy and it managed to continue the already initiated investments, even though the aluminium industry remained a fragile environment and in order to survive, the companies had to focus all their efforts to innovate and reposition themselves.

During the last year, the Group consolidated its specific markets, and put an even stronger emphasis on developing its sales network and entering new markets. Moreover, Vimetco continued to focus its efforts on developing the higher value added products range and to improve the efficiency of its operations. In order to address the increase in costs, the Group paid a strong attention to the development and implementation of the new scrap-recycling facilities, in Romania, which are expected to provide less dependence from an energy point of view, to reduce energy consumption and the environmental footprint.

Both in 2014 and 2013, the weak aluminium market and the increase in the price of raw materials, impacted the Group's financial results significantly. The market conditions for the aluminium industry remained challenging with an LME at low quotations, the average for 2014 of the aluminium price at London Metal Exchange being similar to the one reported for 2013, respectively 1,867 USD/ tonne, compared to 1,845 USD/ tonne. During 2014, some producers announced capacity reductions, resulting in a lower supply of aluminium, and leading to a slow increase in the LME price. High levels of premiums also marked 2014, the Aluminium HG Rotterdam ingot premium increasing from 300 USD/tonne, in January 2014, to more than 500 USD/ tonne in December 2014. Moreover, manufacturers in several industries switched to aluminium, for several of its properties, being lighter than steel, or relatively cheap compared to copper, and more efficient and, therefore, more cost effective.

While external factors led to a decrease in the Group's overall sales by 13%, i.e. to USD 1.9 billion, down from USD 2.2 billion in 2013, the gross profit for 2014 showed a significant improvement compared to 2013, being of USD 160 million, up from USD 76 million in 2013. In 2014, Vimetco registered an improved EBITDA, that increased to USD 204 million, compared to USD 140 million in 2013.

Vimetco is aware that it is operating in a cyclical industry, with strong price increases, followed by equal decreases, and thus the Group's competitiveness comes from its products' added value. Therefore, Vimetco's long-term strategy was and continues to be, achieving the vertical integration, and supplying highly sophisticated aluminium products to high-end customers. As such, the internal research and development specialists play a very important role within the Group. For example, in Romania, as a result of a complex investment programme in technology and research done during the past years, Vimetco managed to increase the output and range of high value added products, both for the primary aluminium and for the processed products sectors, and took advantage of a market where the demand was still strong, and the margins were high. Therefore, Vimetco sold 622,000 tonnes of primary aluminium for USD 1,254 million, compared to 746,000 tonnes, in 2013 for USD 1,575 million, while the sales for processed aluminium products increased by 10%, to 160,000 tonnes for USD 451 million, compared to the previous year, when they stood at 145,000 tonnes for USD 429 million.
In terms of production, both the primary and processed aluminium output decreased, to 729,000 tonnes, from 869,000 tonnes, in 2013 for the primary aluminium and to almost 160,000 tonnes, from 189,000 tonnes, in 2013. The alumina production decreased as well by 7% to 363,000 tonnes, compared to 2013, while the bauxite production almost doubled during the similar period, reaching a level of 1,161,000 tonnes (2013: 616,000 tonnes).

During 2014, Vimetco continued its tight cost control policy, in order to be able to maintain its competiveness in this extremely challenging international market. Therefore, the Group managed to increase the sales of processed aluminium on both segments. In Romania the new aluminium scrap processing facilities started to show results, trying in this way to compensate the extremely high costs with electricity, determined by high energy consumption implied by aluminium technology, as well as the surcharges with the green certificates. Moreover, the commercial bauxite produced in Sierra Leone increased and reached a record-level, due to the Group intensive efforts to improve and stabilize the production level.

Both segments faced the negative effects of external factors, such as low price of aluminium and high production costs. While Romania segment had to overcome the high burden of eco-taxes on electricity consumption, in China the Group still had to deal with a centralized energy market with uncontrollable prices. The effect was a net loss for the Chinese segment, of USD 252 million and of USD 19 million for the Romanian segment.

Sustainable Development

Vimetco is constantly pursuing its long-term development strategy implemented by the Group 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 added value products and with a vertically integrated business model, Vimetco is able to offer increased value to its stakeholders (customers, employees, shareholders and local communities).

International presence

Vimetco has production assets in China, Romania and Sierra Leone, a holding company in The Netherlands, being well positioned to cover the demand of its international customers. Having almost 15,000 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 Company pursues the corporate governance principles and it does business in a fair manner, with mutual respect, transparency and accountability. Vimetco Group includes three aluminium smelters and rolling mills, one alumina refinery, bauxite-mining facilities, five 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 112,000 tpa of processed aluminium, including plates, sheets, coils and extruded products' maximum capacity.

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% out of the total energy production 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 2014, 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.

Moreover, the Group continued its focus on increasing the efficiency of its operations, completing, in Romania, an investment of USD six million to increase its capacity of extruded products. The project, co-financed by the European Union, aimed to increase both the volume of production and exports, and the product range. The state-of-the-art equipment will allow this subsidiary to access new markets as it will enable it to produce a wider range of high quality products at competitive prices, as the new technology has a positive impact on total costs by reducing energy costs.

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).

Some of the programs that were successfully run in 2014 by the Romanian unit, Alro include:

- Testing an alarm program for mechanical malfunctions, together with an automatic forewarning signal for pots that require a changing of the charging rhythm with alumina, which led to notable results within the tests performed, in terms of the average tension reached which was reduced with 15-25 mV compared to initial pots, which means in the end an energy saving of approximately 60 KWh/t;

- Experiments on improving pots' design;

- Improve the casting process to increase the quality of the casting products and production;

- Decrease the specific metal consumption in processing and reducing/ eliminating products non-compliances;

- Develop new products.

Vimetco had and will continue to have as major objective the efficiency of its operations. Therefore, the Company makes significant efforts to reduce the electricity and gas consumption per each tonne of aluminium. Over the past years, the Company made several investments in Romania, to increase the electricity intensity to the electrolysis pot room series up to 120 kA, with the support of the Research and Development Department. This led to higher production efficiency with a direct impact on reduction of the unit's energy consumption. In its turn, Vimetco's Henan Zhongfu reached the most advanced level in its category energy efficiency. The Research and Development Department of Vimetco's Zhongfu Industry had successfully achieved "low-temperature low-voltage aluminium smelting technology".

Health and safety

Vimetco has in place a complex set of health and safety policies in all its units around the world, resulting in a successful track record 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.

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.

Environment

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

The Group's Romanian unit, Alro, developed programs for the self-monitoring of the environmental impact factors and of the work related noxious emissions in cooperation with the Local Environmental Protection Agency and Local Public Health Authority. Alro has the Integrated Environmental Permits, representing the acknowledgment of the company's complex long-term investment plan. Alro also holds the ISO 14001 certification for the environmental protection management. Alro is also involved in global environmental-related activities by cooperating actively with international organizations, which are in charge of reduction of greenhouse gas emissions and of the entire range of pollutants generated by the company facilities. Moreover, Vimetco's Romanian operation implemented a programme to increase processing of scrap aluminium, in Slatina, to over 100,000 MT/year. During 2014, Alro continued to be actively involved in several projects related to environmental protection projects for both divisions (Primary and Processed) and targeted the installation of new equipment or upgrading of older ones, in order to reduce the pollution emissions, as well as obtaining new authorizations on the effective implementation of measures to protect the environment etc. Moreover, environmental programs were conducted in collaboration with local and regional authorities for air quality and to prevent major accidents involving dangerous substances.

Alro, as part of the European aluminium industry, is always committed to reducing its emissions and wastes resulting from its activity and implements the necessary measures in order to comply with regulation in force in this field.

Thus, over the past 10 years, Alro has invested approximately USD 100 million into environmental related protection programmes, including those that targeted integrated waste management. The policy promoted by the Company's management and supported by all its employees within the integrated quality-environment-occupational health and safety system, implemented in compliance with the latest standards in the field, is based on the modern concepts of integrated waste management. The waste management implies, also, focus on the training needs of each employee and its final goal is to inform all employees about their responsibilities and contribution to the quality of the Company's products, to environmental protection as well as to the compliance with the occupational health and safety obligations.

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.

Regarding the greenhouse gas emissions, Alro was one of the first companies in Europe from the industry in which it operates which paid special attention to these emissions. Thus, the level of anode effect is below 0.02 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 forecasted impact is to reduce the total costs of production. Thanks to these investments, made in the past 10 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%.

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 2014, Vimetco employed almost 15,000 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 intergenerational equity and prohibits forced labour, does not employ persons under the age of 15, does not discriminate on the grounds of age, colour, gender, origin, marital status, sexual orientation etc., protects against physical, mental and emotional abuse amongst employees (including employee mobbing), respects the right of employees to associate freely and to collective bargaining (where the national laws provide for this).

Social Responsibility

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

In Romania, the Company 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

In 2014, even though Vimetco's ***sales*** decreased by 13%, to USD 1.9 billion, ***EBITDA*** improved, increasing to USD 204 million compared to USD 140 million in 2013. The sales decrease was mainly due to lower aluminium prices, accompanied by weaker demand and a slow growth on the market.

The ***cost of goods sold*** decreased to USD 1.76 billion, in 2014, from USD 2.13 billion in 2013, as a result of lower overall sales, but also as a result of management's efforts to reduce costs. As a consequence, the gross profit margin increased significantly to 8% in 2014, compared to 3% as reported in 2013, as the Group succeeded in reducing its production costs and specific consumptions per aluminium tonne.

The Company's ***loss before income taxes*** for the period was USD 332 million compared to USD 164 million in 2013, while the finance costs stood at the same level as in 2013, i.e. USD 262 million.

The ***operational results*** were highly affected by the impairment of the coal mines in China in amount of USD 132 milion (for more details, please see *Note 12 – Mineral rights*) as well as by the change in fair value of the derivatives embedded in an energy supply contract conducted by one of the Group subsidiaries, which generated a loss of USD 44 million during 2014, as compared to a gain of USD 35 million during 2013 (for more details, please see *Note 27 – Risk Management* of the Consolidated Financial Statements attached to this report).

In addition, in 2014, the ***net finance costs (finance costs less finance income)*** increased to USD 217 million, from USD 167 million, in 2013, mainly due to the fact that in 2013 one of the Group's subsidiaries reversed a guarantee provision, by recognizing USD 45 million as financial guarantee income (for more details, please see *Note 6 – Finance costs and income* of the Consolidated Financial Statements attached to this report).

The ***net Group loss*** for 2014 was USD 266 million (2013: USD 150 million) and continued to be negatively influenced mainly by the high finance costs in China (i.e. the interest expense has increased by USD 19 million in 2014 compared to 2013) and by the loss on derivative financial instruments in Romania (compared to a significant gain in 2013).

The Group's ***total assets*** as at 31 December 2014 decreased by USD 251 million, from USD 5,514 million in 2013 to USD 5,263 million, out of which the non-current assets amounted to USD 3,771 million (31 December 2013: USD 3,836 million).

Cash and cash equivalents at the end of 2014 amounted to USD 739 million, down from USD 761 million, at the end of 2013, out of which restricted cash represents USD 689 million (31 December 2013: USD 699 million). The net cash generated by operating activities decreased to USD 182 million in 2014, compared to USD 208 million in 2013.

In 2014, the Group's ***total liabilities*** increased by USD 28 million to USD 4,588 million (31 December 2013: USD 4,560 million). ***Total non-current liabilities*** were USD 1,321 million as at 31 December 2014, down from USD 1,484 million as at 31 December 2013, with long-term bank loans lower by USD 361 million compared to USD 1,324 million as at 31 December 2013, while the short-term bank loans increased to USD 1,349 million as at 31 December 2014 (31 December 2013: USD 1,122 million), mainly due to the Chinese segment.

During 2014, 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 that successfully made the first unit of cold-rolled coils by using the new cold-rolling facility in the pilot phase of this project initiated during 2014. The six roll 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 invested almost USD 820 million in this deep processing project to date which has state-of-the-art technology and facilities.

The Romanian segment continued to invest in the reconditioning of its electrolytic pots and its new aluminium scrap processing facilities and the management's intention is to invest even more in the Processed Aluminium segment. Moreover, one of the Romanian subsidiaries finalized in 2014 an investment of USD six million for the acquisition of a new high-performance extrusion press.

Employees - at the end of 2014 Vimetco employed almost 15,000 people across Asia, Europe and Africa (31 December 2013: 17,000). The decrease in employee' numbers is a result of the temporary suspension of activity in our coal mines in China, due to the unfortunate collapse of the ceiling in one of our mines. In January one of the Group's subsidiaries was awarded with certification confirming its good and satisfactory results in safety, quality standardization and technology contribution for one of its coal mines and, in February the people's Government of Henan Province announced that one of the Group's subsidiaries located in Henan Province was elected as one of the production safety advance units in this region.

Operational review

Romania & Sierra Leone (Romanian segment)

In Romania, Vimetco's operations are vertically integrated, covering the entire aluminium production chain. The Group has one smelting plant and processing facilities in Slatina with a total capacity of 265,000 tonnes and almost 112,000 tonnes respectively (including the extruded products maximum capacity). Moreover it owns an alumina refinery in Tulcea with a total capacity of 600,000 tonnes and controls a bauxite mine in Sierra Leone with a total capacity of 1.7 million tonnes.

In 2014, Alro Group reported total production of primary aluminium of 263,000 tonnes, a higher level than the 250,000 tonnes reported in 2013. Alro Group increased its processed aluminium production by 5,000 tonnes and reached a level of 98,600 tonnes (2013: 93,600 tonnes). In 2014, alumina production was down to 363,000 tonnes, compared to 391,000 tonnes produced in 2013. Bauxite production registered a record level despite the fact that the mine activity takes place in an unfavourable climate and in an area that was affected by Ebola in 2014. The measures taken in Sierra Leone over the past years and the investments made in equipment generated a significant production increase that reached a level of 1,161,000 tonnes compared to 616,000 tonnes reported in 2013.

The consolidated sales of the Romanian segment ("Alro Group") amounted to USD 630 million in 2014, approximately 4% higher than the level reported in 2013 (USD 606 million), mainly thanks to the Group's efforts to promote its products and to its vertical integration strategy, despite the low LME aluminium prices reported for 2014. Alro's contribution to the Group's consolidated revenues from sales to third parties was USD 541 million during 2014 (2013: USD 528 million).

The primary aluminium segment's contribution to sales was USD 282 million and represented about 45% of the Romanian segment's sales (2013: USD 273 million, 45%). Considering Alro Group's strategy to produce more high added value products, the processed products sales consolidated their share in total sales, reaching a level amounting to USD 328 million of sales (2013: USD 319 million).

The main market for Romanian segment's products is represented by the EU countries (i.e. Romania, Germany, Poland, Spain etc.), about 86% 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 a loss of USD 19 million, an improvement on the net loss reported in 2013, of USD 30 million. The Romanian segment also showed a significant improvement in EBITDA, as a result of management efforts to better control costs.

While the eco-taxes on electricity reached a high level in Romania, some signs of improvement were evident in the second part of the year, when the Government decided to exempt large electricity consumers from up to 85% of the green certificates quota, which will be applicable to industrial consumers from 2015. This decision is meant to implement the guidelines adopted by the European Commission in supporting big industrial companies across Europe between 2014 and 2020. This guide provides criteria on how the Member States have the right to exempt energy-intensive companies to pay taxes for green energy. Under the new GD, Alro qualifies for an exemption of 85%.

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.

SMHL represents one component of the Group's technological chain, being at the base of this vertical integrated production of the Romanian segment being the bauxite supplier. The bauxite produced by SMHL is sold to Alum for refining and further supplied to Alro in order to be processed into aluminium. In 2014, SMHL extracted approximately 1,161,000 tonnes, almost a double level compared to 616,000 tonnes reported in 2013. The measures started to be implemented since 2013, namely 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 started to show results. Through all these measures, SMHL aimed to reduce the costs and thus, to increase its profitability. Moreover, the capital repair for the bauxite washing equipment, that started in 2013, was finalized and since November 2013 the washing machine productivity doubled as these repairs increased the bauxite washing machine capacity from about 2,000 tonnes/ day to 4,000 tonnes/ day.

In March 2014, Alro's management announced that it no longer supported Alro 2014 budget as previously proposed for the approval of the GSM held in March, due to the constant and unpredictable increase in costs for green certificates registered at that time. In preparing the initial budget, the management considered a reduction of the cogeneration bonus together with a decrease of the green certificates burden and on February 2014, the final quota for green certificates for 2013 being increased to 0.224 GC/MWh, and the impact would have exceeded the initial forecasts by more than USD 21 million. Moreover, in May, an explosion occurred in the Processed Aluminium Division of Alro at the finishing - packaging line of the Heated Rolling Mill Section, which caused material damages. Alro management took all measures to repair the damages caused by this explosion and thus, in October 2014, the equipment that was previously deteriorated was re-commissioned.

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 thus it concluded an agreement with an alternative electricity supplier, in order to partially secure its needs for 2014, at competitive prices.

During 2014, Alro Group continued its investment programme, both for the projects started last year and also by initiating new projects. The Group continued the technological upgrading programmes for increasing the quantity and quality of the high value added products. Moreover, it had extensively used the new aluminium scrap processing facilities finalized at the end of 2013, as the focus remained on increasing the products' portfolio and decreasing, at the same time, the dependence on the price of energy and fluctuation of the aluminium price.

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 2014, in China, Vimetco produced approximately 466,000 tonnes of primary aluminium, down from 618,000 tonnes in 2013 and 61,000 tonnes of processed aluminium, down from 95,000 tonnes in 2013; due to low demand and due to the decreasing trend of the aluminium price, some pot cells were temporarily suspended during 2014, with local management considering it a good time to make some capital repairs to the pot cells given the low aluminium prices.

Sales revenues decreased to USD 971 million for primary aluminium in 2014, compared to USD 1,302 million in 2013, while the sales for processed aluminium slightly increased to a level of USD 123 million (2013: USD 110 million), with China starting to encourage the export of higher added value finished and semi-finished products.

Despite this fragile environment and the weaker financial results, the Chinese segment continued to show improvements in both the efficiency and safety of its operations. As a result, in January 2014, one of the Chinese unit coal mines, Jinling was awarded the status of a “5A class” coal mine by the Ministry of Industry and Information Technology of the People's Republic of China. This award recognizes the coal mines' production safety, quality standardization, the efficiency of safety protection, the technological contribution and civilization with significant and outstanding performance.

In June 2014, the Ministry of Industry and Information Technology of the People's Republic of China released a list of aluminium smelters that meet its certain sets of standards, including product quality, technology and equipment, energy consumption, resources usage, environmental protection, production safety and social responsibility, for further regulating the production and business activities in order to control redundant construction and illegal production in China. The first batch of the list contained 36 aluminium companies, including Zhongfu Industry and Linfeng Aluminium and Power. Moreover, also in June 2014, Zhongfu Industry successfully made the first unit of cold-rolled coils by using the new cold-rolling technology in the pilot phase of its deep processing project. And, at the end of June 2014, the two corporate bonds of Zhongfu Industry and the company itself were rated by the China LianHe Credit Rating Co. Ltd at AA credit rating with outlook at negative.

In September 2014, the Department of Environmental Protection of Henan Province announced the result of the Assessment of the Environmental Credit of Enterprises in Henan Province for the financial year 2013 and about 116 enterprises in Henan provision achieved “5A class” standard, where Zhongfu Industry and Zhongfu Power were on the list and awarded as the “5A class” enterprises. Moreover, Zhongfu Industry received for the first time orders from overseas customers for purchase of deep processing aluminium products of 5,000 tonnes, which would be exported and sold to Indonesia. In the meantime, the company is ongoing to enter sales contracts with overseas customers in Korea, America and India etc., which shows the company's substantive progress in exploring the international high-end aluminium product market.

At the end of 2014, the technical centre of Zhongfu Industry was jointly recognized by 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 the one of the National Enterprise Technology Centres.

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 million and the respective Vimetco subsidiaries also made counterclaims of USD 35 million. 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.

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.

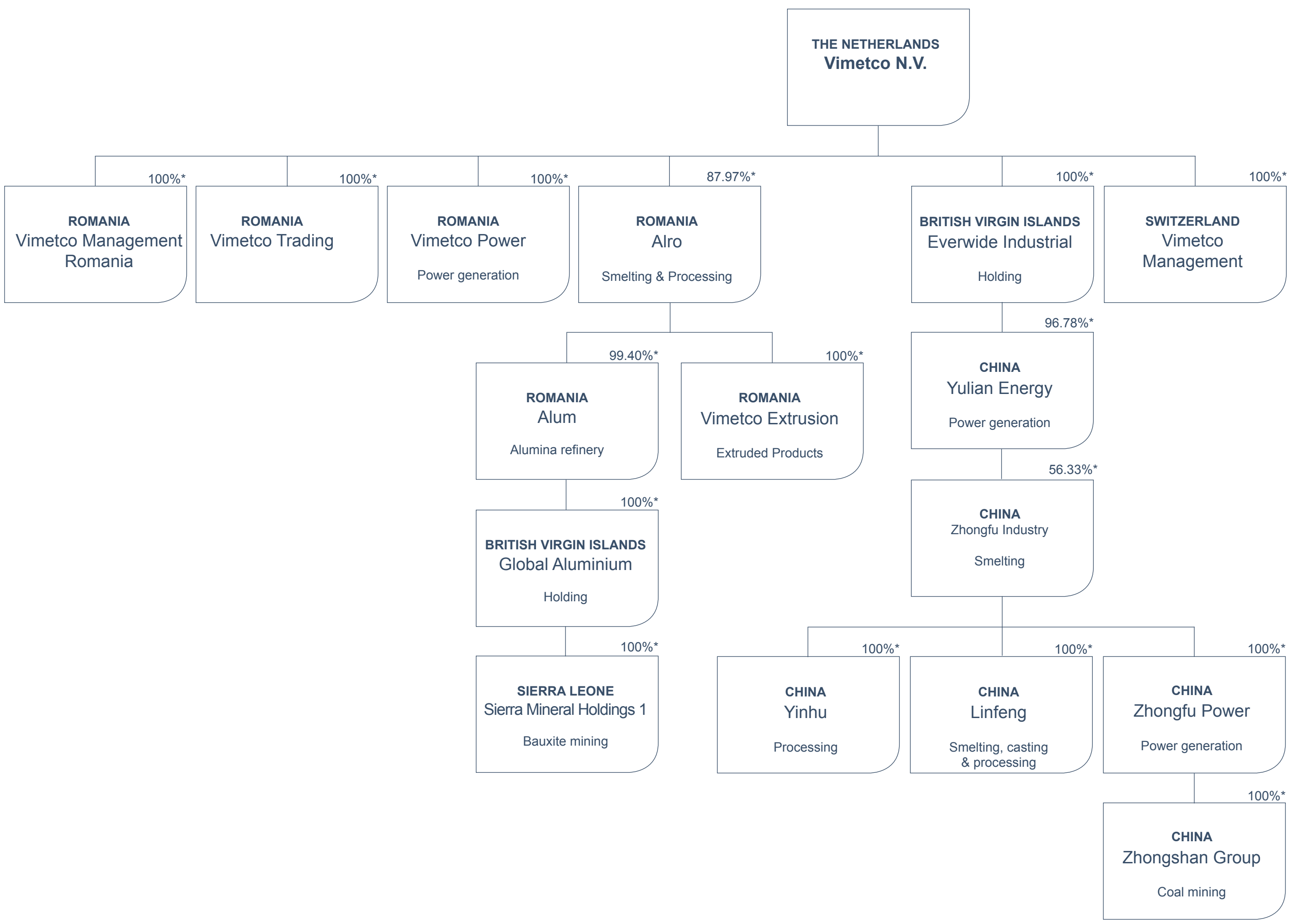
Share Capital

Vimetco's issued share capital on 31 December 2014 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

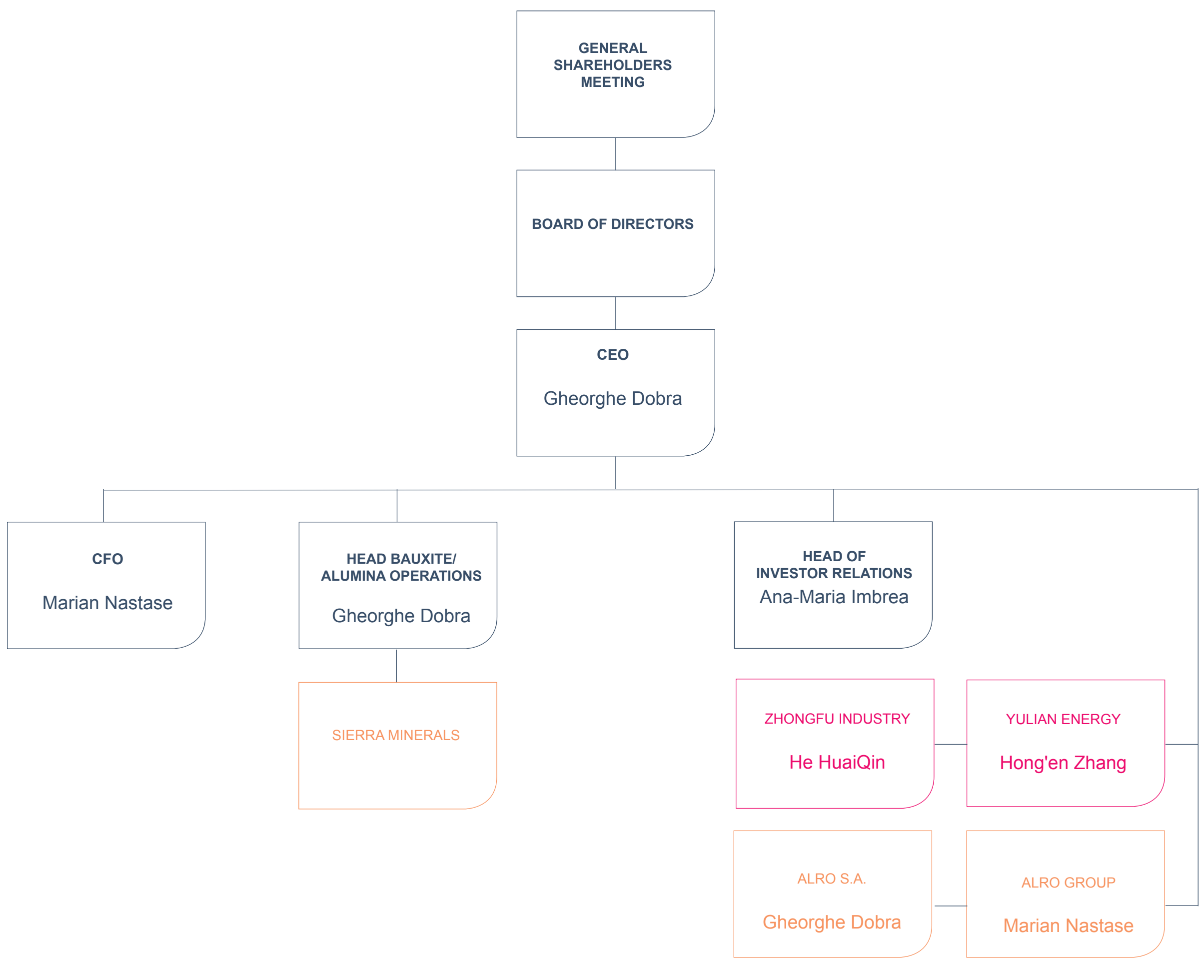
Shareholders on record with the AFM register on 31 December 2014 that hold an interest of 3 per cent or more were Maxon Limited through Vi Holding N.V. (59.4%), Zhi Ping Zhang through Willast Investments Limited (10%) and Irina Machitski (3%). Vimetco's shareholders exercise their rights through the 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 Annual Report, adoption of the Annual Accounts, determination of the appropriation of profits, discharging the responsibilities of the members of the Board and, on a relative proposal of the Board of Directors, amendments of the Articles of Association. They also include the appointment of the Auditor. Should the General Meeting not appoint the Auditor, then this power accrues to the Board. Resolutions are adopted by a simple majority of the votes cast in a meeting at which at least 50% of the issued capital is represented, unless the law or the Articles of Association prescribe a larger majority or quorum. If less than 50% of the issued capital is represented, a new meeting may be convened at which the resolution may be passed irrespective of the part of the capital represented at such meeting. There are no shareholders that hold shares with special control rights. Profits shall be distributed at the discretion of the General Meeting, subject to the following: Vimetco may only make distributions to its shareholders and other parties susceptible to distributions, in so far as the common equity exceeds the paid and claimed part of the capital increased with the reserves that must be kept in accordance with the law. With due observance of the foregoing the General Meeting may, upon a proposal of the Board adopt a resolution for the distribution of interim distributions or distributions for the charge of the reserves. Any future determination regarding distributions to shareholders will be at the discretion of the Board of Directors and will depend on a range of factors, including the availability of distributable profits, Vimetco's financial position, restrictions imposed by the terms of loan instruments, tax considerations, ongoing capital and cash requirements, planned acquisitions, and any other

Simplified Group structure (as of 31 December 2014)



* held directly and indirectly

Organisational chart (as of 31 December 2014)



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

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 20 June 2014 reviewed the Annual Report 2013 and adopted the 2013 Annual Accounts of Vimetco N.V. Although the general intention of the Group is to distribute approximately 20% of the consolidated income of the Group on average over the aluminium price cycle to shareholders, in deviation from the dividend policy, due to absence of profits in 2013 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 2015.

Significant ownership of shares/ GDRs

Pursuant to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Vimetco's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets ('Autoriteit Financiële Markten') (the 'AFM') if, as a result of that acquisition or disposal, the percentage of outstanding capital interest or voting rights held by that person or legal entity reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The obligation to notify the AFM also applies when a percentage of outstanding capital interest or voting rights held by any person or legal entity reaches, exceeds or falls below a threshold as a result of a change in the total outstanding capital or voting rights of Vimetco.

As mentioned above in the paragraph on Shareholders, Vimetco had the following shareholders on record with the AFM register that hold an interest of 3 per cent. or more on 31 December 2014:

1. Maxon Limited through Vi Holding N.V. (59.4%);
2. Zhi Ping Zhang through Willast Investments Limited (10%); and
3. Irina Machitski (3%).

Takeover Directive

Following implementation of the EU Takeover Directive, certain information is required to be disclosed in relation to control and share structures and interests of Vimetco. Such disclosures which are not covered elsewhere in this Annual Report include the following:
– there are no requirements to obtain the approval of Vimetco for a transfer of securities; – there are no restrictions on voting rights, deadlines for exercising voting rights, or on the issuance, with Vimetco's cooperation, of depository receipts;
– other than the Equity Incentive Compensation Scheme described below, there are no employee share schemes where the control rights are not exercised directly by the employees;
– Vimetco is not aware of any agreements between 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 facility agreements, which include provisions that take effect, alter or terminate such an agreement upon a change of control (including, amongst others, pursuant to a successful takeover bid). The specific details of these agreements are confidential.
– Vimetco does not have any agreements with any Board members or employees that would provide compensation for loss of office or employment resulting from a takeover bid;
- Vimetco does not have any anti-takeover measures (i.e. intended solely, or primarily, to block future hostile public offers for its shares) in place.

Board of Directors


Vitaliy Machitski


Gheorghe Dobra


Marian Năstase


Pavel Machitski


Gaobo Zhang


Bogdan Ciobotaru


Valery Krasnov


James Currie


Vyacheslav Agapkin


Denis Sedyshev


Igor Sventski

Vitaliy Machitski

Chairman, Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
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: 60.
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: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: January 16, 2012.
Romanian nationality; age: 56.
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 Ghana Bauxite, Vimetco Power Romania.
Directorship positions in other companies within the past five years: Sierra Mineral Holdings 1 Ltd.

Marian Nastase

Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011 Romanian national; age: 43.
Marian Nastase has served as Alro Vice President and Country Manager Romania since 2002 before he was appointed as acting CFO of Vimetco on 20 March 2009. Mr. Nastase is responsible for the Group's operations in Romania and focuses on capital raising and restructuring issues. Also, Mr. Nastase is the President of the Association of the Biggest Energy Consumers (ABIEC), which includes the biggest energy consumers in Romania. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.
Current directorship positions in other companies: Alro SA (chairman), Vimetco Management Romania SRL, Vimetco Trading SRL, Everwide Industrial Ltd., Vimetco Management GmbH.
Directorship positions in other companies within the past five years: TM Power, Conef SA.

Pavel Machitski

Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 22, 2011. British national; age: 32.
Pavel Machitski has joined Vimetco N.V. as Deputy CFO in 2009 and in 2010 was appointed a Deputy General Manager of Vimetco Management Romania, a subsidiary company offering consulting services to the Group companies.
Mr. Machitski's role includes, among other responsibilities, business development, strategy, financial planning, M&A, financing, budgeting, controlling & reporting, investor relations and risk management. Mr. Machitski has broad-based business and finance experience and has joined Vimetco from Morgan Stanley where he acted as an advisor in numerous transactions in EMEA region focusing on debt capital markets and M&A advisory.
Mr. Machitski holds a diploma in Finance and International Business from New York University, Stern School of Business.
Current directorship positions in other companies: Alro SA, Alum SA, Vimetco Management Romania SRL, Vimetco Trading SRL, Vimetco Power Romania SRL, Sierra Mineral Holdings 1 Ltd.
Directorship positions in other companies within the past five years: none.

Gaobo Zhang

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007. Chinese national; age: 50.
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 2014: Pure Alliance Limited, Fortune Arena Investments Limited, Quester Investments Limited, Yellow River Ventures Limited, Solution Key Investments Limited, City Charm Ventures Limited, King Aspect Investments Limited, Kirin Delight Limited, TI Systems Limited, Oriental Patron Securities Limited, Bliss Century Investments Limited, Wonder Vision Holdings Limited, Widen Success Investments Limited, Prosper Gain Holdings Limited, River King Investments Limited, Shenzhen Mei Ying Zhi Technology Company Limited, CCA Chile inversion y Desarrollo Minero S.A., Panlink Investments Limited, Oriental Patron Development HK Limited, Oriental Patron Development Limited, Everwide Industrial Limited, Crown Honor Holdings Limited, OP Capital Investments Limited, Oriental Patron Management Services Limited, OP Investment Service Limited, Prodirect Investments Limited, Sunshine Prosper Limited, OP Education Foundation Limited, Wisland Investments Limited, Golden Investor Investments Limited, Suremind Investments Limited, Keynew Investments Limited, Profit Raider Investments Limited, Beijing Enterprises Water Group Limited, Oriental Patron Financial Group Limited, CSOP Asset Management Limited, Guotai Junan Fund Management Limited, Oriental Patron Holdings Limited, Oriental Patron Finance Limited, Oriental Patron Financial Services Group Limited, Pacific Top Holding Limited, Oriental Patron Derivatives Limited, Best Future International Limited, Million West Limited, Vitari Consultants Limited, Capital House Limited, OP Financial Investments Limited (formerly called Concepta Investments Limited), Oriental Patron Resources Investment Limited, Willast Investments Limited, Ottness Investments Limited, OP Financial Group Limited, Glory Yield Holdings Limited, Meichen Finance Group Limited, OPFI (GP1) Limited, Ontrack Investments Limited, Bone Messis Holdings Limited, Kazakhstan Development Limited, Perfect Field Holdings Limited.
Additional Directorship positions in other companies after 31 December 2014: Sino Stature Investments Limited.
Directorship positions in other companies within the past five years (2009 to present): Oriental Patron Select (OPS) Limited, Oriental Patron Investment Management (Tianjin) Limited, choice Even Investments Limited, OPS Education Consulting Limited, Oriental Patron Investment Consulting (Shenzhen) Limited, Partnerfield Investments Limited, Plansmart Investments Limited, Entrepeneur Investments Limited, Excel Perfect Investments Limited, Valueworth Ventures Limited, Entrepreneur Investments Limited, Glory Yield Holdings Limited, Meichen Finance Group Limited, Shenzhen Mei Ying Zhi Technology Company Limited.

Bogdan Ciobotaru

Non-Executive Director (independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
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: 37.
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 at Morgan Stanley in the investment banking division with responsibility for the equity capital markets business in Africa and Eastern Europe. He has also expertise in equity capital market having risen in excess of USD 15 billion of equity for a number of blue chip companies in the emerging markets space. Mr. Ciobotaru is a graduate of the Academy of Economic Studies in Bucharest where he majored in Business Administration.
Current directorship positions in other companies: RCS & RDS. Directorship positions in other companies within the past five years: none.

Valery Krasnov

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007. Russian national; age: 71.
Mr. Krasnov serves as CEO of Rinco Holding Management Company, LLC and is Chairman of the Board of Vi Holding, LLC, Russia. Previously he held senior positions at a number of Russian companies, including OJSC Rosinvestneft, where he served as First Vice President and General Director. From 1991 to 1993, Mr. Krasnov was Chief of Secretariat of the Vice-President under the Russian Federation Presidential Administration. He also held several senior diplomatic positions in the Ministry of Foreign Affairs and Russian Embassies around the world. He finished his diplomatic career as Minister-Counsellor, Extraordinary and Plenipotentiary. Mr. Krasnov holds a degree in international economics from Moscow State University and a diploma from the Diplomatic Academy under the Ministry of Foreign Affairs. He is the author of a number of books and publications on political studies.

Current directorship positions in other companies: Vi Holding, LLC; Rinco Holding Management Company, LLC. Directorship positions in other companies within the past five years: Tur Energy A.Ş., Bosphorus Gas Corporation A.Ş.

James Currie

Non-Executive Director (Independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
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: 73.
From 1997 to 2001, Mr. Currie served as the Director General for Environment and Nuclear Safety at the European Commission. He currently serves as a Chairman and Senior Adviser at Burson-Marsteller, Brussels. Mr. Currie holds a master's degree from Glasgow University.
Current directorship positions in other companies: James Currie Associates SCSI Belgium. Directorship positions in other companies within the past five years: UK MetOffice, Royal Bank of Scotland Group, Total Holdings UK, Davaar Associates.

Vyacheslav Agapkin

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 20, 2007. Russian national; age: 65.
Mr. Agapkin serves as General Director for the International Institute of Construction in Moscow and as a member of the Board of Vi Holding, LLC. Mr. Agapkin holds a degree in mechanical engineering, a master's degree in science and a doctorate degree from the Moscow Gubkin Oil and Gas Institute.
Current directorship positions in other companies: International Institute of Construction (since December 1991). Directorship positions in other companies within the past five years: Vi Holding, LLC.

Denis Sedyshev

Non-Executive Director (not independent within the meaning of Dutch Corporate Governance Code). Elected until: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009. Russian national; age: 40.
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: 2015 Annual General Meeting, with the possibility to be re-elected at that meeting, subject to the AGM's decision.
Date of initial appointment as a member of Vimetco's Board of Directors: June 16, 2009. Russian national; age: 43.
Mr. Sventski has extensive experience in corporate finance, business planning, cash flow and liquidity management. Prior to joining Vi Holding LLC, Mr. Sventski managed and was involved in global financial transactions for over 15 years. Transactions included M&As, restructurings and joint ventures. Mr. Sventski also acted as an advisor in a number of transactions in the debt and equity markets which are related to the metallurgical and energy sector. Mr. Sventski also holds a diploma from the Moscow Aviation Institute (1994) and a master's degree in economics from the Financial and Economic Institute in Moscow, Russia (1997).
Current directorship positions in other companies: Vi Holding, LLC, OJSC 'Torgovy Komplex', Format, LLC. Directorship positions in other companies within the past five years: none.

Appointment

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

Group Management and its Responsibilities

Gheorghe Dobra

Chief Executive Officer of Vimetco N.V., an Executive Member of the Board of Vimetco N.V. and General Manager of Alro S.A. Appointed as Acting CEO of the Company on 29 June 2011, and as CEO of the Company on 16 January 2012.
Mr. Gheorghe Dobra has served as Alro General Manager since 1993. He has been a member of the Board of Directors of Alro S.A. since 1993. Mr. Dobra has 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.
Marian Nastase was appointed Alro's President of the Board on 7 December 2012, after serving as Alro Vice President and Country Manager Romania since 2002. He is the CFO of Vimetco since March 2009. Mr. Nastase is responsible for the Group's operations in Romania and focuses on capital raising and restructuring issues. Prior to joining Alro, he served as Director and Managing Partner at Deloitte & Touche, Romania. He holds a degree in economics from the Academy of Economic Studies in Bucharest. Mr. Nastase is a member of several professional societies in Romania, including the National Association of Experts in Corporate Recovery, the National Association of Authorised Valuators and the Romanian Association for Energy Policies.

Pavel Machitski

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

Frank Mueller

Mr. Frank Mueller has been the Managing Director for production and development of value-added products of the Company since June 2011. Mr. Frank Mueller was appointed Alro's Vice President of the Board on 7 December 2012. Mr. Frank Mueller has left the Group as of July, 2014.

Hong'en Zhang

Chairman of the Board of directors at Henan Yulian Energy Group Co., Ltd
Hong'en Zhang has served as Chairman of the Board of directors at Henan Yulian Energy Group Co., Ltd since 2007 and as Chairman of Henan Zhongfu Industrial Co., Ltd. between 1993 and 2007.
From 1981 to 1993, Mr. Zhang served as factory manager at the Gongyi City Power Plant. Mr. Zhang is a deputy Head of Nonferrous Metals Society of China. He is a member of the Chinese Communist Party and serves on the Gongyi City People's Congress Standing Committee. In 2008, Mr. Zhang has been elected as a deputy to the National People's Congress (NPC), the highest organ of state power in China. In 2013, Mr. Zhang has been elected to represent Henan province as a deputy to the 12-nd National People's Congress (NPC). He holds a law degree from Zhongnan University of Economics and Law, Wuhan City, and an EMBA Degree from Tsinghua University, Beijing.

He HuaiQin

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

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

Responsibilities and functioning of the Board of Directors

The function of the Board of Directors is to supervise the policy of the Group Management and the general course of events in the Company and its business, as well as to provide advice to the Group Management.
The Non-Executive directors of the Board actively took part in the work of the Board both by way of personal attendance of the meetings and with the use of teleconferences (in cases when personal attendance was not possible). Along with the Executive members of the Board they discussed issues of the agenda of the Board meetings and received regular reports from the managers. Having made an evaluation of each of the members of the Board, they have given positive references in respect of their work and the work of the Board committees in 2014.
The evaluation of the functioning of the members of the Board and the Board committees has taken place in the course of the appointment and re-appointment of the members of the Board at the Annual General Meeting of Shareholders in 2014 and nomination of candidates to the Board for new terms at the Annual General Meeting of Shareholders in 2015.
The Board of Directors has two standing committees: the Audit Committee and the Remuneration Committee. The

organisation, powers and modus operandi of the Board of Directors are detailed in the Board Rules. The division of tasks among the members of the Board, more specifically the tasks, rights and obligations entrusted by the Board to the Executive members of the Board, are detailed in the Framework Document.

Board Committees

Audit Committee

Vimetco's Audit Committee is comprised of Mr. James Currie (chairman), Mr. Vitaliy Machitski and Mr. 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 2014 to review and discuss half year and annual financial reports of Vimetco with participation of Vimetco's external auditors – Ernst & Young Accountantd 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. Vitaliy Machitski and Mr. James Currie. They meet at least twice annually. The role of the Remuneration Committee is to establish and control the internal practices and rules developed with regard to financial compensation for the members of Vimetco's Board of Directors, Senior Management and other key employees. They advise the Board of Directors on the remuneration of the Management, including the fixed remuneration, incentive schemes to be granted and other variable remuneration components as well as the performance criteria and their application. In the course of 2014, the members of the Remuneration Committee met during the meetings of the Board to discuss issues on how the remuneration policy was implemented in the past financial year. The Remuneration Committee also discussed the relationship base pay versus variable pay for the staff of Vimetco Group.

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

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

The Remuneration Policy also intends to improve the performance of the Company, to enhance its value and to promote its long-term growth. The remuneration policy is published on the Company's website. During 2014, 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 2014 was of USD 1,909 thousand in salary and pension contributions. In 2013, the total compensation amounted at USD 2,127 thousand in salary and pension contributions. No bonuses were paid to the members of the Board of Directors during 2013 and 2014.
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.

USD '000

Directors	Gross periodical remuneration (salary and directors' fee)	Bonus	Pension contributions	Distributions made on termination of the employment	Total
B. Ciobotaru	152	-	-	-	152
J. Currie	132	-	-	-	132
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
P. Machitski	540	-	58	-	598
M. Nastase	517	-	56	-	573
Gh. Dobra	351	-	71	-	422
Total	**1,724**	**-**	**185**	**-**	**1,909**

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 2014 no RSUs or options to purchase GDRs were granted by the Company under the ICS. The package of awards is linked to the performance of the Group as measured by its EBITDA. The purpose of the ICS is to retain senior management and to lend incentive to deliver strong profits in the future. All GDRs allocated through the ICS are subject to a pre-emption right in favour of Vimetco. Shares or GDRs acquired through the ICS are not subject to any blocking or vesting conditions. However, employees holding shares/ GDRs acquired through the ICS are required to vote on the occasion of a Vimetco Shareholders' Meeting in line with any recommendations made by the Board of Directors. This restriction forfeits if the shares/ GDRs are sold or otherwise transferred by the employee.

Shareholdings of the members of the Board on 31 December 2012

Name Number of shares/GDRs in Vimetco

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

[1] None of these shares have been granted as a part of the incentive compensation scheme (For further details please see page 88, Note 19 and page 126, Note 16).

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 annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code (the 'Code') pertaining to the management board, and should they not apply them, to explain why. The Code stipulates that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy of a company and endorses such company's explanation for any deviation from the best practice provisions, the company will be deemed to have applied the Code. Vimetco acknowledges the importance of good corporate governance and its Board of Directors has taken and will take any further steps it considers appropriate to implement the Code. Thus, to comply with the best practice provisions of the Code the following internal documents recommended by the Code have been adopted by the Board of Directors in 2009-2010: Whistleblower Rules - to ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature within the company to the chairman of the Board of Directors or to an official designated by him, without jeopardising their legal position; Code of professional conduct– to have an additional instrument of the internal risk management and control system; Profile for the Non-Executive members of the Board – to determine composition of the Non-Executive members of the Board, taking into account 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 its certain authorities of administrative nature to Mr. Bogdan Ciobotaru. The authorities delegated to Mr. Ciobotaru include: preparation of documentation for holding of the Company's Board of Directors meetings; obtaining of proposals to and/or approvals in respect of their agenda from the members of the Board; opening and conduct of the meetings of the Board in absence of the Chairman of the Board etc.
– Internal Audit: in view of its size, Vimetco has decided to not yet create its own internal audit department. Having periodically reviewed the need for an internal auditor, the Audit Committee confirms its position, which is supported by the Board of Directors, that there is no need for an internal auditor to date.

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

- Beijing Enterprises Water Group Limited (Listed on the Main Board of the Stock Exchange of Hong Kong); and
- OP Financial Investments Limited (Listed on the Main Board of the Stock Exchange of Hong Kong). Vimetco is of the opinion that Mr. Zhang's long-standing experience, expertise and reputation make him an important addition to the Board, being in the best interests of Vimetco, notwithstanding that Mr. Zhang holds directorship positions at other listed companies as indicated above.

Dutch Civil Code

Vimetco is not 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.

LSE Model Code

Vimetco has adopted a Share Dealing Code pertaining to the GDRs (and the shares represented thereby) which is based on, and is at least as rigorous as, the Model Code published in the Listing Rules of the London Stock Exchange and complies with the Policy Guidelines recommended by the AFM. The code adopted applies to the members of the Board of Directors and other relevant employees of the Group.

Risks & Risk Management

Vimetco's operations are power - and raw material-intensive and depend upon ensured supplies of energy – especially electricity – and alumina. International commodities markets set the prices paid for aluminium, which means that producers cannot necessarily pass on to customers any increases in the prices they pay for raw materials. Consequently, the availability of electricity and raw materials at commercially viable prices has a direct impact on profitability. The Group developed its strategy of vertical integration to secure future profitability and to reduce the impact of the major risks to the Company's result. In accordance with its corporate strategy, Vimetco is integrating key aluminium assets throughout the entire value - creation chain into its business, including production facilities for power generation and raw materials. The Company also uses sophisticated risk management techniques to control its raw material and energy costs. The following are the main risks related to the Company's business and strategy and should be read carefully when evaluating Vimetco's business, its prospects and the forward looking statements set out in the annual report. The following risks are not the only risks to Vimetco's business and strategy. Other risks which the Board of Directors currently deems immaterial or of which the Board of Directors is currently unaware may adversely affect Vimetco's business in the future. Reference is also made to Note 27 to the Consolidated Financial Statements.

Aluminium – cyclical

Vimetco's results depend on the market for primary aluminium, a highly cyclical commodity affected by global demand and supply conditions. The price of aluminium has historically been volatile and subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty, the overall performance of global and regional economies, currency fluctuations and speculative actions. Moreover, the market for primary and processed aluminium is global and highly competitive. There is an ongoing trend towards consolidation among Vimetco's major competitors. These industry developments combined with excess production capacity, continued to exert in 2014 and may in the future continue to exert, downward pressure on the prices of aluminium and certain aluminium products. Further reduction in prices of aluminium and certain aluminium products could adversely impact Vimetco's cash flow, turnover and profits.

Energy prices

Energy costs are rising more quickly in Europe, partly as a result of the introduction of the EU Emissions Trading Scheme (EU ETS), which was launched in January 2005 to reduce European greenhouse gas emissions. Energy costs are expected to continue to increase over the coming years, in part due to compliance costs related to existing regulations, such as the EU ETS, and new environmental, health and safety laws and regulations, whether at the national or international level. China has and continues to face major power supply deficits, primarily due to soaring energy demand driven by rapid economic growth, which is outstripping generating capacity. In Romania, the energy price has increased significantly and may continue to increase due to a taxation system related to green certificates costs. All these could adversely impact Vimetco's cash flow, turnover and profits. Vimetco has taken steps to ensure energy independence, in China, through the construction of its own power generating plants, in the country.

Bauxite and alumina procurement synergies

Alumina is the principal material used to produce aluminium, while bauxite is the raw material from which alumina is refined. Although Vimetco has acquired a bauxite mine, the Company still depends on a limited number of alumina suppliers. The increasing costs of and disruptions to the availability of raw materials have a major impact on Vimetco's profitability. Disruptions may require Vimetco to purchase alumina on the spot market on less favourable terms than under its current supply agreements. Such purchases of alumina could adversely impact Vimetco's cash flow, turnover and profits. To ward off this eventuality, the Group is considering capitalizing on the strategic synergies of its Romanian and Chinese operations through the integration of its raw material procurement functions. Vimetco's potential internal production of alumina from bauxite mined in Sierra Leone could remove some concerns about cost and availability of alumina. In 2012, Sierra Mineral Holdings 1 Ltd. (SMHL) has signed an updated Mining Lease Agreement (MLA) with the Government of Sierra Leone. Under this agreement the Company's Mining Lease of 321 square km in the Mokanji area of Sierra Leone was granted for a period of 20 years from the effective date, while the perimeters remain the same.

Emerging markets – potential and risks

While Vimetco's main production operations are located in emerging markets with above average growth potential, the markets also come with higher risks and uncertainties than in more developed countries. Vimetco's operation of its bauxite mine in Sierra Leone carries with it its own set of risks and challenges associated with its presence in an African country, where politically induced risks tend to be higher than in other areas of the world. The Group's operations could potentially be affected by a strengthening of existing regulations or the introduction of new regulations, laws and taxes. The Group also depends on the continuing validity of its licenses, the issuance of new licenses and compliance with the terms of its licenses in Romania, China and Sierra Leone.

Hedging policy (FX and aluminium price risk)

Aluminium prices are denominated in USD while the Group's production is located outside the USA, subjecting Vimetco to foreign exchange rate fluctuations. Furthermore, the prices of many of the raw materials used depend on supply and demand relationships on a global scale and are thus subject to continuous volatility. The Group makes prudent use of derivative financial instruments to mitigate the risk of changes in the price of aluminium and foreign exchange rate fluctuations. While doing so, Vimetco follows a conservative hedging policy.

Liquidity and interest rate risks

Vimetco's borrowing capacity may be influenced and its financing costs may fluctuate due to, among others, the rating of Vimetco's debt. In order to mitigate the liquidity risk, Vimetco has raised several credit facilities from different banks or syndicates of banks. Some of the facilities are on a long term basis, used for financing the Group's investments; others are on short term for working capital needs. The Group's net debt decreased in 2014 by 2% to USD 2,531 million (2013: USD 2,594 million). The external financing allowed Vimetco to pursue its vertical integration strategy, most importantly through the expansion of capacity in China. As a result of the increase in total debt, there has been a corresponding increase in Vimetco's interest rate risk. Approximately 65% of the debt capital consists of variable interest rate loans. If interest rates had been 100 basis points higher/ lower and all other variables held constant, the Group's profit for the year ended 31 December 2014 would have decreased/ increased by USD 13 million (2013: USD 14 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 1,417 million of the debt capital is repayable in less than one year. There is a risk that Vimetco may have to refinance these loans at higher interest rates upon their expiration.

Credit risk

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

Cash flow

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

Annual declaration on risk management and control systems

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

budgeting system with an annual budget approved by the Board of Directors, which is regularly reviewed and updated. The Board of Directors has assessed and considered the Company's internal risk management and control systems, and deem such systems adequate, effective and sufficient in light of the Company and its operations.
Vimetco supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:
In view of the foregoing, the Board of Directors believes that: – the internal risk management and control systems in respect of financial reporting provide a reasonable assurance that the financial reporting does not contain any material errors; – the risk management and control systems in relation to the financial reporting have worked properly in 2014; – there are no indications that the risk management and control systems in relation to the financial reporting will not work properly in 2015; – 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 2014:

- 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 2014, Vimetco entered into a number of non-material related party transactions. These transactions were entered into at arm's length and under customary market terms. For more information about related party transactions please refer to Note 25 'Related party transactions' to the consolidated financial statements of the Company.

Auditors

Having in view the corporate governance rules and for securing high standards of independence and objectivity, the Company has carried out in 2013 a tendering process for selecting a new auditor. Following this process EY was appointed as the Company's auditor, having replaced Deloitte Accountants B.V. In 2014 and 2013, the following amounts were paid for audit services and non-audit services to the auditor (USD thousand):

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**

2013	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit annual	93	729	822
Other audit services	-	237	237
Non-audit services	-	6	6
Total	**93**	**972**	**1,065**

Annual Report 2014

This Annual Report and the 2014 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 2014 financial statements included in this Annual Report. This Annual Report is signed by all members of the Board of Directors, on 27th of April 2015 , in Amsterdam, The Netherlands.

Outlook for 2015

In 2015, the Group will continue to monitor the activity and the evolution of the aluminium prices on international markets, in order to take the appropriate measures so as to maintain its global competeviveness.

Although the international aluminium market remains an extremely challenging environment, Vimetco is committed to its long-term investment strategy and one of its major objectives continues to be securing all the necessary raw materials in order to ensure vertical integration and the sustainability of the business, thus managing to consolidate its position in the markets where it operates. Vimetco is focused on increasing its competitiveness and in order to achieve this objective, will continue to focus on improving efficiency by upgrading equipment and by investing in training programmes for its employees.

Some improvements in the LME aluminium prices were noticed from June 2014 onwards, after a long period of fluctuation around 1,700 USD/tonne, and the second half of 2014 began with higher prices that even broke the ceiling of 2,000 USD/tonne. However, the aluminium market remained a fragile environment and the LME level started to decline again by the end of the year. Vimetco management is permanently monitoring its costs and the evolution of external factors such as the aluminium price (both on LME and SME), eco-taxes legislation (in Romania), environmental legislation in China, and the evolution of its Sierra Leone segment, in order to adapt to the new conditions and to take any necessary measures, if required.

In 2015, the Group's intention is to maintain stable staff levels. Some increases in total wage 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.

The Group will remain committed to its investment strategy and to achieving its objectives. As such, the Group will make all the necessary efforts to finance its CAPEX needs through a healthy proportion of its own resources and bank financing. The Group's management continues to negotiate with banks on potential new facilities, in order to obtain the most favorable terms.

Vimetco's management is cautiously optimistic regarding the potential to increase the profitability of its business, despite the very challenging external factors that has affected its activity over recent years. The measures implemented to date, including tight cost control, innovations and investments in new technologies and the diversification of its range of processed products, will allow the Group to take advantage of market opportunities as soon as the aluminium industry recovers, and will allow it to have a stronger position in case of potential market fluctuation.

Shareholder Information

2014 was the seventh 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 Services Authority (FSA). Contact information of Vimetco's Investor Relations Department can be found at the end of this chapter.

The GDR's price increased, in 2014, from a low of USD 0.1, at the beginning of January, to a maximum of USD 0.35 for a few days in February and in July, the average for 2014 being of USD 0.27. This appreciation was in line with the general trend registered on the main stock exchanges during 2014.

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 2014 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 2014: 29 April 2015
Annual General Shareholders Meeting: 19 June 2015
Half-year report 2015: 26 August 2015

Exchange rates

Average 2014
RON per USD 3.3487
CNY per USD 6.1428

Average 2013
RON per USD 3.3279
CNY per USD 6.1932

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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.

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 2014
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	2014	2013
Sales	3	1,920,162	2,201,119
Cost of goods sold		-1,760,437	-2,125,047
Gross profit		**159,725**	**76,072**
General and administrative expenses	4	-119,336	-129,032
Impairment of property, plant and equipment	9	-13,776	-38,751
Impairment of mineral rights	12	-109,687	-
Gain on disposal of subsidiaries	26	-	2,670
Share of result of associates	14	5,934	1,973
Other income	5	43,910	49,849
Other expenses	5	-21,818	-13,017
Operating result		**-55,048**	**-50,236**
Finance costs	6	-262,232	-263,395
Finance income	6	45,471	96,218
Fair value gains/(losses) from derivative financial instruments	27	-43,989	35,073
Foreign exchange gain/(loss)		-16,356	18,070
Loss before income taxes		**-332,154**	**-164,270**
Income tax	7	66,203	13,898
Loss for the year		**-265,951**	**-150,372**

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	2014	2013
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations		-1,066	-1,464
Income tax on items that will not be reclassified		184	234
Items that may be reclassified subsequently to profit or loss:			
Translation adjustment		-40,976	24,997
Gain / (loss) on cash flow hedges		-4,738	-1,084
Related income tax		758	174
Amounts of cash flow hedges recycled in income statement		4,780	1,045
Related income tax		-764	-167
Other comprehensive income / (expense) for the year, net of tax		**-41,822**	**23,735**
Total comprehensive income / (expense) for the year		**-307,773**	**-126,637**
Loss attributable to:			
Shareholders of Vimetco N.V.		**-155,886**	**-85,269**
Non-controlling interest		**-110,065**	**-65,103**
		-265,951	**-150,372**
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		**-188,618**	**-81,617**
Non-controlling interest		**-119,155**	**-45,020**
		-307,773	**-126,637**
Earnings per share			
Basic and diluted (USD)	8	-0.710	-0.388

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 2014	31 December 2013
Non-current assets			
Property, plant and equipment	9	2,882,389	2,895,189
Intangible assets	10	4,363	6,597
Goodwill	11	191,143	195,688
Mineral rights	12	401,297	525,586
Land use rights	13	68,977	57,429
Investments in associates	14	72,375	43,001
Derivative financial instruments asset, non-current	27	22,501	33,824
Deferred tax asset	23	90,568	40,662
Long-term loans to related parties	25	24,429	23,627
Other non-current assets		12,972	14,169
Total non-current assets		**3,771,014**	**3,835,772**
Current assets			
Inventories	15	375,930	415,008
Trade receivables, net	16	120,704	181,970
Accounts receivable from related parties	25	36,283	17,969
Current income tax receivable		1,703	7,437
Other current assets	17	217,845	281,627
Derivative financial instruments asset, current	27	46	13,353
Restricted cash	18	688,797	699,268
Cash and cash equivalents	18	50,456	61,319
Total current assets		**1,491,764**	**1,677,951**
Total assets		**5,262,778**	**5,513,723**

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 2014	31 December 2013
Shareholders' equity			
Share capital	19	27,917	27,917
Share premium		348,568	348,568
Other reserves		-37,302	42,508
Retained earnings		-36,798	8,593
Loss for the year		-155,886	-85,269
Equity attributable to shareholders of Vimetco N.V.		**146,499**	**342,317**
Non-controlling interest		528,247	611,801
Total equity		**674,746**	**954,118**
Non-current liabilities			
Loans and borrowings, non-current	20	962,475	1,323,530
Loans from related parties, non-current	20, 25	201,666	-
Finance leases, non-current	20	244	248
Provisions, non-current	21	15,401	9,757
Post-employment benefit obligations	22	11,072	10,731
Other non-current liabilities		18,219	11,387
Deferred tax liabilities	23	112,177	128,662
Total non-current liabilities		**1,321,254**	**1,484,315**
Current liabilities			
Loans and borrowings, current	20	1,349,283	1,121,604
Loans from related parties, current	20, 25	67,409	209,584
Finance leases, current	20	110	200
Trade and other payables	24	1,816,946	1,721,961
Accounts payable to related parties	25	11,156	5,953
Provisions, current	21	12,443	6,778
Current income taxes payable		9,414	9,166
Derivative financial instruments liability, current	27	17	44
Total current liabilities		**3,266,778**	**3,075,290**
Total liabilities		**4,588,032**	**4,559,605**
Total shareholders' equity and liabilities		**5,262,778**	**5,513,723**

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 2013	**27,917**	**348,568**	**47,721**	**-4**	**-**
Profit / (loss) for the year	-	-	-	-	-
Other comprehensive income / (expense)					
Translation adjustment	-	-	-	1	-1
Gain / (loss) on cash flow hedges	-	-	-	-948	-
Related income tax	-	-	-	-	152
Amounts of cash flow hedges recycled in income statement	-	-	-	914	-
Related income tax	-	-	-	-	-146
Remeasurements of post-employment benefit obligations	-	-	-	-	-
Income tax on items that will not be reclassified	-	-	-	-	-
Total other comprehensive income / (expense)	**-**	**-**	**-**	**-33**	**5**
Total comprehensive income / (expense)	**-**	**-**	**-**	**-33**	**5**
Non-controlling interests acquired in Henan Zhongfu Industry Co., Ltd.	-	-	-	-	-
Non-controlling interests acquired in Henan Zhongfu Power Co., Ltd.	-	-	-	-	-
Non-controlling interests acquired in Dengfeng City Chenlou Co., Ltd.	-	-	-	-	-
Dividends distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2013	**27,917**	**348,568**	**47,721**	**-37**	**5**
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	-	-
Dividends distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Balance at 31 December 2014	**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
-9,975	**37,742**	**152,442**	**-131,750**	**434,919**	**665,009**	**1,099,928**
-	-	-	-85,269	-85,269	-65,103	-150,372
4,794	4,794	-9	-	4,785	20,212	24,997
-	-948	-	-	-948	-136	-1,084
-	152	-	-	152	22	174
-	914	-	-	914	131	1,045
-	-146	-	-	-146	-21	-167
-	-	-1,315	-	-1,315	-149	-1,464
-	-	210	-	210	24	234
4,794	**4,766**	**-1,114**	**-**	**3,652**	**20,083**	**23,735**
4,794	**4,766**	**-1,114**	**-85,269**	**-81,617**	**-45,020**	**-126,637**
-	-	-12,485	-	-12,485	10,290	-2,195
-	-	1,829	-	1,829	-1,829	-
-	-	-329	-	-329	329	-
-	-	-	-	-	-16,978	-16,978
-	-	-131,750	131,750	-	-	-
-5,181	**42,508**	**8,593**	**-85,269**	**342,317**	**611,801**	**954,118**
-	-	-	-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**

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	**2014**	**2013**
Cash flow from operating activities			
Loss before income taxes		-332,154	-164,270
Adjustments for:			
Depreciation and amortisation		135,889	151,008
Interest and guarantee income	6	-45,423	-95,956
Net foreign exchange losses / (gains)		15,955	-17,305
Disposal of property, plant and equipment	5	7,742	6,999
Disposal of land use rights	5	635	-3,759
(Gain) on disposal of subsidiaries	26	-	-2,670
Impairment of property, plant and equipment	9	13,776	38,751
Impairment of mineral rights	12	109,687	-
Charge / (Release) of provisions	21	11,866	-7,241
Interest and guarantee expense	6	250,306	257,166
Share of result of associates	14	-5,934	-1,973
Effect of derivative financial instruments		25,930	-29,426
Changes in working capital:			
(Increase) / decrease in inventories		26,666	41,549
(Increase) / decrease in trade receivables and other assets		100,966	-35,017
Increase / (decrease) in trade and other payables		107,950	311,484
Income taxes paid		-2,594	-4,532
Interest paid		-234,589	-240,362
Proceeds / (payments) from derivatives, net		-4,625	3,367
Net cash generated / (used) by operating activities		**182,049**	**207,813**

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	2014	2013
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		-168,529	-350,595
Proceeds from sale of property, plant and equipment		4,314	8,859
Proceeds from sale of land use rights		-	4,844
Acquisition of associates	14	-	-547
Proceeds from sale of subsidiaries, net of cash disposed	26	-	-2,066
Sell of shares in subsidiaries		28,401	-
Sale / (acquisition) of available-for-sale financial assets	17	-	4,844
(Increase) / decrease in restricted cash		6,619	16,385
Interest received		31,443	32,823
Net cash used in investing activities		**-97,752**	**-285,453**
Cash flow from financing activities			
Proceeds from loans		1,451,758	1,232,145
Repayment of loans		-1,543,129	-1,257,226
Dividends paid		-	-16,990
Net cash generated/ (used) by financing activities		**-91,371**	**-42,071**
Net increase / (decrease) in cash and cash equivalents		**-7,074**	**-119,711**
Cash and cash equivalents at beginning of year		**61,319**	**177,774**
Effect of exchange rate differences on cash and cash equivalents		-3,789	3,256
Cash and cash equivalents at end of year		**50,456**	**61,319**

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

Notes to the Consolidated Financial Statements

1. Organisation and nature of business

Vimetco N.V. (“the Company”) was established on 4 April 2002 as a limited liability company and its registered office is located at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands. Vimetco N.V. is listed on the London Stock Exchange since 2 August 2007. The Company and its subsidiaries (collectively referred to as “the Group”) are a global, vertically integrated producer of primary and processed aluminium products. The aluminium operation in Romania has its customers primarily in Central and Eastern Europe.

Since October 2006, the Group expanded to China through the investment in Everwide Industrial Limited (“Everwide”), which is involved in the production of aluminium and energy, as well as in the coal mining activity. Everwide was acquired fully in June 2007.

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

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

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

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

The Group’s 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 Consolidated Financial Statements were authorised for issue by the Board of Directors on 27 April 2015.

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 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 the year ended 31 December 2014 show that the Group generated a loss for the year of USD 265,951 (2013: USD 150,372) with the current liabilities exceeding the current assets by USD 1,775,014 (2013: USD 1,397,339).

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 2015, in particular in its Chinese segment which is highly leveraged. 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 2014 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 2014:

- IFRS 10 *Consolidated Financial Statements* (IFRS 10), adopted by the EU on 11 December 2012. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* (IAS 27) and SIC 12 *Consolidation-Special Purpose Entities*. IFRS 10 revises the definition of control and provides extensive new guidance on its application. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Directors have reviewed its control assessments in accordance with IFRS 10 and have concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group’s investees held during the period or comparative periods covered by these financial statements.

- IFRS 11 *Joint Arrangements* (IFRS 11), adopted by the EU on 11 December 2012. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* (IAS 31) and SIC 13 *Jointly Controlled Entities– Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31’s option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. IFRS 11 has no material impact on the consolidated financial statements since the Parent and the consolidated subsidiaries are not a party to any joint arrangements.

- IFRS 12 *Disclosure of Interests in Other Entities (IFRS 12)*, adopted by the EU on 11 December 2012, requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. IFRS 12 disclosures are provided in Notes 14, 26 and 30.

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

- IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011), adopted by the EU on 11 December 2012. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 *Investments in Associates*, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. IFRS 28 had no material impact on the consolidated financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities*, adopted by the EU on 20 November 2013. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separated financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The investment entities amendments has had no effect on the Group's consolidated financial statements as the Parent is not an investment entity.

- Amendments to IFRS 10, IFRS 11 and IFRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance*, adopted by the EU on 4 April 2013. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". These amendments have had no effect on the consolidated financial statements.

- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*, adopted by the EU on 13 December 2012. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The application of these amendments to IAS 32 has had no impact on the Group's consolidated financial statements as the Group does not have any offsetting arrangements in place.

- Amendments to IAS 36: *Recoverable Amount Disclosures for Non-Financial Assets*, adopted by the EU on 19 December 2013. The amendments require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The application of these amendments to IAS 36 results in more disclosures being made with regard to measurement of impaired assets.

- Amendments to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*, adopted by the EU on 19 December 2013. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The application of these amendments to IAS 39 had no impact on the Group's consolidated financial statements.

- IFRIC 21 *Levies*, adopted by the EU on 13 June 2013 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. This interpretation had no impact on the Group's consolidated financial statements as the Group has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

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. IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. This standard introduces new requirements for the classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. 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), not yet adopted by the EU. This standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. 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 2017), 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.

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. 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 issues that have arisen in the context of applying the consolidation exception for investment entities. 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), not yet adopted by the EU. 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), not yet adopted by the EU. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments make certain clarifications in relation to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The directors expect that the adoption of the amendments will affect the presentation and disclosures included in the consolidated financial statements.

- 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), not yet adopted by the EU. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. 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 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. Bearer plants will now be within the scope of IAS 16 *Property, Plant and Equipment* and will be subject to all of the requirements therein. The directors do not expect these amendments to have material impact on the consolidated financial statements.

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after 1 July 2014), adopted by the EU on 17 December 2014. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The directors 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), not yet adopted by the EU. The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. 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* and clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition';
  - IFRS 3 *Business combinations* and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32 *Financial instruments: Presentation*. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss;
  - IFRS 8 *Operating segments* which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported;
  - IFRS 13 *Fair value* which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial. As the amendment do not contain any effective date, they are considered to be immediately effective. This amendment to IFRS 13 has no impact on the Group;
  - IAS 16 *Property, plant and equipment* and IAS 38 *Intangible assets* are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model;
  - IAS 24 *Related party disclosures* is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

- Annual Improvements 2011-2013 Cycle (effective for annual periods beginning on or after 1 July 2014), adopted by the EU on 18 December 2014. The improvements are not expected to have a material impact on the Group. 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.

- Annual Improvements to IFRSs 2012–2014 Cycle (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. 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, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale';
  - IFRS 7 *Financial instruments: Disclosures*. There are two amendments:
    - Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters;

  - Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7 *Disclosure – Offsetting financial assets and financial liabilities* is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective;
- IAS 19 *Employee benefits*. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented;
- IAS 34 *Interim financial reporting*. The amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

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 judgements 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 straigh 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, eg revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals.

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

2.27 Financial instruments

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

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

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

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 borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity instruments

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

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

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

Other financial liabilities

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

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 judgements and key sources of estimation uncertainty

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

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

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

i) Impairment of 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 3,357,026 (2013: USD 3,484,801).

The carrying amount of goodwill at the end of the reporting period was USD 191,143 (2013: USD 195,688).

Details of the impairment test calculations are presented in Note 11 and Note 12.

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. During the current year, the Group's management determined that the useful life of certain equipments can be extended as it is considered they can be used for a longer period of time. The financial effect of this reassessment is to decrease the depreciation expense in the current financial year by the amount of USD 21,715.

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 proivsion, assumptions and estimates are made in relation to discount rates, inflation rates, effective costs of works to be performed and the expected timing of these costs. See note 21 for further details.

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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has USD 116,439 (2013: USD 109,961) of unrecognised tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Given the uncertainties surrounding the timing and amounts of future taxable profits available to offset tax losses, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 116,439. 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 judgement is required in establising fair values. Judgements include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 27 for further disclosures.

3. Segment information

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

The Chinese operations are located in Gongyi, Zhengzhou, Linzhou 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.

in USD '000, except share and per share data

The Group's operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary aluminium and processed aluminium. After the acquisition of Sierra Leone operations by Alum S.A., this component was aggregated and presented within the 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 2014 and 2013 were as follows:

	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

in USD '000, except share and per share data

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

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:

	2014	2013
China	1,290,529	1,585,508
Romania	117,854	107,736
Other European Union countries	421,929	420,760
Other European countries	50,580	48,322
USA	19,899	18,433
Other countries	19,371	20,360
Total	**1,920,162**	**2,201,119**

in USD '000, except share and per share data

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

	2014	2013
Primary aluminium	1,253,479	1,574,972
Processed aluminium	450,805	428,691
Coal	75,515	47,175
Other products	140,363	150,281
Total	**1,920,162**	**2,201,119**

Segment assets and liabilities at 31 December 2014 and 2013 are as follows:

	China	Romania	Reconciliation to Group	Total
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**
31 December 2013				
Investments in associates	43,001	-	-	**43,001**
Other non-current assets allocated	3,400,027	392,935	-191	**3,792,771**
Total assets	**4,865,090**	**646,484**	**2,149**	**5,513,723**
Total liabilities	**4,478,366**	**329,480**	**-248,241**	**4,559,605**

in USD '000, except share and per share data

4. General and administrative expenses

	2014	2013
Personnel costs	-44,299	-49,283
Third-party services	-17,348	-17,019
Depreciation and amortisation	-11,125	-10,368
Taxes other than income taxes	-10,298	-9,207
Marketing and public relations	-4,793	-5,314
Impairment of doubtful receivables (trade and other)	-8,074	-4,064
Other general and administrative expenses	-23,399	-33,777
Total	**-119,336**	**-129,032**

"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	**2014**	**2013**
Investment consideration recovered	-	25,823
Government grants	25,875	12,423
Sale of emission rights	5,283	-
Aged payables written off	4,280	2,848
Net gain on disposal of land use rights	-	3,759
Reimbursements from insurance claims and other compensations	1,661	862
Rental income	3,559	456
Other income	3,252	3,676
Total other income	**43,910**	**49,849**

Investment consideration recovered in 2013 represents the partial return of the consideration that had been paid for the coal mines acquired in China during 2010.

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.

Net gain on disposal of land use rights in 2013 is related to gains on disposal of land use rights in China.

"Other income" includes mainly 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, and various income from services performed.

Comparative figures have been reclassified to conform to the current year presentation. "Aged payables written off", and "Rental income", previously included under "Other income", are now presented as separate line items.

Other expenses	**2014**	**2013**
Idle plants depreciation expenses	-385	-2,053
Net loss on disposal of property, plant and equipment	-7,742	-6,999
Net loss on disposal of land use rights	-635	-
Expenses for claims, penalties and compensations	-7,701	-2,510
Other expenses	-5,355	-1,455
Total other expenses	**-21,818**	**-13,017**

in USD '000, except share and per share data

"Expenses for claims, penalties and compensations" in 2014 include 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.

Comparative figures have been reclassified to conform to the current year presentation. Expenses for claims, penalties and compensations, previously included under "Other expenses", are now presented as a separate line item.

6. Finance costs and income

Finance costs	2014	2013
Interest expense	-230,178	-210,118
Interest expense to related parties (Note 25)	-14,630	-11,653
Finance guarantee expense	-4,589	-34,503
Interest on post employment benefits (Note 22)	-550	-639
Interest from unwinding of provision (Note 21)	-359	-253
Bank charges	-11,926	-6,229
Total finance costs	**-262,232**	**-263,395**

Finance income		
Interest income	31,478	32,342
Finance guarantee income	13,945	63,614
Other financial income, net	48	262
Total finance income	**45,471**	**96,218**

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 25,780 (2013: USD 41,266) based on average interest rate of 7.58% (2013: 7.17%).

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

In 2014, the finance guarantee expense decreased mainly due to an improved financial performance of the guaranteed partners.

Comparative figures have been reclassified to conform to the current year presentation. Interest on post employment benefits and interest from unwinding of provision, previously included in Other financial costs, are now presented separately.

There was no ineffectiveness of cash flow hedges recognised in profit or loss during the years 2014 and 2013. Refer also to Note 27 for further details.

in USD '000, except share and per share data

7. Income tax expense

	2014	2013
Current income tax	-3,116	-21
Deferred income tax (Note 23)	69,319	13,919
Total	**66,203**	**13,898**

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

	2014	2013
Loss before income tax	-332,154	-164,270
Expected weighted average income tax rate for the Group	20.9%	25.1%
Expected income tax (expense) / benefit	69,312	41,284
Non-taxable income	1,985	8,762
Non-deductible expenses	-1,393	-3,679
Capitalisation of previously unrecognised tax losses	21,540	-
Capitalisation of previously unrecognised deferred tax assets	6,144	-
Reversal of previously capitalised tax losses	-4,717	-
Reversal of previously recognised deferred tax assets	-8,945	-21
Current year tax losses not recognised as deferred tax assets	-22,484	-37,792
Utilisation of previously unrecognised tax losses	-49,250	2,758
Adjustments recognised in relation to the current tax of prior years	53,713	2,586
Adjustment to deferred taxes due to change in tax rate	298	-
Total income tax (expense) / benefit	**66,203**	**13,898**

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 decrease of the expected weighted average income tax rate in 2014 is related to the increased weight of Romanian subsidiaries' results into the total result of the group (16% tax rate for Romania).

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

Capitalisation of previously unrecognised tax losses relates to fiscal losses carried forward from previous years by the Vimetco' subsidiaries Alro S.A. in amount of USD 19,733 and by Alum S.A. in amount of USD 1,807, for which the Group recognized a deferred tax asset, as the management believes there will be sufficient taxable profits in future against which these fiscal losses could be used. The future taxable profits of the two mentioned companies have been forecasted on the basis of business-plans prepared by the management, which cover a period of 6 years. The values assigned to the key assumptions and estimates used to measure the taxable profits were based on past experience, external sources of information and management's expectations of market development. As the result of the forecast, the Group expects to use all the prior years' accumulated tax losses to offset its taxable profit by the end of 2018 for Alro S.A. and by the end of 2016 for Alum S.A.

Under the "Adjustments recognised in relation to the current tax of prior years", the amount of USD 51,286 relates 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 statement for which no deferred tax asset was recognised. 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 33,975 were recognised on the line "Utilisation of previously unrecognised tax losses" and an amount of USD 17,393 from the same line 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:

	2014	2013
Loss for the year attributable to shareholders of Vimetco N.V.	-155,886	-85,269
Weighted average number of ordinary shares outstanding during the year	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.710	-0.388

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

in USD '000, except share and per share data

9. Property, plant and equipment

	Land	Buildings and constructions	Plant and machinery	Equipment and vehicles	Assets under construction	Total
Cost						
Balance at 1 January 2013	**24,941**	**824,503**	**2,056,917**	**128,272**	**593,380**	**3,628,013**
Additions	-	4,910	25,072	3,362	386,881	420,225
Acquisition /disposal of subsidiaries (Note 26)	-	-1,316	-1,558	-1,340	-	-4,214
Disposals	-	-9,398	-36,646	-7,753	-	-53,797
Transfers between categories	-	12,143	67,038	3,810	-82,991	-
Translation adjustment	784	25,981	64,872	3,849	23,106	118,592
Balance at 31 December 2013	**25,725**	**856,823**	**2,175,695**	**130,200**	**920,376**	**4,108,819**
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**
Accumulated depreciation and impairment						
Balance at 1 January 2013	**-**	**-249,127**	**-700,709**	**-80,873**	**-**	**-1,030,709**
Charge for the period	-	-36,927	-98,700	-11,976	-	-147,603
Acquisition /disposal of subsidiaries	-	175	355	450	-	980
Disposals	-	7,579	25,099	5,262	-	37,940
Impairment charge for the period	-	-1,738	-31,732	-6	-22,449	-55,925
Reversal of impairment	-	1,985	15,048	141	-	17,174
Transfers between categories	-	4,633	-2,541	-2,092	-	-
Translation adjustment	-	-8,147	-23,785	-3,200	-355	-35,487
Balance at 31 December 2013	**-**	**-281,567**	**-816,965**	**-92,294**	**-22,804**	**-1,213,630**
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**
Net book value						
Balance at 31 December 2013	**25,725**	**575,256**	**1,358,730**	**37,906**	**897,572**	**2,895,189**
Balance at 31 December 2014	**22,712**	**549,293**	**1,298,328**	**34,283**	**977,773**	**2,882,389**

Leased assets included above have a net book value of USD 278 and USD 228 as at 31 December 2014 and 2013 respectively.

As at 31 December 2014 property, plant and equipment with a net book value of USD 1,247,964 (2013: USD 1,255,166) are pledged to secure the borrowings contracted by the Group.

Assets under construction mainly refers to the construction of a deep processing project in China with a balance as at 31 December 2014 of USD 818,057 (31 December 2013: USD 741,793). The new cold-rolling facility in the pilot phase of this project was initiated during 2014. Capital expenditure (additions) includes capitalised interest amounting to USD 25,780 (2013: USD 41,266) based on average interest rates of 7.58% (2013: 7.17%).

The amount of expenditures recognised in the carrying amount of assets under construction at 31 December 2014 was of USD 237,203 (2013: USD 191,633).

In 2014 the amount of USD 124,379, representing depreciation and amortisation was charged to Cost of goods sold (2013: USD 138,587) and USD 11,125 (2013: 10,368) to General and administrative expense.

Impairment charge for the period includes USD 22,698 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 12.

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 10).

On 1 January 2014, the Group revised the useful lives of the fixed assets in accordance with the Management expectations regarding their utilization. As a consequence, the resulting depreciation expense was diminished by USD 21,715 in 2014.

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 2014 amounted USD 65,536 (2013: USD 88,503) excluding intragroup balances. The main assets of the subsidiary are represented by assets under construction with the carrying value as at 31 December 2014 of USD 38,076, investment in subsidiary Henan Zhongfu Aluminium Alloy Co., Ltd. of USD 16,342 and other receivables of USD 9,987. As at 31 December 2014, an impairment of USD 22,722 (2013: USD 22,449) is recognised representing the write-down of assets in course of construction to the recoverable amount. The recoverable amount of USD 37,710 as at 31 December 2014 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. 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 Romania not classified as held for sale with a carrying value at 31 December 2014 of USD 6,778 (at 31 December 2013: USD 5,706).

As at 31 December 2014, an impairment test of the property, plant and equipment for the assets of cash generating unit Alro was carried out. The resulting recovery value of these property, plant and equipment was higher than their net book value, so no impairment expense was recognized. The impairment test was based on a valuation report made by an independent appraiser. The recovery value was determined based on a fair value less costs to sell calculation by using future cashflows extracted from budgets estimated by the management, which cover a period of 6 years, discounted at a rate of 12.7% per annum. The cashflows in perpetuity beyond this period were extrapolated by using a growth rate of 1.5% per annum. The main inputs used in determining the fair value for the cash generating unit are the following: EBITDA margin increasing from 12% in 2015 to 16% in 2020 and remains constant at this value in perpetuity.

in USD '000, except share and per share data

10. Intangible assets

	Exploration assets	Development expenses	Software	Customer relationships	Other intangible assets	Total
Cost						
Balance at 1 January 2013	**3,647**	**3,195**	**4,610**	**10,867**	**3,523**	**25,842**
Additions	-	-	172	-	28	200
Disposals	-	-	-	-	5	5
Transfers from other categories*	-	-	-	-	1,884	1,884
Translation adjustment	-	101	141	336	155	733
Balance at 31 December 2013	**3,647**	**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**
Amortisation						
Balance at 1 January 2013	**-2,268**	**-2,128**	**-3,611**	**-9,070**	**-1,428**	**-18,505**
Additions	-440	-382	-286	-1,216	-187	-2,511
Disposals	-	-	-	-	-5	-5
Transfers from other categories*	-	-	-	-	-495	-495
Transfers between categories	-	-	73	-	-73	-
Translation adjustment	-	-75	-112	-300	-64	-551
Balance at 31 December 2013	**-2,708**	**-2,585**	**-3,936**	**-10,586**	**-2,252**	**-22,067**
Additions	-451	-380	-273	-613	-316	-2,033
Disposals	-	-	-	-	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**
Net book value						
Balance at 31 December 2013	**939**	**711**	**987**	**617**	**3,343**	**6,597**
Balance at 31 December 2014	**562**	**283**	**796**	**-**	**2,722**	**4,363**

*An amount of USD 360 was transferred from Other intangible assets to property, plant and equipment (see also Note 9). In 2013, the Group reclassified to Intangible assets the right of use of a gas pipe with a carrying amount of USD 1,389, presented at 31 December 2012 under Prepayments.

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 1,228 have been expensed in 2014 (2013: USD 11,860) being recognised as General and administrative expenses.

in USD '000, except share and per share data

11. Goodwill

Cost	
Balance at 1 January 2013	451,860
Disposals (Note 26)	-5,228
Translation adjustment	13,142
Balance at 31 December 2013	**459,774**
Translation adjustment	-7,025
Balance at 31 December 2014	**452,749**
Impairment	
Balance at 1 January 2013	-256,249
Translation adjustment	-7,837
Balance at 31 December 2013	**-264,086**
Translation adjustment	2,480
Balance at 31 December 2014	**-261,606**
Net book value	
Balance at 31 December 2013	**195,688**
Balance at 31 December 2014	**191,143**

Impairment tests for goodwill

The goodwill is allocated for impairment testing purposes to the groups of cash-generating units at 31 December 2014 and 2013 as follows (after additions and impairment):

	2014	2013
China	141,484	141,885
Romania	45,060	49,204
Sierra Leone	4,599	4,599
Total	**191,143**	**195,688**

China

In 2014 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 2014.

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 56.33% 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 terms 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 2014 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.

Romania

In 2014 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 segment's management covering a six-year period. Cash flows beyond the six-year period are extrapolated using the estimated growth rates stated below.

in USD '000, except share and per share data

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 and represent management's best estimate of future production. Sales prices were based on the long-term aluminium prices derived from available industry and market sources. Operating costs were projected based on the historical performance adjusted for inflation.

	2014	2013
Discount rate	12.7%	12.8%
Growth rate (average of next six years)	10.1%	9.4%
EBITDA margin (average of next six years)	17.2%	16.3%

The discount rate is the weighted-average cost of capital of the CGU, calculated based on the average unlevered betas of comparable companies within the industry with a cost of equity of 16.4% (2013: 15.5%) and a cost of debt after tax of 4.54% (2013: 4.6%).

Growth rates during the next six 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 six-year period was assumed to increase in line with forecast inflation - 1.5%.

EBITDA margin is the average margin as a percentage of revenue over the six-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 unit operating in 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 nine-year period. The pre-tax discount rate is of 19.1% per annum until 2019, being the estimated period of depletion for measured reserves and of 21.1% per annum thenafter for inferred mineral reserves due to the higher risk or uncertainty (2013: 16.3% and 18.3% respectively). The cash flows beyond that nine-year period have been extrapolated until the year 2029, when the estimated reserves (measured, indicated and inferred) will be used up, applying a 1.5% growth rate (in line with forecasted inflation rate).

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

	2014	2013
Discount rate	19.1%	16.3%
Growth rate (average of next nine years)	6.3%	2.0%
EBITDA margin (average of next nine years)	24.4%	25.0%

The discount rate is the CGU weighted-average cost of capital, calculated based on the average unlevered betas of comparable companies within the industry and using the CGU's debt leverage of 40% (2013: 37%), a cost of equity of 26.9% (2013: 21.9%) and a cost of debt after tax of 7.14% (2013: 6.7%).

Growth rates during the next nine years are based on current contract with Alum reflecting the price in the market for long term contracts.

EBITDA margin is the average margin as a percentage of revenue over the nine-year forecast period. It is based on external analysis and expected future sales volumes and prices.

The estimated recoverable amount of the CGU China exceeded its carrying amount by approximately USD 656,778 (2013: 98,091), of CGU Romania exceeded its carrying amount by approximately USD 533,223 (2013: USD 443,463) and for CGU Sierra Leone by approximately USD 33,525 (2013: USD 24,976). The following table shows the amount by which the key assumptions used for CGU Romania and Sierra Leone would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	Romania	Sierra Leone
Discount rate	25.3%	73.3%
Growth rate	-1.7%	-10.2%
EBITDA margin	10.4%	11.0%

in USD '000, except share and per share data

12. Mineral rights

Cost	
Balance at 1 January 2013	553,560
Additions	34
Translation adjustment	17,126
Balance at 31 December 2013	**570,720**
Additions	394
Translation adjustment	-2,061
Balance at 31 December 2014	**569,053**
Amortisation and impairment	
Balance at 1 January 2013	-31,880
Charge for the period	-12,076
Translation adjustment	-1,178
Balance at 31 December 2013	**-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**
Net book value	
Balance at 31 December 2013	**525,586**
Balance at 31 December 2014	**401,297**

Mineral rights represent the present value of 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.

As part of the annual impairment review of asset carrying values, a charge of USD 109,687 was recorded in relation to mineral rights of the coal mines owned by the Group included in China operating segment (2013: nil). 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") 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 life of mine plans), using assumptions a market participant may take into account. These cash flows were discounted using a post-tax discount rate of 9.8% that reflected current market assessments of the time value of money and the risks specific to the CGU.

Total impairment losses of USD 138,285 (2013: nil), including USD 22,698 impairment recognized on property, plant and equipment (see also Note 9) were recognized in respect of the following coal mines Chenlou, Huixiang, Jinxing and Jinyao. 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 for the four mining companies representing 4 CGUs where impairment was recorded is 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. Following the valuation performed as of 31 December 2014 there was a 29% increase of estimated available coal reserves.

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.

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 31,267, a decrease of coal prices by 10% would result in additional impairment of USD 76,532 and a rise in the discount rate to 10.8% (i.e. +1.0%) would lead to further impairment of USD 18,377.

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

in USD '000, except share and per share data

13. Land use rights

Cost

Balance at 1 January 2013	61,283
Additions	3,045
Disposals	-1,263
Translation adjustment	1,922
Balance at 31 December 2013	**64,987**
Additions	302
Disposals	-777
Transfer from property, plant and equipment	14,226
Translation adjustment	-185
Balance at 31 December 2014	**78,553**

Amortisation

Balance at 1 January 2013	-6,146
Charge for the period	-1,381
Disposals	178
Translation adjustment	-209
Balance at 31 December 2013	**-7,558**
Charge for the period	-2,180
Disposals	142
Translation adjustment	18
Balance at 31 December 2014	**-9,578**

Net book value

Balance at 31 December 2013	**57,429**
Balance at 31 December 2014	**68,977**

During 2014, the Group sold land use rights booking a gain of USD 635 (2013: USD 3,759).

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.

in USD '000, except share and per share data

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 2014 and 2013 are set out below:

Company	Type of investment	Place of business	Nature of activities	2014	2013
Henan Yonglian Coal Industry Co., Ltd.	Associate - equity method	China	Coal mining	20,188	21,020
Datang Gongyi Power Generation Co., Ltd.	Associate - equity method	China	Power generation	3,844	3,858
Datang Linzhou Thermal Power Co., Ltd.	Associate - equity method	China	Power generation	19,069	14,981
Henan Yellow River Heluo Water Supply Co., Ltd.	Associate - equity method	China	Water supply	859	864
Henan Zhongfu Thermal Power Co., Ltd.	Associate - equity method	China	Power generation	3,792	602
Shanghai Bao Shuo Trading Co. Ltd.	Associate - equity method	China	Trading activities	1,698	1,676
Xing Cun Coal Mine Co., Ltd.	Associate - equity method	China	Coal mining	12,290	-
Shang Zhuang Coal Mine Co. Ltd.	Associate - equity method	China	Coal mining	10,635	-
Total associated companies				**72,375**	**43,001**

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:

	2014	2013
Henan Yonglian Coal Industry Co., Ltd	-754	24
Datang Gongyi Power Generation Co., Ltd.	-	-
Datang Linzhou Thermal Power Co., Ltd	4,126	2,309
Henan Yellow River Heluo Water Supply Co., Ltd	-1	-
Henan Zhongfu Thermal Power Co., Ltd	3,180	-360
Shanghai Bao Shuo Trading Co. Ltd.	28	-
Xing Cun Coal Mine Co., Ltd.	-310	-
Shang Zhuang Coal Mine Co. Ltd.	-335	-
Total share of the results of associates	**5,934**	**1,973**

Acquisition of equity interests

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 share and per share data

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	-

2013

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

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

						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
Administrative expenses	-7,454	70	-2,238	-1,059	38	-10,644
Finance costs	-1,757	-17,030	-184	-9	-1,426	-20,406
Profit before tax	**-1,658**	**24,575**	**-436**	**-861**	**-1,126**	**20,494**
Income tax expense	-	-3,279	-	-	-49	-3,328
Profit 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 profit for the year	**-755**	**4,126**	**-310**	**-335**	**3,207**	**5,934**

in USD '000, except share and per share data

	Yonglian Coal	Datang Linzhou	Xing Cun	Shang Zhuang	Other	2013 Total
Current assets	41,181	390,857	-	-	247,897	679,935
Non-current assets	76,707	50,315	-	-	-127,022	-
Current liabilities	54,871	70,179	-	-	419,237	544,287
Non-current liabilities	16,325	293,100	-	-	-309,425	-
Equity	**46,692**	**77,892**	**-**	**-**	**11,064**	**135,648**
Group's carrying amount of the investment	**21,020**	**14,981**	**-**	**-**	**7,000**	**43,001**
Revenue	27,705	169,675	-	-	6,341	203,722
Cost of sales	-18,016	-139,124	-	-	-6,066	-163,206
Administrative expenses	-7,921	254	-	-	315	-7,352
Finance costs	-1,292	-18,796	-	-	-1,810	-21,898
Profit before tax	**477**	**12,009**	**-**	**-**	**-1,220**	**11,266**
Income tax expense	-206	-	-	-	0	-206
Profit for the year	**270**	**12,009**	**-**	**-**	**-1,219**	**11,060**
Total comprehensive income for the year	270	12,009	-	-	-1,219	11,060
Group's share of profit for the year	**24**	**2,309**	**-**	**-**	**-360**	**1,973**

No cash was paid for the acquisition of investments in associates during the year (2013: USD 547) and the consideration payable as at 31 December 2014 amounted to USD 23,480.

15. Inventories

	31 December 2014	31 December 2013
Raw and auxiliary materials	138,748	157,420
Work in progress	179,969	185,337
Finished goods	71,233	96,734
Less: Provision for obsolescence	-14,020	-24,483
Total	**375,930**	**415,008**

The movement in the provision for obsolescence is as follows:

	2014	2013
Balance at 1 January	-24,483	-10,932
(Charge) / reversal to cost of goods sold	9,655	-12,981
Translation adjustment	808	-570
Balance at 31 December	**-14,020**	**-24,483**

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

Release to cost of goods sold in the amount of USD 9,655 (charge in 2013: USD 12,981) is related to previously write-downs of inventory to net realisable value, which were sold during the current year.

The cost of inventories recognized as expense and included in ''Cost of goods sold'' amounted to USD 1,186,844 (2013: USD 1,564,640).

in USD '000, except share and per share data

16. Trade receivables, net

	31 December 2014	31 December 2013
Trade receivables	61,406	76,235
Bills of exchange	73,582	111,992
Allowance for doubtful receivables	-14,284	-6,257
Total	**120,704**	**181,970**

The Group's exposure to concentration of credit risk at 31 December 2014 remained at a similar level to the end of 2013. As at 31 December 2014, the highest four trade receivables balances accounted for approximately 49% (2013: 52%) of the net trade receivable balance (excluding bills of exchange). The total balance for these four debtors is USD 22,900 (2013: USD 36,700).

Bills of exchange include USD 64,665 (2013: 95,889) bills receivable discounted with recourse.

In 2014 and 2013 there was no client that individually 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 2014 amounted to approximately USD 138,283 (2013: USD 113,600) of which approximately USD 69,333 (2013: USD 61,900) 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:

	2014	2013
Balance at 1 January	-6,257	-2,068
Increase through income statement	-8,166	-4,150
Release through income statement	92	86
Translation adjustment	47	-125
Balance at 31 December	**-14,284**	**-6,257**

The receivables' ageing is provided below:

	31 December 2014	31 December 2013
Not past due and not impaired	93,743	67,945
Past due but not impaired	26,961	114,025
Past due and impaired	14,284	6,257
Less: Allowance for doubtful receivables	-14,284	-6,257
Total	**120,704**	**181,970**

in USD '000, except share and per share data

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

	31 December 2014	31 December 2013
Up to 3 months	13,996	88,430
3 to 6 months	316	14,219
Over 6 months	12,649	11,376
Total	**26,961**	**114,025**

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

Ageing of impaired trade receivables:

	31 December 2014	31 December 2013
Up to 3 months	-	-
3 to 6 months	-	530
Over 6 months	14,284	5,727
Total	**14,284**	**6,257**

17. Other current assets

	31 December 2014	31 December 2013
Advances to suppliers	97,676	166,224
VAT receivable	53,590	54,425
Prepayments	2,005	1,320
Other debtors	67,476	63,152
Impairment of doubtful debtors	-7,411	-7,414
Available for sale financial assets	1,471	328
Other current assets	3,038	3,592
Total	**217,845**	**281,627**

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

in USD ‘000, except share and per share data

18. Cash and cash equivalents

	31 December 2014	31 December 2013
Cash at banks	50,160	61,039
Cash in hand	296	280
Cash and cash equivalents	**50,456**	**61,319**

Restricted cash includes mainly:

- USD 675,474 (2013: USD 646,912) pledged to banks to guarantee repayments of bills of exchange issued by the Group;

- USD 12,353 (2013: USD 52,356) pledged under the provisions of loan agreements by several companies in the Group.

19. Share capital

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

	2014	2013
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 2014 (2013: nil).

in USD '000, except share and per share data

20. Borrowings and leasing

	31 December 2014	31 December 2013
Long-term borrowings		
Long-term bank loans	854,895	929,531
Less: Short-term portion of long-term bank loans	-337,007	-135,607
Bank loans	*517,888*	*793,924*
Other loans	201,877	125,905
Corporate bonds	242,710	403,701
Bank and other loans	*962,475*	*1,323,530*
Loans from related parties (Note 25)	201,666	-
Finance leases	244	248
Total long-term borrowings	**1,164,385**	**1,323,778**
Short-term borrowings		
Short-term bank loans and overdrafts	469,421	577,306
Short-term portion of long-term bank loans	337,007	135,607
Bank loans and overdrafts	*806,428*	*712,913*
Other loans	293,582	397,180
Corporate bonds	249,273	11,511
Bank loans, overdrafts and other loans	*1,349,283*	*1,121,604*
Loans from related parties (Note 25)	67,409	209,584
Finance leases	110	200
Total short-term borrowings	**1,416,802**	**1,331,388**
Total borrowings	**2,581,187**	**2,655,166**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted with recourse at banks in amount of USD 64,665 (2013: 95,889); for other details please see also Note 16.

Bank borrowings mature until 2023 and bear interest at annual interest rates between 0.65% for EUR and 15.00% for SLL (Sierra Leone Leones) (2013: between 0.73% for EUR and 13.00% for CNY).

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

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

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

As at 31 December 2014, some of the Group companies were in breach of some of the covenants in respect of its borrowings. The Group subsidiaries discussed the situation with the banks and received the necessary waivers in due time. A breach of covenant in respect of a liability that entitles the creditor to require repayment at a future date within one year of the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

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. 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 2014**	**31 December 2013**
2011 bonds issue	15.83	14.60
2012 bonds issue	16.30	15.84

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 are not listed and they have short term maturity.

Fair value	**31 December 2014**	**31 December 2013**
2011 bonds issue	237,465	219,000
2012 bonds issue	163,016	158,400
2014 bonds issue	73,157	-
Total fair value	**473,638**	**377,400**
Carrying amount	**491,983**	**415,212**

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 bonds issue belongs to the level 3 of the fair value measurement hierarchy.

Bank and other borrowings include secured liabilities of USD 1,452,214 (2013: USD 1,162,310). These borrowings are secured by tangible assets of the Group in the amount of USD 1,247,964 (2013: USD 1,255,166) (Note 9), by inventory amounting to USD 121,089 (2013: USD 141,984), by 51% (2013: 51%) of the shares of Alro, by 47.49% (2013: 46.90%) 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 2014 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 Company has estimated the fair value of the other borrowings, which is presented in the table below:

	31 December 2014	**31 December 2013**
Fair value of borrowings and leasing (others than bonds)	2,077,647	2,239,954
Carrying amount of borrowings and leasing (others than bonds)	2,089,204	2,239,954

As at 31 December 2014 the Group had no undrawn borrowing facilities (31 December 2013: USD 6,547).

As at 31 December 2014 the Group had a revolving facility meant for issuing letters of credit and letters of guarantee, with the ceiling of USD 12,157. At 31 December 2014, USD 4,806 were unused from this facility (31 December 2013: USD 10,358).

in USD '000, except share and per share data

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

	31 December 2014	31 December 2013
Lease installments falling due:		
Within 1 year	124	215
1 to 5 years	263	268
After 5 years	-	-
Total lease installments	**387**	**483**
Less: Future finance charges	-33	-35
Present value of lease obligations	354	448
Thereof:		
Short-term finance lease obligations (less than 1 year)	110	200
Long-term finance lease obligations (1 to 5 years)	244	248

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 278 (31 December 2013: USD 228).

21. Provisions

	Provision for land restoration	Provision for litigations	Other provisions	Total
Balance at 1 January 2013	**4,614**	**2,404**	**13,686**	**20,704**
Additional provisions recognised	2,288	-	9,458	11,746
Release of provision	-	-20	-	-20
Utilisation	-	-	-16,677	-16,677
Unwinding of discount	253	-	-	253
Translation adjustment	143	75	311	529
Balance at 31 December 2013	**7,298**	**2,459**	**6,778**	**16,535**
Thereof:				
Current	-	-	6,778	6,778
Non-current	7,298	2,459	-	9,757
Additional provisions recognised	8,347	45	5,120	13,512
Release of provision	-	-61	-	-61
Utilisation	-	-	-1,597	-1,597
Unwinding of discount (Note 6)	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

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).

in USD '000, except share and per share data

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.

The "Other provisions" 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 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.

22. Employee benefits

During 2014 the Group incurred expenses with short term employee benefits (representing wages and salaries and other staff costs) amounted to USD 136,155 (2013: USD 148,352).

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.

In 2014 USD 10,660 were recognized as expense in the income statement (2013: USD 11,031).

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 2014 and 2013 by an 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 2014	31 December 2013
Discount rate (%)	3.85	5.32
Expected rate of salary increase (%)	4.00	4.50
Expected inflation rate (%)	3.00	3.00

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

	31 December 2014	31 December 2013
Current service cost	-521	-681
Interest cost on obligation	-550	-639
Total expense	**-1,071**	**-1,320**

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 share and per share data

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

	31 December 2014	31 December 2013
Balance at 1 January	**10,731**	**7,965**
Included in profit or loss:		
Current service cost	521	681
Interest cost on obligation	550	639
Included in other comprehensive income:		
Actuarial changes arising from changes in demographic assumptions	-10	-
Actuarial changes arising from changes in financial assumptions	986	1,164
Actuarial changes arising from changes in experience adjustments	89	300
Benefits paid	-461	-184
Translation adjustment	-1,334	167
Balance at 31 December	**11,072**	**10,731**

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

	Defined benefit obligation increase / (decrease)	
	2014	2013
Discount rate +1%	-1,153	-1,091
Discount rate -1%	1,363	1,091
Estimated salary increase rate +1%	1,341	1,284
Estimated salary increase rate -1%	-1,157	-1,284
Longevity +1 year	8	5
Longevity -1 year	-5	-5
Employee turnover rate +0.5%	-66	-152
Employee turnover rate -0.5%	67	152

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

The Group expects to make a payment of USD 442 thousand representing benefits to be paid on its defined benefit obligation during the next financial year.

The weighted average duration of defined benefit obligation is 16.6 years.

The following information relates to the maturity profile of the defined benefit obligation at 31 December 2014:

Maturity analysis of undiscounted defined benefit payments	Retirement benefits	Death-in-service benefits	Total
Within 1 year	278	110	388
1 - 2 years	269	122	391
2 - 5 years	1,259	422	1,680
5 - 10 years	3,740	790	4,529
Over 10 years	16,337	2,235	18,572

in USD '000, except share and per share data

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 2014		31 December 2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment	7,468	22,787	7,630	28,124
Intangible assets	6	207	13	154
Mineral rights	-	96,114	-	126,706
Land use rights	17	7,434	-	7,644
Long-term loans receivable granted to subsidiaries	-	17,383	-	-
Inventories	3,498	73	1,757	-5
Trade receivables and other current assets	12,353	116	2,806	229
Provisions and other liabilities	11,558	493	11,911	1,306
Gross deferred tax assets / liabilities	**34,900**	**144,607**	**24,117**	**164,158**
Recognition of tax loss carryforwards	88,098	-	52,041	-
Offset of deferred tax assets and liabilities	-32,430	-32,430	-35,496	-35,496
Net deferred tax assets and liabilities as disclosed in the statement of financial position	90,568	112,177	40,662	128,662
Net deferred (asset) / liability		**21,609**		**88,000**

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

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

	2014	**2013**
Balance at 1 January	88,000	96,273
Charge / (credit) to income statement (Note 7)	-69,319	-13,919
Charge / (credit) to equity	-178	-241
Acquisition/disposal of subsidiaries	-	3,065
Translation adjustment	3,106	2,822
Balance at 31 December	**21,609**	**88,000**

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 2014	**31 December 2013**
China	81,447	68,349
Romania	-	23,593
The Netherlands	15,434	-
Sierra Leone	19,027	17,486
Ghana	531	533
Total	**116,439**	**109,961**

in USD '000, except share and per share data

Tax loss expiring	31 December 2014	31 December 2013
Within 1 year	7,736	509
1 - 2 years	18,063	10,001
2 - 5 years	59,234	59,139
More than 5 years	31,406	40,312
Total	**116,439**	**109,961**

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 13,351 (2013: USD 11,020). The Group has not recognized these deferred tax assets because it was not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of the deductible temporary differences (see Note 7).

24. Trade and other payables

	31 December 2014	31 December 2013
Trade payables	249,051	174,072
Bills of exchange	1,109,376	1,251,417
Liabilities for capital expenditure	109,908	94,110
Customer advances	123,370	31,620
Wages and social security, including taxes	36,055	36,036
Sales and other taxes payable	6,766	4,010
Financial guarantees	2,599	12,036
Other payables	179,821	118,660
Total	**1,816,946**	**1,721,961**

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 59.4% of the shares of the Company. The ultimate controlling entity in respect of 59.40% of the shares in the Company is Maxon Limited (Bermuda).

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

The balances and transactions with related parties are presented below.

Financing from related parties

In 2014 and 2013, the loan from the Parent represents a credit facility granted by Vi Holding N.V. USD 173,000 were drawn down mainly in connection with the financing of capital expenditure in China and the acquisition of Global Aluminium Ltd.

in USD '000, except share and per share data

	31 December 2014	31 December 2013
Related party		
Vi Holding N.V.	208,846	196,695
Associates	60,229	12,889
Total borrowings from related parties	**269,075**	**209,584**
Thereof:		
Short-term portion of borrowings	67,409	209,584
Long-term portion of borrowings	201,666	-

The borrowing payable to Vi Holding N.V. reached its maturity on 31 May 2013 and is subject to interest at LIBOR plus 5.75%. In April 2014 the Company signed an addendum to the loan agreement according to which it has been rescheduled until 31 May 2022.

Interest expense related to the above mentioned borrowings amounted to USD 12,151 (2013: USD 11,575).

Borrowings payable to associates amount to USD 60,229. Interest expense related to these loans amounted to USD 2,479 (2013: USD 78).

Long-term loans provided to related parties	**31 December 2014**	**31 December 2013**
Associates	24,429	23,627

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

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

Goods and services provided to related parties	**2014**	**2013**
Vi Holding N.V.	-	111
Companies under common control	82	81
Associates	112,443	3,848

Goods and services purchased from related parties	**2014**	**2013**
Vi Holding N.V.	-352	-313
Companies under common control	-58,146	-53,109
Associates	-164,711	-
Key management personnel	-	-44
Other	-	-88

Furthermore, the following balances were outstanding:

Trade and other accounts receivable	**31 December 2014**	**31 December 2013**
Vi Holding N.V.	-	-
Companies under common control	50	113
Associates	36,233	17,856
Total	**36,283**	**17,969**

in USD '000, except share and per share data

Trade and other accounts payable	31 December 2014	31 December 2013
Vi Holding N.V.	397	571
Companies under common control	425	384
Associates	9,487	4,839
Key management personnel	17	44
Other	830	115
Total	**11,156**	**5,953**

Management Compensation

Total compensation of the Group's key management personnel included in "General and Administrative Expenses" in the statement of comprehensive income:

	2014	2013
Short-term employee benefits	1,724	1,895
Post-employment benefits	185	232
Total	**1,909**	**2,127**

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 fabourable 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 the related parties were as follows:

	2014	2013
Entities controlled by key management personnel or their close family members	55	26
Benefits paid to close family members of the key management personnel	-	-
Total	**55**	**26**

26. Acquisitions and disposals of subsidiaries

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 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.

in USD ‘000, except share and per share data

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%."

The list of principal subsidiaries is presented in Note 30.

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

					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
Profit before tax	**-68,321**	**-64,181**	**-91,713**	**-39,757**	**-1,721**
Income tax	35,867	7,163	20,331	9,940	125
Profit 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**

in USD '000, except share and per share data

					2013
	Alro	Zhongfu Industry	Dengcao Group	Huixiang Coal	Zhongfu Aluminium Group
	Romania	China	China	China	China
NCI percentage	12.50%	43.89%	69.14%	60.73%	58.49%
Summarised statement of profit or loss and other comprehensive income:					
Revenue	585,438	1,080,312	48,815	19	220,043
Cost of sales	-572,025	-1,091,837	-38,256	-18	-210,057
Administrative expenses	-77,993	-16,618	-11,583	-1,431	-35,600
Other income	1,277	12,574	967	-	142
Finance costs, net	27,268	-58,062	-5,109	-71	135
Profit before tax	**-36,035**	**-73,631**	**-5,166**	**-1,501**	**-25,337**
Income tax	-198	21,481	-1,338	374	-599
Profit for the year	**-36,233**	**-52,150**	**-6,504**	**-1,127**	**-25,936**
Total comprehensive income	**-25,677**	**-22,971**	**1,861**	**1,672**	**-22,509**
Attributable to non-controlling interests	-3,210	-10,083	1,287	1,015	-13,165
Dividends paid to non-controlling interests	-	-2,364	-14,532	-	-
Summarised statement of financial position:					
Non-current assets	402,428	1,876,652	470,936	193,125	85,282
Current assets	242,227	1,283,323	46,562	8,876	85,142
Non-current liabilities	175,062	713,644	75,169	30,324	-
Current liabilities	102,484	1,427,358	183,283	78,988	69,421
Net assets	**367,109**	**1,018,973**	**259,046**	**92,689**	**101,003**
Attributable to non-controlling interests	45,889	447,267	179,109	56,286	59,072
Summarised cash flow information:					
Operating	30,802	88,129	57,304	5,805	40,320
Investing	-28,363	-262,299	4,184	-10,511	-39,465
Financing	-49,631	132,741	-73,020	4,764	-
Net increase/(decrease) in cash and cash equivalents	**-47,192**	**-41,429**	**-11,532**	**58**	**855**

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

2013

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

in USD ‘000, except share and per share data

Consideration

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

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

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

Disposal of subsidiary Shanghai Bao Shuo Trading Co. Ltd.

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

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

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

Transactions between consolidated entities

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

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

in USD '000, except share and per share data

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

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

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

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

Total net cash inflow/(outflow) on acquisition/(disposal) of subsidiaries:	**2014**	**2013**
Sale of shares in Henan Zhongfu Industry Co., Ltd.	28,401	-
Disposal of Henan Jiatuo Coal Distribution Co., Ltd.	-	-1,093
Disposal of Shanghai Bao Shuo Trading Co. Ltd.	-	-973
Net cash outflow on acquisition of subsidiaries	**28,401**	**-2,066**

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 share and per share data

	2014	2013
Total borrowings (Note 20)	2,581,187	2,655,166
Less: cash and cash equivalents (Note 18)	-50,456	-61,319
Net debt	**2,530,731**	**2,593,847**
Total shareholders' equity	**674,746**	**954,118**
Total capital	**3,205,477**	**3,547,965**
Gearing ratio	79%	73%

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 2014	31 December 2013
Cash and bank balances	739,253	760,587
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	22,547	47,177
Derivative instruments in designated hedge accounting relationships	-	-
Held-to-maturity investments	-	-
Loans and receivables	298,171	341,166
Available-for-sale financial assets	4,437	4,453

Financial liabilities	31 December 2014	31 December 2013
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
Designated as at FVTPL	-	-
Derivative instruments in designated hedge accounting relationships	-	44
Amortised cost	4,292,734	4,380,210
Financial guarantee contracts	2,599	12,036

There were no reclassifications between the categories of financial instruments during 2014 and 2013.

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

in USD '000, except share and per share data

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 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**
31 December 2013					
Total monetary assets *	11,555	64,857	165	1,393,632	**1,470,209**
Total monetary liabilities *	18,024	176,001	445,280	3,898,909	**4,538,214**

* 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 2014			
Profit or loss	-76 [1)]	-9,407 [2)]	-18,567 [3)]
Other equity	-	-	-
31 December 2013			
Profit or loss	-647 [1)]	-11,114 [2)]	-44,512 [3)]
Other equity	-	-	-

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

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

In respect of the embedded derivatives related to Romania segment, a paralel upward/downward shift of the RON/USD exchange rate by 10% in the sense of the RON depreciation against USD would decrease the profit or loss account by -USD 123, while in the case of appreciation of RON against USD, the profit or loss account would increase by USD 42 (at 31 December 2013: -USD 6,069 / USD 4,347, 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 2014, approximately 49% of the Group's borrowings are at a fixed rate of interest (2013: 47%).

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 2014 would decrease/increase by USD 13,055 (2013: USD 14,089).

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 and 2013, the Group entered into swap agreements with highly reputable 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 (at 31 December 2013: 3,699 tonnes of highly forecasted sales were hedged against the adverse effect of changes in aluminium price through swap ageements with settlements in 2014, with a negative fair value at that date of USD 44 debited to Equity as a hedging reserve).

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

The following table provides information about the Group's significant cash-settled aluminium fixed-to-floating swap contracts. Contract amounts are used to calculate the volume and average prices to be exchanged under the contracts.

Aluminium	Volume tonnes	Contract fixed price USD	Contract value USD '000 [1]	Fair value USD '000
31 December 2014				
Swap - fixed - to floating [2]	-	-	-	-
Total	**-**	**-**	**-**	**-**
31 December 2013				
Swap - fixed - to floating [2]	3,699	1,826	6,755	-44
Total	**3,699**	**1,826**	**6,755**	**-44**

[1] The notional amount represents the nominal value of contracts at the fixed price specified, but is not a measure of the risk exposure or value.
[2] Floating commodity prices in future periods are based on the benchmark (LME) applicable at the time of the price reset.

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

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 (2013: net loss of USD 1,045).

USD 73 representing realised profit from agreements settled in 2014 (2013: nil), which were not accounted for as hedging intruments, is included under "Finance costs".

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.

in USD '000, except share and per share data

At 31 December 2014, as a result to these changes, 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 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 2014, amounting to USD 43,972 was debited to the profit or loss account, being presented under "Fair value gains/(losses) from derivative financial instruments", (for the year 2013: gain of USD 35,073).

Another USD 22,936 were credited to the statement of profit or loss in 2014 as "energy cost" under "Cost of goods sold" (in 2013: USD 9,013 were debited), being the fair value of the monthly derivative instruments settled during the year.

Summary of the fair value of derivative financial instruments as at 31 December 2014 and 2013:

Assets	**31 December 2014**	**31 December 2013**
Embedded derivatives	22,547	47,177
Total	**22,547**	**47,177**
Thereof:		
Non-current	22,501	33,824
Current	46	13,353

Liabilities	**31 December 2014**	**31 December 2013**
Aluminium forward swaps - cash flow hedges	-	44
Total	**-**	**44**
Thereof:		
Non-current	-	-
Current	-	44

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 2014 and 2013.

In 2014 and 2013 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.

in USD '000, except share and per share data

Due to the low level of aluminium market, the Group did not enter into any other hedging relationships in 2014, apart from the ones disclosed in this note, as these were not considered economicaly efficient. Although the Group' main activity is to sell its products at prevailing market prices, the Group is closely monitoring the market in order to take advantage of any opportunities that may arise to protect its results against the high volatility of commodity prices.

Commodity price sensitivity

As of 31 December 2014, 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 51 / by USD 28 (31 December 2013: USD -8,824/ USD 10,687).

Credit risk management

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit risk insurance is required. In Romania, a significant part of the receivables are immediately sold to banks 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.

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.

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**

2013	within 1 year	1 to 5 years	after 5 years	Total
Borrowings (principal and expected future interest payments)	1,474,456	1,311,122	196,226	2,981,804
Trade and other monetary payables	1,705,460	-	-	1,705,460
Total	**3,179,916**	**1,311,122**	**196,226**	**4,687,264**

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.

• 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 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**

in USD '000, except share and per share data

Financial liabilities	Level 1	Level 2	Level 3	Total
				31 December 2014
Financial liabilities at FVTPL				
Aluminium swaps	-	-	-	**-**
Embedded derivatives	-	-	-	**-**
Financial guarantee contracts	-	-	2,599	**2,599**
Total	**-**	**-**	**2,599**	**2,599**

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

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

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

	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**	**-**

in USD '000, except share and per share data

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

Net gains related to financial guarantee contracts, in amount of USD 9,356 (2013: USD 29,111) 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 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 93,222 as at 31 December 2014 (2013: USD 75,066).

The Group has further investment commitments in China amounting to USD 79,425 (2013: USD 85,604) 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 2014, the Group had various contracts to purchase energy, gas and other materials and consumables amounting to USD 467,774 (2013: USD 122,027).

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 office facilities with lease terms of up to 2 years. The expense for operating leases in 2014 was USD 49 (2013: nil). At 31 December 2014, the Group had commitments of USD 41 (2013: nil) under non-cancellable operating leases. Of these USD 41 are due within one year (2013: nil).

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).

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 at 31 December 2014, the investigation was not completed and the management considers that it is not possible to estimate a result. As a result, no provision was recorded in these financial statements in this respect.

Taxation

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

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

29. Events after the Reporting Period

In January 2015 Henan Yulian Energy Group Co., Ltd., sold 53,532,552 shares of Henan Zhongfu Industry Co., Ltd. on the capital market. After the mentioned sale the percentage owned by Henan Yulian Energy Group Co., Ltd., decreased from 56.33% to 53.26%.

in USD '000, except share and per share data

30. Companies in the Vimetco Group

The companies in the Vimetco Group at 31 December 2014 and 2013, classified by segment, are as follows:

	2014		2013	
	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.	15.71%	19.23%	10.79%	19.23%
Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.	54.52%	100.00%	56.11%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	29.99%	100.00%	30.86%	100.00%
Everwide Industrial Ltd.	100.00%	100.00%	100.00%	100.00%
Gongyi City Xing Cun Coal Mine Co., Ltd. [2)]	20.17%	37.00%	0.00%	0.00%
Gongyi City Shang Zhuang Coal Mine Co., Ltd. [2)]	21.81%	40.00%	0.00%	0.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	23.99%	44.00%	24.69%	44.00%
Henan Yinhu Aluminium Co., Ltd.	54.52%	100.00%	56.11%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	24.53%	45.00%	25.25%	45.00%
Henan Yulian Energy Group Co., Ltd.	96.78%	96.78%	96.78%	96.78%
Henan Yulian Coal Industry Group Co., Ltd.	54.52%	100.00%	56.11%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	40.34%	100.00%	41.51%	100.00%
Henan Zhongfu Aluminium Co. Ltd. [3)]	75.23%	100.00%	0.00%	0.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	45.54%	83.53%	46.86%	83.53%
Henan Zhongfu Industry Co., Ltd.	54.52%	56.33%	56.11%	57.97%
Henan Zhongfu Power Co., Ltd.	54.52%	100.00%	56.11%	100.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	40.34%	73.99%	41.51%	73.99%
Henan Zhongfu Thermal Power Co., Ltd.	26.71%	49.00%	27.49%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	41.66%	51.00%	28.61%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	81.69%	100.00%	56.11%	100.00%
Linzhou Linfeng Aluminium Product Co., Ltd.	81.69%	100.00%	56.11%	100.00%
Shanghai Xinfu Industry Development Co., Ltd.	49.07%	90.00%	50.50%	90.00%
Shanghai Bao Shuo Trading Co. Ltd.	10.90%	20.00%	11.22%	20.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	54.52%	100.00%	56.11%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	29.99%	100.00%	30.86%	100.00%
Zhengzhou City Dengcao Investment Co., Ltd.	29.99%	55.00%	30.86%	55.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	38.16%	70.00%	39.27%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	29.99%	100.00%	30.86%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	54.52%	100.00%	56.11%	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)] These two coal mine companies were acquired in April 2014;

[3)] This new subsidiary was set up in March 2014.

in USD '000, except share and per share data

	2014		2013	
	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%

	2014		2013	
	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%

	2014		2013	
	shareholding	votes [1)]	shareholding	votes [1)]
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Management GmbH	100.00%	100.00%	100.00%	100.00%
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

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

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	2014	2013
Company-only result after tax		5,003	14,923
Share of net result of investments	5	-160,889	-100,192
Profit / (loss) for the year		**-155,886**	**-85,269**

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	2014	2013
Assets			
Non-current assets			
Intangible fixed assets:			
Goodwill	6	44,666	48,304
Property, plant and equipment		-	3
Financial fixed assets:			
Investments	7	199,864	248,688
Loans to Group companies	8	118,280	106,383
Accrued income from Group companies	9	10,745	151,719
Total non-current assets		**373,555**	**555,097**
Current assets			
Other receivables	10	15,961	18,528
Prepaid expenses		171	173
Restricted cash		954	1,455
Cash and cash equivalents		488	779
Total current assets		**17,574**	**20,935**
Total assets		**391,129**	**576,032**

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	2014	2013
Shareholders' equity			
Share capital	11	26,679	30,215
Share premium		348,568	348,568
Other reserves		44,922	185,046
Retained earnings / (accumulated deficit)		-117,784	-136,243
Profit / (loss) for the year		-155,886	-85,269
Total shareholders' equity		**146,499**	**342,317**
Non-current liabilities			
Loan from credit institutions	12	13,670	19,346
Loans from Group companies	13	5,000	-
Interest payable on loans from Group companies	13	69	-
Loan from shareholder	14	172,000	-
Interest payable on loan from shareholder	14	29,666	-
Other non-current liability		1,949	-
Total non-current liabilities		**222,354**	**19,346**
Current liabilities			
Current portion of loan from credit institutions	12	13,470	13,393
Loan from shareholder	14	-	172,000
Interest payable		7,347	24,902
Accrued expenses		603	1,025
Deferred income	15	-	1,608
Accounts payable	10	557	979
Other payables	10	299	462
Total current liabilities		**22,276**	**214,369**
Total liabilities		**244,630**	**233,715**
Total shareholders' equity and liabilities		**391,129**	**576,032**

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 2013	**29,006**	**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	1,209	-
Balance at 31 December 2013	**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**

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	**-4**	**-9,975**	**288,903**	**326,645**	**-137,550**	**-131,750**	**434,919**
-	-	-	-134,266	-134,266	2,516	131,750	-
-	-	-	-10,985	-10,985	-	-	-10,985
-	-28	-	-	-28	-	-	-28
-	-	-	-1,114	-1,114	-	-	-1,114
-	-	-	-	-	-	-85,269	-85,269
-	-	4,794	-	4,794	-1,209	-	4,794
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**

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

The "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.

Equity available for distribution to the shareholders of Vimetco N.V. at 31 December 2014 amounts to USD 76,629 (2013: USD 124,141).

Notes to the Company-only Financial Statements

1. General

Reference is made to the description of the business and other general affairs in Note 1 to the Consolidated Financial Statements of Vimetco N.V. and its subsidiaries.

2. Basis of preparation and accounting policies

General accounting principles

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

In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 2 to the consolidated financial statements), except for the accounting principles for subsidiaries. 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 2014 and four employees during the year ended 2013. The personnel costs amounted to USD 425 in 2013 (2013: 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:

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**

2013	Dutch audit firm 2: 382a Dutch Civil Code	Other network firm	Total
Statutory audit	93	729	**822**
Other audit services	-	237	**237**
Non-audit services	-	6	**6**
Tax services	-	-	**-**
Total	**93**	**972**	**1,065**

5. Share in the results of group companies

	2014	2013
Alro S.A. (including shares held by its subsidiary Conef S.A.)	-16,665	-26,819
Everwide Industrial Ltd.	-144,129	-73,652
Vimetco Management GmbH	-	-74
Vimetco Management Romania S.R.L.	417	193
Vimetco Power Romania S.R.L.	-186	-17
Vimetco Trading S.R.L.	245	530
Vimetco Ghana (Bauxite) Ltd.	-571	-353
Balance at 31 December	**-160,889**	**-100,192**

in USD '000 except where otherwise mentioned

6. Goodwill

The movements in goodwill are as follows:

	2014	2013
Balance at 1 January	48,304	46,840
Translation adjustment	-3,638	1,464
Balance at 31 December	**44,666**	**48,304**

The goodwill is attributable to the following group companies:

	31 December 2014	31 December 2013
Alro S.A.	26,954	30,528
Everwide Industrial Ltd.	17,712	17,776
Total	**44,666**	**48,304**

7. Investments

As of 31 December 2014 and 31 December 2013, the Company has investments in the following companies:

Company	Registered in	Controlled share in issued capital
Alro S.A. (including shares held by its subsidiary Conef S.A.)	Romania	87.97%
Everwide Industrial Ltd.	British Virgin Islands	100.00%
Vimetco Management GmbH	Switzerland	100.00%
Vimetco Management Romania S.R.L.	Romania	99.00%
Vimetco Power Romania S.R.L.	Romania	99.00%
Vimetco Trading S.R.L.	Romania	99.00%
Vimetco Ghana (Bauxite) Ltd.	Ghana	100.00%

The movement in investments in subsidiaries is as follows:

	2014	2013
Balance at 1 January	248,688	263,915
Dilution loss from changes in non-controlling share of net assets	-7,200	-10,985
Hedge accounting at Alro S.A.	32	-28
Remeasurements of post-employment benefit obligations at Alro S.A.	-643	-1,114
Dividend payments	-743	-1,534
Translation adjustment	-28,483	3,330
Partial capitalisation of loan into equity of Everwide Industrial Ltd.	285,000	-
Impairment charge / (reversal) on loan to Everwide Industrial Ltd.	-135,898	95,296
Share in result of group companies	-160,889	-100,192
Balance at 31 December	**199,864**	**248,688**

in USD '000 except where otherwise mentioned

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 (for details see Note 8).

As the result of the increase in Everwide's equity, 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

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
Loan to Global Aluminium Ltd.	3,521	-	-3,521	-	-	-
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
Impairment recognized on loan to Vimetco Ghana (Bauxite) Ltd.	-2,019					-2,019
Impairment recognised on loan to Everwide Industrial Ltd.	-205,427			135,898		-69,529
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 granted to Global Aluminium Ltd. (with draw-downs in EUR and USD), one loan in USD granted to Vimetco Ghana (Bauxite) Ltd., one loan granted in USD to Vimetco Power Romania S.R.L., 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 (2013: USD 2,019) due to the uncertainty related to the future development of the project in Ghana.

The Company also recognised an impairment on the loan granted to Everwide Industrial Ltd. equal to the negative net equity value of investment in Everwide, thus bringing the investment value to 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, see details below:

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 one year.

10. Receivables and payables

Other receivables	31 December 2014	31 December 2013
Third parties	42	51
Group companies	15,919	18,477
Total	**15,961**	**18,528**

Accounts payable	31 December 2014	31 December 2013
Third parties	184	492
Shareholder (Vi Holding N.V.)	373	487
Total	**557**	**979**

Other payables	31 December 2014	31 December 2013
Third parties	7	202
Group companies	273	127
Related parties	19	133
Total	**299**	**462**

in USD '000 except where otherwise mentioned

11. Share capital and share premium

The authorised share capital consists of 800,000,000 (2013: 800,000,000) common shares. All shares have a par value of EUR 0.10.

As of 31 December 2014 and 2013, 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.

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, the average interest rate in 2014 was 6.48% (2013: 6.50%). In 2014 several amendments were signed and the balance is due as follows:

Due date	Repayment installment
29 May 2015	13,500
31 May 2016	13,700
Total	**27,200**

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

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

In accordance with the current borrowing agreements, the Company is also subject to certain restrictive covenants. These covenants limit, among other things, the Company's ability to dispose of significant assets and require the Group to maintain certain financial ratios including minimum debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") and debt coverage ratios.

As at 31 December 2014, the Company was in breach of some of the covenants in respect of its borrowing. The Company discussed the situation with the bank and received the necessary waiver in due time.

13. Loan from Group companies

In 2014, the Company concluded a borrowing agreement with the Group company Global Aluminium Ltd. for an amount of USD 6,000, of which USD 5,000 were drawn down at the end of 2014. 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 2014 was of USD 69 (at 31 December 2013: nil).

14. Loan from shareholder

In 2014 and 2013, 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 2014 was 6.04% (2013: 6.03%).

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.

in USD '000 except where otherwise mentioned

Interest payable as at 31 December 2014 includes the non-current accrued interest capitalised within the principal of USD 29,666 and current accrued interest of USD 7,180. In 2013 the loan and the accrued interest of USD 24,695 was classified as current liabilities.

15. Deferred income

Deferred income refers to fees received amounting to USD 11,929 for services related to the initial public offering during 2007. An amount of USD 1,608 was recognised as revenue in 2014 (2013: USD 1,608).

	2014	2013
Opening balance	1,608	3,216
Revenue recognition	-1,608	-1,608
Balance at 31 December	**-**	**1,608**

16. Directors' remuneration

The remuneration of the individual members of the Board of Directors for the financial years 2014 and 2013 is as follows:

	Gross periodical remuneration (salary and directors' fee)	Bonus [1]	Pension contributions	Distributions made on termination of the employment	Total
Year ended 31 December 2014					
Independent directors					
J. Currie	132	-	-	-	132
B. Ciobotaru	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**

[1] including cash payments from incentive compensation scheme.

in USD '000 except where otherwise mentioned

	Gross periodical remuneration (salary and directors' fee)	Bonus [1]	Pension contributions	Distributions made on termination of the employment	Total
Year ended 31 December 2013					
Independent directors					
B. Zonneveld (until 21 June 2013)	65	-	-	-	65
J. Currie	133	-	-	-	133
B. Ciobotaru (since 21 June 2013)	86	-	-	-	86
Executive directors					
G. Dobra	569	-	118	-	687
M. Nastase	497	-	57	-	554
P. Machitski	513	-	57	-	570
Non-executive directors					
V. Machitski	-	-	-	-	-
G. Zhang	-	-	-	-	-
V. Agapkin	16	-	-	-	16
V. Krasnov	16	-	-	-	16
D. Sedyshev	-	-	-	-	-
I. Sventski	-	-	-	-	-
Total	**1,895**	**-**	**232**	**-**	**2,127**

[1] including cash payments from incentive compensation scheme.

The above mentioned amounts are remunerations for periods of appointment as directors.

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

There were no loans granted to members of the Board of Directors during 2014 and 2013.

Other information

Independent auditor's report

Reference is made to the independent auditor's 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 2014 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, board of directors and Audit Committee of Vimetco N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 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 2014 and of its result and its cash flows for 2014 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 2014 and of its result for the year 2014 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 2014;
2. the following statements for 2014: 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 balance sheet as at 31 December 2014;
2. the company profit and loss account for 2014;
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

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.

Based on our professional judgment we determined the materiality for the financial statements as a whole at USD 13.5 million. The materiality is based on revenues (0.7%). We have not used an earnings-based measure considering the operating losses incurred by the Group. 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 0.7 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. 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. Decisive were the size and / or the risk profile of the group entities or operations. 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.

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. We used the work of other auditors when auditing one entity in Sierra Leone - Sierra Mineral Holdings I, Ltd. The scoping resulted in audit procedures (full scope or specific scope) on 95% of revenues and 80% 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.

Sensitivities with respect to the valuation of goodwill

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.

As a result, our audit procedures included, among others, using our internal valuation experts to assist us in evaluating 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 change, market analysis for aluminum 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.

Vimetco N.V.'s disclosures about goodwill are included in Note 11.

Independent auditor’s report

Estimation uncertainty with respect to the valuation of derivative financial instruments

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 2014 is USD 22.5 million and the impact on the income statement of the change in fair value in 2014 was USD 44 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. In addition, during 2014 significant modifications to the electricity supply contract (and consequently to the embedded derivatives) were agreed with the supplier, resulting in corresponding modifications to the valuation model used. 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 optionality’s included, there is significant range of the possible outcomes. We involved our valuation specialist 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. We concluded that our test indicate that the results of the company’s valuation are reasonable and appropriate.

The group’s disclosures about its derivative financial instruments are included in Note 27.

Sensitivities with respect to impairment and legal case Zhongfu Specialized Aluminum

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. As of today the liquidation is still in progress. On 27 August 2014, the Board of Zhongfu Industry published a new announcement that Chalco Henan Aluminum Fabrication Co., Ltd. (the minority shareholder of Zhongfu Specialized Aluminum) filed a lawsuit to Henan High People’s Court, P.R. China, against Zhongfu Industry and the Zhongfu Specialized Aluminum for claiming assets, losses and expenses.

We consider this to be a key audit matter for our audit due to the highly judgmental nature of the estimates involved in assessing the impairment provision for the Company’s assets in course of liquidation, on the one hand, and the contingent liability 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, inquired from management and reviewed the letter received from the Company’s lawyers. We concluded that the level of the disclosures is appropriate and we have obtained sufficient appropriate audit evidence, including a description of the legal case from the Company’s external lawyers, to support the estimates involved.

Note 28 to the financial statements includes disclosures on the analysis made by management in relation to the respective legal case.

Financial guarantees

In 2014, 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.

Independent auditor's report

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 concluded that, based on our procedures, the list of the financial guarantees maintained by management is complete and, thereafter, used this list to test the valuation. We have obtained the 2014 valuation report issued by the external appraiser and, with the assistance of our internal valuation experts, tested the financial guarantee contracts, the underlining data, the valuation method and the calculation of the fair values.

Going concern assumption, financing and covenants

The availability of sufficient funding and the testing of whether the companies will be able to meet their respective financing covenants 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 cash flows, forecasted results and margins from operations. These estimates are among others based on expectations regarding future developments in the economy, currency exchange rates, aluminum prices and the aluminum market. As part of this assessment we have also taken notice of the breach of the financing covenants and the waivers received from certain banks.

We have analyzed 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 meeting 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. For information on the going concern assumption and covenants reference is made to Note 2.1.1 and Note 20 to the financial statements.

Estimates relating to impairment testing of property, plant and equipment and other non-financial assets

Property, plant and equipment and mining rights assets are significant to our audit because of the magnitude of the balance sheet position of USD 3,284 million as at 31 December 2014 and the impairments recorded in 2014 of in total USD 133 million.

We evaluated management's assessment of impairment indications for property, plant and equipment and other non-financial assets and we tested management's assumptions used in the impairment calculations. Furthermore, we evaluated the adequacy of the Group's disclosures regarding the impairments of these property, plant and equipment and other non-financial assets, which are disclosed in notes 9 and 12 of the consolidated financial statements.

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 management board 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.

Independent auditor's report

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.

We have exercised professional judgment and have maintained professional skepticism 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.

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 management board 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 management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board 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 management board 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 year 2013 and have operated as statutory auditor since that date.

Amsterdam, 27 April 2015
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 35 to 113, 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 35 to 113 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 14 to 16 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 2014 and of the development and performance of the business during the financial year; and 3) the annual report includes a description of the principal risks and uncertainties that the company faces.

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

27 April 2015

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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