Half-year report 2013

vimetco

Contents

Financial Highlights

Indicator	H1 2013	H1 2012
Primary aluminium production (tonnes)	475,600	453,400
Processed aluminium production (tonnes)	90,500	85,100
Primary aluminium sales (tonnes)	367,000	384,000
Processed aluminium sales (tonnes)	75,000	56,000
Sales (USD million)	1,090	1,180
EBITDA[1] (USD million)	110	150
Net profit/(loss) (USD million)	-4	-166
Earnings per share (USD)	-0.018	-0.650

[1]EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Gheorghe Dobra,
Chief Executive Officer

“Although the medium-term economic outlook remains volatile and we are still facing a challenging environment, from both the new lows reached by the LME aluminium prices and the high energy costs, during the first six months of 2013 we managed to keep running all the facilities that were in operation at the end of 2012 and we continued to increase the production and sales of value-added products, both in Romania, and in China. We remained committed to our long-term strategy and thus, we kept our focus on reducing costs and improving the overall competitiveness of our operations, in order to overcome this difficult period experienced by the aluminium industry.

The Chinese segment influenced the H1 2013 results of the Group, as economic growth in the country decelerated. Our expectation is that these figures will continue to be impacted by the Chinese market during the second half of 2013. In order to counteract this challenging environment, we kept our focus on improving our performance in the area and on maintaining our competitiveness. We reached the final stage for the new rolling mill with a capacity of 750,000 tonnes, whose main objective is to ensure an integrated main supplier for high value added products, primarily for the Chinese market. The results were also influenced in a negative way by the unfavorable conditions faced in Sierra Leone, such as climate and social differences, which led to a significant decrease in the bauxite production. We are currently closely monitoring the situation in Sierra Leone and measures have been taken to find solutions to improve the activity in this area, too.

Moreover, in Romania we continued to invest in the already initiated investment projects, like expanding the flat rolled products capacity and developing the scrap recycling capability. Our intention is to find new solutions to diversify our activity and to secure the necessary raw materials, while applying tight cost control measures, in order to be able to cope with current market conditions.

During the first six months of 2013 we managed to adapt to these extremely difficult market conditions, we kept the same level of production facilities running and we showed our commitment to the aluminium industry. Our long-term strategy remains unchanged with the final objective to improve the Group’s performance and returns.”

Overview

In the first half of this year, Vimetco kept unchanged its long-term development strategy, focusing on vertical integration, increase of high added value products and cost control.

The Group increased the production and the sales of processed aluminium products both on its Romanian and Chinese segments. Significant investments have been made in this direction in China, the new flat rolled products plant being close to its commissioning. Additionally, to overcome the burden of high electricity costs in Romania, it started to invest in scrap processing facilities.

Vimetco continued its tight cost control policy, trying to maintain its competiveness in an extremely challenging international market.

The aluminium market showed a constant decrease during H1 2013, reaching an average price per tonne, at the London Metal Exchange (LME) of 1,925 USD/tonne, compared to an average of 2,079 USD/tonne, during H1 2012. This trend was even stronger during the second part of H1 2013, when the price of aluminium reached a minimum of 1,765 USD/ tonne, in June 2013, from 2,094 USD/tonne on 1 January 2013.

Despite these difficult market conditions, the Group consolidated its position on the market, and adapted its production according to the demand. Thus, the primary aluminium output increased to 475,600 tonnes, in H1 2013, from 453,400 tonnes, in H1 2012, and the processed aluminium output increased from 85,100 tonnes, in H1 2012, to 90,500 tonnes, in H1 2013.

The Chinese operations registered an increase of the output both for primary and for processed products, whereas the Romanian segment maintained the primary production at a similar level to H1 2012 and increased the processed production, in the respective period.

On 21 June 2013 Bernard Zonneveld stepped down from the Board of Directors and at the 2013 General Shareholders Meeting Bogdan Ciobotaru was subsequently nominated as an independent director for one year term.

No significant changes arose in respect of the risks and uncertainties faced by the Company during the first six months of 2013, as compared to the ones described in the 2012 Annual Report under the Corporate Governance chapter, Risks & Risk Management section.

Financial review

Sales for the period were of USD 1,090 million (H1 2012: USD 1,180 million). This decrease is mainly due to lower aluminium prices, accompanied by weaker demand.

The cost of goods sold decreased to USD 1,033 million, in the first half of this year, from USD 1,053 million during H1 2012, mainly as a result of lower overall sales.

In the first half of 2013, the Company's EBITDA stood at USD 110 million (down from USD 150 million, in H1 2012), while it managed to strongly reduce overall losses, to USD 4 million, from USD 166 million in the first half of 2012.

The net finance costs decreased to USD 85 million in H1 2013, from USD 160 million in H1 2012, with total interest expenses down to USD 92 million, from USD 112 million, in the first half of last year. For more details, please see Note 7 of the Condensed Consolidated Interim Financial Statements.

The cash and cash equivalents at the end of H1 2013 reached USD 247 million, up from USD 178 million, at the end of 2012, while the net cash generated from operating activities registered a slight decrease to USD 312 million, from USD 377 million in the first half of 2012.

The derivatives embedded in the energy supply contract concluded by one of the Group's subsidiaries continued to impact the financial results in H1 2013, the change in fair value standing at a gain of USD 29 million compared to a loss of USD 73 million in H1 2012. For more details, please see Note 14 of the Condensed Consolidated Interim Financial Statements.

Operational Update

Romania & Sierra Leone (Romanian segment)

In H1 2013, the Romanian segment reported sales of primary aluminium of 58,200 tonnes (H1 2012: 59,000 tonnes), and an increase of processed aluminium product sales that reached a total of 47,900 (H1 2012: 44,500 tonnes).

The total production of primary aluminium reached 124,600 tonnes, a level similar to the one reported during H1 2012. The Group increased its processed aluminium production, by more than 3,000 tonnes, to 48,500 tonnes in H1 2013, from 45,300 tonnes in H1 2012. The alumina production registered a slightly decrease, to 203,300 tonnes, compared to 215,800 tonnes in H1 2012, while the bauxite production decreased to 369,000 tonnes during H1 2013, compared to 586,800 tonnes during H1 2012. The main factors that determined this decrease in the bauxite output are generated by the difficult area in which these activities are performed, i.e. the unfavorable climate and the social and cultural differences encountered in Africa. The management of the Group is closely monitoring the Group's activity in Sierra Leone and is permanently trying to optimize it, in order to obtain better results.

The net profit of the Romanian segment was of USD 9 million in H1 2013, compared with a loss of USD 56 million, in H1 2012. However, the segment reported an operational loss of USD 7 million, compared to an operational profit of USD 38 million, during H1 2012. The main causes of the operational loss were the increase in energy costs, (out of which an important part is represented by the ecotaxes paid for the energy consumption) and the low levels of the aluminium prices on the international market.

In order to counteract these adverse circumstances, Alro continued its investment programme, both for the projects started last year and also by initiating new projects. Alro continued the technological upgrading programmes for increasing the quantity and quality of the high added value products. Moreover, Alro invests in new aluminium scrap processing facilities as the Company is focusing on increasing its products' portfolio and decreasing, in the same time, the dependence on the price of energy. During the first six months of 2013, Alro made investments of approx. USD 10 million.

China

During the first half of the year, the Chinese segment achieved sales of primary aluminium of 308,800 tonnes compared to 325,000 tonnes in the first half of 2012. Sales of processed aluminium increased to 27,200 tonnes in the first half of 2013, from 11,500 tonnes, in H1 2012.

In China, the Group registered a total production of primary aluminium of 351,000 tonnes, compared to 328,900 tonnes in H1 2012, while the production of processed aluminium increased slightly to 42,000 tonnes, from 39,800 tonnes during this interval.

In the first half of this year, Zhongfu Industry started the testing phase of its hot line 1+4 rolling mill with a capacity of 750,000 tonnes, pursuing its strategy to turn Henan Zhongfu Industry into an integrated main supplier for high value products, primarily for the Chinese market.

The commissioning of its mill for the production of high added value rolled products allows Henan Zhongfu Industry to serve the Chinese market for aluminium drink cans and other products. The completion of the mill is another step towards fulfilling Henan Zhongfu Industry's long-term strategy of consolidating its position as an integrated aluminium producer.

Sales revenues decreased to USD 637 million for primary aluminium in H1 2013, compared to USD 724 million in H1 2012, while the sales for processed aluminium reached a level of USD 58 million in H1 2013 more than double as the one reported in H1 2012: USD 25 million.

Outlook 2013

Vimetco will continue to implement its long-term strategy and will remain focused on becoming a fully integrated aluminium producer. The Group is pursuing its programme to secure all necessary raw materials and to ensure the sustainability of the business in an extremely challenging international market.

Furthermore, Vimetco will continue to implement its tight cost control policy and is constantly monitoring the trends in the aluminium market, being prepared to swiftly adapt to any potential changes.

Condensed consolidated interim financial statements for the six months ended 30 June 2013
Vimetco N.V.

Condensed consolidated statement of profit or loss and other comprehensive income for the 6 months ended 30 June 2013 - unaudited

in USD '000
except per share data

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 restated*
Sales	5	1,090,013	1,180,235
Cost of goods sold		-1,032,632	-1,052,886
Gross profit		**57,381**	**127,349**
General and administrative expenses		-61,535	-58,375
Impairment of property, plant and equipment		-635	-
Gain on disposal of subsidiaries		2,820	-
Share of result of associates		-237	-1,430
Other income	6	39,168	13,077
Other expenses	6	-2,303	-934
Operating profit		**34,659**	**79,687**
Finance costs, net	7	-85,386	-159,706
Fair value gains/(losses) from financial instruments		29,396	-73,058
Foreign exchange (loss) / gain		4,546	-24,156
Loss before income taxes		**-16,785**	**-177,233**
Income tax	8	13,171	11,014
Loss for the period		**-3,614**	**-166,219**

* Comparative figures for the 6 months ended 30 June 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

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

Condensed consolidated statement of profit or loss and other comprehensive income for the 6 months ended 30 June 2013 - unaudited

in USD '000
except per share data

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 restated*
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations		-762	-295
Income tax on items that will not be reclassified		122	47
Items that may be reclassified subsequently to profit or loss			
Translation adjustment		3,663	-21,322
Gain/(loss) on cash flow hedges		-767	3,854
Related income tax		123	-617
Amounts of cash flow hedges reclassified to profit or loss		-10,602	-16,968
Related income tax		1,696	2,715
Other comprehensive income for the period, net of tax		**-6,527**	**-32,586**
Total comprehensive income for the period		**-10,141**	**-198,805**
Profit/(loss) attributable to:			
Shareholders of Vimetco N.V.		**-4,059**	**-142,585**
Non-controlling interests		**445**	**-23,634**
		-3,614	-166,219
Total comprehensive income attributable to:			
Shareholders of Vimetco N.V.		**-11,023**	**-168,962**
Non-controlling interests		**882**	**-29,843**
		-10,141	-198,805
Earnings per share			
Basic and diluted (USD)	9	-0.018	-0.650

* Comparative figures for the 6 months ended 30 June 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

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

Condensed consolidated statement of financial position as at 30 June 2013 - unaudited

in USD '000

	Note	30 June 2013	31 December 2012 restated*
Assets			
Non-current assets			
Property, plant and equipment	11	2,751,891	2,591,411
Intangible assets		6,251	7,337
Goodwill	12	192,262	195,611
Mineral rights	13	525,526	521,680
Land use rights		57,321	55,137
Investments		38,556	37,598
Derivative financial instruments asset, non-current	14	7,836	-
Deferred tax asset		36,917	38,783
Long-term loans to related parties		38,033	37,848
Other non-current assets		13,980	13,741
Total non-current assets		**3,668,573**	**3,499,146**
Current assets			
Inventories	15	408,899	441,153
Trade receivables, net		236,252	178,174
Accounts receivable from related parties	18	5,421	5,695
Current income tax receivable		8,019	7,708
Other current assets		211,518	302,118
Derivative financial instruments asset, current	14	-	-
Restricted cash	16	882,705	734,254
Cash and cash equivalents		247,375	177,774
Total current assets		**2,000,189**	**1,846,876**
Total assets		**5,668,762**	**5,346,022**

* Comparative figures for the year ended 31 December 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

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

Condensed consolidated statement of financial position as at 30 June 2013 - unaudited

in USD '000

	Note	30 June 2013	31 December 2012 restated*
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital		27,917	27,917
Share premium		348,568	348,568
Other reserves		91,752	98,716
Retained earnings		-65,767	73,692
Loss for the year		-4,059	-141,483
Equity attributable to shareholders of Vimetco N.V.		**398,411**	**407,410**
Non-controlling interest		647,770	665,731
Total shareholders' equity		**1,046,181**	**1,073,141**
Non-current liabilities			
Bank and other loans	17	1,370,491	1,460,840
Finance leases, non-current	17	280	183
Provisions, non-current		6,739	9,265
Post-employment benefit obligations		8,918	7,965
Other non-current liabilities		1,844	1,856
Derivative financial instruments liability, non-current	14	-	12,812
Deferred tax liabilities		130,774	137,287
Total non-current liabilities		**1,519,046**	**1,630,208**
Current liabilities			
Bank loans, overdrafts and other loans	17	1,215,998	970,822
Loans from related parties, current	17	190,787	185,120
Finance leases, current	17	481	622
Trade and other payables		1,679,677	1,456,967
Trade and other payables to related parties	18	659	1,020
Provisions, current		7,599	7,464
Current income taxes payable		5,996	13,645
Derivative financial instruments liability, current	14	2,338	7,013
Total current liabilities		**3,103,535**	**2,642,673**
Total liabilities		**4,622,581**	**4,272,881**
Total shareholders' equity and liabilities		**5,668,762**	**5,346,022**

* Comparative figures for the year ended 31 December 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

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

Condensed consolidated statement of changes in shareholders' equity for the 6 months ended 30 June 2013 - unaudited

	Share capital	Share premium	Revaluation reserve	Hedging reserve	Hedging reserve - deferred tax
Balance at 1 January 2012 restated*	**27,917**	**348,568**	**47,721**	**112,435**	**-17,990**
Loss for the period	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-17,238**	**2,758**
Total comprehensive income	**-**	**-**	**-**	**-17,238**	**2,758**
Dividends distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Non-controlling interests arised in Dengfeng City Daxin Commercial Ltd.	-	-	-	-	-
Balance at 30 June 2012 restated*	**27,917**	**348,568**	**47,721**	**95,197**	**-15,232**
Balance at 1 January 2013 restated*	**27,917**	**348,568**	**47,721**	**63,897**	**-10,224**
Loss for the period	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-10,818**	**1,731**
Total comprehensive income	**-**	**-**	**-**	**-10,818**	**1,731**
Dividends distribution	-	-	-	-	-
Appropriation of prior year loss	-	-	-	-	-
Non-controlling interests arised in Henan Zhongfu Power Co., Ltd.	-	-	-	-	-
Balance at 30 June 2013	**27,917**	**348,568**	**47,721**	**53,079**	**-8,493**

* Comparative figures for the 6 months ended 30 June 2012 and at 1 January 2013 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

The accompanying notes are an integral part of these condensed consolidated interim in USD '000

Translation reserve	Other reserves	Total other reserves	Retained earnings	Loss for the period	Attributable to shareholders of Vimetco N.V.	Non-controlling interests	Total shareholders' equity
-764	**453**	**141,855**	**174,400**	**-104,318**	**588,422**	**693,122**	**1,281,544**
-	-	-	-	-142,585	-142,585	-23,634	-166,219
-11,666	**-231**	**-26,377**	**-**	**-**	**-26,377**	**-6,209**	**-32,586**
-11,666	**-231**	**-26,377**	**-**	**-142,585**	**-168,962**	**-29,843**	**-198,805**
-	-	-	-	-	-	-8,117	-8,117
-	-	-	-104,318	104,318	-	-	-
-	-	-	5,128	-	5,128	-5,128	-
-12,430	**222**	**115,478**	**75,210**	**-142,585**	**424,588**	**650,034**	**1,074,622**
-3,236	**558**	**98,716**	**73,692**	**-141,483**	**407,410**	**665,731**	**1,073,141**
-	-	-	-	-4,059	-4,059	445	-3,614
2,752	**-629**	**-6,964**	**-**	**-**	**-6,964**	**437**	**-6,527**
2,752	**-629**	**-6,964**	**-**	**-4,059**	**-11,023**	**882**	**-10,141**
-	-	-	-	-	-	-16,819	-16,819
-	-	-	-141,483	141,483	-	-	-
-	-	-	2,024	-	2,024	-2,024	-
-484	**-71**	**91,752**	**-65,767**	**-4,059**	**398,411**	**647,770**	**1,046,181**

* Comparative figures for the 6 months ended 30 June 2012 and at 1 January 2013 have been restated in accordance with IAS 19 Employee Benefits (Revised).Refer to Note 3 for details.

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

Condensed consolidated statement of cash flows for the 6 months ended 30 June 2013 - unaudited

in USD '000

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 restated*
Cash flow from operating activities			
Loss before income taxes		-16,785	-177,233
Adjustments for:			
Depreciation and amortisation		74,338	70,534
Interest and guarantee income	7	-33,843	-18,902
Net foreign exchange losses / (gains)		-3,761	13,855
Loss on disposal of property, plant and equipment	6	260	43
Gain on disposal of land use rights	6	-1,327	-
Gain on disposal of subsidiaries	19	-2,820	-
Impairment of property, plant and equipment		635	-
Release of provisions		-2,561	-2,223
Interest and guarantee expense	7	116,651	172,772
Share of result of associates		237	1,430
Effect of derivative financial instruments		-36,885	66,938
Changes in working capital:			
(Increase) / decrease in inventories		36,397	-51,487
(Increase) / decrease in trade receivables and other assets		-15,339	49,300
Increase / (decrease) in trade and other payables		289,674	385,404
Income taxes paid		-2,670	-14,836
Interest paid		-90,435	-118,287
Net cash generated by operating activities		**311,766**	**377,308**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-192,528	-129,100
Proceeds from sale of property, plant and equipment		338	516
Proceeds from sale of land use rights		2,403	-
Acquisition of associates		-543	-544
Acquisition of subsidiaries, net of cash acquired	19	-	-15,911
Proceeds from sale of subsidiaries, net of cash disposed of	19	-1,085	-
Proceeds from sale of available-for-sale financial assets		4,806	-1,522
Increase in restricted cash		-174,466	-258,304
Interest received		15,868	10,673
Net cash used in investing activities		**-345,207**	**-394,192**
Cash flow from financing activities			
Proceeds from loans		689,922	632,624
Repayment of loans		-571,203	-648,027
Dividends paid	10	-16,827	-86
Net cash generated by/(used in) financing activities		**101,892**	**-15,489**
Net increase / (decrease) in cash and cash equivalents		**68,451**	**-32,373**
Cash and cash equivalents at beginning of period		**177,774**	**157,438**
Effect of exchange rate differences on cash and cash equivalents		1,150	-2,854
Cash and cash equivalents at end of period		**247,375**	**122,211**

* Comparative figures for the 6 months ended 30 June 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

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

Notes to the condensed consolidated interim financial statements - unaudited

in USD '000, except per share data

1. Organisation and nature of business

Vimetco N.V. ("the Company") was established on 4 April 2002 as a limited liability company and its registered office is located at Prins Bernhardplein 200, 1097 JB, Amsterdam, The Netherlands. Vimetco N.V. has been listed on the London Stock Exchange since 2 August 2007. The Company and its subsidiaries (collectively referred to as "the Group") 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. 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 the strategy to organise and group the interest in several coal mines in order to hedge the inflating thermal coal prices that form a substantial part of the Group's raw materials costs.

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

A list of the principal companies of the Group is shown in Note 22. Details of changes in the Group structure are reported in Note 19.

The Group's main shareholder is Vi Holding N.V. which owns 59.40% of the shares of the Company and its registered office is at Landhuis Joonchi, Kaya Richard J. Beaujon Z/N, Curaçao. The other major shareholder is Willast Investments Limited, British Virgin Islands, which owns 10,00%. 26.51% are free floating on the London Stock Exchange and 4.09% are spread among other shareholders. The ultimate controlling entity in respect of 59.40% of the shares in the Company is Maxon Limited (Bermuda).

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

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 26 August 2013.

2. Basis of preparation

The condensed consolidated interim financial statements included in this report are unaudited and have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012, which have been prepared in accordance with IFRS as adopted by the EU.

Going concern

The Groups' business has been significantly impacted by the worldwide financial crisis and the downturn in the aluminium market. The current economic conditions continue to create uncertainty particularly over the level of demand for the Group's products and will likely continue to impact the Group's future development, performance and financial position and financial results, its cash flows, liquidity requirements and borrowing facilities.

The consolidated financial statements for 6 months ended 30 June 2013 show that the Group generated a loss for the period of USD 3,614. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Significant accounting policies

Except as described below, the accounting policies adopted by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

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

- *IFRS 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. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management has reviewed its control assessments in accordance with IFRS 10 and has 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.

- I*FRS 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 financial statements since it is 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. Adoption of IFRS 12 has had no material impact on the financial statements.

- *IFRS 13 Fair Value Measurement* (IFRS 13), adopted by the EU on 11 December 2012, clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. IAS 34 requires particular IFRS 13's disclosures in the interim financial statements which are provided in Note 14.

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

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as an adjustment to opening equity. The effects of the application of IAS 19 on the statement of financial position at 1 January 2012 and 31 December 2012 are:

in USD '000, except per share data

	Deferred tax assets	Post-employment benefit obligations	Deferred tax liabilities	Equity
Balance as reported at 1 January 2012	9,049	7,764	162,048	1,281,159
Effect of IAS 19 revised	-	-446	61	385
Restated balance at 1 January 2012	**9,049**	**7,318**	**162,109**	**1,281,544**
Balance as reported at 31 December 2012	38,787	8,522	137,269	1,072,606
Effect of IAS 19 revised:				
– brought forward	-	-446	61	385
– total comprehensive income for the year	-4	-111	-43	150
Restated balance at 31 December 2012	**38,783**	**7,965**	**137,287**	**1,073,141**

The effects on the statement of profit or loss and other comprehensive income for the year ended 31 December 2012 and for the six months ended 30 June 2012 are:

	Year to 31 December 2012	6 months ended 30 June 2012
Increase in post-employment benefit expenses	-45	-
Increase in deferred income tax credit	62	2
Increase in profit	**17**	**2**
Other comprehensive income:		
Remeasurement of net post-employment benefit	155	-295
Related income tax	-25	47
Translation reserve	3	-11
Increase/(decrease) in other comprehensive income	**133**	**-259**
Increase/(decrease) in total comprehensive income	**150**	**-257**

The application of IAS 19 revised did not have a material effect on the statement of cash flows and on the earnings per share for the year ended 31 December 2012 and for the six months ended 30 June 2012.

- Annual Improvements 2009-2011 (the Annual Improvements). The Annual Improvements made minor amendments to a number of IFRSs. The only amendment that affects these financial statements clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed in interim financial statements if this information is regularly provided to the chief operating decision maker and there has been a material change since the most recent annual financial statements. As a result of this amendment the segment information in Note 5 now includes total liabilities as well as total assets.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

in USD '000, except per share data

5. Segment information

For management purposes, the Group is organised into geographical segments based on the location of its production sites and operational activities, regardless of where the official registered office is located. The Group's geographical segments are: China and Romania. A list of the principal companies included in each segment is shown in Note 22.

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

The Group's operations in Romania are based in Slatina and Tulcea. Sales are generated by selling primary and processed aluminium. Sierra Leone component is aggregated and presented within the Romania segment.

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

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

Management monitors interest income and expense on a net basis.

Segment revenues and results for the six month ended 30 June 2013 and 2012 were as follows:

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2013				
Total segment sales	**763,728**	**326,285**	**-**	**1,090,013**
Segment results (operating profit/(loss))	**41,815**	**-6,521**	**-635**	**34,659**
Finance costs, net	-83,068	-10,239	7,921	-85,386
Fair value gains/(losses) from financial instruments	-	29,396	-	29,396
Foreign exchange gain				4,546
Group loss before income taxes				**-16,785**

	China	Romania	Reconciliation to Group	Total
Six months ended 30 June 2012 restated*				
Total segment sales	**834,572**	**345,663**	**-**	**1,180,235**
Segment results (operating profit)	**44,820**	**37,763**	**-2,896**	**79,687**
Finance costs, net	-164,737	-11,681	16,712	-159,706
Fair value gains/(losses) from financial instruments	-	-73,058	-	-73,058
Foreign exchange loss				-24,156
Group loss before income taxes				**-177,233**

Segment assets at 30 June 2013 and 31 December 2012, respectively, were as follows:

	30 June 2013	31 December 2012 restated*
Segment assets		
China	5,029,025	4,678,944
Romania	638,029	663,377
Reconciliation to total Group	1,708	3,701
Total consolidated assets	**5,668,762**	**5,346,022**

* Comparative figures for the 6 months ended 30 June 2012 and at 31 December 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

in USD '000, except per share data

	30 June 2013	31 December 2012 restated*
Segment liabilities		
China	4,518,997	4,141,200
Romania	343,759	361,620
Reconciliation to total Group	-240,175	-229,939
Total consolidated liabilities	**4,622,581**	**4,272,881**

6. Other income and expense

	Six months ended 30 June 2013	Six months ended 30 June 2012
Other income		
Investment consideration recovered	25,623	-
Government grants	7,660	10,942
Net gain on disposal of land use rights	1,327	-
Other income	4,558	2,135
Total other income	**39,168**	**13,077**

Investment consideration recovered 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 from the government of China.

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

	Six months ended 30 June 2013	Six months ended 30 June 2012
Other expenses		
Idle plants depreciation expenses	-1,532	-326
Net loss on disposal of property, plant and equipment	-260	-84
Other expenses	-511	-524
Total other expenses	**-2,303**	**-934**

Idle plants depreciation expenses relate to some idle capacities in Romania.

7. Finance costs, net

	Six months ended 30 June 2013	Six months ended 30 June 2012
Interest income	16,191	10,679
Interest expense	-91,960	-111,747
Interest expense to related parties (Note 18)	-5,667	-5,891
Finance guarantee income	17,652	8,223
Finance guarantee expense	-18,728	-54,836
Bank charges	-2,784	-3,113
Interest on post-employment benefits	-296	-298
Other financial costs (net)	206	-2,723
Total	**-85,386**	**-159,706**

Interest income increased mainly on the background of higher amounts of cash pledged in China resulting from the liquidity raised through the issue of corporate bonds and from the increase in bills payable.

Interest expense excludes interest capitalised in "property, plant and equipment" amounting to USD 17,107 (6 months ended 30 June 2012: USD 12,178). The decrease of the interest expense comparatively to the same period of the previous year is also attributable to the lower expense incurred for bills of exchange discounted at banks, which was of USD 12,657 (during the 6 months ended 30 June 2012: USD 16,013).

* Comparative figures for the 6 months ended 30 June 2012 and at 1 January 2013 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

in USD '000, except per share data

At 31 December 2012 one of the Group's subsidiaries was committed to some financial guarantees granted in favour of one of its business partners. The Group then estimated the maximum amount it would have to pay, should the guarantees be executed by the banks, and provided for it in the financial statements. In 2013, no additional amount was recognized by the Group related to this obligation (during the 6 months to 30 June 2012, USD 42,456 were recognized as "Finance guarantee expense").

There was no ineffectiveness of cash flow hedges recognised in profit or loss during 6 months ended 30 June 2013 and 30 June 2012.

Certain items have been reclassified in order to conform to the current year presentation. The fair value gain/(loss) on financial instruments is presented as a separate line on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

8. Income tax

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The estimated average annual tax rate for the 6 months ended 30 June 2013 is 78.5% (6 months ended 30 June 2012 was 18.6%).

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

	Six months ended 30 June 2013	Six months ended 30 June 2012 restated*
Income tax		
Current income tax	5,196	-5,729
Deferred income tax	7,975	16,743
Income tax credit	**13,171**	**11,014**
Income tax recognised in other comprehensive income	1,941	2,145
Total income taxes	**15,112**	**13,159**

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

- utilisation by Alro and Vimetco N.V. of tax losses carried forward for which no deferred tax assets have been recognized at 31 December 2012;
- reversal of income tax expense overprovided for by some subsidiaries in China as at 31 December 2012.

*Comparative figures for the 6 months ended 30 June 2012 have been restated in accordance with IAS 19 *Employee Benefits* (Revised). Refer to Note 3 for details.

in USD '000, except per share data

9. Earnings per share

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

	Six months ended 30 June 2013	Six months ended 30 June 2012 restated*
Loss for the period attributable to shareholders of Vimetco N.V.	-4,059	-142,585
Weighted average number of ordinary shares outstanding during the period	219,484,720	219,484,720
Basic and diluted earnings per share in USD	-0.018	-0.650

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

10. Dividends

No dividends were declared and paid by Vimetco NV relating to the year 2012 and 2011.

Dividends in amount of USD 16,819 relating to the year 2012 (2011: USD 8,117) were declared by the subsidiaries in respect of non-controlling interests. Payments of dividends during the 6 months ended 30 June 2013 amounted to USD 16,827 (6 months ended 30 June 2012: USD 86).

11. Additions and disposals of property, plant and equipment

During the 6 months ended 30 June 2013 the Group acquired property, plant and equipment in the amount of USD 200,698 (6 months ended 2012: USD 131,192).

From January to June 2013, the Group disposed of property, plant and equipment in the net amount of USD 598 (6 months ended 2012: USD 498).

The value of property, plant and equipment pledged for securing the Group's borrowings amounts to USD 622,992 (31 December 2012: USD 636,314).

12. Goodwill

	2013	2012
Balance 1 January	195,611	191,509
Additions	-	15,820
Disposals	-5,188	-
Translation adjustment	1,839	-2,491
Balance 30 June	**192,262**	**204,838**

* Comparative figures for the 6 months ended 30 June 2012 have been restated in accordance with IAS 19 Employee Benefits (Revised). Refer to Note 3 for details.

in USD '000, except per share data

Impairment test for goodwill

The goodwill is allocated to the cash-generating units as follows (after additions and impairment):

	30 June 2013	31 December 2012
China	140,117	142,887
Romania	47,546	48,125
Sierra Leone	4,599	4,599
Total	**192,262**	**195,611**

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The consolidated financial statements for 6 months ended 30 June 2013 show that the Group generated a loss for the period of USD 3,614, indicating a potential impairment of goodwill. In addition, the overall decline in aluminium market around the world, as well ongoing economic uncertainty, have led to a decreased demand in aluminium products. As a result, management performed an impairment calculation as at 30 June 2013.

The key assumptions used to determine the recoverable amount for the different cash generating units remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2012. As a result of the updated analysis, management did not identify an impairment for cash-generating units to which goodwill of USD 192,262 is allocated. There are no significant changes to the sensitivity information disclosed at year end.

13. Mineral rights

Cost	
Balance at 1 January 2012	540,813
Acquisition of subsidiaries	449
Additions	788
Translation adjustment	-2,055
Balance at 30 June 2012	**539,995**
Balance at 1 January 2013	553,560
Translation adjustment	9,567
Balance at 30 June 2013	**563,127**
Amortisation	
Balance at 1 January 2012	-24,231
Amortisation charge	-3,699
Translation adjustment	102
Balance at 30 June 2012	**-27,828**
Balance at 1 January 2013	-31,880
Amortisation charge	-5,116
Translation adjustment	-605
Balance at 30 June 2013	**-37,601**
Net book value	
Balance at 31 December 2012	**521,680**
Balance at 30 June 2013	**525,526**

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

in USD '000, except per share data

14. Derivative financial instruments

Details of the fair value of derivative financial instruments are set out below:

	Assets	Liabilities
30 June 2013		
Embedded derivatives on energy contract	7,836	1,758
Aluminium forward swaps - cash flow hedges	-	580
Total	**7,836**	**2,338**
Thereof:		
Non-current	7,836	-
Current	-	2,338
31 December 2012		
Embedded derivatives on energy contract	-	19,821
Aluminium forward swaps - cash flow hedges	-	4
Total	**-**	**19,825**
Thereof:		
Non-current	-	12,812
Current	-	7,013

Embedded derivatives

The Group has a contract of electrical energy supply that includes embedded derivative financial instruments, which were separated from the host contract and accounted for at fair value.

The portion of the hedging reserve reclassified to profit or loss as a credit to Sales for the 6 months ended 30 June 2013 amounted to USD 10,780 (30 June 2012: USD 8,876), with a corresponding deferred tax amount of USD 1,725 (for the 6 months ended 30 June 2012: USD 1,420).

The change in fair value of the embedded derivative instrument between 31 December 2012 and 30 June 2013, amounting to USD 29,396 was credited to profit or loss (30 June 2012: loss of USD 74,892 was debited to profit or loss).

Another USD 3,291 (30 June 2012: nil) were debited to profit or loss as "energy cost", being the fair value of the monthly derivative instruments settled during the 6 months ended 30 June 2013.

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

Commodity swap contracts

At 30 June 2013, 5,622 tons of highly probable sales were hedged against the adverse effect of aluminium price changes through swap agreements for 2013 and 2014 (at 31 December 2012: 462 tons). During the 6 months ended 30 June 2013, USD 178 were debited to Sales in respect of the settled contracts (6 months to 30 June 2012: USD 83), with a corresponding deffered tax of USD 28 being reclassified to profit or loss at the same time (6 months to 30 June 2012: USD 13).

Aluminium options

At 30 June 2013 and 31 December 2012 there were no more outstanding options.

No result from options affected the statement of profit or loss and other comprehensive income in 2013. For the 6 months ended 30 June 2012, the gain reclassified to profit or loss under "sales" was of USD 20,393, the amount of USD 1,834 representing change in time value of the options was recognized in profit or loss as a gain, along with the net loss from expired options of USD 2,679.

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

in USD '000, except per share data

Forward foreign exchange contracts

As at 30 June 2013, the Group did not have any forward foreign exchange contracts outstanding. Such contracts had been settled in May and June 2012, and the realized loss included in "foreign exchange (loss) / gain" amounted to USD 12,218 during the 6 months ending at 30 June 2012.

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

Level 2 derivatives comprise aluminium forward contracts and aluminium options.

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

The aluminium options are fair valued by the Black - Scholes formula, which takes into consideration observable market data, of which the LME curve, USD yield curve and RON/USD rates.

There were no changes in the valuation techniques during the period.

The Group does not have level 3 financial instruments.

In 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.

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;
- borrowings

15. Inventories

	30 June 2013	31 December 2012
Raw and auxiliary materials	167,832	190,304
Work in progress	178,129	187,948
Finished goods	72,219	73,833
Less: allowance for obsolescence	-9,281	-10,932
Total	**408,899**	**441,153**

The movements in the provision for obsolescence are as follows:

	2013	2012
Balance at 1 January	-10,932	-11,680
Credit to cost of goods sold	1,474	834
Translation adjustment	177	-86
Balance at 30 June	**-9,281**	**-10,932**

The value of inventories pledged for securing the Group's borrowings amounts USD 132,000 (31 December 2012: USD 147,334).

16. Restricted cash

Restricted cash represents amounts:

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

in USD '000, except per share data

17. Borrowings

	30 June 2013	31 December 2012
Long-term borrowings		
Long-term bank loans	980,476	1,038,185
Less: Short-term portion of long-term bank loans	-119,769	-86,775
Bank loans	***860,707***	***951,410***
Other loans	85,603	107,782
Corporate bonds	424,181	401,648
Bank and other loans	***1,370,491***	***1,460,840***
Loans from related parties (Note 18)	-	-
Finance leases	280	183
Total long-term borrowings	**1,370,771**	**1,461,023**
Short-term borrowings		
Short-term bank loans and overdrafts	716,990	636,979
Short-term portion of long-term bank loans	119,769	86,775
Bank loans and overdrafts	***836,759***	***723,754***
Other loans	379,239	247,068
Bank loans, overdrafts and other loans	***1,215,998***	***970,822***
Loans from related parties (Note 18)	190,787	185,120
Finance leases	481	622
Total short-term borrowings	**1,407,266**	**1,156,564**
Total borrowings	**2,778,037**	**2,617,587**

Short-term bank loans and overdrafts include amounts received for the bills of exchange discounted at banks in amount of USD 84,770 (31 December 2012: USD 61,433).

Bank borrowings mature until 2023 and have borne interest (fix and variable for different currencies) at annual interest rates between 0.73% and 12.43% (6 months 2012: 1.37% and 13.01%).

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

Included in short-term borrowings "Other loans" are private placement bonds issued in June 2013 by one of the Group subsidiaries in China in amount of USD 161,365 (denominated in CNY, with a total face value of CNY 1,000,000,000). The bonds have maturity of 1 year, are not secured and bear a fixed interest rate of 7.3% per annum.

According to the existing borrowing agreements the Group is subject to certain restrictive covenants. These covenants require the Group, among other things, to maintain certain financial ratios inculding minimum debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") and interest cover.

As at 30 June 2013, one of the Group companies was in breach of covenants in respect of its loan. The subsidiary discussed the situation with the bank and received a waiver before the end of the reporting period. 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.

The Company has a secured bank loan with a carrying amount of USD 40,671 at 30 June 2013. According to the terms of the agreement, this loan is payable in installments over the next 3 years. However, the loan contains a restrictive covenant in respect of the Net debt/ EBITDA ratio. The Group has experienced a decrease in EBITDA level and as such the mentioned ratio exceeded its maximum threshold in the first half of 2013. The Company discussed the situation with the bank and received a waiver subsequent to the end of the reporting period and therefore, the non-current portion of USD 19,500 was reclassified as short-term borrowings, to comply with IFRS.

in USD '000, except per share data

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

18. Related party transactions

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

The primary related party transactions are described below.

Financing

Borrowings

	30 June 2013	31 December 2012
Vi Holding N.V.	190,787	185,120
Total borrowings from related parties	**190,787**	**185,120**
Thereof:		
Short-term portion of borrowings	190,787	185,120
Long-term portion of borrowings	-	-

The loan payable to Vi Holding N.V. reached its maturity on 31 May 2013 and is subject to interest at LIBOR plus 5.75%. The Company initiated discussions to postpone it to a later date and as at the end of the period the negotiations were still ongoing. Therefore, as at 30 June 2013 the loan was classified as short-term. The loan is subordinated.

Interest expense related to borrowings from related parties amounted to USD 5,667 (6 months ended 30 June 2012: USD 5,891).

Loans

	30 June 2013	31 December 2012
Associates	38,033	37,848
Total loans to related parties	**38,033**	**37,848**

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

Interest income related to loans to associates amounted to USD 1,074 (6 months ended 30 June 2012: USD 1,109).

Goods and services provided to related parties

	Six months ended 30 June 2013	Six months ended 30 June 2012
Vi Holding N.V.	-	-
Companies under common control	40	40
Associates	2,417	2,248
Total goods and services provided to related parties	**2,457**	**2,288**

Goods and services purchased from related parties

	Six months ended 30 June 2013	Six months ended 30 June 2012
Vi Holding N.V.	-	-
Companies under common control	-27,157	-32,268
Other related parties	-41	-
Total goods and services provided to related parties	**-27,198**	**-32,268**

in USD '000, except per share data

Furthermore, the following balances were outstanding at 30 June 2013 and 31 December 2012:

Trade and other accounts receivable

	30 June 2013	31 December 2012
Vi Holding N.V.	-	-
Companies under common control	25	26
Associates	5,396	5,669
Total trade and other accounts receivable from related parties	**5,421**	**5,695**

Trade and other accounts payable

	30 June 2013	31 December 2012
Vi Holding N.V.	276	276
Companies under common control	208	596
Other	175	148
Total trade and other accounts payable to related parties	**659**	**1,020**

Management compensation

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

	Six months ended 30 June 2013	Six months ended 30 June 2012
Short-term employee benefits	754	736
Post-employment benefits	82	72
Total	**836**	**808**

19. Acquisitions and disposals of subsidiaries

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 of coal.

Consideration

Consideration received in cash and cash equivalents	-
Deferred sales proceeds	3,044
Total consideration	**3,044**

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

Henan Jiatuo Coal Distribution Co., Ltd.	
Goodwill (Note 12)	5,188
Non-current assets	5,836
Current assets	96,497
Non-current liabilities	-
Current liabilities	-107,297
Net assets disposed of	**224**
Gain on disposal	**2,820**
Consideration received less cash disposed of	**-1,085**

Transactions with non-controlling interests

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 Group’s effective percentage of shareholding in Zhongfu Power decreasing from 69.21% to 50.01% (see Note 22). No additional goodwill was recognized on the transfer and the difference between the consideration transferred and the carrying values of net assets of the subsidiary was recognized in Equity as "Non-controlling interests arised in Henan Zhongfu Power Co., Ltd.". The Group recognised a decrease in non-controlling interests of USD -2,024 and an increase in retained earnings of USD 2,024.

20. Contingencies and commitments

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.

European Commission investigation
In April 2012, the European Commission commenced a formal investigation in respect of the long-term electricity supply agreement concluded by one of the Group's subsidiary. As at 30 June 2013, the investigation was not completed and the management considers that it is not possible to asses the potential outcome. As a result, no provision was recorded in these consolidated interim financial statements.

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 345,350 at 30 June 2013 and USD 480,313 at 31 December 2012.

The Group has further investment commitments in China amounting to USD 84,967 (at 31 December 2012: USD 79,846), mainly for power projects with joint ventures. The timing of the cash outflows depends on the progress of the project.

Raw material purchase contracts
The Group has entered into various contracts for acquiring energy, gas and other material and consumables at prices prevailing at the date of purchase.

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

21. Events after the balance sheet date

There were no material subsequent events that would affect the interpretation of the financial statements.

in USD '000, except per share data

22. Principal companies in the Vimetco Group

The principal companies in the Vimetco Group at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013		31 December 2012	
	shareholding	votes[1]	shareholding	votes[1]
China				
Datang Gongyi Power Generation Co., Ltd.	47.42%	49.00%	47.42%	49.00%
Datang Linzhou Thermal Power Co., Ltd.	9.62%	19.23%	9.62%	19.23%
Dengfeng City Chenlou Yisan Coal Mine Co., Ltd.	27.51%	100.00%	31.73%	100.00%
Dengfeng City Jinxing Coal Mine Co., Ltd.	27.51%	100.00%	31.73%	100.00%
Everwide Industrial Ltd.	100.00%	100.00%	100.00%	100.00%
Henan Jiatuo Coal Distribution Co., Ltd.	0.00%	0.00%	57.69%	100.00%
Henan Yellow River Heluo Branch Water Supply Co., Ltd.	22.01%	44.00%	30.45%	44.00%
Henan Yinhu Aluminium Co., Ltd.	50.01%	100.00%	50.01%	100.00%
Henan Yonglian Coal Industry Co., Ltd.	22.51%	45.00%	31.15%	45.00%
Henan Yulian Energy Group Co., Ltd.	96.78%	96.78%	96.78%	96.78%
Henan Yulian Coal Industry Group Co., Ltd. [2]	50.01%	100.00%	57.69%	100.00%
Henan Zhongfu Aluminium Alloy Co., Ltd.	37.01%	100.00%	37.01%	100.00%
Henan Zhongfu Anodes Carbon Co., Ltd.	41.78%	83.53%	41.78%	83.53%
Henan Zhongfu Industry Co., Ltd.	50.01%	51.68%	50.01%	51.68%
Henan Zhongfu Power Co., Ltd.	50.01%	100.00%	69.21%	100.00%
Henan Zhongfu Specialized Aluminium Product Co., Ltd.	37.01%	73.99%	37.01%	73.99%
Henan Zhongfu Thermal Power Co., Ltd.	24.51%	49.00%	33.91%	49.00%
Linzhou Jinhe Electrical Power Equipment Co., Ltd.	25.51%	51.00%	25.51%	51.00%
Linzhou Linfeng Aluminium and Power Co., Ltd.	50.01%	100.00%	50.01%	100.00%
Linzhou Linfeng Aluminium Product Co., Ltd.	50.01%	100.00%	50.01%	100.00%
Shanghai Xinfu Industry Development Co. Ltd.	45.01%	100.00%	45.01%	100.00%
Shanghai Zhongfu Aluminium Development Co., Ltd.	45.01%	90.00%	45.01%	90.00%
Shenzhen OK (OUKAI) Industry Development Co., Ltd.	50.01%	100.00%	50.01%	100.00%
Yichuan County Jinyao Coal Mine Co., Ltd.	27.51%	100.00%	31.73%	100.00%
Zhengzhou City Dengcao Investment Co., Ltd.	27.51%	55.00%	31.73%	55.00%
Zhengzhou City Fanda Investment Management Co., Ltd.	50.01%	100.00%	57.69%	100.00%
Zhengzhou City Huixiang Coal Industry Co., Ltd.	35.01%	70.00%	40.39%	70.00%
Zhengzhou Dengcao Enterprise Group Jinling Coal Mine Co., Ltd.	27.51%	100.00%	31.73%	100.00%
Zhengzhou Guangxian Industry and Trade Co., Ltd.	50.01%	100.00%	57.69%	100.00%
Romania				
Alro S.A.	87.50%	87.97%	87.50%	87.97%
Alum S.A.	86.98%	99.40%	86.98%	99.40%
Conef S.A.	87.47%	99.97%	87.47%	99.97%
Vimetco Extrusion S.R.L.	87.50%	100.00%	87.50%	100.00%
Vimetco Management Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Power Romania S.R.L.	100.00%	100.00%	100.00%	100.00%
Vimetco Trading S.R.L.	100.00%	100.00%	100.00%	100.00%
Sierra Leone				
Bauxite Marketing Ltd.	86.98%	100.00%	86.98%	100.00%
Global Aluminium Ltd.	86.98%	100.00%	86.98%	100.00%
Sierra Mineral Holdings I, Ltd.	86.98%	100.00%	86.98%	100.00%
Corporate and other				
Vimetco N.V.	n/a	n/a	n/a	n/a
Vimetco Management GmbH	100.00%	100.00%	100.00%	100.00%
Vimetco Ghana (Bauxite) Ltd.	100.00%	100.00%	100.00%	100.00%

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

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

Statement of management responsibilities

To the Shareholders of Vimetco N.V.

Pursuant to the Listing Rules of the United Kingdom Listing Authority (UKLA) the Company is required to prepare financial statements which present fairly, in all material respects, the state of affairs of Vimetco N.V. and its subsidiaries (together referred to as the "Group") at the end of each financial period and of the Group's results and its cash flows for each financial period. Management is responsible for ensuring that the Group keeps accounting records, which disclose, with reasonable accuracy, the financial position and which enable them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) as endorsed by the EU. Management also has a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Management considers that, in preparing the Condensed Consolidated Interim Financial Statements set out on pages 9 to 31, 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 Condensed Consolidated Interim 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 Condensed Consolidated Interim Financial Statements set out on pages 9 to 31 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 3 to 8 includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Company faces. Pursuant to the art. 5:25d section 2 paragraph c under 1 and 2 of the Dutch Act on financial supervision (Wet op het financieel toezicht or Wft), the management of the Company states that to the best knowledge of the members of the Board of Directors: 1) the half-yearly financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and 2) the half-yearly management report includes a fair review of a) the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, b) the principal risks and uncertainties for the remaining six months of the financial year and c) for issuers of shares the major related parties transactions.

For and on behalf of the Board of Directors

Gheorghe Dobra
Chief Executive Officer

Marian Nastase
Chief Financial Officer

26 August 2013