Annual Report
in accordance with No.1/2006 of Regulation Romanian National Securities Commission revised by No.1/2008 Regulation for financial exercise of 2014

Date of the report: 31.12.2014

Name of the company: **ALUM SA TULCEA**
Headquarter address: 82 Isaccei Street Tulcea
Telephone /fax: 0240535740, 0240/535495
Registration date to Commerce Registry: J36/29/1991
Fiscal Code: 2360405
Social capital subscribed and paid: 488,412,907.85 RON
Class, type, number and main details about securities issued by SC ALUM SA: 82,086,203 shares at a nominal value of 5.95 lei/share.

1. Activity of the company

1.1. a) Main activity class is (as per NACE classification): Manufacture of basic precious and other non-ferrous metals (NACE code 244) and the main activity object is aluminum metallurgy (NACE code 2442).
In addition to the main activity object, there are the following secondary activities:

- Support services to forestry (NACE code 0240);
- Extraction of crude petroleum (NACE code 0610);
- Extraction of natural gas (NACE code 0620);
- Mining of other non-ferrous metal ores (NACE code 0729);
- Support activities for petroleum and natural gas extraction (NACE code 0910);
- Support activities for other mining and quarrying (NACE code 0990);
- Manufacture of other food products n.e.c. (NACE code 1089);
- Manufacture of made-up textile articles, except apparel (NACE code 1392);
- Manufacture of work wear (NACE code 1412);
- Sawmilling and planing of wood (NACE code 1610);
- Manufacture of veneer sheets and wood-based panels (NACE code 1621);
- Manufacture of assembled parquet floors (NACE code 1622);
- Manufacture of other builders' carpentry and joinery (NACE code 1623);
- Manufacture of wooden containers (NACE code 1624);
- Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials (NACE code 1629);
- Manufacture of paper and paperboard (NACE code 1712);
- Manufacture of corrugated paper and paperboard and of containers of paper and paperboard (NACE code 1721);
- Manufacture of other articles of paper and paperboard (NACE code 1729);
- Other printing n.c.a. (NACE code 1812);
- Manufacture of coke oven products (NACE code 1910);
- Manufacture of refined petroleum products (NACE code 1920);

- Manufacture of industrial gases (NACE code 2011);
- Manufacture of other inorganic basic chemicals (NACE code 2013);
- Manufacture of other organic basic chemicals (NACE code 2014);
- Manufacture of other technical ceramic products (NACE code 2344);
- Manufacture of other non-metallic mineral products n.e.c. (NACE code 2399);
- Production of ferrous metals in primary forms and ferroalloy (NACE code 2410);
- Cold forming or folding (NACE code 2433);
- Other non-ferrous metal production (NACE code 2445);
- Casting of iron (NACE code 2451);
- Casting of steel (NACE code 2452);
- Casting of light metals (NACE code 2453);
- Manufacture of metal structures and parts of structures (NACE code 2511);
- Manufacture of doors and windows of metal (NACE code 2512);
- Treatment and coating of metals (NACE code 2561);
- Machining (NACE code 2562);
- Manufacture of tools (NACE code 2573);
- Manufacture of light metal packaging (NACE code 2592);
- Manufacture of other fabricated metal products n.e.c.(NACE code 2599);
- Manufacture of electronic components (NACE code 2611);
- Manufacture of communication equipment (NACE code 2630);
- Manufacture of instruments and appliances for measuring, testing and navigation (NACE code 2651);
- Manufacture of electric motors, generators and transformers (NACE code 2711);
- Manufacture of electricity distribution and control apparatus (NACE code 2712);
- Manufacture of wiring devices (NACE code 2733);
- Manufacture of electric lighting equipment (NACE code 2740);
- Manufacture of other electrical equipment (NACE code 2790);
- Manufacture of lifting and handling equipment (NACE code 2822);
- Manufacture of other general-purpose machinery n.e.c. (NACE code 2829);
- Manufacture of metal forming machinery (NACE code 2841);
- Manufacture of other machine tools (NACE code 2849);
- Manufacture of machinery for metallurgy (NACE code 2891);
- Manufacture of machinery for mining, quarrying and construction (NACE code 2892);
- Manufacture of other special-purpose machinery n.e.c. (NACE code 2899);
- Manufacture of railway locomotives and rolling stock (NACE code 3020);
- Manufacture of medical and dental instruments and supplies (NACE code 3250);
- Other manufacturing n.e.c. (NACE code 3299);
- Repair of fabricated metal products (NACE code 3311);
- Repair of machinery (NACE code 3312);
- Repair of electronic and optical equipment (NACE code 3313);
- Repair of electrical equipment (NACE code 3314);
- Repair and maintenance of other transport equipment. (NACE code 3317);
- Repair of other equipment (NACE code 3319);
- Installation of industrial machinery and equipment (NACE code 3320);
- Production of electricity (NACE code 3511);
- Transmission of electricity (NACE code 3512);
- Distribution of electricity (NACE code 3513);
- Trade of electricity (NACE code 3514);

- Distribution of gaseous fuels through mains (NACE code 3522);
- Trade of gas through mains (NACE code 3523);
- Steam and air conditioning supply (NACE code 3530);
- Water collection, treatment and supply (NACE code 3600);
- Sewerage (NACE code 3700);
- Collection of non-hazardous waste (NACE code 3811);
- Collection of hazardous waste (NACE code 3812);
- Treatment and disposal of non-hazardous waste (NACE code 3821);
- Treatment and disposal of hazardous waste (NACE code 3822);
- Dismantling of wrecks (NACE code 3831);
- Recovery of sorted materials (NACE code 3832);
- Remediation activities and other waste management services (NACE code 3900);
- Development of building projects (NACE code 4110);
- Construction of residential and non-residential buildings (NACE code 4120);
- Construction of roads and motorways (NACE code 4211);
- Construction of railways and underground railways (NACE code 4212);
- Construction of bridges and tunnels (NACE code 4213);
- Construction of utility projects for fluids (NACE code 4221);
- Construction of utility projects for electricity and telecommunications (NACE code 4222);
- Construction of other civil engineering projects n.e.c. NACE code 4299);
- Demolition (NACE code 4311);
- Site preparation (NACE code 4312);
- Electrical installation (NACE code 4321);
- Plumbing, heat and air-conditioning installation (NACE code 4322);
- Other construction installation (NACE code 4329);
- Joinery installation (NACE code 4332);
- Floor and wall covering (NACE code 4333);
- Painting and glazing (NACE code 4334);
- Other building completion and finishing (NACE code 4339);
- Roofing activities (NACE code 4391);
- Other specialised construction activities n.e.c. (NACE code 4399);
- Maintenance and repair of motor vehicles (NACE code 4520);
- Agents involved in the sale of fuels, ores, metals and industrial chemicals (NACE code 4612);
- Agents involved in the sale of timber and building materials (NACE code 4613);
- Agents involved in the sale of machinery, industrial equipment, ships and aircraft (NACE code 4614);
- Agents involved in the sale of a variety of goods (NACE code 4619);
- Wholesale of electrical household appliances (NACE code 4643);
- Wholesale of computers, computer peripheral equipment and software (NACE code 4651);
- Wholesale of electronic and telecommunications equipment and parts (NACE code 4652);
- Wholesale of machine tools (NACE code 4662);
- Wholesale of mining, construction and civil engineering machinery (NACE code 4663);
- Wholesale of office furniture (NACE code 4665);
- Wholesale of other office machinery and equipment (NACE code 4666);
- Wholesale of other machinery and equipment (NACE code 4669);
- Wholesale of solid, liquid and gaseous fuels and related products (NACE code 4671);
- Wholesale of metals and metal ores (NACE code 4672);
- Wholesale of wood, construction materials and sanitary equipment (NACE code 4673);

- Wholesale of hardware, plumbing and heating equipment and supplies (NACE code 4674);
- Wholesale of chemical products (NACE code 4675);
- Wholesale of other intermediate products (NACE code 4676);
- Wholesale of waste and scrap (NACE code 4677);
- Non-specialised wholesale trade (NACE code 4690);
- Carried out Retail stores, stalls and markets (NACE code 4799)
- Freight transport by road (NACE code 4941);
- Removal services (NACE code 4942);
- Transport via pipeline (NACE code 4950);
- Sea and coastal passenger water transport (NACE code 5010);
- Sea and coastal freight water transport (NACE code 5020);
- Inland passenger water transport (NACE code 5030);
- Inland freight water transport (NACE code 5040);
- Warehousing and storage (NACE code 5210);
- Service activities incidental to water transportation (NACE code 5222);
- Cargo handling (NACE code 5224);
- Other transportation support activities (NACE code 5229);
- Other food service activities (NACE code 5629);
- Book publishing (NACE code 5811);
- Publishing of directories and mailing lists (NACE code 5812);
- Publishing of newspapers (NACE code 5813);
- Publishing of journals and periodicals (NACE code 5814);
- Other publishing activities (NACE code 5819);
- Publishing of computer games (NACE code 5821);
- Other software publishing (NACE code 5829);
- Sound recording and music publishing activities (NACE code 5920);
- Radio broadcasting (NACE code 6010);
- Television programming and broadcasting activities (NACE code 6020);
- Wired telecommunications activities (NACE code 6110);
- Wireless telecommunications activities (NACE code 6120);
- Satellite telecommunications activities (NACE code 6130);
- Other telecommunications activities (NACE code 6190);
- Computer programming activities (NACE code 6201);
- Computer consultancy activities (NACE code 6202);
- Computer facilities management activities (NACE code 6203);
- Other information technology and computer service activities (NACE code 6209);
- Data processing, hosting and related activities (NACE code 6311);
- Web portals (NACE code 6312);
- Activities of holding companies (NACE code 6420);
- Buying and selling of own real estate (NACE code 6810);
- Renting and operating of own or leased real estate (NACE code 6820);
- Real estate agencies (NACE code 6831);
- Management of real estate on a fee or contract basis (NACE code 6832);
- Accounting, bookkeeping and auditing activities; tax consultancy (NACE code 6920);
- Activities of head offices (NACE code 7010);
- Public relations and communication activities (NACE code 7021);
- Business and other management consultancy activities (NACE code 7022);
- Architectural activities (NACE code 7111);
- Engineering activities and related technical consultancy (NACE code 7112);

- Technical testing and analysis (NACE code 7120);
- Research and experimental development on biotechnology (NACE code 7211);
- Other research and experimental development on natural sciences and engineering (NACE code 7219);
- Research and experimental development on social sciences and humanities (NACE code 7220);
- Market research and public opinion polling (NACE code 7320);
- Other professional, scientific and technical activities n.e.c. (NACE code 7490);
- Renting and leasing of cars and light motor vehicles (NACE code 7711);
- Renting and leasing of trucks (NACE code 7712)
- Renting and leasing of construction and civil engineering machinery and equipment (NACE code 7732);
- Renting and leasing of office machinery and equipment (including computers) (NACE code 7733);
- Renting and leasing of other machinery, equipment and tangible goods n.e.c. (NACE code 7739);
- General cleaning of buildings (NACE code 8121);
- Combined facilities support activities (NACE code 8110);
- Other building and industrial cleaning activities (NACE code 8122);
- Other cleaning activities (NACE code 8129);
- Technical and vocational secondary education (NACE code 8532);
- Sports and recreation education (NACE code 8551);
- Cultural education (NACE code 8552);
- Other education n.e.c. (NACE code 8559);
- Educational support activities (NACE code 8560);
- Other human health activities (NACE code 8690)
- Repair of computers and peripheral equipment (NACE code 9511);
- Repair of other personal and household goods (NACE code 9529);

b) The Company was set up as a Commercial Society in 1991.

c) During 2014, the shareholding structure remained unchanged, at December 31st, 2014 being as follows:

No.	Shareholder	Number of shares	Percentage (%)
1	ALRO SA	81,595,860	99.40
2	Other shareholders (natural persons)	481,177	0.59
3	Other shareholders (legal persons)	9,166	0.01
Total		**82,086,203**	**100.00**

At December 31st, 2014, the share capital of the Company is **RON 488,412,907.85** and the number of issued shares is **82,086,203** at a nominal value of **RON 5.95** per share.

d) Acquisitions or transfer (sale) of property

During 2014, the Company bought fixed assets with a gross book value of RON 5,430,359.

Total assets of the Company at the date of December 31st, 2014 are:

RON

	01.01.2014	31.12.2014	Differences
A. Non-current assets	198.865.495	176.605.619	(22.259.877)
B. Current assets	234.173.005	294.982.847	60.809.842
Total assets	433.038.500	471.588.466	38.549.965

e) Company's activity evaluation - Description of main results

Indicators that define the activity of the company in 2014 are described bellow:

SYNTHETIC INDICATORS	Actual 2013	Actual 2014	Difference as compared to 2013	%
	RON	RON	RON	
TURNOVER	**522,540,268**	**536,644,895**	**14,104,627**	**103**
TOTAL OPERATING REVENUES	**524,131,492**	**571,392,617**	**47,261,125**	**109**
TOTAL OPERATING EXPENSES	**574,549,819**	**542,075,427**	**(32,474,392)**	**94**
of which:- raw material and material expenses	294,408,332	301,347,885	6,939,552	102
- other expenses (non-stocked, inventory objects)	1,158,896	1,555,769	396,873	134
- energy and water expenses	162,973,545	163,848,562	875,017	101
- staff expenses	31,322,498	30,530,454	(792,044)	97
- depreciation expenses	22,730,641	22,665,904	(64,737)	100
- third parties services	16,840,329	15,651,630	(1,188,699)	93
-merchandise expenses	618,218	1,266,934	648,716	205
-fixed assets expenses	3,672,900	4,426,843	753,943	121
-value adjustments	40,824,460	781,446	(40,043,014)	2
Operating result	**(50,418,327)**	**29,317,190**	**79,735,517**	**(58)**
FINANCIAL REVENUES	**34,973,139**	**55,711,688**	**20,738,548**	**159**
FINANCIAL EXPENSES	**122,072,716**	**34,915,047**	**(87,157,669)**	**29**
Financial result	**(87,099,577)**	**20,796,640**	**107,896,217**	**(24)**
TOTAL REVENUES	**559,104,631**	**627,104,304**	**67,999,674**	**112**
TOTAL EXPENSES	**696,622,535**	**576,990,475**	**(119,632,061)**	**83**
GROSS PROFIT	**(137,517,904)**	**50,113,830**	**187,631,733**	**(36)**
PROFIT TAX	-	-	-	-
NET PROFIT	**(137,517,904)**	**50,113,830**	**187,631,733**	**(36)**

1.1.1 Elements of general evaluation:

	RON
Profit (loss)	50,113,830
Turnover	536,644,895
Cash and cash equivalents	2,242,208

1.1.2. Technical evaluation of the Company

a) In 2014 the main incomes of the Company were obtained from sales of the followings:
   - calcined alumina
   - hydrate

- scrap iron
- utilities and CO2 emissions certificates

b) New products taken into consideration for the future financial exercise, that requires to allocate a substantial assets volume and the actual development stage of those products.

Not the case.

1.1.3. Evaluation of procurement activity

Main raw materials and utilities, as percentage of total expenses with raw material and utilities are: bauxite, caustic soda, natural gas and electricity.

1.1.4. Sales activity's evaluation

a) In the year 2014 Alum's recorded turnover is 536,645 th RON consisting in:

sales of alumina to Alro	464,349	th RON
sales of alumina to other clients	39,252	th RON
sales of hydrate	29,608	th RON
scrap sales revenues	761	th RON
sales of utilities	518	th RON
revenues from various activities	2,158	th RON

b) Alum SA is the sole calcined alumina producer in Romania; so, there are no internal competitors. Since the market is challenging, Alum must continue its strategy of cost reducing. This can be achieved by reducing consumptions, developing new environmental friendly technologies, promoting its products through an aggressive marketing policy and human capital development.

c) Description of any significant dependence of the Company beside a sole client or a group of clients and whose loss could have a negative impact in relation to Company's revenues.

Not the case.

1.1.5.a) Average number of staff for 2014 was 689, with the following structure:

Management	14
Administrative staff	122
Workers	553

Trade-union rating of work force is 94.5%.

b) Relationship between managers and employees are of co-operation.
In 2014, the relations between theexecutive management of the Company and the employees represented by unions were fair, regulated by the Collective Labour Agreement and the specific legislation in forcé. There were no major conflicts recorded, likely to influence the normal activities or business continuity.

1.1.6. **Assessing aspects of the business impact against environment**

S.C. Alum S.A. main activity is the production of calcined alumina by Bayer process. The technological process assumes the existence of alkaline solutions to various degrees of dilution.

From the technological circuit for obtaining calcined alumina, are resulting many of gaseous, liquid and solid wastes which are purified, if necessary, or treated before being discharged into the environment, where applicable, or treated before being discharged to the environment.
The Impact on the environmental factor, air, consists in discharging into the atmosphere through the dispersion chimneys from the Power House and Calcinations department of the noxious resulted from the combustion of heavy oil/gas in the Power House boilers and in the calcinations furnaces of the aluminum hydroxide.
The noxious resulting into heavy oil/gas combustion process from boilers and furnaces calcinations are monitored on-line trough monitoring system commissioned in February 2006.
Data monitored are regularly reported to the local environmental authorities in accordance with the approved Self-Monitoring programme.
The impact generated by the resulted gaseous pollutants on protected areas, from aria of influence of the society is reduced.
The impact on the environment factors, water, consists in discharging through the sewage system of ALUM, of different categories of water: pluvial, called "clean conventional", waste, neutralized and household.
Before discharging in Danube, the waste water is passed through a cleaning station, being neutralized and then discharged.
Permanent monitoring of the indicator "pH" is achieved through placement of "pH" continuous measuring device, both off take pluvial water and neutralizing station and retention basin.
The impact on the environment factors, soil, consists in possible release of dust on the ground, in case of malfunction of various installations, and the solid residue resulting from processing bauxites.
Soil analyses carried out in the impact zone of society have highlighted the insignificant impact of the activity of S.C. ALUM S.A. on soil quality in the area.
Monitoring is done at the Mud Lake, for: the water level for Mud Lake, state of contour dams, the system of pumping mud and water and the groundwater quality in the drillings control located in the area of Mud Lake, etc.
Continue monitoring for Mud Lake moistening system avoiding engaging solid particles in atmospheric air.
The company has implemented an integrated quality-environment system.
By approved environmental policy, S.C. ALUM S.A. promotes a policy of reducing the negative impacts of its activities on the environment, without this to affected the quality of its products, conforms to current environmental legislation and any of its evolutions, relating to activities.

S.C. ALUM S.A. has no disputes for violations of environment legislation.

In 2014 the refinery has the following investments program:

No.	Investment name	Value (thousands USD)	Funding source
1.	Endowments	73	own sources
TOTAL		**73**	

1.1.7. Development and investigation activity evaluation

Not the case.

1.1.8. Assessing commercial activity on risk management (description of the Company exposure to price risk, credit, liquidity and cash flow)

Credit Risk

The credit risk represents the risk that one of the parties participating in the financial instrument will fail to fulfill an obligation, thus causing a financial loss to the other party.

Financial assets that expose the Company to the potential credit risk concentrations comprise mainly receivables from the main activity. The Company has policies to ensure that sales are to customers with appropriate references on their creditworthiness. Date of maturity of debt is carefully monitored and the overdue amounts are promptly pursued.
These are presented at the net adjusting value for uncertain receivables.

In May 2011 the company signed a long term loan agreement worth 25 million USD with Raiffeisen Bank, for partial financing of the acquisition of shares representing 100% of the share capital of Global Aluminium Company Ltd. BVI, based in Trinity Chambers, British Virgin Islands. The loan has been granted for a period of 5 years with an interest rate of Libor 3M+4%. The balance as of December 31st 2014 is USD 7,500,000, the equivalent of RON 27,651,000, and the related interest is in amount of USD 54,671, the equivalent of RON 201,561.

Liquidity risk

The liquidity risk, also named financing risk, is the risk that a plant has difficulties in accumulating funds in order to fulfill the obligations related to the financial instruments. The liquidity risk can arise from the inability to sell quickly a financial asset at a value close to its actual value.
Prudent liquidity risk management implies maintaining sufficient cash and available credit lines, through continuous monitoring of estimated and real cash flows and matching the estimated maturities of financial assets and liabilities.
Due to the nature of the business, the Company seeks to maintain flexibility in funding opportunities, including majority shareholder support.

Cash flow risk

By the nature of the activity, the Company is not subject to a risk of change in the projected cash flows, both from financial instruments fluctuation and the changing interest rate.

Market risk

The Romanian economy is developping continuously. Due to the fact that almost 90% of the production of calcined alumina is sold to ALRO Slatina, the main shareholder of SC ALUM SA Tulcea, the management considers that the market risk is low.

1.1.9. Elements of perspective on the business company

a) Presentation and analysis of trends, items, events or factors of uncertainty that affects or could affect the liquidity of the company compared to the same period of previous year.
Company's orientation is materialized in the objectives presented below:

- Completion of on-going investments having as result the decrease of production costs.
- Continuation of the modernization process in order to meet the new demands regarding the economical efficiency, environmental protection and social responsability.
- Ensurring raw materials and energy resources on long term basis
- Active management of contractual and market risks (financial), taking into account the evolution of the domestic and international market

- Developping new products and activities

b) The financial resources for supplying are provided from company's own resource.

c) Main development directions of S.C. ALUM S.A.

The future development projects which ALUM intends to implement are briefly presented below:

- Works for revamping the red mud lake – maintenance and consolidation works for the red mud lake and the heightening of the dams to assure the continuation of thickened red mud safe storage, removing of the silt brought by rain from hillsides into the polder;
- Cooling tower for the industrial water used in White Filtration;
- Energy efficiency actions for the technological process by recovering heat from hot flows by installing plate heat exchangers and efficient pumps.

2. Tangible assets of the Company

2.1. Emplacement and main characteristics of productions capacities of the Company.

The Alumina Plant from Tulcea was commissioned in 1973, with the destination of processing of raw material from import. The emplacement of this factory at Tulcea, on the right side of the Danube, was choosing for its transportation facilities of raw material (bauxite). Also, the alumina process is high water consumer and such placement would cover the required quantity of water to the process.
The designed capacity of the factory is 400,000 MTA, from which 395,000 MTA is calcinated alumina and 5,000 MTA as hydrate (aluminium hydroxide). This capacity was reached in 3 stages; the last stage was completed in 1980.
In 2001, the static kiln was put into function. That increased the production up to 600,000 MT of calcined alumina.
The main raw material from which alumina is extracted is the bauxite ores from import. The content of aluminium oxide is between 47 to 55%.
The others raw materials necessary to obtain alumina are: caustic soda, industrial lime, industrial flour, sulfuric acid etc. and natural gas as fuel.
The extraction of aluminium hydroxide from bauxite is based on Bayer process that is moist hydro - metallurgical process. The dissolving process is realized with caustic soda.
The bauxite is transported with ore ships to Constanta port where is transferred into barges then transported and downloaded in port of Tulcea. From there, the bauxite is transported inside the plant (Alum), at the bauxite site.
The technological process is developed inside Alum. The location of Alum's premises is on the west side of Tulcea city, 82 Isaccei Street. The productive area is of 393,215 sqm. The main operation units are:

- **The storage system of bauxite**- Bauxite managing site. This includes: downloading system (tilter, rail bridge with clamp bucket), transporting system (belt conveyors), stocking system, stocking machine, (in two large space of stocking), feeding equipment and heavy equipment (bulldozers)
- **Bauxite grinding**: through this operation, the bauxite granulation is reduced to 60 microns; the purpose is to speed up the digestion of bauxite.
  At this stage, the strong liquor is dosed properly (is added to the process). The grinding operation is done by 6 grinding mills with a capacity of 100-125MT/hr each, depending of the bauxite type.
- **The lime milk preparation**: this operation is meant to bring calcium oxide into the process. The lime milk is produced inside of 3 lime slaking drums. Discharging and storing is done at lime storage are, with a capacity of 1000 MT, provided with gantry crane and clamp bucket bridge.
- **De-silication:** this process is done inside 12 tanks of 1000 cubic meters each.

- **Slurry transportation** is made under pressure by 15 pumps (Duplex pump type)
- **The digestion**: this process is made inside digestors (digestion tanks); these are grouped in 4 lines of digestion (called "batteries"): "A" battery consists in 17 tanks, "B" battery of 10 tanks, "C" and "D" batteries of 16 tanks each. Also there are other tanks: 8 flash tanks (liquor expansion tanks), 5 pure condensate pots and 1 vaporiser. The digestion process is taken place at a temperature of 145 to 245 Celsius degrees.
- **The filter control** are realized in 8 settlers (each has 35 m diameter, total volume of 5,700 cm), 6 settlers (each has 20 m diameter, total volume of 1400 cm). The productivity is 0.81 MT/sqmhr of 13 units of Kelly filters.
- **The mud washing** are sent to red mud pond that is located at 3.6 km far from the plant. The actual capacity of this pond is of 5.5 bill cm. The resulting water from settling process is pumped back to the plant and sent to treatment area- neutralization collector- where are treated with sulphuric acid, then is cleaned and pumped to the Danube.
- **The precipitation installation** of pregnant liquor includes 37 vessels, with 2000 cm capacity and two hydro-separators by 750 cm capacity each.
- **The filtering installation** for coarse seed includes 6 disc filters with a filtering area of 100 sqm and 3 disk filters with 80 sqm filtering area.
- **Evaporation installation** includes 2 evaporation batteries Kestner type, 2 super-concentrators of solution, a VN evaporation battery. The Kestner battery is a battery with multiple effects, is working in counter-current and includes 6 evaporation units, each of them including a separators and a boiling vessel, 4 pre-heaters of mixing, 4 expanders- auto-evaporators, 3 pure condensate auto-evaporators, 4 auto-evaporators for impure condense, vacuum installation, etc.
- **Hydrate storage:** Aluminium hydroxide is taken over from white filtration unit by a belt conveyor named "701" and sent to hydrate buffer storage or straight to the calcinations kiln; the storage is provided with a clamp bucket bridge, loading bunkers, bucket transporters etc.
- Hydrate deposit is equipped with traveller crane, loading hopper, conveyor with buckets, etc
- **Kiln Installation**. Hydrate calcinations process is realized in three rotate kilns with a length of 112 m and/or one vertical kiln (calcinations in suspension) put into operation in February 2001. Alumina is cooled in kiln coolers and transported to the silos with a pneumatic transportation system. Waste burning gasses are passed through dust removal system and evacuated through funnel.
- **Alumina storage** –alumina is stored in five silos with a capacity of 2000 MT.

The alumina production activity implies, beside technological base, utility and services sectors which mainly concerns primary materials supplying (bauxite), auxiliary materials and services (sodium hydroxide solution, heavy fuel, steam, acids, industrial water, technological air, lime, etc), workshops for repairs and maintenance, supplying of circulating means, waters evacuation systems (waste, sewage, rain water), solid residue deposits (red mud pond, solid waste deposit, etc).

- **Power plant installation** generates thermal and electrical energy for calcined alumina production. The facility structure consists in heavy fuel unloading facility (unloading and pumping heavy fuel oil station, heavy fuel tanks by 3000 MT), demineralization water facility, central heating system (one boiler by 105 to of steam/h) and power plant building (3 boilers each with 120 to of steam/h, electrical power generator CKTR 12 MW, and CSL 12 MW, 5 Sigma feeding pumps), etc.
- **Installation for cooling water** – is compounded by three cooling towers with 3000 cm/h cooling capacity, a forced circulation cooling tower installed in 2011 with a capacity of 1,300 cm/h, a forced circulation cooling tower installed in 2014 with a capacity of 250 cm/h and two pumping station;
- **Compressed air installation** – is designed in three parts. Centrifugal compressor hall with two centrifugal equipments K 250-61-2 manufactured VPDS, with functional parameters: V=250 cm/min, p=9ata, n=10923rot/min. The hall L100 is endowed by 5 "Resita" compressors with rate flow = 94,3 cm/min., p ref.=8 ata. Atlass hall is equipped with 5 Atlass-Copco type compressors, p=7.5 ata and 4 Ingesol compressors p=7.5 ata.

Utilities area

- **Water intake facility is 66,580 mp area;**
  Water intake is done from Danube river into a tank fitted pocket type, positioned upstream of Tulcea city, mile no. 39 + 500m. The captation of water is made by two floating pumping station equipped with 4 Bratesh 500 type electro-pumps, Q=2400 cm/hr, H=2,5cmA. N=132 kW, n=739 rot/min. The water is repressed through two pipes into one buffer collector by 1500 cm capacity. From collector the water is pumped (step I of pumping) with two Brates 500 type electro-pumps through 3 Dn 800 pipe lines till the node 'B" from where is supplied Water treatment station.
- **Water treatment station** is spread on a 27,422 sqm area.

Water treatment station is positioned on industrial road which made the connection with Industrial port, half way from the plant. Water treatment station is equipped with 3 suspension decanters by 500 L/s, one underground water reservoir with 5000 cm capacity, station with sand filters, two clarified water decanters by 200 L/s, lime unload station, water pumping station (step II) to plant, etc.

- **Red mud pond** has 794,039 sqm areas.
  The red mud pond is positioned at about 3,6 km west of plant and Tulcea city, on the road DN 22, being made by closing an wide valley – named "Flam valley", by building a dam, actually at a level of + 44,00 m RMN. The red mud storage area is equipped with red mud discharge pipes, pipes for clear liquid taking over, pumping station, emergency collector, etc. The connection between pumping station and plant is assured by three pipe lines (red mud, clarified liquors and spare line) on concrete trestles.

2.2. Description and analysis of wear degree of company's buildings and equipment

The company construction activities were initiated in 1969 – 1970. The first facility was put into function in 1973, and functioned continuum till present, appreciatively 33 years. Is normal that some buildings to be affected, taking into account mechanical and also chemical stress they are subject.
The installations and equipments which were considered with advanced wear degree were restored, replaced permanently to continue the production flux.
The affected installations which not longer had technological interest were disaffected. Example: bauxite step II crushing installation, evaporation VN type Oradea installation, etc, or restored: sulphuric acid unloading installation etc.
Because of alkaline processes of calcined alumina production were affected especially concrete structures, reinforced and prefabricated and also bricks closing elements. The structures from steel (iron materials) resisted better at alkaline attack of aerosols.
From affected structures with a difficult restoration can be highlighted the sewerage system. Difficult functioning of sewerage because of evacuated waters chemistry conducted at an increasing of level of groundwater, process which seems to be stabilized in the last period due to new measures for water management and to fluidization operations of some portions of sewerage system. The operation is still monitored by decisional factors.
Because the increasing of the level of water-bearing bed, were identified some supports weakening (bauxite step II crushing building, transformation station buildings, etc), at which now can be observed a stabilization, also there were done consolidation jobs at the most affected buildings (ex. Transformation stations 12 and 10, grinding building – consolidation design, etc).
To increase the degree of safety for the red mud pond dam action was taken and works were made to improve exploitation conditions by modification of discharge system and the erection of a deep settler with technology provided by Neyrtec Mineral (France) that allows to deposit thickened red mud with a concentration of minimum 52% solids and also performing red mud pond dam consolidation operations. Also, in parallel with the dam, at a distance of approx 80 m inside the red mud lake, there has been built a separation dam and a surface of 4.8 acres have been ecologized. During 20132014 the Company finalized an extensive work to capture the rainwaters from the hills around the red mud lake through a collector channel to prevent them from entering in the red mud

pond. Also, on the ecologized surface there have been planted over 40,000 willow trees, acacia and rosehips.
The facilities affected by chemical corrosion are: caustic unloading area, unloading sodium hydroxide unit, white filtration unit, grinding unit etc. At this buildings are intended to make rehabilitation work.

2.3. Analyzing the wear degree of our company' s properties can be concluded that:

- Functionally point of view, technological installations are maintained,

restored or replaced, eliminating at a high degree physical wear, and trying both with own forces and cooptation of new technologies in advance (implementation in calcination process the fluidized bed calcinations technology, the use of new calculation system, process calculators, etc) to minimized moral depreciation of facilities. In this purpose are foresighted aspects regarding environmental protection.

- All buildings have a good status, especially for metallic structures and there are in the process of rehabilitation and maintenance of the technological equipments. The buildings will support during the time some rehabilitation works, which is a normal process for continuing the plant activity.

3. Company's Stock and Shares market

3.1. Company's shares are operated by Bucharest Stock Exchange - RASDAQ.

3.2. Description of Company's policy regarding its dividends.

For the 2014 year, the company registered profit which has been distributed as follows: 5% to legal reserves and the rest to cover the loss from previous years.

3.3. Description of any intend of the Company to buy its own shares.

In 2014 ALUM didn't purchase or detained its own shares.

3.4. If the company has any branch, state the number of shares and nominal value issued by the mother company and detained by the branch

Not the case.

3.5. In case that the Company has issued bonds and/or outstanding debts, should be indicated the proceeding of clearing its duties toward such securities holder.

Not the case.

4. Company's management

4.1 For the period 01.01.2014 – 31.12.2014 based on the Decision of the Ordinary Shareholders Meeting no. 34/21.03.2013, the Board of Directors consisted of:

1.Dobra Gheorghe	-	Chairman
2.Machitski Pavel	-	Vice Chairman
3.Cilianu Marin	-	Member
4.Duralia Mihaela	-	Member
5.Popa Ioan	-	Member

4.2 Between 01.01.2014 – 31.12.2014 the Company's management was provided by:

Dobra Gheorghe	-	General Director
Anghelovici Nicolae	-	Operational Director
Durau Nicu	-	HR Director
Duralia Mihaela	-	Financial Director
Barbulescu Aurel	-	Procurement and Logistics Manager
Iliev Sorin	-	Technical Manager
Ion Marcel	-	Deputy Production Manager
Feodorof Mariana	-	HR Manager & General Services
Velici Eugen Valeriu	-	Production Manager
Nedelescu Dumitru Mihail	-	M.E. Manager
Tiu Dorin Gabriel	-	Repairs Manager

5. Financial Statement

a) Assets that are representing at least 10% of total assets and liquid assets:

	2012	2013	2014
	RON	RON	RON
Tangible assets	183,095,341	175,829,084	160,555,130
Stocks	200,066,452	217,174,216	268,814,120
Receivables	54,129,097	15,384,726	23,926,519
Cash and bank accounts	1,694,848	1,614,064	2,242,208

b) Profit and Loss Account

	2012	2013	2014
	RON	RON	RON
Net sales	544,972,607	522,540,268	522,540,268
Gross revenues	624,151,463	559,104,631	559,104,631
Raw materials expenses	290,939,756	281,909,952	281,909,952
Materials expenses	14,587,991	12,498,380	12,498,380
Value adjustments	(3,386,483)	(40,824,460)	(781,446)

c) Cash flow

	Year ended December 31st 2013	Year ended December 31st 2014
Gross profit / (loss)	**(137,517,904)**	**50,113,830**
Adjustments:		
Depreciation	22,730,641	22,665,904
Value adjustments assets	82,193,903	-
Value adjustments receivables	43,547,069	247,066
Loss from receivables		
Provisions	283,312	544,661
Value adjustments for stocks	(2,618,824)	(10,281)
Loss from unrealized exchange rate differences	(3,733,492)	24,816,392
Net loss/(gain) on disposal of property, plant and equipment	370,485	-
Interest income	(1,768,730)	(1,269,573)
Interest expenses	2,965,837	2,190,719
Cash generated by the operating activity before the modification of the working capital	**6,452,297**	**99,298,717**
Receivables (increase) / decrease	(18,010,150)	(83,358,826)
Stocks (increase) / decrease	9,129,397	6,674,668
Payables increase / (decrease)	21,398,179	(1,030,228)
Cash used in the operating activity	**18,969,723**	**19,584,331**
Interest received	2,127,032	1,413,412
Interest paid	(2,219,427)	(1,513,162)
Income tax paid	-	-
Net cash used in the operating activity	**18,877,328**	**19,484,581**
Acquisitions of tangible and intangible assets	(2,625,612)	(2,216,561)
Shares held in related parties	-	-
Cash from sales of fixed assets	-	-
Net cash used in investments	**(2,625,612)**	**(2,216,561)**
Cash from bank loans	-	-
Repayment of bank loans	(16,332,500)	(16,639,875)
Share capital increase	-	-
Cash flow from financing activities	**(16,332,500)**	**(16,639,875)**
Cash at the beginning of the period	**1,694,848**	**1,614,064**
Net (decrease) / increase of cash	(80,784)	628,144
Cash at the end of the period	**1,614,064**	**2,242,208**

General Director,
Ph.D. Gheorghe Dobra

Financial Director,
Ec. Duralia Mihaela