S.C. ALUM S.A. TULCEA

INDEPENDENT AUDITOR'S REPORT

AND

THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Prepared in accordance with Ministry of Public Finance Order no. 3055/2009 with subsequent amendments

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Building a better working world

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Report of the financial auditor

To the shareholders of S.C. ALUM S.A.

Report on the financial statements

1 We have audited the accompanying financial statements of S.C. ALUM S.A. ("the Company"), which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, presenting the following:

- ► Net assets/Total equity and reserves: 253.528 thousand lei
- ► Profit for the year: 50.114 thousand lei

Management's responsibility for the financial statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 3055/2009 with subsequent changes, and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit.
We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

6 In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 3055/2009 with subsequent changes.

Report on conformity of the Administrators' Report with the financial statements

In accordance with the Order of the Minister of Public Finance no 3055/2009, article no. 320 point 1e) we have read the Administrators' Report. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2014.

On behalf of

Ernst & Young Assurance Services SRL
Registered with the Chamber of Financial Auditors in Romania
Nr. 77/15 August 2001

Alexandru Lupea

Registered with the Chamber of Financial Auditors in Romania
Nr. 273/1 March 2001

Bucharest, Romania
26 March 2015

S.C. ALUM S.A. TULCEA
UNCONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

COUNTY **TULCEA**
UNIT: **S.C. ALUM S.A. TULCEA**
ADDRESS: loc: **TULCEA**, Sector
Str. **ISACCEI**, nr. **82**

TELEPHONE 0240 535022
FAX 0240 535495
Trade Registry no.
J/36/29/1991

OWNERSHIP FORM 34
MAIN BUSINESS
(name of CAEN class)
Metalurgy of Aluminum
CODE CAEN CLASS 2442
VAT NO

RO2360405

Code 10

No.		Row	December 31, 2013	December 31, 2014
A	**NON-CURRENT ASSETS**			
I	**Intangible assets**			
1	Set-up expenses	**01**	-	-
2	Development expenses	**02**	1,431,125	715,562
3	Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	**03**	23,826	21,922
4	Goodwill	**04**	-	-
5	Advances and intangible assets in progress	**05**	1,301,530	-
	Total (rows 01 to 05)	**06**	**2,756,481**	**737,484**
II	**Property, plant and equipment**			
1	Land and buildings	**07**	99,637,480	93,542,929
2	Technical installations and machinery	**08**	73,003,224	63,244,617
3	Other fixtures, plant and furniture	**09**	18,477	33,111
4	Advances and intangible assets in progress	**10**	3,169,903	3,734,472
	Total (rows 07 to 10)	**11**	**175,829,084**	**160,555,130**
III	**Financial assets**			
1	Shares held in related parties	**12**	-	-
2	Loans to related parties	**13**	20,279,929	15,313,005
3	Participating interests	**14**	-	-
4	Loans to entities based on participating interests	**15**	-	-
5	Long term investments	**16**	-	-
6	Other borrowings	**17**	-	-
	Total (rows 12 to 17)	**18**	**20,279,929**	**15,313,005**
	TOTAL NON-CURRENT ASSETS (row 06+11+18)	**19**	**198,865,494**	**176,605,619**

S.C. ALUM S.A. TULCEA
UNCONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2013	December 31, 2014
B	**CURRENT ASSETS**			
I	**Inventories**			
1	Raw materials and consumables	**20**	64,711,230	40,834,412
2	Work in progress	**21**	53,567,591	59,848,393
3	Finished goods and merchandise	**22**	3,264,171	12,188,727
4	Advances for purchases of inventories	**23**	95,631,224	155,942,588
	Total (rows 20 to 23)	**24**	**217,174,216**	**268,814,120**
II	**Receivables**			
1	Trade receivables (net)	**25**	6,550,956	14,898,170
2	Amounts receivable from Group companies	**26**	7,476,654	8,248,796
3	Amounts receivable from participating interests	**27**	-	-
4	Other receivables	**28**	1,357,116	779,553
5	Capital subscribed and paid in	**29**	-	-
	Total (rows 25 to 29)	**30**	**15,384,726**	**23,926,519**
III	**Short term financial investments**			
1	Shares held in related parties	**31**	-	-
2	Other short term investments	**32**	-	-
	Total (rows 31 to 32)	**33**	**-**	**-**
IV	**Petty cash and bank accounts**	**34**	**1,614,064**	**2,242,208**
	TOTAL CURRENT ASSETS (rows 24+30+33+34)	**35**	**234,173,006**	**294,982,847**
C	**PREPAID EXPENSES**	**36**	**246,106**	**185,353**
D	**PAYABLES WITHIN 1 YEAR**			
1	Debenture loans	**37**	-	-
2	Amounts due to credit institutions	**38**	16,572,436	18,635,561
3	Advances on account of orders	**39**	70,839,971	79,457,375
4	Trade payables	**40**	61,754,397	83,496,616
5	Bills of exchange payable	**41**	-	-
6	Amounts due to affiliates	**42**	-	-
7	Amounts due to related parties	**43**	-	-
8	Other payables, including tax and social security	**44**	4,710,659	7,514,964
	TOTAL (rows 37 to 44)	**45**	**153,877,463**	**189,104,516**
E	**NET CURRENT ASSETS, NET CURRENT LIABILITIES, RESPECTIVELY (rows 35+36-45-62)**	**46**	**80,541,649**	**106,063,684**
F	**TOTAL ASSETS LESS CURRENT LIABILITIES (rows 19+46-61)**	**47**	**279,407,143**	**282,669,303**

The accompanying notes are an integral part of these financial statements.
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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2013	December 31, 2014
G	**LONG TERM PAYABLES**			
	1 Debenture loans	**48**	-	-
	2 Amounts due to credit institutions	**49**	24,413,250	9,217,000
	3 Advances received on account of orders	**50**	-	-
	4 Trade payables	**51**	33,939,199	-
	5 Bills of exchange payable	**52**	-	-
	6 Amounts due to affiliates	**53**	-	-
	7 Amounts due to related parties	**54**	-	-
	8 Other payables, including tax and social security	**55**	255,811	58,281
	TOTAL (rows 48 to 55)	**56**	**58,608,260**	**9,275,281**
H	**PROVISIONS**			
	1 Provisions for pensions and similar obligations	**57**	2,312,245	2,856,906
	2 Provisions for taxes	**58**	-	-
	3 Other provisions	**59**	15,017,640	15,804,970
	TOTAL (rows 57 to 59)	**60**	**17,329,885**	**19,865,918**
I	**DEFERRED INCOME**			
	1 Subsidies for investments	**61**	-	-
	2 Deferred income (row 63+64)	**62**	-	-
	Amounts to be resumed within 1 year	**63**	-	-
	Amounts to be resumed within a period >1 year	**64**	-	-
	3 Deferred income for assets transferred from clients	**65**	-	-
	Negative goodwill	**66**	-	-
	TOTAL (rows 61+62+65+66)	**67**	**-**	**-**
J	**EQUITY AND RESERVES**			
	- capital subscribed and paid in	**68**	488,412,908	488,412,908
	- capital subscribed and not paid in	**69**	-	-
	- company patrimony	**70**	-	-
	- patrimony of national research institute	**71**	-	-
	TOTAL (rows 68 to 71)	**72**	**488,412,908**	**488,412,908**
II	**Share premiums**	**73**	**-**	**-**
III	**Revaluation reserves**	**74**	**81,118,853**	**69,974,104**
IV	**Reserves**			
	1 Legal reserves	**75**	5,458,476	7,964,167
	2 Statutory or contractual reserves	**76**	-	-
	3 Reserves representing surplus from revaluation reserves	**77**	86,153,985	97,298,734
	4 Other reserves	**78**	53,511	53,511
	TOTAL (rows 75 to 78)	**79**	**91,665,972**	**105,316,412**

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UNCONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2013	December 31, 2014
	Own shares	**80**	-	-
	Gains related to equity instruments	**81**	-	-
	Losses related to equity instruments	**82**	-	-
V	**PROFIT OR LOSS CARRIED FORWARD**			
	– Cr balance	**83**	-	-
	– Dr balance	**84**	320,210,830	457,783,458
VI	**PROFIT OR LOSS FOR THE YEAR**			
	– Cr balance	**85**	-	50,113,830
	– Dr balance	**86**	137,517,904	-
	Allocation of profit	**87**	-	2,505,691
	Total equity (rows 72+73+74+79-80-81-82+83-84+85-86-87)	**88**	**203,468,999**	**253,528,104**
	Public patrimony	**89**	-	-
	TOTAL EQUITY AND RESERVES (rows 88+89)	**90**	**203,468,999**	**253,528,104**

These unconsolidated financial statements were approved today, March 26, 2015.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

Code 20 No.		Row	Year ended December 31, 2013	Year ended December 31, 2014
1	**Net turnover (rows 02 to 06)**	01	**522,540,268**	**536,644,895**
	Income from production sold	02	521,789,436	535,258,453
	Income from sales of goods	03	750,832	1,386,443
	Commercial discounts granted	04	-	-
	Interest income made by lease companies	05	-	-
	Income from operating subsidies pertaining to net turnover	06	-	-
2	Variation in the inventory of finished goods and Work in progress			
	– Cr balance	07	-	15,199,558
	– Dr balance	08	525,923	-
3	Production for own purposes and capitalized	09	-	127,706
4	Other operating income	10	2,117,147	19,420,457
	out of which, income from negative goodwill	11	-	-
	Total operating income (rows 01+07-08+09+10)	12	**524,131,492**	**571,392,617**
5	a) Raw materials and consumables	13	294,408,332	301,347,885
	Other material expenses	14	133,095,467	143,012,193
	b) Other external expenses (power and water supply)	15	31,036,974	22,392,138
	c) Merchandise expenses	16	618,218	1,266,934
	Commercial discounts received	17	-	(483)
6	**Personnel related expenses (rows 19+20), out of which:**	18	**31,322,498**	**30,530,454**
	a) Salaries and bonuses	19	24,883,712	24,503,869
	b) Social security	20	6,438,786	6,026,585
7	**a) Adjustments for tangible and intangible assets (row 22-23)**	21	**22,343,543**	**22,665,904**
	a. 1) Expenses	22	22,731,396	22,665,904
	a. 2) Income	23	387,853	-
	b) Adjustments for current assets (row 25-26)	24	**40,928,246**	**236,785**
	b. 1) Expenses	25	43,571,134	475,660
	b. 2) Income	26	2,642,888	238,874
8	**Other operating expenses (rows 28 to 31)**	27	**20,513,230**	**20,078,957**
	8.1 External services	28	15,701,621	13,633,498
	8.2 Other taxes and similar payments	29	1,138,709	2,018,615
	8.3 Other expenses	30	3,672,900	4,426,843
	Expenses incurred by lease companies	31	-	-
	Impairment adjustments (row 33-34)	32	**283,311**	**544,661**
	Expenses	33	520,184	765,855
	Income	34	236,873	221,194
	Total operating expenses (rows 13 to 16-17+18+21+24+27+32)	35	**574,549,819**	**542,075,427**

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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	Year ended December 31, 2013	Year ended December 31, 2014
	Operating Profit or Loss			
	- profit (row 12-35)	**36**	-	29,317,190
	- loss (row 35-12**)**	**37**	50,418,327	-
9	Income from participating interests	**38**	-	-
	- of which, income from affiliates	**39**	-	-
10	Income from other financial investments and loans part of the non-current assets	**40**	-	-
	- of which, income from affiliates	**41**	-	-
11	Interest income	**42**	1,768,730	1,269,573
	- of which, income obtained from affiliates	**43**	1,743,681	1,262,720
	Other financial income	**44**	33,204,409	54,442,114
	Total financial income (rows 38+40+42+44)	**45**	**34,973,139**	**55,711,688**
12	Adjustments for long term financial assets and financial investments held as current assets	**46**	82,581,000	-
	Expenses	**47**	82,581,000	-
	Income	**48**	-	-
13	Interest expenses	**49**	2,965,837	2,190,719
	- of which, expenses incurred with affiliates	**50**	-	-
	Other financial expenses	**51**	36,525,879	32,724,328
	Total financial expenses (rows 46+49+51)	**52**	**122,072,716**	**34,915,047**
	Financial profit or loss			
	- profit (row 45-52)	**53**	-	20,796,640
	- loss (row 52-45)	**54**	87,099,577	-
14	**Current profit or loss**			
	- profit (rows 12+45-35-52)	**55**	-	50,113,830
	- loss (rows 35+52-12-45)	**56**	137,517,904	-
15	Extraordinary income	**57**	-	-
16	Extraordinary expenses	**58**	-	-
17	**Profit of loss from extraordinary activity**			
	- profit (row 57-58)	**59**	-	-
	- loss (row 58-57)	**60**	-	-
	Total income (rows 12+45+57)	**61**	**559,104,631**	**627,104,307**
	Total expenses (rows 35+52+58)	**62**	**696,622,535**	**576,990,475**

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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	Year ended December 31, 2013	Year ended December 31, 2014
	Gross profit or loss			
	- profit (row 61-62)	**63**	-	50,113,830
	- loss (row 62-61)	**64**	137,517,904	-
18	Income tax	**65**	-	-
19	Other taxes not included in the captions above	**66**	-	-
20	**Net profit or loss for the year**			
	- profit (rows 63-64-65-66)	**67**	-	50,113,830
	- loss (rows 64+65+66-63)	**68**	137,517,904	-

These unconsolidated financial statements were approved today, March 26, 2015.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED CASH FLOW STATEMENT
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

	Year ended December 31, 2013	Year ended December 31, 2014
Cash flows from operations		
Net profit	**(137,517,904)**	**50,113,830**
Adjustments for:		
Amortization/depreciation of intangible and tangible assets	22,730,641	22,665,904
Adjustment for the impairment of tangible and financial assets	82,193,903	-
Adjustments for the impairment of receivables	43,547,069	247,066
Bad debts written off	-	-
Provisions	283,312	544,661
Adjustments for the impairment of inventories	(2,618,824)	(10,281)
Loss from foreign exchange differences	(3,733,492)	24,816,392
Net earning pertaining to disposals of tangible assets	370,485	-
Interest income	(1,768,730)	(1,269,573)
Interest expenses	2,965,837	2,190,719
Cash from operations before changes to working capital	**6,452,297**	**99,298,717**
Decrease of inventories	9,129,397	6,674,668
Increase of trade receivables and other receivables	(18,010,150)	(85,358,826)
(Decrease)/increase in trade payables and other payables	21,398,179	(1,030,228)
Cash flow from operations	**18,969,723**	**19,584,331**
Interests received	2,127,032	1,413,412
Interests paid	(2,219,427)	(1,513,162)
Income tax paid	-	-
Net cash from operations	**18,877,328**	**19,484,581**
Cash flow from investment activities		
Purchases of tangible and intangible assets	(2,625,612)	(2,216,561)
Purchases of affiliates (Note 1 c)	-	-
Proceeds from sale of fixed assets	-	-
Net cash used for investment activities	**(2,625,612)**	**(2,216,561)**
Cash flow from financing activities		
Drawings of bank loans	-	-
Repayment of bank loans	(16,332,500)	(16,639,875)
Increase in share capital (Note 7)	-	-
Net cash from/(used in) financing activities	**(16,332,500)**	**(16,639,875)**

	Year ended December 31, 2013	Year ended December 31, 2014
Cash and cash equivalents at the beginning of the year	**1,694,848**	**1,614,064**
Net increase/(decrease) in cash and cash equivalents	**(80,784)**	**628,144**
Cash and cash equivalents at the end of the year	**1,614,064**	**2,242,208**

These unconsolidated financial statements were approved today, March 26, 2015.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

S.C. ALUM S.A. TULCEA
UNCONSOLIDATED STATMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

Element of equity	Balance as at January 1, 2013	Increases	Out of which transfers	Decreases	Out of which transfers	Balance as at December 31, 2013
Capital subscribed and paid in	488,412,908	-	-	-	-	488,412,908
Legal reserves	5,458,476	-	-	-	-	5,458,476
Reserves representing surplus made from revaluation reserves	70,091,076	16,062,909	16,062,909	-	-	86,153,985
Other reserves	53,511	-	-	-	-	53,511
Revaluation reserves	97,181,762	-	-	16,062,909	16,062,909	81,118,853
Retained earnings	(301,302,644)	(16,462,958)	(16,462,958)	(1,737,449)	-	(319,503,051)
Retained earnings from the adjustment of accounting errors	(707,779)	-	-	-	-	(707,779)
Result for the year	(16,462,958)	-	-	121,054,946	(16,462,958)	(137,517,904)
Allocation of profit	-	-	-	-	-	-
Total	**342,724,352**	**(400,049)**	**(400,049)**	**135,380,406**	**(400,049)**	**203,468,999**

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Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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S.C. ALUM S.A. TULCEA
UNCONSOLIDATED STATMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2014
(all amounts are expressed in RON, unless specified otherwise)

Element of equity	Balance as at January 1, 2014	Increases	Out of which transfers	Decreases	Out of which transfers	Balance as at December 31, 2014
Capital subscribed and paid in	488,412,908	-	-	-	-	488,412,908
Legal reserves	5,458,476	2,505,691	2,505,691	-	-	7,964,167
Reserves representing surplus made from revaluation reserves	86,153,985	11,144,749	11,144,749	-	-	97,298,734
Other reserves	53,511	-	-	-	-	53,511
Revaluation reserves	81,118,853	-	-	11,144,749	11,144,749	69,974,104
Retained earnings	(319,503,051)	(137,572,628)	(137,517,904)	-	-	(457,075,679)
Retained earnings from the adjustment of accounting errors	(707,779)	-	-	-	-	(707,779)
Result for the year	(137,517,904)	50,113,830	-	(137,517,904)	(137,517,904)	50,113,830
Allocation of profit	-	(2,505,691)	(2,505,691)	-	-	(2,505,691)
Total	**203,468,999**	**(76,314,049)**	**(126,373,155)**	**(126,373,155)**	**(126,373,155)**	**253,528,105**

These unconsolidated financial statements were approved today, March 26, 2015.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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1 NON-CURRENT ASSETS

a) Property, plant and equipment

COST	Balance as at January 1, 2014	Increases	Out of which revaluation	Decreases	Out of which revaluation	Balance as at December 31, 2014
Land and buildings	108,223,206	1,492,042	-	-	-	109,715,248
Installations and machinery	340,470,522	4,078,957	-	-	-	344,549,479
Measurement, control, adjustment installations and devices	10,598,301	358,864	-	-	-	10,957,165
Vehicles	15,844,087	116,193	-	-	-	15,960,280
Other installations, plant	296,719	23,775	-	-	-	320,494
Advances and tangibles in progress	3,247,491	1,426,195	-	861,626	-	3,812,060
TOTAL	**478,680,326**	**7,496,026**	**-**	**861,626**	**-**	**485,314,726**

ACCUMULATED DEPRECIATION	Balance as at January 1, 2014	Depreciation recorded during the year	Reductions	Revaluation	Balance as at December 31, 2014
Land and buildings	8,466,833	7,586,592	-	-	16,053,425
Installations and machinery	271,677,589	13,189,713	-	-	284,867,302
Measurement, control, adjustment installations and devices	8,033,734	473,965	-	-	8,507,699
Vehicles	13,106,592	648,943	-	-	13,755,535
Other installations, plant	278,242	9,142	-	-	287,383
TOTAL	**301,562,991**	**21,908,355**	**-**	**-**	**323,471,345**

1 FIXED ASSETS (continued)

ADJUSTMENT FOR IMPAIRMENT

	Balance as at January 1, 2014	Increases	Transfers	Decreases	Balance as at December 31, 2014
Constructions	118,893	-	-	-	118,893
Installations and machinery	1,091,770	-	-	-	1,091,770
Tangible assets in progress	77,588	-	-	-	77,588
Total	**1,288,251**	**-**	**-**	**-**	**1,288,251**
Net value	**175,829,084**				**160,555,130**

As of December 31, 2014 the net book value of tangible assets acquired through finance leasing is RON 105,131 (December 31, 2013: RON 333,035).

The net value of the fixed assets in preservation as at December 31, 2014 is of RON 1,210,663 (December 31, 2013: RON 1,210,663).

Tangible assets in progress include improvements made to the existent fixed assets and new investments in equipment that have not been put in function yet.

The gross book value of the fully amortized fixed assets as of December 21, 2014 is in amount of RON 138,220,143 (2013: RON 133,344,631).

b) Intangible assets

COST

	Balance as at January 1, 2014	Increases	Decreases	Balance as at December 31, 2014
Development expenses	5,034,412	-	-	5,034,412
Advances and intangible assets in progress	1,301,530	-	1,301,530	-
Concessions, patents, licenses	145,567	40,081	-	185,648
Total	**6,481,509**	**45,233**	**1,301,530**	**5,220,060**

ACCUMULATED AMORTIZATION

	Balance as at January 1, 2014	Increases	Decreases	Balance as at December 31, 2014
Development expenses	3,603,287	715,562	-	4,318,849
Concessions, patents, licenses	121,741	41,986	-	163,727
Total	**3,725,028**	**757,548**	**-**	**4,482,576**
Net value	**2,756,481**			**737,484**

1 NON CURRENT ASSETS (continued)

The development expenses include projects, solution and efficiency studies related to the study of the process of silicon removal and technological sizing per variants, increasing the capacity of the static oven, respectively technical and technological rehabilitation and are depreciated over a period of 5 years.

c) Financial long term assets

In May 2011, the Company purchased 100% of the share capital of Global Aluminium Ltd BVI, with the head office in Trinity Chambers, PO Box 4301, Road Town Tortola, British Virgin Islands, for the amount of USD 30 million, the equivalent of RON 82,581,000. The Company carried out an impairment test of its investment in Global Aluminium Ltd. BVI as of December 31, 2013. As a result of this test there was recorded an adjustment for impairment for the entire value of the investment. According to the analysis as of December 31, 2014 the impairment remained at the same value as for the previous year.

In June 2011, the Company concluded a receivable assignment agreement with Global Aluminium Ltd BVI, with the head office in Trinity Chambers, PO Box 4301, Road Town Tortola, British Virgin Islands, for the amount of USD 10,383,669. The balance as of December 31st 2014 is in amount of USD 6,230,202 (2013: USD 8,306,935), the equivalent of RON 22,969,507 (2013: RON 27,039,905). The interest according to the contract is Libor 12M + 4.5% per year and as at the balance sheet date its value is of USD 160,652 (2013: USD 220,171), that is RON 592,293 (2013: RON 716,678). The receivable shall be recovered within 3 years in equal annual installments.

2 PROVISIONS

	Balance as at January 1, 2014	Increases	Decreases	Balance as at December 31, 2014
Provisions for pensions and similar obligations	2,312,245	765,855	221,194	2,856,906
Provisions for rehabilitation of fixed assets	15,017,640	1,991,372	-	17,009,012
Total	**17,329,885**	**2,757,227**	**221,194**	**19,865,918**

The provision for pensions and similar obligations was set up for the Company's obligation to give retirement benefits to the employees in accordance with the provisions of the collective employment contract.

The Company makes full provision for the future cost of decommissioning and rehabilitating the storage facilities for residual product (red mud lake) on a discounted basis.
The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2023, which is when the storage on the site should be either closed or extended.

These provisions have been created based on the estimates made by a reputable, specialized third party (Iprolam SA). Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

2 PROVISIONS (continued)

Furthermore, the timing of rehabilitation is likely to depend on when the site cease to store at economically viable rates.
The discount rate used in the calculation of the provision as at 31 December 2014 equalled 3.552% (2013: 5.2427%).

3 ALLOCATION OF PROFIT

The Company recorded a profit of RON 50,113,830 for the year 2014.

In 2014 there has been distributed to legal reserves the amount of RON 2,505,691 representing 5% from the gross profit for 2014.

4 ANALYSIS OF THE OPERATING RESULT

Caption	Year ended December 31, 2013	Year ended December 31, 2014
1. Net turnover	**522.540.268**	**536.644.895**
2. Cost of goods sold and services provided (3+4+5+6)	**508.258.426**	**503.868.025**
3. Basic activity expenses	345.134.898	332.657.870
3.1 Raw materials and other materials	281.763.606	275.108.220
3.2 Direct salary expenses	9.550.629	9.991.570
3.3 Other direct material expenses	53.820.663	47.558.079
4. Auxiliary activity expenses	134.834.490	141.682.677
5. Production overheads	27.670.820	28.260.544
6. Expenses regarding the materials sold	618.218	1.266.934
7. Gross result pertaining to net turnover (1-2)	**14.281.842**	**32.776.871**
8. Marketing expenses	1.796.156	1.709.736
9. General administrative expenses	17.300.893	17.295.873
10. Non operational expenses	50.987.879	4.334.599
11. Other operating income	5.384.760	19.880.526
12. Operating result (7-8-9+10)	**(50.418.327)**	**29.317.189**

In 2013, there were no revenues from sale of carbon dioxide certificates.

In 2014, the Company sold 632,000 carbon dioxide certificates out of which 434,070 allocated for 2012 and 197,930 allocated for 2013. The value of these certificates was of RON 17,691,007.

5 RECEIVABLES AND PAYABLES

Receivables	Balance as at December 31, 2014	Due within 1 year	Due In over 1 year
Domestic clients	4,769,991	4,769,991	-
Foreign clients	54,411,087	54,411,087	-
Adjustment for the impairment of doubtful receivables	(44,284,617)	(44,284,617)	-
Trade receivables	**14,896,461**	**14,896,461**	**-**
VAT under settlement	670,065	670,065	-
VAT recoverable	-	-	-
Advances to personnel	77,818	77,818	-
Other receivables	13,422	13,422	-
Sundry debtors	30,296	30,296	-
Adjustments for the impairment of other receivables	(10,337)	(10,337)	-
Other receivables	**781,263**	**781,263**	**-**
Loans to affiliates	**23,561,800**	**8,248,796**	**15,313,005**
Total	**39,239,523**	**23,926,519**	**15,313,005**

Receivables	Balance as at December 31, 2013	Due within 1 year	Due In over 1 year
Domestic clients	4,000,505	4,000,505	-
Foreign clients	46,588,002	46,588,002	-
Adjustment for the impairment of doubtful receivables	(44,037,551)	(44,037,551)	-
Trade receivables	**6,550,956**	**6,550,956**	**-**
VAT under settlement	1,194,437	1,194,437	-
VAT recoverable	-	-	-
Advances to personnel	93,506	93,506	-
Other receivables	36,709	36,709	-
Sundry debtors	42,801	42,801	-
Adjustments for the impairment of other receivables	(10,337)	(10,337)	-
Other receivables	**1,357,116**	**1,357,116**	**-**
Loans to affiliates	**27,756,583**	**7,476,654**	**20,279,929**
Total	**35,664,656**	**15,384,726**	**20,279,929**

Company's receivables from related parties are presented in Note 10.5.

5 RECEIVABLES AND PAYABLES (continued)

Payables	Balance as at December 31, 2014	Due	
		Within 1 year	in over 1 year
Trade payables and similar accounts	83,496,616	83,496,616	-
Creditor clients	79,457,375	79,457,375	-
Bank loans	27,852,561	18,635,561	9,217,000
VAT payable	5,140,211	5,140,211	-
Guarantees received from suppliers	321,654	263,373	58,281
Dividends payable	4,534	4,534	-
Sundry creditors	36,305	36,305	-
Other payables	2,070,540	2,070,540	-
Total	**198,379,797**	**189,104,516**	**9,275,281**

Payables	Balance as at December 31, 2013	Due	
		Within 1 year	in over 1 year
Trade payables and similar accounts	95,693,596	61,754,397	33,939,199
Creditor clients	70,839,971	70,839,971	-
Bank loans	40,985,686	16,572,436	24,413,250
VAT payable	2,259,569	2,259,569	-
Guarantees received from suppliers	586,334	330,523	255,811
Dividends payable	4,534	4,534	-
Sundry creditors	46,556	46,556	-
Other payables	2,069,477	2,069,477	-
Total	**212,485,723**	**153,877,463**	**56,608,260**

Company's payables to related parties are presented in Note 10.5.

In May 2011, the Company concluded a long term loan agreement in amount of USD 25,000,000 with Raiffeisen Bank SA, to finance the full purchase of Global Aluminium LTD BVI, with the head office in Trinity Chambers, British Virgin Islands.

To secure the loans, there were concluded:

- mortgages over the land and all buildings on the respective land;
- real estate guarantee over the fixed asset owned by Alum and Alum's accounts opened with Raiffeisen Bank SA;
- assignment of receivable over the receivables of Alum from any alumina supply contracts concluded with Alro SA Slatina.

The net book value of the pledged fixed assets as of December 31, 2014 is RON 138,894 thousand (December 31, 2013: RON 139,561 thousand).

The interest rate is Libor 3 M + 4% and the loan is repaid in equal quarterly installments.

As at December 31, 2014, the balance of the loan is of USD 7,500,000, the equivalent of RON 27,651,000, and the related interest is in amount of USD 54,761, the equivalent of RON 201,561.

5 RECEIVABLES AND PAYABLES (continued)

As of December 31, 2014 the Company was not in compliance with all loan covenants related to the borrowing agreement with Raiffeisen Bank. As consequence, the bank issued a written waiver of loan covenants which allowed the Company to classify the long-term portion of the borrowing as long-term liability.

6 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unconsolidated financial statements are the responsibility of the Company's management and are prepared in compliance with the Order of Ministry of Public Finance no. 3055/2009 ("OMF no. 3055/2009"), with the subsequent amendments.

MoPFO no.3055/2009, as revised is harmonized with the European Directives IV and VII and differs from the International Financial Reporting Standards. As a result, these financial statements are not to be considered as being in accordance with the International Financial Reporting Standards.

These financial statements, prepared in accordance with MoPFO no. 3055/2009 as revised, are not to be used by third parties or users of the financial statements that are not familiar with MoPFO no. 3055/2009 as revised, applicable in Romania.

Currency of presentation

These unconsolidated financial statements are presented in RON.

A. Accounting principles

These unconsolidated financial statements for the period ended December 31, 2014 have been prepared in accordance with the following accounting principles:

Going concern

These unconsolidated financial statements are prepared based on the assumption that the company will continue normal operations for the foreseeable future, without becoming unable to continue its operations or significantly reduce the operating activity.

Consistency

The same rules, methods, norms regarding the evaluation, registration and presentation in the accounting of the elements of patrimony are used, in order to ensure the comparability in time of the accounting information.

Prudence

In the preparation of these unconsolidated financial statements, all value adjustments due to the depreciation of the assets' value have been taken into consideration, also all foreseeable obligations and potential losses which appeared during the financial year concluded or during any of the previous years.

Cut-off

In the preparation of these unconsolidated financial statements, there have been considered all the incomes and expenses of the financial year, without considering the date of receipt or of making the payment.

6 SIGNIFICANT ACCOUNTING POLICIES

A. Accounting principles (continued)

Separate valuation of asset and liabilities

In order to determine the total value corresponding to a balance sheet position, the value of each individual element of asset and liability was separately determined.

Use of estimates

The preparation of the unconsolidated financial statements in accordance with the revised MoPFO 3055/2009 requires the management to make certain estimates and assumptions that affect the reported values of the assets and liabilities, the presentation of the contingent assets and liabilities as at the date of preparation of the unconsolidated financial statements and the income and expenses reported for the corresponding period. Although these estimates are made by management based on the best information available as at the date of these unconsolidated financial statements, actual results may differ from these estimates. These estimates are periodically revised and any necessary adjustments are recorded in the income statement in the period when they become known. Although these individual estimates present a degree of uncertainty, the cumulated effect of this on the unconsolidated financial statements is considered to be insignificant.

Comparatives

For each caption of the unconsolidated balance sheet, unconsolidated income statement and, where applicable, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows, it is presented the value pertaining to the corresponding caption of the prior financial year.

Non-offsetting

The value of the captions representing assets have not been offset with the values of the captions representing liabilities, that is income with expenses, except for the offsetting between the assets and liabilities allowed by MoPFO 3055/2009, as revised.

Substance over form

The information presented in the unconsolidated financial statements reflect the economic reality of the events and transactions, not only their legal form.

Materiality

Any caption of a significant value is presented distinctly in the financial statements.

Treatment of accounting errors

Any possible errors of the current period noted in the same period are adjusted before the unconsolidated financial statements are authorized to be issued. However, it is possible that certain significant errors are discovered subsequently to the period to which they refer. These errors pertaining to a prior period are retrospectively adjusted and recorded in the account "Retained earnings from the adjustment of errors".

S.C. Alum S.A. is the parent company of the Alum Group (Note 1) and the consolidated financial statements of Alum Group prepared in accordance with the International Financial Reporting Standards will be issued separately.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Significant accounting policies

Translation of foreign transactions

The Company's transactions expressed in a foreign currency are recorded as at the exchange rates of the date of the transactions. The earnings and losses resulted from the settlement of the transactions in a foreign currency and from the translation of the monetary assets and liabilities in a foreign currency are recognized in the income statement. Such balances are translated in RON at the exchange rates at the official exchange rate of the National Bank of Romania existent at the end of each month.

As at December 31, 2014, the official exchange rate used was USD 1 = RON 3.6868 and EUR 1 = RON 4.4821.

As at December 31, 2013, the official exchange rate used was USD 1 = RON 3.2551 and EUR 1 = RON 4.4847.

Property, plant and equipment

(i) Cost

Property, plant and equipment are initially stated at cost. Subsequently, property, plant and equipment have been restated based on several government decisions, by adjusting the historic cost with indexes set by the respective government decisions, as well as by recording the results of the revaluation report as at December 31, 2013 of the independent appraiser, member of ANEVAR, S.C. CMF Consulting S.R.L. The increases in the book value of the property, plant and equipment resulted from the restatements made in the past which were initially credited in the revaluation reserves or share capital, in accordance with the provisions of the respective laws.

The maintenance and repairs to the fixed assets are charged against income as incurred.

Fixed assets in the form of inventory items, such as small tools, are charged against income at the put in function date and are not included in the book value of the tangible assets.

The tangible assets that are disposed of are written off the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulted from such an operation is included in the current profit and loss account. Significant upgrading are capitalized when they meet the defining criteria of the assets. The earnings and losses from the disposal of fixed assets are determined based on their book value and are included in the operating profit.

(ii) Depreciation

Depreciation is calculated at restated cost on a straight line basis. Depreciation is calculated throughout the estimated useful life of the assets, as follows:

	Years
Buildings and special constructions	8 - 52
Technical installations and machinery	5 - 25
Equipments and vehicles	4 - 25

Land is not depreciated as it is assumed that it has an indefinite service life.

The earnings and losses generated by the disposal of land and fixed assets are determined by comparison to their book value and are included in the determination of the operating profit.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

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Impairment of property, plant and equipment

The Company should make sure that its assets are not recorded at a value that exceeds their recoverable value. An asset is recorded at a value higher than its recoverable value, if its book value exceeds the value recoverable from the use or disposal of the asset. The fixed assets held and used by an entity should be analyzed from the point of view of diminishing the value of such an asset whenever events occur that indicate the possibility of not recovering the book value of an asset from the future cash flows. In cases where the estimated future cash flows are insufficient to cover the book value of the asset, there needs to be applied an adjustment to reflect the impairment of the fixed assets.

As at December 31, 2014, the management made an impairment analysis for the tangible assets and concluded that they are not recorded at a value exceeding their recovering value.

Intangible assets

Set-up expenses

Development expenses are capitalized and amortized on a straight line basis for a period from 3 to 5 years.

Licenses and software

Usually, the costs associated with the development and maintaining the computer software are charged against income as incurred. Direct costs associated with computer software whose future economic benefits are probable and for a period of more than one year are recognized as intangible assets.

The expense with the purchased computer software is capitalized and amortized on a straight line basis throughout their useful life, without exceeding a period of 5 years. Intangible assets are not restated.

The book value of each intangible asset is verified annually and adjusted from the point of view of the permanent impairment, where necessary.

Inventories

Inventories are recorded at the lower of evaluated cost and net realizable value, determined based on the FIFO (“first in, first out”) method. The cost of the finished and semifinished products includes raw materials, direct salary expenses, other direct expenses and production overheads (based on the normal production capacity), but excludes the general administrative expenses, marketing expenses and financial expenses. Net realizable value is determined based on the sale price in normal conditions. Adjustments are recorded for the impairment of slowly moving, deteriorated and obsolete inventories.

Trade receivables

Trade receivables are recorded at anticipated net realizable value. For doubtful receivables, an estimated adjustment is made based on an analysis of all amounts outstanding at year end. Non recoverable receivables are charged against income in the year when they are identified.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other receivables

Receivables are recorded at a value estimated to be recovered.

Cash and cash equivalents

Cash and cash equivalents are recorded in the unconsolidated balance sheet at cost. For the unconsolidated cash flow statement, cash and cash equivalents include petty cash, current accounts and demand deposits with banks.

Payables

Payables are recorded at nominal value.

Provisions

Provisions are recognized as at the time when the Company has a legal or contractual obligation resulted from past events, when an outflow of resources embodying economic benefits is necessary to settle the obligation and when a reliable estimate can be made with regard to the value of the obligation.

Contributions for employees

The Company pays contributions to the State Budget for social insurance, health insurance and unemployment benefit according to the levels established by the law and in effect during the year, calculated on the basis of the gross salaries. The value of these contributions is recorded in the income statement in the same period as the related salary expenses.

Retirement and other post retirement benefits

In the normal course of its business, the Company makes payments to several institutions of the Romanian state on the account of the pensions of its employees. All the Company employees are members of the pensions plan of the Romanian state. The Company does not operate any other pension or post retirement benefit scheme and therefore has no other pension related obligations. Upon retirement, the Company offers its employees, according to the collective employment contract, a bonus ranging between 2 - 6 salaries, plus permanent bonuses for the last worked month, according to the length of service in the Company.

For these amounts, the Company records in the financial statements a provision revised annually by an actuarial calculation expert.

Borrowings

Short and long term borrowings are presented at the outstanding value as at the date of the unconsolidated balance sheet date. The current part of the long term loans and the accumulated interest as at the balance sheet date are classified as “Payables within one year”.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial leases

Financial lease is the lease obligation that transfers, to a large extent, all the risks and benefits related to the ownership over the asset. The title can be eventually transferred or not.

Financial lease operations are recorded at the fair values of the leased item or by the updated value of the minimum lease installments, if the latter is lower. To calculate the discounted value of the minimum lease payments, the discount factor is considered the effective interest rate of the lease agreement.

Share capital

Ordinary shares are included in equity.

The dividends pertaining to ordinary shares are recognized in equity in the period when they are declared.

Income

The income from sales is recorded upon the delivery of the products and, when applicable, upon their receipt by the client, or upon the provision of services. Recording is made net of VAT, and any possible sale fees or commercial discounts.

The Company uses carbon dioxide certificates. According to the group policy, the certificates are recognized in the financial statements based on the net exposure/emission method. According to this method, it is recognized as a liability the value of the certificates for the emission that exceeds the equivalent of the certificates granted according to GD 780/2006 issued by the National Environment Authority.

The Company estimates the annual amount of emissions as at each balance sheet date and recognizes the supplementary liability at the market value of the additional certificates that need to be purchased or at the level of the penalties that need to be paid according to the laws in force. The additional liability is recognized in the income statement based on the production unit method. If the Company estimates the use of a lower number of certificates that the allocated level, the income resulted from the sale of the supplementary certificates is recognized only at the time of the actual sale.

Income tax

Income tax is calculated based on the result of the year adjusted for various elements that are neither taxable nor deductible. It is calculated using the income tax rate in effect as at the balance sheet date.

Financial instruments

The financial instruments recorded in the unconsolidated financial statements include cash and cash equivalents, receivables and trade receivables, other assets and long term liabilities. The particular methods of recognition adopted are presented in the individual accounting policies associated to each element.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The real value of the financial instruments represents the amount for which an instrument can be traded between willing and knowing parties in an arm's length transaction. This represents a general approximation of the possible value and it might never be realized.

The Company is subject to the fluctuation of various economic variables, as follows:

(a) The foreign exchange rate of the RON against the foreign currencies;
(b) The interest rates that influence the financial assets and liabilities;
(c) The increase/decrease in the purchasing power of the RON;

As a result the real market value of the financial instruments as at the date of closure of the unconsolidated balance sheet is approximately in agreement with the value presented in the financial statements of the Company.

Cash and cash equivalents, receivables and other current monetary assets, trade payables and other obligations are reflected in the unconsolidated financial statements at fair value as a result of the short term due dates of these instruments.

7 SHARE CAPITAL

The share capital is in amount of RON 488,412,908 representing 82,086,203 shares having a par value of RON 5.95 per share. The share capital subscribed and paid in as at December 31, 2014 is in amount of RON 488,412,908.

	Value
As at January 1, 2014	488,412,908
Increases	-
As at December 31, 2014	**488,412,908**

	2014		
	Number of shares	Nominal value	%
ALRO S.A.	81,595,860	485,495,367	99.40
Individuals	481,177	2,863,003	0.59
Legal entities	9,166	54,538	0.01
Total	**82,086,203**	**488,412,908**	**100**

	2013		
	Number of shares	Nominal value	%
ALRO S.A.	81,595,860	485,495,367	99.40
Individuals	481,177	2,863,003	0.59
Legal entities	9,166	54,538	0.01
Total	**82,086,203**	**488,412,908**	**100**

8 INFORMATION REGARDING THE EMPLOYEES, ADMINISTRATORS AND DIRECTORS

	2013	2014
Average number of employees	695	689

Remuneration per categories of personnel in 2013 was:

	No. of employees	Salaries RON
Management	15	1,682,504
Administrative staff	126	6,128,385
Operatives	554	15,146,239
TOTAL	**695**	**22,957,128**

Remuneration per categories of personnel in 2014 was:

	No. of employees	Salaries RON
Management	14	1,655,226
Administrative staff	122	5,396,609
Operatives	553	15,502,561
TOTAL	**698**	**22,554,396**

9 CALCULATION AND ANALYSIS OF THE MAIN FIANANCIAL RATIOS

Caption	2013	2014
Liquidity ratios		
Current liquidity ratio (current capital ratio)	1.25	1.56
Quick liquidity ratio (acid test)	0.09	0.14
Risk ratios		
Gearing	12.00	3.64
Interest cover ratio	-	23.88
Activity ratios (management ratios)		
Turnover of inventories	2.41	2.07
Days in store	151.37	176.02
Turnover of trade receivables – days	33.98	7.29
Turnover of trade payables – days	53.46	49.40
Turnover of fixed assets	2.63	3.04
Turnover of total assets	1.21	1.14
Profitability ratios		
Profitability of capital employed	-	0.20
Result per share RON	(1.68)	0.61
Gross margin from sales – %	(9.65)	5.46

10 OTHER INFORMATION

10.1 Information regarding the presentation of the Company

The Company was initially incorporated in March 1972, ALUM S.A., Tulcea, being the only manufacturer of calcined alumina in Romania.

The main business is the hydro-metallurgical processing of bauxite to obtain aluminum oxide, the raw material for obtaining aluminum.

Bayer method, which uses caustic soda to produce a solution, is used to extract the aluminum hydroxide from the processing of bauxite in order to obtain aluminum oxide, the raw material for the production of alumina. The production capacity of the refinery is of about 600,000 ton/year.

The Company's shares are allowed for trading on Bucharest Stock Exchange. In 2014, the price per share was as follows:

	RON
- minimum price	0.91
- maximum price	2.20
- average price	1.56

10.2 Petty cash and bank accounts

	December 31, 2013	December 31, 2014
Bank accounts	1,608,376	2,237,583
Petty cash	5,716	4,624
Letters of credit	-	-
Other values	(28)	-
Total	**1,614,064**	**2,242,208**

10.3 Inventories

Inventories are presented in the balance sheet after deducting the impairment adjustments.

	December 31, 2013	December 31, 2014
Raw materials, materials and goods	64,870,637	40,856,867
Work in progress	46,622,370	52,049,537
Small tools	508,212	591,052
Semi finished products and finished goods	9,997,603	19,769,994
Packaging	81,174	130,805
Adjustments for the impairment of inventories	(537,004)	(526,723)
Advances for inventories	95,631,224	155,942,588
Total	**217,174,216**	**268,814,121**

The advances for inventories include payments for bauxite to SIERRA MINERALS HOLDING LTD, affiliate, in amount of RON 155,669,781 (see Note 10.5).

10 OTHER INFORMATION (continued)

10.3 Inventories (continued)

	Balance as at January 1, 2014	Transfers		Balance as at December 31, 2014
		to acc.	from acc.	
Adjustment for the impairment of raw materials	-	179,609	-	179,609
Adjustment for the impairment of materials	537,004	-	189,890	347,114
Adjustments for the impairment of work in progress	-	-	-	-
Adjustment for the impairment of finished goods	-	-	-	-
Adjustments for the impairment of Semi finished products	-	-	-	-
Total	**537,004**	**179,609**	**189,890**	**526,723**

10.4 Indicators regarding the result per share

The basic result per share is calculated by dividing the number of shareholders by the weighted average number of ordinary shares in circulation during the year, less the shares bought back by the Company during the year. There were no ordinary potentially diluted during the year.

	2013	2014
Net profit for the year	(137,517,904)	50,113,830
Number of shares	82,086,203	82,086,203
Result per share, basic – RON	(1.68)	0.61
Average market price per share	1.56	1.56

10.5 Transactions and balances with related parties

Affiliates are entities with direct or indirect common shareholders, common directors or management. A significant part of the Company transactions are conducted with related parties.

The nature of the relations with the related parties with which the Company conducted significant transactions or which have significant balances not settled as at the balance sheet date are detailed below. The relations were established in the normal course of the Company's activity. Management considers that the prices at which the transactions were conducted were in an arm's length.

Related party	Related party type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Sierra Minerals Holding Ltd.	Subsidiary	Sales/purchases of goods/services
Global Aluminium Ltd *	Subsidiary	Assignment of receivables
Vimetco Management Romania S.R.L.	Common control	Purchases of goods and services
Vimetco Power	Common control	Sales of goods and services
Vimetco Ghana	Common control	Sales of goods and services
Conef Gaz S.R.L.	Common control	Purchases of goods
Centrul Rivergate	Common control	Sales/purchases of goods/services

10 OTHER INFORMATION (continued)

10.5 Transactions and balances with related parties (continued)

The transactions and balances with related parties are detailed below:

(i) Sales

	December 31, 2013	December 31, 2014
ALRO Slatina	473,018,089	464,474,936
CENTRUL RIVERGATE	33,630	34,539
SIERRA MINERALS HOLDINGS LDT,	4,655,349	2,655,180
VIMETCO GHANA	-	-
VIMETCO EXTRUSION	-	1,949
VIMETCO POWER	127,539	202,099
Total	**477,834,607**	**467,368,703**

(ii) Purchases

	December 31, 2013	December 31, 2014
ALRO Slatina	29,991,296	24,070,462
CENTRUL RIVERGATE	2,224,593	2,408,951
VIMETCO MANAGEMENT ROMANIA	818,374	813,042
VIMETCO EXTRUSION	52	8
CONEF GAZ SA	131,936,571	141,456,424
SIERRA MINERALS HOLDINGS LTD,	56,349,236	127,973,716
Total	**221,320,122**	**296,722,603**

(iii) Receivables

	December 31, 2013	December 31, 2014
SIERRA MINERALS HOLDINGS LTD,	139,539,949	208,675,701
GLOBAL ALUMINIUM LTD, (loan – v, Note 5)	27,756,583	23,561,800
CONEF GAZ SA	-	-
CENTRUL RIVERGATE	3,475	3,595
VIMETCO POWER	2,821,634	3,072,237
VIMETCO EXTRUSION	-	650
VIMETCO GHANA	194,563	-
ALRO Slatina	2,980	2,980
Total	**170,319,184**	**235,316,963**

(iv) Payables

	December 31, 2013	December 31, 2014
ALRO Slatina	145,147,810	147,422,563
CONEF GAZ S,A,	726,265	673,080
CENTRUL RIVERGATE	232,466	246,414
VIMETCO MANAGEMENT ROMANIA	80,600	161,200
VIMETCO EXTRUSION	5	-
SIERRA MINERALS HOLDINGS LTD,	-	-
Total	**146,187,147**	**148,503,256**

10 OTHER INFORMATION (continued)

10.5 Transactions and balances with related parties (continued)

In 2014, the following related party transactions were also conducted:

	2013	2014
Receipt Alro share capital increase	-	-
Interest income – Global Aluminium Ltd,	1,743,681	1,262,720

10.6 Legal reserve

As at December 31, 2014, the legal reserve amounted to RON 7,964,167 (December 31, 2013: RON 5,458,476).

10.7 Information regarding the income tax

The Company records net income tax in accordance with the financial statements, in compliance with the laws in force regarding the income tax.

The Company did not record extraordinary income or expenses during the financial year ended December 31, 2014.

The reconciliation between the result of the year and the fiscal result for the year December 31, 2014 is presented below:

	RON
Accounting profit	50,113,830
Non deductible expenses	6,525,378
Elements similar to income	5,519,320
Non deductible expenses	(450,272)
Deductions	(2,505,691)
Prior years loss	(97,019,338)
Fiscal loss	**(37,816,774)**

Calculation of the income tax

	Year ended December 31, 2013	Year ended December 31, 2014
Total income	559,104,631	627,104,304
Total expenses	(696,622,534)	(576,990,475)
Gross profit	**(137,517,904)**	**50,113,830**
Allocation to the legal reserve	-	2,505,691
Elements similar to income	(7,314,885)	(5,519,320)
Non taxable income	(3,265,954)	450,272
Non deductible expenses	(48,572,321)	(6,525,378)
Fiscal loss	(124,929,233)	(37,816,774)
Current income tax	**-**	**-**

10 OTHER INFORMATION (continued)

10.8 Guarantees and commitments

The Company has the following investment commitments as at December 31, 2014 for the year 2015:

Description	th. USD
Endowments 2015	73
Total	**73**

The Company has the following purchasing commitments as at December 31, 2014 for the year 2015:

Description	Amount
Contract with Sierra Mineral Holdings LTD for bauxite	50,160,000 USD
Contract with Conef Gaz for natural gas	42,845,280 USD
Contract with ALRO Slatina for electricity	6,891,707 USD
Contract with Oltchim Rm, Valcea for caustic soda	7,433,280 EUR
Contract with Chimcomplex Borzesti for caustic soda	7,425,000 USD
Contract with Celco SA for industrial lime	3,961,800 RON
Contract with NALCO- flocculants	184,112 EUR
Contract with SIOEN NORDIFA , BELGIA- filtercloth	148,600 EUR
Contract with SEFAR FYLTIS, FRANTA- filtercloth	45,300 EUR
Contract with FLOCHEM INDUSTRIES SRL Bucuresti – flocculants	147,184 EUR
Contract with CYTEC INDUSTRIES, The Netherlands – flocculants	419,640 USD

Alum has issued a support letter to Sierra Mineral Holdings 1 Ltd under which the Company will provide technical and financial support until the total assets of Sierra Mineral Holding 1 Ltd, fairly valued, exceed its total liabilities.

10.9 Contingencies

Litigations

As at December 31, 2014, the Company was subject to a number of disputes in court resulted from the normal course of its business.

SC Alum SA Tulcea opened a legal action against the debtor SC Prosidex Rom SRL Constanta, under which the Company was listed on the creditors table with the amount of RON 160,463.

The management considers that based on the lawyers opinion these actions will not have a significant effect on the unconsolidated economic results and unconsolidated financial position of the Company.

As at December 31, 2014, the Company had in the balance the amount of RON 216,317 RON for doubtful or litigating receivables, amount for which a provision has been recorded (Note 5).

10 OTHER INFORMATION (continued)

10.9 Contingencies (continued)

Taxation

Taxation system in Romania is undergoing a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of the fiscal legislation. In certain cases, tax authorities can treat differently certain aspects, calculating supplementary tax and interests of 0.04 % per day plus penalties of 0.02% per day.
Starting with March 1, 2014 the fiscal procedure Code has been modified by the OUG 8/2014. According to the provisions of the new law the interest paid by the overdue tax payers for each day of delay decreased from 0.04% to 0.03%. In this conditions, the annual interest level could reach 10.95% compared to the previous value of 14.6%.

In Romania, the fiscal year remains open for fiscal verification for 5 years. Management considers that the tax obligations included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the tax regime of the elements of equity that have not been subject to income tax as at the date of recording in the accounts, considering their nature, should the Company change the destination of the revaluation reserves in the future (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

Transfer price

The fiscal legislation in Romania has included rules regarding the transfer prices between affiliates since the year 2000. The current legislative framework defines the principle of “market value”, as well as the methods of establishing transfer prices. As a result, it is expected that the tax authorities should initiate thorough verifications in order to make sure that the fiscal results and/or the value in customs of the imported goods are not distorted by the effect of the prices used in the relations with the related parties. The Company cannot quantify the result of such verifications, but the management considers that the related party transactions are in agreement with the fiscal legislation in Romania with regard to the transfer price and the necessary documentation regarding the transfer prices is available and can be presented to the authorities in case of a tax audit.

10.10 Financial Auditor’s Fee

The fee for the financial audit of the financial statements for 2014 is in accordance with the service rendering agreement.

10 OTHER INFORMATION (continued)

10.11 Risk management

a. Foreign exchange ("FX") risk

FX risk is the risk that the value of a financial instrument should fluctuate because of the variations in the FX rate.

The Company is exposed to the fluctuations in the FX rates in the commercial and financing transactions. FX risk results from the commercial assets and liabilities recognized, including borrowings, expressed in foreign currencies. Given the high associated costs, the Company's policy is not to use derivative financial instruments to mitigate this risk.

b. Interest rate risk regarding the cash flow and fair value

The interest rate risk regarding the cash flow is the risk that the future cash flows should fluctuate due to the variations in the market interest rates.

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variation in the market interest rate. The financial instruments bear interest at market values and, as a result, it is considered that their fair values do not significantly differ from the book values.

c. Credit risk

Credit risk is the risk that one of the parties of a financial instrument should fail to meet the obligation assumed causing a financial loss to the other party.

The Company is subject to a credit risk due to its trade receivables and other types of receivables. The Company has policies meant to ensure that the sales are made to clients with proper references regarding their reliability. The due date of the liabilities is carefully monitored and the amounts due after exceeding the term are promptly monitored. Trade receivables (clients) are presented net of the adjustments for doubtful receivables (Note 5). The Company develops policies that limit the value of the credit exposure against any financial institution.

d. Liquidity risk

Liquidity risk (also called financing risk) is the risk that an entity should encounter difficulties in meeting the commitments pertaining to the financial instruments. Liquidity risk may result from the incapacity to rapidly sell a financial asset at a value close to its fair value.

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, by continuously monitoring the estimated and real cash flow, by correlating the due dates of the financial assets and liabilities. Due to their nature, the Company aims at maintaining flexibility in the financing possibilities, including by the support of the majority shareholder.

10 OTHER INFORMATION (continued)

10.11 Risk management (continued)

e. Fair value of the financial instruments

Fair value is the amount for which a financial instrument can be traded between willing and knowing parties in an arm's length transaction.

Specific recognition methods are presented in the individual policies corresponding to each element. The Book values of the financial instruments as at the balance sheet date approximate their fair values, according to the mentions in the accounting policies of the Company and according to MoPFO 3055/2009 as revised.

The Company does not use financial instruments traded on active markets.

10.12 Subsequent events

According to the provisions of Law 151/2014 regarding the clarification of the legal status of the shares traded on the RASDAQ market or on the unlisted securities market, any company of which the shares are traded on RASDAQ market or on the unlisted shares market has the obligation to elect, within maximum 120 days from the entering into force of the law (27.10.2014) by a resolution of the Extraordinary General Meeting of the Shareholders to:

a) list and trade the company's shares on a regulated market or
b) trade the company's shares on an alternative trading system (ATS)

Based on the Decision of the General Shareholders Meeting no. 37/23.12.2014 Alum's shares will migrate on an alternative trading system (AeRO).

Report of the directors
and
their discharge from liabilities

- 2014 -

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Report of the directors for 2014
and their discharge from liabilities

1.1 Company orientation

The main goal of ALUM SA ("ALUM"/ "Company") is to continue its efforts to capitalize its human and material resources in order to be among the profitable and competitive companies on the alumina market. The Company aims to become a model of private plant, which will continue to bring important economical and social benefits both to Tulcea town and to the national economy

For this purpose the Company established the following main objectives:

- 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 responsibility;
- 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.

1.1.1. The main development directions of ALUM

The future development projects which ALUM intend 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.

1.1.2. Branch offices of ALUM

We mention that ALUM does not have fiscally registered branch offices.

1.2 Management and organizational culture

The management team promotes the values that define the Company's organizational culture and mainly:

- **Performance**

In Alum continues the implementation of an efficient performance management system based on establishing department goals, derived from Company's goals, quantifiable and agreed between the managers and their subordinates

- **Competence**

Main performance competences will be identified in close relation with Company's strategic objectives, by means of real, financial, operational and behaviour indicators. The existing strong points that facilitate the implementation of this system consist in the good experience gathered in the field and in the human, financial and technical potential of the Company.

- **Rentability**, meaning the concern, on all decisional levels, for the increase of the profitability through measures that ensure the continuous improvement on technological, commercial ad financial level
- **Ecological and social responsibility**, that presumes, among other things, the protection of the environment (compliance with the requirements from the Integrated Environmental Licence), the contribution to the local society development and for the general economic progress.

1.3 Corporate social responsibility

The concept of corporate social responsibility (CSR) refers to the involvement of the companies in solving some of the problems of the communities where it operates.
The advantages of implementing the social responsibility management system are:

- Demonstrated commitment to business ethics, socially responsible;
- Protecting the brand;
- Enhanced reputation as a responsible corporate citizen;
- Consumers confidence and a positive perception of investors;
- A better employee morale;
- A properly working environment, safe and fair;
- Improved working conditions;
- Commercial risk management;
- Differentiation from global competitors.

In order to implement CSR in Alum were made the following steps:

- The Company developed procedures for the relations with the media and organized an audience program; in this way the Company expresses its openness to listening and solving the community problems (employees, citizens, local authorities, companies collaborating, etc) and involvement in education and other activities of social utility.
- Were developed and distributed questionnaires about how the Company is perceived in various community organizations with which it comes into contact (public administration, financial and banking institutions, cultural organizations and sports, religious, educational, environment protection, etc). In the feed-back received from collaborating organizations showed that Alum is actively involved in the local community life, with a positive and important influence.

.1.4 Internal control

Company's internal control aimes at ensuring:

- Compliance with the existing law;
- Implementation of decisions taken by the Company's management;
- Proper functioning of the internal affairs of the Company;
- Reliability of financial information;
- The effectiveness of its operations;
- Efficient use of resources;
- Prevention and control of risks of not achieving the objectives set.

As a result, the main objectives of the internal control procedures:

- On one hand, the Company's business registration and tracking behavior of staff within the framework defined by applicable laws, values, rules and internal rules of society;
- On the other hand, checking whether the accounting, financial and business management information communicated accurately reflect the situation of society.

Control activities are an integral part of the process by which the entity seeks to achieve management objectives. Control concerns the application of rules and internal control procedures at all levels: approval, authorization, verification, assessment of operational performance, asset security, separation of functions.

1.5 Financial risk management policies

a) Currency risk

The Company is exposed to foreign exchange risk because the predominant part of its sales of alumina is denominated in or linked to the USD while the vast majority of its operating costs (such as power costs, wages, etc.) are denominated in or linked to the RON. The currency exposure is related to the fact that most of the Company's receivables are linked to USD of EUR while the liabilities are denominated in RON. The Company is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

1.5 Financial risk management policies (continued)

b) Interest rate risk on cash flow and fair value

Interest rate risk on cash flow is a risk that future cash flows will fluctuate because of changes in market interest rates.
The interest rate risk is the risk that the value of a financial instrument would fluctuate as a result of the variation of the interest rates on market. Financial instruments are bearing interest at market rate, therefore it is considered that their fair values do not differ significantly from book values.

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%.

c) 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.

d) 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.

e) Fair value of financial instruments

Fair value is the amount a financial instrument can be traded, voluntarily, between informed parties, in a transaction whose price is determined objectively.
Specific methods of recognition are presented in Company's policies for each item. The carrying values of financial instruments at balance sheet date approximates their fair values, as listed in the Company's accounting policies and as OMF no. 3055/2009 amended.
The Company does not use financial instruments traded in active markets.

1.6 Market

In 2014 Alum had a turnover in amount of 536.645 th RON structured as follows:

✓ Sales of alumina	503.601	th RON
✓ Sales of hydrate	29.608	th RON
✓ Revenues from sales of scrap iron and wastes	761	th RON
✓ Revenues from sales of utilities	518	th RON
✓ Other revenues	2.158	th RON

1.7 Competition

The competition on the alumina market is given by the sale price and quality of products. In order to get an as big as possible market share, each producer supports the marketing strategy with investments in technology and continuous modernization of the production process.
Under the circumstances of a more and more competitive global market, ALUM must continue the strategy for reducing the production cost by means of reducing consumptions (development of new ecological technologies), promoting the products using aggressive marketing and investing in human capital.

1.8 Shareholding structure and share capital

SHAREHOLDERS	Number of shares	Owned percentage (%)
ALRO SA SLATINA	81.595.860	99,40
Other shareholders – natural persons	481.177	0,59
Other shareholders – legal persons	9.166	0,01
TOTAL	**82.086.203**	**100**

On 31.12.2014, the share capital is of 488.412.908 RON and the number of issued shares 82.086.203.

2.1 Status of synthetic indicators defining company's activity as compared to the income and expenditure budget

SYNTHETIC INDICATORS	Actual 2013	Budget 2014	Actual 2014	Difference as compared to Budget	%	Difference as compared to 2013	%
	RON	RON	RON	RON		RON	
TURNOVER	**522.540.268**	**594.468.093**	**536.644.895**	**(57.823.198)**	**90**	**14.104.627**	**103**
TOTAL OPERATING REVENUES	**524.131.492**	**614.434.849**	**571.392.617**	**(43.042.233)**	**93**	**47.261.125**	**109**
TOTAL OPERATING EXPENSES	**574.549.819**	**577.301.576**	**542.075.427**	**(35.226.148)**	**94**	**(32.474.392)**	**94**
of which:- raw material and material expenses	294.408.332	336.888.691	301.347.885	(35.540.806)	89	6.939.552	102
- other expenses (inventory objects)	1.158.896	109.255	1.555.769	1.446.513	1.424	396.873	134
- energy, gas and water expenses	162.973.545	169.460.848	165.992.078	(3.468.770)	98	3.018.532	102
- staff expenses	31.322.498	31.700.418	30.530.454	(1.169.963)	96	(792.044)	97
- depreciation expenses	22.730.641	22.452.529	22.665.904	213.374	101	(64.737)	100
- third parties services	16.840.329	15.964.534	15.651.630	(312.904)	98	(1.188.699)	93
-merchandise expenses	618.218	725.299	1.266.934	541.634	175	648.716	205
-other expenses (penalties, disposal of fixed assets)	3.672.900	-	2.283.328	2.283.328	-	(1.389.572)	121
-value adjustments	40.824.460	-	781.446	781.446	-	(40.043.014)	2
Operating result	**(50.418.327)**	**37.133.274**	**29.317.190**	**(7.816.084)**	**79**	79.735.517	**(58)**
FINANCIAL REVENUES	34.973.139	3.892.590	55.711.688	51.819.098	1.431	20.738.548	159
FINANCIAL EXPENSES	122.072.716	6.038.731	34.915.047	28.876.316	578	(87.157.669)	29
Financial result	**(87.099.577)**	**(2.146.142)**	**20.796.640**	**22.942.782**	**(969)**	**107.896.217**	**(24)**
TOTAL REVENUES	559.104.631	618.327.439	627.104.304	8.776.865	101	67.999.674	112
TOTAL EXPENSES	696.622.535	583.340.307	576.990.475	(6.349.832)	99	(119.632.061)	83
GROSS PROFIT	**(137.517.904)**	**34.987.132**	**50.113.830**	**15.126.697**	**143**	**187.631.733**	**(36)**
PROFIT TAX	-	-	-	-	-	-	-
NET PROFIT	**(137.517.904)**	**34.987.132**	**50.113.830**	**15.126.697**	**143**	**187.631.733**	**(36)**

Total revenues in amount of 627.104 th RON include revenues from sale of CO2 certificates in amount of 17.691 th RON.

The operating revenues have been lower than the budget by 43.042 th RON, mainly due to lower quantity of alumina produced and sold, the decrease being justified as follows:

		Value:	
- turnover	-	**57.823**	**th RON**
The difference from forecasts was mainly determined by:			
- alumina sales	-	54.100	th RON
- hydrate sales	-	7.160	th RON
- revenues from scrap sales	+	761	th RON
- revenues from utilities sales	+	518	th RON
- other operating revenues	+	2.158	th RON

➢ **Decreases as compared to the budget for the operating expenses in amount of 35.226 th RON are mainly due to lower production volume (budget 429.270 to, actual 362.627 to of alumina):**

		Value:	
raw materials and materials expenses	-	35.759	th RON
- raw materials expenses	-	34.927	th RON
- other material expenses (fuel, spare parts, auxiliary materials)	+	832	th RON
energy and water expenses	-	3.203	th RON
natural gas expenses	-	265	th RON
goods expenses	+	542	th RON
staff expenses	-	1.170	th RON
value adjustments (provisions)	+	237	th RON
depreciation expenses	+	213	th RON
other operating expenses (sponsorships, taxes, social aids, work protection)	+	863	th RON
other expenses (penalties, ceased assets, other operating expenses)	+	2.283	th RON
third parties services (commissions, insurrances, transport, processing, advertising, import – export services, etc.)	+	550	th RON
adjustment value expenses for risks and expenses	+	545	th RON

➢ **As for the financial revenues, they were excedeed by 51.819 th RON, being due to**:

		Value:	
✓ revenues from exchange rate differences	+	51.849	th RON
✓ revenues from interests		-30	th RON

➢ **Financial expenses were exceded by 28.876 th RON and factorially, they were due to:**

		Value:	
✓ expenses with exchange rate differences	+	28.924	th RON
✓ expenses with interests		-48	th RON

Concluding, at the end of 2014 ALUM registered a profit of 50.114 th RON compared to the budeted profit of 34.987 th ron.

❖ **Fiscally non-deductible expenses**

The fiscally non-deductible expenses amount to 6,6 million RON of which the most important are the following:
- expenses with fiscally non-deductible value adjustments in the amount of 1,24 million RON out of which:
    - 0,30 million RON value adjustment for potential loss in receivables
    - 0,77 million RON value adjustment for risks and expenses (retirement benefits)
    - 0,18 million RON value adjustment for raw materials depreciation
- depreciation expenses for fixed assets revalued in 2009 in amount of 0,64 million RON
- depreciation expenses for fixed assets revalued in 2012 in amount of 0,78 million RON
- depreciaton expenses for spare parts treated as fixed assets 1,10 million RON
- depreciation for the value adjustment for the estimated expenses to close the red mud lake 1,35 million RON
- social expenses 0,48 million RON
- other fiscally non-deductible expenses (compensations, amortization of fixed assets written off, interest for the value adjustment for the estimated expenses to close the red mud lake, fines, penalties, resident, fuel) in the amount of 0,94 million RON

❖ **Investments**

ALUM had forecasted and approved for 2014 an investment program in amount of 560 th USD.

The status of 2014 investments achievements is as follows:

Forecast for year 2014	560 th $
Spent in 2014	439 th $
Differences	-121 th $

There have been exceedings in amount of 69 th $ for plant endowments (equipments acquisition) and savings on approved projects worth 190 th $.

The main achievements of the year 2014 on the line of investments are:

- Works for revamping the red mud lake
    1. Elevation of the dam from + 43m to + 45m
    2. Works for the continuation of thickened red mud safe storage
- Installation of a water cooling tower for the 12 MW turbine (in CET section).

❖ **Litigations status**

On 31.12.2014 ALUM is involved in the following types of litigations:

- ✓ Alum opened a legal action against the debtor Prosidex Rom SRL Constanta, under which the Company was listed on the creditors table with the amount of RON 160.463.
- ✓ Alum opened proceedings against the Romanian State, through the Ministry of Finance and Ministry of Transport to claim the overlapping of a land area of 4.268 square meters with CNCF CFR SA.

On the basis of the legal consulting provided by the Company's lawyers, the management considers that those litigations won't have negative effects on the results or on the financial postion of the Company.
On December 31, 2014 the Company had in its balance the amount of 216.317 RON for uncertain clients or under litigation, amount for which value adjustment is registered.

2.2 Economic indicators chart

Indicator	2013	2014
1. Liquidity indicators		
Current liquidity indicator – index	1,52	1,56
Immediate liquidity indicator - index	0,11	0,14
2. Risk indicators		
Indebtness degree indicator - index	12,00	3,64
Interest coverage indicator – index	-	23,88
3. Activity indicators (management indicators)		
Inventory turnover – no. turnovers	2,41	2,07
Number of days of storage - days	151,37	176,02
Rate of debit turnover – clients - days	33,98	7,29
Rate of credit turnover – supplier – days	53,46	49,40
Rate of fixed assets turnover – no. turnovers	2,63	3,04
Rate of total assets turnover – no. turnovers	1,21	1,14
4. Profitability indicators		
Rentability of engaged capital – index	-	0,20
Gross margin from sales - %	(9,65)	5,46
5. Share result indicators		
Result per share – RON / share	(1,68)	0,61

Analyzing the economic – financial indicators, the following conclusions may be drawn:

- ✓ From the balance sheet elements rate of turnover:

- the inventory turnover decreased as compared to the previous year due to decrease of cost of sales and the increase of stocks;
- as regards the receivables recovery period, respectively the period for reimbursing the debts, ALUM collects its receivables at 7 days and pays its commercial debts at 49 days.
- regarding the fixed assets turnover, it increased due to a slower turnover decrease as compared to the decrease of the fixed assets.
- the turnover of the total assets decreased due to the increase of the turnover which was slower than the increase of assets.

2.3 Profit and loss account

Considering all the above, we submit to the approval of the General Shareholders Meeting the following:
- profit and loss account
- balance sheet
- statement of changes in equity
- statement of cashflows
- notes to financial statements

2.4 Discharging from liabilities of the Board of Directors for 2014

For the period 01.01.2014 – 31.12.2014 based on the Decision of the General 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. Popa Ioan - Member
5. Duralia Mihaela - Member

We propose the discharge from liabilities of the Board of Directors of ALUM SA Tulcea for 2014.

CHAIRMAN OF THE BOARD OF DIRECTORS
PhD Eng Gheorghe Dobra