

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**

**CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**  
**JUNE 30, 2009**  
**(unaudited)**

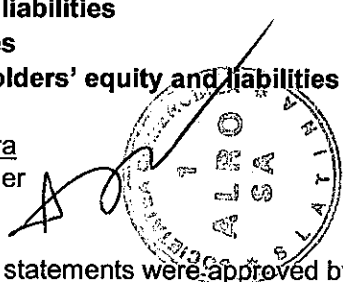
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**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Statement of Financial Position as at June 30, 2009**  
**(unaudited)**  
**(in thousands of Romanian Lei, unless otherwise specified)**

	Note	June 30, 2009	December 31, 2008
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	988.338	1.019.378
Intangible assets		9.243	11.333
Goodwill		15.834	15.834
Available-for-sale financial assets		3	3
Deferred tax	17	54.024	49.740
<b>Total non-current assets</b>		<b>1.067.442</b>	<b>1.096.288</b>
<b>Current assets</b>			
Inventories	4	380.616	540.534
Trade receivables	5	69.129	49.219
Other assets	6	193.724	216.641
Derivative assets	7	71.981	152.215
Cash and cash equivalents		154.300	80.914
<b>Total current assets</b>		<b>869.750</b>	<b>1.039.523</b>
<b>Total assets</b>		<b>1.937.192</b>	<b>2.135.811</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Issued capital		883.703	883.703
Share premium		69.446	69.446
Reserves		269.070	351.915
Retained earnings		(360.804)	(242.649)
<b>Equity attributable to equity holders of the parent</b>		<b>861.415</b>	<b>1.062.415</b>
Non controlling interest		1.667	1.543
<b>Total shareholders' equity</b>		<b>863.082</b>	<b>1.063.958</b>
<b>Non-current liabilities</b>			
Borrowings	8	199.496	231.494
Provision for risks and charges – non current portion	9	20.034	20.034
Retirement benefit obligation	10	21.173	20.220
Liabilities under finance lease		14.425	16.132
Derivative liabilities	7	137.043	170.951
Other liabilities		669	1.483
<b>Total non-current liabilities</b>		<b>392.840</b>	<b>460.314</b>
<b>Current liabilities</b>			
Borrowings	8	457.931	316.896
Liabilities under finance lease		7.528	8.478
Trade payables		49.868	90.881
Current tax liabilities		722	13.557
Provision for risks and charges – current portion	9	10.510	33.509
Derivative liabilities	7	52.439	43.109
Other liabilities	11	102.272	105.109
<b>Total current liabilities</b>		<b>681.270</b>	<b>611.539</b>
<b>Total liabilities</b>		<b>1.074.110</b>	<b>1.071.853</b>
<b>Total shareholders' equity and liabilities</b>		<b>1.937.192</b>	<b>2.135.811</b>

Gheorghe Dobra  
General Manager



Svetlana Pinzari  
Financial Manager

These financial statements were approved by the management at August 11, 2009.

The accompanying notes are integral part of these Condensed Consolidated Financial Statements.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Statement of Comprehensive Income**  
**for the period ended June 30, 2009 (unaudited)**  
**(in thousands of Romanian Lei, unless otherwise specified)**

	Note	June 30, 2009	June 30, 2008
Revenues	12	858.294	1.010.297
Cost of revenues	13	(657.532)	(685.749)
<b>Gross profit</b>		<b>200.762</b>	<b>324.548</b>
Other operating income	14	54.676	31.407
Impairment of fixed assets		1.103	1.726
Administrative expenses		(70.303)	(67.714)
Staff restructuring expenses	9	(7.886)	(11.439)
Other operating expenses	15	(26.912)	(29.945)
<b>Operating profit</b>		<b>151.440</b>	<b>248.583</b>
Finance costs, net	16	(16.636)	(13.129)
Foreign exchange gain/(loss)		(57.464)	25.206
<b>Profit before income tax</b>		<b>77.340</b>	<b>260.660</b>
Income tax expense	17	(12.227)	(45.936)
<b>Profit for the period</b>		<b>65.113</b>	<b>214.724</b>
<b>Other comprehensive income</b>			
Changes in fair value of derivatives		18.217	(120.261)
Recycling of derivatives to income statement		(116.842)	(13.538)
Deferred tax on hedging operations		15.780	23.771
<b>Other comprehensive income for the period, net of tax</b>		<b>(82.845)</b>	<b>(110.028)</b>
<b>Total comprehensive income for the year</b>		<b>(17.732)</b>	<b>104.696</b>
Profit attributable to:			
<b>Equity holders of the parent</b>		<b>64.986</b>	<b>214.724</b>
Non-controlling interest		(127)	-
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		(17.732)	104.696
Non-controlling interest		-	-
Weighted average number of ordinary shares for the purposes of basic earnings per share		713.779.135	713.779.135
<b>Basic and diluted earnings per share</b>		<b>0,0913</b>	<b>0,3008</b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009.

Gheorghe Dojra  
General Manager

Svetlana Pinzari  
Financial Manager

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**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Cash Flow Statement for the period ended June 30, 2009**  
**(unaudited)**  
**(in thousands of Romanian Lei, unless otherwise specified)**

	June 30. 2009	June 30. 2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>77.340</b>	<b>260.660</b>
Adjustments for:		
Depreciation and amortization	64.055	48.214
Impairment of property, plant and equipment	(1.103)	(1.726)
Provision for accounts receivable	(162)	194
Provision for inventory	(67.497)	(6.883)
Inventory written off	-	6.278
Change in retirement benefit obligations	181	1.347
Provisions for risk and charges	(22.998)	(1.101)
Derivatives transactions	(116.842)	(13.538)
Loss on disposal of fixed assets	333	4.334
Interest income	(3.224)	(5.306)
Interest expense	16.321	13.975
<b>Operating profit before working capital changes</b>	<b>(53.596)</b>	<b>306.448</b>
Decrease/increase in trade receivables and other assets	(11.784)	18.283
Decrease/(Increase) in inventories	215.121	(120.644)
Decrease in trade payables and other liabilities	(84.066)	(556)
Interest paid	(15.178)	(13.190)
Income tax paid	(15.166)	(30.837)
Settlement of derivatives	111.910	(2.642)
<b>Net cash from operating activities</b>	<b>147.241</b>	<b>156.862</b>
<b>Cash from investing activities</b>		
Interest received	3.222	5.306
Purchase of property, plant and equipment and intangible assets	(39.208)	(75.136)
Proceeds from sale of non-current assets	736	202
Settlement of derivatives	(21.472)	11.692
<b>Net cash used in investing activities</b>	<b>(56.722)</b>	<b>(57.936)</b>
<b>Cash flow from financing activities</b>		
Increase in loans	105.175	72.395
Dividends paid	(122.308)	(364.596)
<b>Net cash from financing activities</b>	<b>(17.133)</b>	<b>(292.201)</b>
<b>Net increase/(decrease) in cash</b>	<b>73.386</b>	<b>(193.275)</b>
<b>Cash at the beginning of the period</b>	<b>80.914</b>	<b>281.151</b>
<b>Cash at the end of the period</b>	<b>154.300</b>	<b>87.876</b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009.

Gheorghe Dobra  
General Manager



Svetlana Pinzari  
Financial Manager

The accompanying notes are integral part of these Condensed Consolidated Financial Statements.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity for the period ended June 30, 2009**  
(unaudited)  
(in thousands of Romanian Lei, unless otherwise specified)

	Share capital	Share premium	Reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interest	Total Equity
<b>Balance at January 1, 2008</b>	883.703	69.446	342.845	(32.199)	1.263.795	40	1.263.835
Net profit for the period	-	-	-	214.724	214.724	-	214.724
Total comprehensive income for the period	-	-	(110.028)	-	(110.028)	-	(110.028)
Dividends	-	-	-	(418.062)	(418.062)	-	(418.062)
<b>Balance at June 30, 2008</b>	<b>883.703</b>	<b>69.446</b>	<b>232.817</b>	<b>(235.537)</b>	<b>950.429</b>	<b>40</b>	<b>950.469</b>
<b>Balance at January 1, 2009</b>	883.703	69.446	351.915	(242.649)	1.062.415	1.543	1.063.958
Net profit for the period	-	-	-	64.986	64.986	127	65.113
Total comprehensive income for the period	-	-	(82.845)	-	(82.845)	-	(82.845)
Dividends	-	-	-	(183.141)	(183.141)	-	(183.141)
<b>Balance at June 30, 2009</b>	<b>883.703</b>	<b>69.446</b>	<b>269.070</b>	<b>(360.804)</b>	<b>861.415</b>	<b>1.667</b>	<b>863.082</b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009.

Gheorghe Dobra  
General Manager

Svetlana Pinzari  
Financial Manager

These financial statements were approved by the management at August 11, 2009.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
**(unaudited)**  
**(in thousands of Romanian Lei, unless otherwise specified)**

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**1. CORPORATE INFORMATION**

The condensed consolidated financial statements of the Group for the period ended June 30, 2009 were authorized for issue on August 11, 2009. S.C. Alro S.A. is a joint-stock company incorporated and domiciled in Romania, being the largest primary aluminium manufacturer in Central and Eastern Europe and its shares are traded at the Bucharest Stock Exchange. Vimetco N.V. Netherlands is the major shareholder of Alro S.A. and its shares are traded at London Stock Exchange.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

These interim consolidated financial statements of the Group are unaudited. They have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed financial statements should therefore be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2008.

In accordance with IAS 34, certain information and footnote disclosures normally included in financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) have been condensed or omitted from these interim financial statements. However, these interim financial statements include all adjustments, which are in the opinion of management necessary to fairly state the results of the interim periods. Interim results are not necessarily indicative of results to be expected for the full year.

These financial statements have been prepared on a going concern basis. Included in the Group structure, there is Alum S.A. ("ALUM"), a related company that has passed through a modernization process.

**(b) Significant Accounting Policies**

Except as described below the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008.

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Where appropriate, certain 2008 comparative figures have been reclassified to conform to the presentation adopted in 2008 (see Note 12, Note 13, Note 15 and Note 18).

**Change in accounting policy**

**Presentation of financial statements**

The Group applies the revised IAS 1 "Presentation of Financial Statements (2007)", which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statements of changes in equity all owner changes in equity, whereas all non-owners changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 30 June 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
**(unaudited)**  
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**Accounting policies for new transactions and events**

**Emission rights**

The Group recognises these emission certifications in its financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission credit quotas granted to it under HG 780/2006 by the Romanian National Environmental Authority are recognized.

The Group estimates its annual emission volumes at each balance sheet date and recognises the total estimated additional liability for the expected excess of emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognised in the income statement based on unit of production method.

In case the Group estimates utilisation of less than the allocated emission credits any potential income from the sale of unused emission credits is recognised in the income statement only on actual sale of those credits.

**(c) Use of estimates**

The preparation of the interim condensed financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
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**3 PROPERTY, PLANT AND EQUIPMENT**

Cost	Land '000 RON	Buildings and special construction '000 RON	Plant and machinery '000 RON	Equipment and vehicles '000 RON	Capital assets in progress '000 RON	Advances for fixed assets '000 RON	TOTAL '000 RON
<b>At January 1, 2008</b>	82.626	778.370	1.440.655	281.614	110.419	10.400	2.704.084
Additions	609	-	687	1.157	58.015	5.046	65.514
Transfers	-	18.613	89.762	6.579	(106.694)	(8.260)	-
Disposals	-	(6.943)	(21.561)	(5.812)	-	-	(34.316)
<b>At June 30, 2008</b>	83.235	790.040	1.509.543	283.538	61.740	7.186	2.735.282
<b>At January 1, 2009</b>	83.726	801.011	1.528.662	291.517	81.565	6.047	2.792.528
Additions	-	136	221	115	6.834	10.309	17.615
Transfers	-	7.866	27.677	2.968	(33.416)	(5.095)	-
Disposals	-	(599)	(13.475)	(3.978)	-	-	(18.052)
<b>At June 30, 2009</b>	83.726	808.414	1.543.085	290.622	54.983	11.261	2.792.091

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
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**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Land '000 RON	Buildings and special construction '000 RON	Plant and machinery '000 RON	Equipment and vehicles '000 RON	Capital assets in progress '000 RON	Advances for fixed assets '000 RON	TOTAL '000 RON
<b>Accumulated depreciation</b>							
<b>At January 1, 2008</b>	-	491.585	952.101	198.157	-	-	1.641.843
Charge for the period	-	8.859	30.370	9.872	-	-	49.101
Disposal	-	(4.244)	(16.734)	(9.004)	-	-	(29.982)
<b>At June 30, 2008</b>	-	496.200	965.737	199.025	-	-	1.660.962
<b>At January 1, 2009</b>	-	506.054	981.544	206.118	-	-	1.693.716
Charge for the period	-	8.923	30.111	9.622	-	-	48.656
Disposal	-	(509)	(12.608)	(3.833)	-	-	(16.950)
<b>At June 30, 2009</b>	-	514.468	999.047	211.907	-	-	1.725.422

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
(unaudited)  
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**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Land '000 RON	Buildings and special construction '000 RON	Plant and machinery '000 RON	Equipment and vehicles '000 RON	Capital assets in progress '000 RON	Advances for fixed assets '000 RON	TOTAL '000 RON
<b>Provision</b>							
<b>At January 1, 2008</b>	-	26.499	22.126	34.798	41	-	83.464
Transfers	-	-	(660)	660	-	-	-
Release	-	(1.624)	(101)	-	-	-	(1.725)
<b>At June 30, 2008</b>	-	24.875	21.365	35.458	41	-	81.739
<b>At January 1, 2009</b>	-	25.494	20.333	33.566	41	-	79.434
Release	-	(89)	(990)	(24)	-	-	(1.103)
Transfers	-	-	567	(567)	-	-	-
<b>At June 30, 2009</b>	-	25.405	19.910	32.975	41	-	78.331
<b>Net book value</b>							
<b>At June 30, 2008</b>	83.235	268.965	522.441	49.055	61.699	7.186	992.581
<b>At June 30, 2009</b>	83.726	268.541	524.128	45.740	54.942	11.261	988.338

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
**(unaudited)**  
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**4. INVENTORIES, NET**

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Raw materials	144.682	192.387
Consumables	86.895	86.493
Finished goods	64.347	231.535
Work in progress	92.764	98.141
Semi finished goods	13.321	20.562
Other	7.766	8.072
Less provision	<u>(29.159)</u>	<u>(96.656)</u>
<b>Total</b>	<b><u>380.616</u></b>	<b><u>540.534</u></b>

Movement in the provision for inventory is as follows:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Balance at beginning of the year	96.656	21.590
Net charge/(release)	<u>(67.497)</u>	<u>75.066</u>
<b>Balance at end of the year</b>	<b><u>29.159</u></b>	<b><u>96.656</u></b>

**5. TRADE RECEIVABLES**

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Foreign trade receivables	35.576	38.497
Domestic trade receivables	37.048	14.723
Provision for doubtful receivables	<u>(3.495)</u>	<u>(4.001)</u>
<b>Total</b>	<b><u>69.129</u></b>	<b><u>49.219</u></b>

During the reporting periods the Group sold amounts of trade accounts receivable under factoring facilities. The factoring facilities are non-recourse. The Group derecognizes the transferred amount at the transfer date and recognizes factoring fees and commissions at the disbursement date.

There is one customer which represents more than 10% of the total balance of trade receivables as at June 30, 2009 (December 31, 2008: 2 customers).

Movement in the provision for trade receivables is as follows:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Balance at beginning of the year	4.001	7.732
Net charge/(release)	<u>(506)</u>	<u>(3.731)</u>
<b>Balance at end of the period</b>	<b><u>3.495</u></b>	<b><u>4.001</u></b>

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
**(unaudited)**

**(in thousands of Romanian Lei, unless otherwise specified)**

**6. OTHER ASSETS**

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
Advances to suppliers	139.046	135.799
VAT recoverable	29.122	37.918
Other debtors	19.414	34.922
Prepayments	8.070	10.073
Provisions for doubtful debtors	(1.928)	(2.071)
<b>Total</b>	<b>193.724</b>	<b>216.641</b>

Movement in the provision for other assets is as follows:

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
Balance at beginning of the year	2.071	871
Net charge/(release)	(143)	1.200
<b>Balance at end of the period</b>	<b>1.928</b>	<b>2.071</b>

Advances to suppliers are specially represented by prepayments for power energy and gas.

The line "Other debtors" include RON thousand 13.171 representing amounts to receive resulting from aluminium swap contracts (at 31 December 2008: RON thousand 29.736).

**7. DERIVATIVE ASSETS AND LIABILITIES**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodities prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and market prices, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the US dollars denominated sales; and
- swaps to manage the commodity price risk associated with sales of aluminium based on London Metal Exchange price for high grade aluminium.

In addition to derivative financial instruments existing as at December 31, 2008, the Group entered into the following forward swap transactions during 2009:

In May 2009 the Group entered into aluminium forward swap transaction in amount of 13.500 MT for the period May - July 2009. The calculation period is one month starting May 1, 2009 and covers 3 consecutive months until July 2009.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
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**7. DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)**

The summary of derivative financial instruments as at June 30, 2009 is as follows:

	Notional amount '000 RON	Assets '000 RON	Liabilities '000 RON
<b>Non-current</b>			
FX Forward contracts	592.651	-	137.043
LME Forward contracts	-	-	-
			<b>137.043</b>
<b>Current</b>			
FX Forward contracts	264.191	-	50.596
LME Forward contracts	234.732	71.981	1.843
		<b>71.981</b>	<b>54.439</b>

The settlement of forward contracts during the six month-period ended June 30, 2009 resulted in a net charge to finance loss in amount of RON thousand 21.472 for foreign exchange forward contracts and income of RON thousand 138.314 for hedging contracts on aluminium (June 30, 2008 : finance gain in amount of RON thousand 11.692 for foreign exchange forward contracts and net income in amount of RON thousand 1.846 for hedging contracts on aluminium)

**8. BORROWINGS**

	June 30, 2009	December 31, 2008
Long term bank loans	199.496	231.494
Short term bank loans	457.931	316.896
<b>Total</b>	<b>657.427</b>	<b>548.390</b>

**9. PROVISIONS FOR RISKS AND CHARGES**

	December 31, 2008	Charge	Release	June 30, 2009
Provision for litigation	8.242	-	-	8.242
Provision for waste deposit	11.792	-	-	11.792
<b>Total provision long term</b>	<b>20.034</b>	<b>-</b>	<b>-</b>	<b>20.034</b>
Provision for employee benefits	9.114	-	(9.114)	-
Provision management compensation	10.510	-	-	10.510
Provision for restructuring	13.885	-	(13.885)	-
<b>Total provision short term</b>	<b>33.509</b>	<b>-</b>	<b>22.999</b>	<b>10.510</b>

The release of provisions of RON thousand 9.114 represents the annual bonus paid in 2009 for the results of the 2008 year as stipulated in the Collective Labour Agreement.

As at December 31, 2008 a provision in amount of RON thousand 13.885 was recorded for a number of employees which will be made redundant as part of the restructuring process and was released during 2009 due to the payment made in 2009. Actual payments to employees as the result of restructuring amounted RON thousand 21.771.

**S.C. ALRO S.A. AND ITS SUBSIDIARIES**  
**Notes to the Condensed Consolidated Financial Statements as of June 30, 2009**  
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**10. RETIREMENT BENEFIT OBLIGATION**

Actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at June 30, 2009 by an independent valuator. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Movements in the present value of the defined benefit obligation in the current period were as follows:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Opening defined benefit obligation	20.220	21.035
Current service cost	730	4.613
Interest cost	772	1.509
Actuarial losses/(gains)	-	76
Benefits paid	(549)	(7.013)
<b>Total</b>	<b><u>21.173</u></b>	<b><u>20.220</u></b>

**11. OTHER LIABILITIES**

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Suppliers of fixed assets	5.121	25.789
Advances from customers	8.332	37.458
Wages and social security	15.544	24.101
Tax on salaries	2.580	3.803
Other taxes	521	6.189
Dividends payable	62.320	1.480
Accrued interest	1.806	1.764
Other creditors	6.048	4.525
<b>Total</b>	<b><u>102.272</u></b>	<b><u>105.109</u></b>

After June 30, 2009 the Group paid dividends to its shareholders in amount of RON thousand 20.465.

**12. REVENUES**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Sales of primary aluminium	678.607	801.264
Sales of processed aluminium	175.113	203.935
Other income	4.574	5.098
<b>Total</b>	<b><u>858.294</u></b>	<b><u>1.010.297</u></b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009. Revenue from hedging contracts on aluminium have been reclassified from financial income to operating income.

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**13. COST OF REVENUES**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Energy, water and gas	241.580	248.484
Raw materials	331.895	289.182
Consumables expenses	21.302	29.159
Staff costs	63.090	61.723
Amortisation and depreciation	46.577	34.047
Third party services	1.617	1.128
Cost of merchandise	449	33
Repairs	1.533	6.677
Transportation costs	12.534	10.173
Others	2.102	3.466
Revenue / Expenses on provisions and adjustments	<u>(65.147)</u>	<u>1.677</u>
<b>Total</b>	<b><u>657.532</u></b>	<b><u>685.749</u></b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009. Expenses for provisions and depreciation adjustments reported last year in other operating expenses are now included in cost of sales. In 2009 these revenues are mainly the release of the depreciation for current assets like finished products amounting to RON thousand 18.898 and raw materials amounting to RON thousand 31.936.

**14. OTHER OPERATING INCOME**

Other operating income comprise basically income from selling emission rights and income from litigations.

**15. OTHER OPERATING EXPENSES**

Other operating expenses comprise mainly non-operational costs of RON thousand 13.214 recorded by Alum after factory closure for modernization (2008: 15.316 thousand RON) and consulting fees of RON thousand 5.554 to Vimetco Management GmbH recorded by Alro (2008: 4.178 thousand RON).

**16. FINANCE COSTS, NET**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Interest income	(3.224)	(5.306)
Interest expense	16.320	13.975
Other finance expense	<u>3.540</u>	<u>4.460</u>
<b>Total</b>	<b><u>16.636</u></b>	<b><u>13.129</u></b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009. Revenue from transactions related to hedging contracts on aluminium have been reclassified from financial income to operating income.

**17. INCOME TAX**

During the reported period the statutory profit is taxable at a rate of 16%.

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Interim period income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The movement of the deferred income tax account is as follows:

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Opening balance</b>	<b>49.740</b>	<b>5.510</b>
Deferred tax on derivatives recognised in equity	15.780	1.085
Deferred tax recognised in income statement	(11.496)	43.145
<b>Closing balance</b>	<b>54.024</b>	<b>49.740</b>

**18. RELATED PARTY TRANSACTIONS**

Related parties are entities with common direct or indirect shareholders, directors or management. A portion of the Group's business is conducted through transactions with related parties and the effect of these is reflected below. The transactions between the related parties are based on mutual agreements and the management considers such transactions to be on an arms' length basis.

	<b>June 30, 2009</b>	<b>June 30, 2008</b>
<b>Purchases of goods and services</b>		
Vimetco Management GmbH	5.554	4.178
Vimetco N. V., Netherlands	-	1.205
Vimetco Management Romania SRL	600	-
Vimetco Trading SRL	4.978	-
Conef Gaz SRL	13.099	18.267
Rivergate SRL	2.062	1.149
<b>Total</b>	<b>26.293</b>	<b>24.799</b>
<b>Dividends paid</b>		
Vimetco N. V., Netherlands	122.265	364.323
<b>Total</b>	<b>122.265</b>	<b>364.323</b>
<b>Sales</b>		
Vimetco N. V., Netherlands	10	-
Vimetco Management Romania SRL	9	7
Vimetco Power Romania SRL	29	10
Vimetco Trading SRL	809	15
Conef Gaz SRL	75	32
Conef Energy SRL	49	122
Rivergate SRL	13	5
TM Power	6	-
Rivergate Rating Group	3	37
<b>Total</b>	<b>1.003</b>	<b>228</b>

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	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Trade and other receivables</b>		
Vimetco N. V., Netherlands	12	-
Vimetco Management Romania SRL	4	-
Vimetco Power Romania SRL	4	-
Vimetco Trading SRL	906	1.914
Conef Gaz SRL	1.606	3.370
Conef Energy SRL	56	12
TM Power SA	17	71
Rivergate SRL	3	12
Rivergate Rating Group	3	-
<b>Total</b>	<b>2.611</b>	<b>5.379</b>
<b>Trade and other payable</b>	<b>June 30, 2009</b>	<b>June 30, 2008</b>
Vimetco Management GmbH	2.755	2.551
Vimetco N. V., Netherlands	37.966	-
Vimetco Management Romania SRL	298	-
Vimetco Trading SRL	645	2.690
Rivergate SRL	172	224
Conef Gaz SRL	2.038	3.067
Imex Oil	-	296
<b>Total</b>	<b>43.874</b>	<b>8.828</b>

*Management Compensations.* Total compensation paid to the Group's key management personnel amounted to RON thousand 3.739 and RON thousand 7.342 for the six months ended June 30, 2009 and June 30, 2008 respectively.

**19. SEGMENT INFORMATION**

For management purposes, the Group is organised into three major operating divisions – alumina, primary aluminium and processed aluminium.

Primary aluminium segment includes production of primary aluminium. The primary aluminium segment receives alumina primarily from the alumina segments and produces primary aluminium in the form of ingots, slabs, billets, wire rod and other products. Primary aluminium is used as raw material for production in the processed aluminium products segment and also is sold to external customers and aluminium traders. Intersegment sales in primary aluminium segment constitute transfers of primary aluminium for the production of processed products valued at prevailing market prices.

Processed aluminium products segment includes production of the products from primary aluminium. This segment's principal business is the production of hot and cold rolled products and extruded products. Corporate assets and liabilities represent activities that cannot be directly allocated to the Group's segments. Other sales include revenues from ancillary services provided by the Group.

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**19. SEGMENT INFORMATION (CONTINUED)**

Segment assets and liabilities at June 30, 2009 and December 31, 2008 respectively were as follows:

	<u>June 30, 2009</u>	<u>December 31, 2009</u>
<b>Segment assets</b>		
Alumina	237.016	251.168
Primary aluminium	983.213	1.184.238
Processed aluminium,	242.325	181.997
Corporate and other assets	536.552	587.735
Inter-segment eliminations	<u>(61.914)</u>	<u>(69.327)</u>
<b>Total consolidated assets</b>	<b><u>1.937.192</u></b>	<b><u>2.135.811</u></b>
<b>Segment liabilities</b>		
Alumina	2.546	2.823
Primary aluminium	153.685	203.575
Processed aluminium	35.641	40.129
Corporate and other liabilities	957.986	902.833
Inter-segment eliminations	<u>(75.748)</u>	<u>(77.507)</u>
<b>Total consolidated liabilities</b>	<b><u>1.074.110</u></b>	<b><u>1.071.853</u></b>

Segment revenues and results for the six months ended June 30, 2009 were as follows:

	<u>Alumina</u>	<u>Primary aluminium</u>	<u>Processed aluminium</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
External revenues and other income	249	681.010	168.750	8.285	-	858.294
Inter-segment sales	-	99.894	-	-	(99.894)	-
<b>Total segment revenues</b>	<b>249</b>	<b>780.904</b>	<b>168.750</b>	<b>8.285</b>	<b>(99.894)</b>	<b>858.294</b>
<b>Segment results</b>	<b>(57)</b>	<b>162.544</b>	<b>29.990</b>	<b>8.285</b>		<b>200.762</b>
<b>Consolidated results</b>						<b>65.113</b>
Capital expenditures	328	4.629	7.148	-	-	12.105
Depreciation	487	47.028	5.987	9	-	53.511

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**19. SEGMENT INFORMATION (CONTINUED)**

Segment revenues and results for the six months ended June 30, 2008 were as follows:

	Alumina	Primary aluminium	Processed aluminium	Other	Elimination	Total
External revenues and other income	-	798.982	203.935	7.380	-	1.010.297
Inter-segment sales	-	147.994	388	2.094	(150.476)	-
<b>Total segment revenues</b>	-	<b>946.976</b>	<b>204.323</b>	<b>9.474</b>	<b>(150.476)</b>	<b>1.010.297</b>
<b>Segment results</b>	-	<b>305.036</b>	<b>11.823</b>	<b>7.689</b>	-	<b>324.548</b>
<b>Consolidated results</b>						<b>214.724</b>
Capital expenditures	4.788	43.238	10.870	95	-	58.991
Depreciation	532	31.168	6.288	28	-	38.016

Sales by market: the following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

	June 30, 2009	June 30, 2008
Romania	125.102	181.560
European Union	690.002	746.955
Non-EU European Countries	35.930	64.888
United States	5.339	14.031
Other countries	1.921	2.863
<b>Total</b>	<b>858.294</b>	<b>1.010.297</b>

Comparative figures have been reclassified to comply with the presentation adopted in 2009. Revenue from transactions related to swap contracts on aluminum have been reclassified from financial income to operating income.

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**20. CONTINGENCIES AND COMMITMENTS**

The Group has entered into various contracts to acquire energy, gas and other material and consumables in the amount of RON thousand 162,930 for the year 2009.

*Letters of guarantee received*

As at June 30, 2009, Alro had received letters of guarantee from domestic and foreign partners, according to the contracts concluded, with the view of guaranteeing the advances granted. The received guarantees were in amount of EUR thousand 3.540 (December 31, 2008: EUR thousand 4.378 and RON thousand 125).

As at June 30, 2009 Vimetco Extrusion had received letters of guarantees from foreign partners, according to the contracts concluded, with the view of guaranteeing the advances paid. The received guarantees were in amount of EUR thousand 850.

*Letters of credit*

As of 30.06.2009, the Group has letters of credit amounting to USD thousand 7.348 and EUR thousand 50 (December 31, 2008: USD thousand 11.529 and EUR thousand 679).

*Factoring*

As at June 30, 2008, Alro Group has factoring contracts signed with various banks for a total of approximately EUR million 61, USD million 12 and RON million 7 of which were used EUR million 10, USD million 0.3 and RON million 6. (December 31, 2008: EUR million 74, USD million 40 si RON million 8 RON out of which utilized EUR million 6, USD million 20 si RON million 6)

*Contingencies*

A company of the Group is defending an action brought by a raw material supplier in Europe, claiming damages in respect of the repudiation of a contract. While liability is not admitted, if defense against the action is unsuccessful, then damages and legal costs might be paid by the Group. Part of it probably would be reimbursable under an insurance policy. Based on legal advice, the Group's management cannot reliably estimate the outcome of the action and the effect on Group's financial position.

**21. SUBSEQUENT EVENTS**

At present, Alro is in process of negotiations for the extension of the validity of the credit lines.

