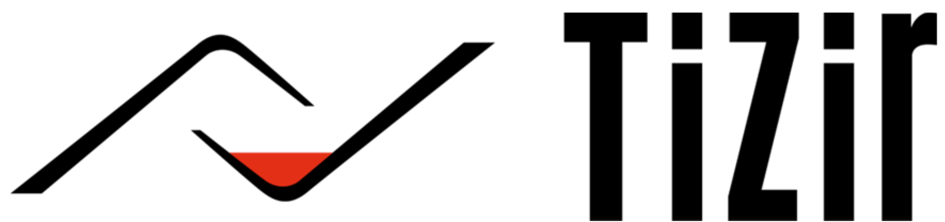

Annual report and consolidated financial statements of TiZir Limited for the year ended 31 December 2013

Registered N°: 07727671

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Directors

L Egeland
N J Limb
M C Ackland
W L Sharp
P G Vecten
A Tissidre

Secretary

Norose Company Secretarial Services Limited
3 More London Riverside
London SE1 2AQ

Registered office

3 More London Riverside
London SE1 2AQ

Business address

C/- MWB Business Exchange
33 Cavendish Square
London W1G 0PW

Company number

07727671

Auditors

Constantin
25 Hosier Lane
London EC1A 9LQ

Principal activities and objectives

The principal activities of the Group for the year ended 31 December 2013 were focused on the mineral sands sector through the construction of the Grande Côte Mineral Sands Project in Senegal and the operation of the Tyssedal ilmenite upgrading facility in Norway.

Financial overview

Financial performance for the year was as follows:

	2013	2012	Change	
	US$M	US$M Restated(1)	US$M	%
Sales	201.3	231.1	(29.8)	(13)
EBITDA	57.2	109.2	(51.9)	(48)
EBIT	23.8	75.6	(51.8)	(69)
Underlying net profit	28.3	62.7	34.4	(55)
Amortisation of assets recognised on acquisition (after tax)	(13.3)	(13.8)	0.5	
Reported net profit after tax	15.0	48.9	(33.9)	(69)
Basic and diluted earnings per share	46.6	188.7	(142.1)	(75)

(1) The comparative figures presented above have been adjusted to include the impact of adoption of IAS19R employee benefits during the year. For further information, see Note 2 to the financial statements.

Operating results

The underlying net profit for the year ended 31 December 2013 was $28.3 million, compared to US$62.7 million in 2012. The result reflects a lower contribution from the Tyssedal ilmenite upgrading facility in Norway, primarily due to lower titanium slag prices, and a negative contribution from the Grande Côte mineral sands project in Senegal as construction neared completion.

After inclusion of amortisation of assets recognised on acquisition of $13.3 million (after tax) (2012 – $13.8 million), the Company reported a net profit after tax of $15.0 million, compared to $48.9 million in 2012.

Financial Position

The Statement of Financial Position at 31 December 2013 comprises net assets of $684.4 million (31 December 2012 – $637.4 million) comprising:

- cash balances of $11.6 million (2012 – $128.3 million)
- working capital (being the net of trade and other receivables, inventories and trade and other payables) of $17.4 million (2012 – $81.4 million)
- property, plant & equipment (including capitalised construction costs for Grande Côte) of $740.6 million (31 December 2012 – $427.5 million)
- intangible assets (including mining rights and other identifiable intangible assets recognised on acquisition) of $183.7million (31 December 2012 – $201.6 million)
- corporate bonds of $150.6 million (2012 – $150.2 million)
- a working capital facility of $31.2 million (2012 – bank overdraft of $8.3 million)
- subordinated loans from the joint owners of $55.4 million (2012 – nil)
- current and deferred tax liabilities of $27.9 million (2012 – $46.8 million)
- other assets and liabilities netting to a liability of $3.8 million (31 December 2012 – net asset of $2.9 million)

Cash flow

Cash balances reduced by $116.7 million during the year ended 31 December 2013 as a result of:

- capital expenditure of $321.2 million
- interest paid to bondholders of $13.5 million
- cash generated by operations of $88.3 million
- equity contributions from the joint owners of $50.0 million
- subordinated loan contributions from the joint owners of $55.0 million
- working capital facility utilisation of $24.4 million (net of other borrowings repayment)
- net other movements of positive $0.3 million.

Business Review

Tyssedal ilmenite upgrading facility, Norway

Titanium slag production for 2013 was 190,300 tonnes, 5% higher than 2012. Titanium slag sales of 197,100 tonnes were 26% higher than 2012, however average pricing was 33% lower than 2012 levels which led to 16% lower revenue. In addition, sales volumes of high purity pig iron of 114,500 tonnes were 10% higher than 2012, but with average pricing 20% lower than 2012 levels, revenue was 10% lower.

With 15% lower revenue overall, and a modest increase in costs on a per tonne basis (largely due to costs associated with expansion projects that have since been wound back), EBITDA at Tyssedal decreased from US$112.4 million in 2012 to US$63.5 million in 2013 (including the benefit of $11.1 million of insurance proceeds).

The reduced pricing for titanium slag, which declined throughout the year, was associated with weak demand for titanium dioxide products across the board from pigment producers, our primary customers. This was a result of pigment producers pursuing significantly reduced pigment production to lower the highly elevated pigment inventory levels with which they entered the 2013 year.

Grande Côte Mineral Sands Project, Senegal

After two and a quarter years involving some 11 million man hours, and at a cost of approximately US$650 million, construction of Grande Côte was completed in mid-February 2014. This truly massive project involved a very diverse construction effort encompassing the construction of a 7,000 tonne per hour dredge, a four-module floating wet concentrator plant, a full mineral processing plant, a 36 megawatt power station, 22 kilometres of new rail, as well as water, electrical, office and road infrastructure, and the erection of a storage and ship-loading facility at the Port of Dakar and the refurbishment of over 120 kilometres of existing rail. Additionally, our own locomotives and rolling stock provide a totally integrated logistics solution from mine to ship.

Flooding of the start-up pond containing the dredge and wet concentrator plant occurred late-January 2014 and the mining of sand and production of heavy mineral concentrate (HMC) commenced late-March 2014. As mining and processing rates through the wet concentrator plant are ramped up, and after a few weeks to allow a stockpile of HMC to be built, processing through the Mineral Separation Plant will commence, giving rise to first product.

Summary of key performance indicators

The directors have monitored progress of the Company's overall strategy and individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2013	2012
Production – Tyssedal		
Titanium Slag (kt)	**190.3**	181.1
High purity pig iron (kt)	**106.9**	101.3
Safety		
Tyssedal – frequency rate of injuries with absence (No. per million man hours)	**0**	6.0
Grande Côte – frequency rate of lost time injuries (No. per million man hours)	**0.42**	0

The safety record for the entire period of construction at Grande Cote was 0.27 lost time injuries per million man hours, which is a spectacular effort by management given the size and complexity of the project.

Future developments

Production from Tyssedal in 2014 is anticipated to be consistent with 2013, however earnings are expected to be lower due to anticipated lower average pricing for titanium slag sales. While the titanium dioxide pigment market has begun to improve from one of the most weakened positions experienced for many years, the timing of a full recovery is unlikely before the second half of this year at the earliest.

With Grande Côte coming on stream in 2014, and building towards full production over the course of the year, this world-class asset will become a new and major source of earnings and cash flow for many years to come.

Payments of creditors

The company does not adopt a specific code or standard payment policy. However, it is the company's policy to pay its suppliers in accordance with the terms agreed with them, provided that the supplier has met its contractual obligations.

Principal risks and uncertainties

Foreign currency risks: when the exposure arising from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging (Note 22). In addition, the Group uses derivative financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

Other financial risks such as credit risk, liquidity risk and cash flow risk are discussed in Note 23 of the financial statements.

By order of the board

Rick Sharp
Director

Registered office: London

Date: 8 April 2014

Company registration number: 07727671

The directors present their report and the financial statements of TiZir Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2013.

Directors

The directors who served during the period are as stated below:

L Egeland
N J Limb
M C Ackland
W L Sharp
P G Vecten
A Tissidre (appointed 7 November 2013)
H Montégu (appointed 21 March 2013; resigned 7 November 2013)
J M Fourcade (resigned 21 March 2013)

Strategic Report

The following details are disclosed within the Strategic Report:

- the Group's principal activities;
- the Group's financial performance and financial position;
- a review of the Group's business and future developments;
- the Group's financial risk management objectives and policies; and
- the Group's exposure to exchange rate risk, credit risk, and liquidity and cash flow risk.

Events after the balance sheet date

There have not been any significant events since the balance sheet date.

Financial instruments

The Group's financial instruments comprise bonds, working capital facilities, overdrafts and performance guarantees. The principal purpose of these is to raise funds for general corporate purposes. In addition, various other financial instruments such as trade creditors and trade debtors arise from its trade. The use of interest rate swaps and currency swaps will be used to manage interest and currency risk when necessary or material.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Annual Report and the financial statements. The Directors are required to prepare the financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

In the case of International Financial Reporting Standards (IFRS) accounts, International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with IFRS where applicable.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

To the best of each Director's knowledge: the financial statements, prepared in accordance with IFRS and contained within this Annual Report and Accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and, the management report, which is incorporated into the Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and accordingly the auditors accept no responsibility for the information published. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware,
- the directors have taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Political contributions

The Company made no political contributions during the year (2012 -nil).

Auditor

The Company is not obliged to reappoint its auditor annually and Constantin will therefore continue in office.

This report was approved by the Board on April 8th, 2014 and signed on its behalf by

Rick Sharp
Director

Independent auditor's report to the members of TiZir Limited

We have audited the financial statements of TiZir Limited for the year ended 31 December 2013 which comprise the Group Statement of Profit or Loss and Other Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group Statement of Changes in Equity, the Group and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2013 and of the Group's and Parent Company's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 3 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Smith FCA (Senior Statutory Auditor)
For and on behalf of Constantin
Chartered Accountants and Statutory Auditor
Member of Deloitte Touche Tohmatsu Limited

25 Hosier Lane
London
EC1A 9LQ

Date: 8 April 2014

Continuing operations		**Year ended**	
	Note	**31 Dec 2013 US$'000**	**31 Dec 2012 US$'000 Restated[1]**
Sales	24	**201,314**	**231,127**
Other income	24	13,817	2,038
Cost of products sold		(150,478)	(119,915)
Administrative and selling costs		(7,412)	(4,070)
EBITDA for the year		**57,241**	**109,180**
Amortisation and depreciation of non-current assets	29	(14,360)	(14,391)
Amortisation of assets recognised on acquisition	29	(19,165)	(19,165)
Operating allowances for losses and contingencies	30	41	112
Current operating profit for the year		**23,757**	**75,736**
Other operating income and expenses	31	-	(154)
Operating profit for the year		**23,757**	**75,582**
Net borrowing costs	32	(682)	(106)
Other finance income and expenses	32	1,886	(4,649)
Income tax	33	(10,805)	(22,477)
Profit for the year		**14,156**	**48,350**
Attributable to non-controlling interests		829	585
Profit for the year attributable to equity holders of the parent		**14,985**	**48,935**
Other comprehensive (loss)/income			
Translation adjustments for financial statements of subsidiaries in a foreign currency		(12,600)	10,989
Change in revaluation reserve for cash flow hedging instruments		(6,339)	1,543
Change in actuarial gains and losses reserve		19	479
Income tax in relation to movements in cash flow hedging and actuarial gains and losses reserve	33	1,771	(566)
Other comprehensive (loss)/income for the year		**(17,149)**	**12,445**
Attributable to non-controlling interest		222	(55)
Other comprehensive (loss)/income for the year attributable to equity holders of the parent		**(16,927)**	**12,390**
Total comprehensive (loss)/income for the year			
Attributable to the consolidated group		(2,993)	60,795
Attributable to non-controlling interests		1,051	530
Total comprehensive (loss)/income for the year attributable to equity holders of the parent		**(1,942)**	**61,325**
Earnings per share ($ per share)			
Basic earnings per share	34	46.57	188.67
Diluted earnings per share	34	46.57	188.67

(1) See Note 2

Notes to the financial statements are included on pages 14 to 42.

	Note	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated(1)
Assets			
Non-current assets			
Intangible assets	9	183,685	201,625
Property, plant & equipment	10	740,578	427,535
Other non-current financial assets		124	146
Other non-current assets	13	263	254
Total non-current assets		**924,650**	**629,560**
Current assets			
Inventories	12	46,877	46,356
Trade receivables and other current assets	13	22,315	71,009
Derivative financial assets	22	-	3,490
Cash and cash equivalents	14	11,552	128,293
Total current assets		**80,744**	**249,148**
Total assets		**1,005,394**	**878,708**
Shareholders' equity and liabilities			
Share capital	15	329	303
Share premium	15	621,412	571,438
Cash flow hedging instrument revaluation reserve		(2,650)	1,914
Foreign currency translation reserve		(5,130)	7,250
Actuarial gains and losses reserve		123	106
Retained earnings		64,030	49,045
Attributable to equity holders of the parent		**678,114**	**630,056**
Attributable to non-controlling interests	16	6,248	7,299
Total shareholders' equity		**684,362**	**637,355**
Liabilities			
Non-current liabilities			
Liabilities to employees	17	14	103
Deferred tax	18	9,427	19,734
Borrowings	19	234,580	147,375
Total non-current liabilities		**244,021**	**167,212**
Current liabilities			
Borrowings	19	2,755	11,135
Trade and other payables	21	51,809	35,942
Current tax payables		18,454	27,064
Derivative financial liabilities	22	3,993	-
Total current liabilities		**77,011**	**74,141**
Total liabilities		**321,032**	**241,353**
Total shareholders' equity and liabilities		**1,005,394**	**878,708**

(1) See Note 2

Notes to the financial statements are included on pages 14 to 42.

The financial statements were approved by the Board on April 8th, 2014 and signed on its behalf by

Rick Sharp
Director

Registration number 07727671

	Note	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Assets			
Non-current assets			
Property, plant & equipment		365	482
Investments in subsidiaries	8	819,136	331,504
Loans to related parties	11	161,801	334,507
Total non-current assets		**981,302**	**666,493**
Current assets			
Other current assets		388	76
Cash and cash equivalents		6,359	111,261
Total current assets		**6,747**	**111,337**
Total assets		**988,049**	**777,830**
Shareholders' equity and liabilities			
Share capital	15	329	303
Share premium	15	621,412	571,438
Retained earnings		60,293	(7,458)
Total shareholders' equity		**682,034**	**564,283**
Liabilities			
Non-Current Liabilities			
Borrowings	19	203,339	147,375
Other non-current liabilities	20	97,664	62,723
Total non-current liabilities		**301,003**	**210,098**
Current liabilities			
Borrowings	19	2,755	2,812
Trade payables and other current liabilities		2,257	637
Total current liabilities		**5,012**	**3,449**
Total shareholders' equity and liabilities		**988,049**	**777,830**

Notes to the financial statements are included on pages 14 to 42.

The financial statements were approved by the Board on April 8th, 2014 and signed on its behalf by

Rick Sharp
Director

Registration number 07727671

	Note	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Operating activities			
Profit for the year		**14,156**	**48,350**
Elimination of non-cash and non-operating income and expenses:			
- Depreciation, amortisation and provisions		33,461	33,347
- Deferred tax	33	(8,160)	(3,593)
- Loss on asset disposals		-	105
- Technical assistance fees		-	229
- Foreign exchange losses		3,319	4,829
Cash generated by operating activities		**42,776**	**83,267**
(Increase)/decrease in inventories		5,628	(10,303)
(Increase)/decrease in trade receivables		44,997	(43,147)
Increase/(decrease) in trade payables		5,013	(513)
Change in other assets and liabilities		15,777	26,895
Amortisation of borrowing costs		(180)	-
Interest received		(108)	-
Interest paid		-	286
Tax paid		(25,574)	(3,376)
Net change in current operation assets and liabilities		**45,553**	**(30,158)**
Net cash generated by operating activities		**88,329**	**53,109**
Cash flows from investing activities			
Payments for non-current assets		(321,206)	(286,568)
Proceeds from borrowings		-	1,842
Payment for capitalised interest costs		(13,500)	-
Interest received		108	-
Net cash used in investing activities		**(334,598)**	**(284,726)**
Cash flows from financing activities			
Proceeds from issue of shares	15	50,000	100,000
Proceeds from borrowings		87,250	157,965
Repayment of borrowings		(7,892)	(3,530)
Net change in financial assets and liabilities		(275)	-
Net cash provided by financing activities		**129,083**	**254,435**
Net effect of cash held in foreign currency		445	141
Net (decrease)/increase in cash held		**(116,741)**	**22,959**
Opening cash and cash equivalents		**128,293**	**105,334**
Closing cash and cash equivalents	**14**	**11,552**	**128,293**

Notes to the financial statements are included on pages 14 to 42.

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Reported
Operating activities		
Profit/(loss) for the year	**67,751**	**(5,772)**
Elimination of non-cash and non-operating income and expenses:		
- Depreciation, amortisation and provisions	122	2
- Dividends accrued from associates	(88,558)	-
- Foreign exchange losses	1,563	863
Cash generated by operating activities	**(19,122)**	**(4,907)**
(Increase)/decrease in trade receivables	(298)	-
Increase/(decrease) in trade payables	1,113	(32)
Change in other assets and liabilities	500	4,116
Amortisation of borrowing costs	761	-
Interest received	(108)	-
Net change in current operation assets and liabilities	**1,968**	**4,084**
Net cash used in operating activities	**(17,154)**	**(823)**
Cash flows from investing activities		
Payments for non-current assets	(6)	(254)
Interest received	108	-
Payments to subsidiaries	(193,001)	(205,512)
Net cash used in investing activities	**(192,899)**	**(205,766)**
Cash flows from financing activities		
Proceeds from issue of shares	50,000	100,000
Proceeds from borrowings	55,000	150,000
Payment of borrowing costs	(275)	(3,498)
Net cash provided by financing activities	**104,725**	**246,502**
Net effect of cash held in foreign currency	426	2
Net (decrease)/increase in cash held	**(104,902)**	**39,915**
Opening cash and cash equivalents	**111,261**	**71,346**
Closing cash and cash equivalents	**6,359**	**111,261**

Notes to the financial statements are included on pages 14 to 42.

	Number of shares	Share capital US$'000	Share premiums US$'000	Cash flow hedging reserve US$'000	Foreign currency translation reserve US$'000	Actuarial gains and losses reserve US$'000	Retained earnings US$'000	Attributable to equity holders of parent US$'000	Attributable to non-controlling interests US$'000	Total shareholders' equity US$'000
Shareholders' equity at 1 January 2012	**250,000**	**250**	**471,491**	**(230)**	**(2,653)**	**-**	**110**	**468,968**	**7,829**	**476,797**
Impact of adoption of IAS19R by TiZir Limited	-	-	-	-	-	(237)	-	(237)	-	-
Restated balance at 1 January 2012	**250,000**	**250**	**471,491**	**(230)**	**(2,653)**	**(237)**	**110**	**468,731**	**7,829**	**476,560**
Profit /(loss)for the year ended 31 December 2012	-	-	-	-	-	-	48,935	48,935	(585)	48,350
Exchange differences on translation of foreign subsidiaries	-	-	-	-	10,940	-	-	10,940	55	10,995
Change in hedging instruments revaluation reserve	-	-	-	1,111	-	-	-	1,111	-	1,111
Change in actuarial gains and losses reserve	-	-	-	-	(6)	345	-	339	-	339
Other components of comprehensive income	-	-	-	1,111	10,934	345	-	12,390	55	12,445
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,111**	**10,934**	**345**	**48,935**	**61,325**	**(530)**	**60,795**
Proceeds from share capital increases	53,000	53	99,947	-	-	-	-	100,000	-	100,000
Transfer between equity components	-	-	-	1,033	(1,033)	-	-	-	-	-
Total transactions with shareholders	53,000	53	99,947	1,033	(1,033)	-	-	100,000	-	100,000
Shareholders' equity at 31 December 2012	**303,000**	**303**	**571,438**	**1,914**	**7,248**	**108**	**49,045**	**630,056**	**7,299**	**637,355**
Shareholders' equity at 1 January 2013	**303,000**	**303**	**571,438**	**1,914**	**7,248**	**108**	**49,045**	**630,056**	**7,299**	**637,355**
Profit/(loss) for the year ended 31 December 2013	-	-	-	-	-	-	14,985	14,985	(829)	14,156
Exchange differences on translation of foreign subsidiaries	-	-	-	-	(12,374)	-	-	(12,374)	(222)	(12,596)
Change in hedging instruments revaluation reserve	-	-	-	(4,564)	-	-	-	(4,564)	-	(4,564)
Change in actuarial gains and losses reserve	-	-	-	-	(4)	15		11	-	11
Other components of comprehensive income/(loss)	-	-	-	(4,564)	(12,378)	15	-	(16,927)	(222)	(17,149)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(4,564)**	**(12,378)**	**15**	**14,985**	**(1,942)**	**(1,051)**	**(2,993)**
Proceeds from share capital increases	26,500	26	49,974	-	-	-	-	50,000	-	50,000
Total transactions with shareholders	26,500	26	49,974	-	-	-	-	50,000	-	50,000
Shareholders' equity at 31 December 2013	**329,500**	**329**	**621,412**	**(2,650)**	**(5,130)**	**123**	**64,030**	**678,114**	**6,248**	**684,362**

Notes to the financial statements are included on pages 14 to 42.

1. GENERAL INFORMATION

TiZir Limited (the Company) is a limited company incorporated in United Kingdom. The parent entities of the Company are MDL (Mining) Limited and Eralloys Holding A/S (Formerly Eramet Titan A/S). The addresses of its registered office and principal places of business are disclosed in the Directors Report. The subsidiaries of the Company which comprise the consolidated group (the Group) are described in Note 8.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of new and revised standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set-off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set-off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011 Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time adoption of the standards.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 29 (as revised in 2011) together with the amendments to IFRS10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

(a) an investor has power over an investee;
(b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements , the contractual terms agreed by the parties to the arrangement , and, when relevant, other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Previously, IAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with applicable standards.

IFRS 11 had no impact on any investments held by the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. Disclosures in relation to IFRS 12 are outlined in Note 8.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) marker at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for 2012 comparative period.

The application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

IAS 1 Presentation of items of other comprehensive income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

Further, the 'Statement of comprehensive income' is renamed as the 'Statement of profit or loss and other comprehensive income'.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes.

The Group has not shown a third balance sheet in its comparative information for the impact of applying IAS 19R (as described below) due to the changes having no material effect on the statement of financial position.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

In the current year, the Group has applied IAS 19 Employee benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other

comprehensive income in order for the net pension asset or liability recognised in the consolidation statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit costs including more extensive disclosures.

Specific transitional provisions are applicable to the first-time application of IAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see tables below for details).

Impact of transition to IAS 19

Impact on consolidated statement of financial position

	31 Dec 2012 US$'000	**1 Jan 2012 US$'000**
Re-measurement of defined benefit plan obligation actuarial gains (losses)	150	(329)
Deferred tax on actuarial (losses)/gains	(42)	92
Decrease in foreign currency translation reserve	(6)	-
Decrease in retained earnings	(70)	-
Impact on equity	**32**	**(237)**
Equity holders of the parent	32	(237)
Non-controlling interest	-	-

Impact on interim condensed consolidated statement of profit or loss and other comprehensive income

	31 Dec 2012 US$'000
Impact on profit(loss) for the year	
Decrease of operating profit for the period/year	(97)
Increase in deferred tax expense	27
Net increase/(decrease) in profit for the year	**(70)**
Impact on other comprehensive income	
Increase in remeasurement of defined benefit obligation	479
Increase in income tax relating to items of other comprehensive income	(134)
Increase/(decrease) in foreign currency translation reserve	(6)
Net increase in other comprehensive income for the year	**339**
Decrease in profit for the year attributable to:	
Equity holders of the parent	(70)
Non-controlling interest	-
	(70)
Increase in total comprehensive income for the year attributable to:	
Equity holders of the parent	269
Non-controlling interest	-
	269

There was no material impact on the Group's consolidated statement of cash flows or basic and diluted earnings per share.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements of TiZir Limited and its subsidiaries (the Group) are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union, effective for the year ended 31 December 2013.

4. BASIS OF PREPARATION

The consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except where otherwise indicated.

The accounting policies in Note 7 have been applied in preparing the consolidated financial statements.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the date of the financial statements. Actual outcomes could differ from these estimates.

The below are the most critical judgements, estimates and assumptions:

5.1 Impairment testing

When events or economic changes in the markets in which the Group operates indicate the possibility of impairment losses on its goodwill, intangible assets and property, plant and equipment, these assets are subject to impairment tests to determine whether their carrying amount has fallen below their recoverable amount or value in use.

Goodwill is impairment-tested at least once a year. In the event that the recoverable amount is below the net carrying amount, an impairment loss is recognised for the difference. The recoverable amount is determined on the basis of the value in use by applying the method of future cash flows expected from the use of the assets projected over a five-year period with a terminal value.

5.2 Employee benefits

Group companies offer their employees various long-term benefits such as retirement packages, pension plans and healthcare plans. All these liabilities are estimated on the basis of assumptions such as discount rates, rates of return on financial investments under these plans, salary increases, employee turnover rates and mortality tables. The Group generally updates these assumptions once a year and the most recent assumptions used are included in the specific note.

5.3 Environmental rehabilitation costs

The provisions for rehabilitation costs are based on estimated future costs using information available at the balance sheet date. These provisions are estimated on the basis of forecast cash flows by maturity and discounted using inflation and discount rates determined in accordance with local economic conditions. To the extent the actual costs differ from these estimates, adjustments will be recognised which may impact the Group's income statement.

5.4 Deferred tax

Deferred tax assets recognised primarily relate to deductible temporary differences and tax losses carried forward in accordance with IAS 12. These deferred tax assets are recognised whenever it is likely that the Group will have sufficient future taxable profit to absorb these timing differences and tax losses. The estimate of the Group's capacity to recover recognised deferred-tax assets is based in particular on the earnings forecasts drawn up by each tax entity. Further information on the Group's deferred tax balances is included in Note 18.

6. CHANGES IN ACCOUNTING METHODS, ERRORS AND ESTIMATES

A change in accounting methods is only applied where required under a standard or interpretation and where it provides for more reliable and more pertinent information. Accounting changes are applied retrospectively, except in the event of transitory provisions specific to the standard or interpretation. The financial statements affected by a change in accounting method are adjusted for all the periods presented, as though the new method had always been applied.

Once an error is detected, it is likewise adjusted retrospectively.

Changes to estimates are recognised prospectively. They affect the financial year in which they arise and, as the case may be, future financial years.

7. PRINCIPAL ACCOUNTING POLICIES

7.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss and Other Comprehensive Income from the effective date the Company gains control until the date when the Company ceases to control the subsidiary.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A list of subsidiaries is contained in Note 8 to the financial statements. All controlled entities have a December financial year-end. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Scope and method of consolidation

All material entities that TiZir exclusively controls either directly or indirectly are fully consolidated. The list of consolidated companies is provided in Note 8. Material transactions between consolidated companies are eliminated on consolidation.

7.2 Foreign currency transactions and financial statements

Financial statements of subsidiaries are maintained in their functional currencies and converted to US dollars for consolidation of the Group results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity.

Foreign currency transactions are translated at the applicable exchange rate at the time of the transaction. Foreign currency debts and receivables are measured at the closing rate under IAS 21 – The Effects of Changes in Foreign Exchange Rates. Translation adjustments resulting from this translation are recognised in income (Note 32), except those involving loans and borrowings between Group companies considered an integral part of the net investment in a foreign subsidiary. These are recognised directly in shareholders' equity under the "Translation adjustments" heading and linked to the foreign subsidiary.

The financial statements of foreign entities with functional currencies other than the US dollars are translated using the official exchange rates at the end of the period for balance sheet items, except for shareholders' equity, for which historical rates are applied. The items in the comprehensive income statement and the cash flow statement are translated at the average exchange rates for the period. Goodwill arising from an acquisition is considered part of the acquired entity and therefore denominated in its functional currency; it is then translated in the same way as the other balance sheet items. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and profit for the period are allocated to reserves. Translation adjustments are carried as a change to shareholders' equity and broken down between Group and non-controlling interests. Where a foreign subsidiary ceases to be consolidated, the cumulative amount of translation adjustments is recognised in the income statement under "Other financial income and expenses".

7.3 Presentation currency

As permitted by UK company law, the Group's financial statements are presented in US dollars, the currency in which its business is primarily conducted.

7.4 Business combinations

The Group recognises business combinations using the purchase method. The assets, liabilities and contingent liabilities of an acquired company are measured at their fair value and valuation differences are charged to the relevant assets and liabilities, including the share of non-controlling interests. Any difference between the cost of the business combination and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities is recognised as goodwill under balance sheet assets.

When the Group acquires assets and liabilities from non-controlling interests in a company already controlled, no additional fair value adjustment is recognised and the difference between the purchase price and carrying amount of the net assets acquired is recognised in equity.

7.5 Goodwill

The cost of a business combination recognised when taking an interest is allocated to the fair value of the assets, liabilities and identifiable contingent liabilities of the acquired entity. The residual, unassigned part is recognised as "Goodwill" under balance sheet assets. Any resulting goodwill is allocated to the relevant cash generating units (CGU). Goodwill is not amortised under IFRS 3 – Business combinations, but is instead subject to an impairment test to detect any impairment loss. Goodwill is impairment-tested at least once a year at the annual balance sheet date. These impairment losses are not reversible.

If the cost of the business combination is less than the share in the net fair value of the assets, liabilities and contingent liabilities, the identification and measurement of the items acquired are reassessed and any remaining surplus is recognised directly in income for the period under "Other operating income and expenses".

7.6 "Current" and "non-current" assets and liabilities

"Current" refers to assets and liabilities that are part of the operating cycle, regardless of their maturity, and other assets and liabilities with a maturity of less than one year from their balance sheet entry date. "Non-current" assets and liabilities comprise other assets and liabilities, namely those with maturities of over one year that are not part of the operating cycle.

7.7 Intangible assets

Intangible assets are measured at acquisition cost or, in the case of contracts with suppliers acquired through a business combination, fair value on the date of acquisition.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Other intangible assets 2 – 20 years

Intangible assets are allocated to cash generating units (CGUs). When the net carrying amount of an intangible asset exceeds its recoverable amount, an impairment loss is recognised.

7.8 Mine development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

7.9 Property, plant, and equipment

Items of property, plant and equipment are recognised in the balance sheet at acquisition or production cost. Items of property, plant and equipment are depreciated on a straight-line basis over the estimated lifespan or useful life, based on the components of the asset, in current operating profit (loss). For reference:

Buildings	10 – 50 years
Industrial and mining facilities	5 – 50 years

Land is not depreciated.

Capital grants are recognised as deductions from the gross amounts of the items of property, plant and equipment in question. Spare parts deemed to be items of property, plant and equipment are capitalised and depreciated on the basis of their actual use. Tooling specifically manufactured for certain customers is recognised as an item of property, plant and equipment and depreciated over its likely useful life. Major repairs are deemed to be components of items of property, plant and equipment.

The costs of borrowing that is directly attributable to the acquisition or production of an asset are incorporated in the asset's cost where they are significant.

A provision is recognised upon starting up operations for the restoration of mining sites, with counterpart recognition of a component of an item of property, plant and equipment depreciated on a straight-line basis during the operation of the mine.

Mine stripping costs are capitalised under property, plant and equipment and depreciated on the basis of mined tonnage.

Leases transferring the risks and benefits inherent in ownership (finance leases) are recognised as items of property, plant and equipment, offset by a debt. These are amortised over their expected useful life on the same basis as the items of property, plant and equipment held or, if shorter, the term of the corresponding lease. Similarly, other agreements, and primarily sub-contracting, involving the use of a specific asset and the right to use it, are reclassified where necessary as leases, pursuant to IFRIC 4 – Determining Whether an Arrangement Contains a Lease, and in accordance with IAS 17 – Leases.

All items of property, plant and equipment were allocated to cash generating units (CGUs). Where the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, an impairment loss is recognised.

7.10 Borrowing costs

Borrowing costs consist of interest on long-term debt and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset and are deducted from the financing expense to which they relate. All other borrowing costs are expensed in the period they occur.

The Group began the capitalisation of borrowing costs to qualifying assets on 31 December 2012.

7.11 Impairment of assets

Impairment tests are performed regularly and systematically at least once a year at the annual balance sheet date for goodwill and intangible assets with indefinite lives, and where there are indications of impairment. For intangible assets and items of property, plant and equipment with finite lives, impairment tests are carried out where there are indications of impairment.

The impairment test consists of comparing the carrying amount of the assets with their recoverable amount. Impairment losses are calculated as the difference between the recoverable and carrying amounts and recognised in "Other operating income and expenses". The recoverable amount is defined as the greater of the fair value less selling costs and the value in use. The fair value is the resale value determined, as appropriate, by reference to similar recent transactions or to appraisals carried out by independent appraisers with a view to disposal.

In order to determine the value in use, the Group uses the method of discounted future cash flows generated from their use or their disposal. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multiyear plans prepared by management at the business segments in question. These plans are created on the basis of 5-year projections plus a terminal value corresponding to the capitalisation to infinity of the cash flows deriving essentially from the last year of the plan.

Impairment tests are performed at the level of the cash generating units (CGUs). All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs. Cash generating units are (CGUs) are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The TiZir group has determined its cash-generating units (CGUs) by reference to the various production sites of its three major business lines: mineral sands and titan & iron.

No impairment losses were recognised during the year ended 31 December 2013

7.12 Inventories

Inventories are measured using the weighted average cost or FIFO (first in, first out) method.

Inventories and work in progress are assessed at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal capacity usage are eliminated from inventory measurement at the end of the period.

The impairment of spare parts that do not qualify for capitalisation is calculated on the basis of their use during the year. Spare parts inventory in excess of one year's use is fully impaired.

Fixed production costs relating to recognised or planned sub-normal capacity usage are not incorporated in inventory measurement, and are recognised as ordinary operating expenses for the period in which they are incurred. Capacity usage is established as sub-normal when the actual production volume is below 10% of normal production volume (or normal capacity).

7.13 Loans and receivables

Receivables and debts are measured upon initial recognition at fair value plus any transaction expenses and are subsequently re-measured at each balance sheet date at amortised cost using the effective interest rate method. The effective interest rate is the rate that precisely discounts the expected future cash movements. Foreign currency receivables and debts are re-measured at the rate prevailing at the period-end date. Resultant translation adjustments are recognised in the income statement as exchange differences under current operating profit/(loss) or net borrowing cost, depending on the type of receivable or debt.

Trade receivables do not incur any interest, are short term in nature and are measured at their nominal value net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances. This allowance, offset in income under "current operating profit/(loss)", reduces the nominal amount.

Receivables disposed of under a securitisation contract are derecognised in accordance with IAS 39 – "Financial instruments: recognition and measurement" where the Group has transferred the contractual rights to receive the future cash flows and substantially all the risks and benefits inhering in these assets are transferred. Where the risks are retained without prejudicing derecognition of the assets, they remain recognised in the balance sheet under other operating receivables together with the related security deposits.

Transfers with recourse against the transferor in the event of the debtor defaulting on payment preclude derecognition of receivables transferred and these assets are therefore retained in the balance sheet.

7.14 Other non-current financial assets

These assets primarily comprise securities that do not meet the criteria for cash equivalents defined in IAS 7. These securities are measured at fair value on their first recognition. The fair value used is the stock-market value for listed securities, and for unlisted securities, is based on estimates using specific financial criteria reflecting the particular situation of each stock (similar transactions or discounted value of future cash flows). Changes in the fair value of these investments are recognised in recyclable shareholders' equity under "Change in fair value of held-for-sale financial assets". Where those assets exhibit objective evidence of significant or lasting impairment, the cumulative impairment loss, previously recognised in equity, is recognised in income for the period under "other financial income and expenses".

7.15 Financial assets

Financial assets are classified, at initial recognition, as loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Under IFRS 7, the Company's loans, trade and other receivables are categorised as "Loans and receivables" as they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The valuation method for this category of financial asset is "amortised cost" using the effective interest method, less any impairment provision. For all current receivables "amortised cost" is effectively cost.

The carrying values of the Company's financial assets are reviewed throughout the year to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised to reduce the asset's carrying value to the estimated recoverable amount. For receivables, this review is based on the latest information available and any financial assets that are substantially past due are also considered for impairment. Any change in the value of financial assets is recognised in the statement of profit or loss line item "finance costs" or "finance income", as appropriate.

7.16 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method. For all current payables "amortised cost" is effectively cost.

Financial liabilities are recognised when the Company becomes a party to the contractual terms of the instrument. All interest-related charges, and if applicable, changes in an instrument's fair value are reported in the statement of profit or loss line item "finance costs" or "finance income", as appropriate.

7.17 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to manage its exposure to its exchange rate risks. Such derivative financial instruments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and strategy for undertaking various hedge transactions. In addition, at the inception of the hedge and on an on-going basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of such hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is recognised in "Other operating gains and losses".

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the line "Other operating gains and losses". However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

7.18 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, but the timing or the amount of the outflow may still be uncertain. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

7.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, plus or minus any adjustment to tax payable in respect of previous years.

7.20 Cash and cash equivalents

Cash includes cash in hand and demand deposits, excluding bank overdrafts, which appear under financial liabilities. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash requirements and are not considered as held to maturity.

Marketable securities of under three months' maturity are recognised in the balance sheet at their fair value in accordance with IAS 39 – Financial Instruments. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuation in value. Fair value changes are recognised in income under net borrowing cost.

7.21 Deferred tax

The amount of tax actually owed at the balance sheet date is adjusted for deferred tax, which is calculated using the liability method with regard to temporary differences between carrying amounts and tax amounts, as well as with regard to consolidation restatements. Deferred tax assets, including those related to carried-forward losses, which are determined by fiscal entity, are recognised whenever it can be shown that they are likely to be realised. Deferred tax is not discounted.

To assess the likelihood that these assets will be realised, the Group reviews the following information:

- future forecast profitability;
- extraordinary losses not expected to recur in the future;
- past taxable profits; and
- tax strategies.

Deferred tax assets and liabilities are recognised as assets and liabilities in the statement of financial position and are deemed to be non-current (Note 18).

In the consolidated balance sheet, deferred tax assets and liabilities are offset individually within each tax entity, namely individually within the legal entity or tax consolidation group (Note 18).

Deferred tax liabilities on investments in subsidiaries, associates and joint ventures are only recognised where the Group can determine the timetable for the reversal of the related temporary differences. Provisions are recognised for non-recoverable levies on dividends planned in respect of the previous financial year.

7.22 Revenue

Revenue mainly comprises the following:

- Sales, including the sale of merchandise, goods and services generated in the course of the Group's main business activities. This is a component of "current operating profit(loss)" (Note 24).
- Other income includes other revenue assigned to current operating profit/(loss) (Note 24) such as translation adjustments on sales, capitalised production, lease income, operating subsidies and insurance premiums received.
- Interest income recognised in the income statement under "Net borrowing costs".
- Dividends included in income for the period under "Other financial income and expenses".

The revenue recognition criteria by category are as follows:

- Sales and other income: income is recognised as revenue once the company has transferred the main risks and benefits inherent in ownership of the goods to the buyer. Sales are measured at the fair value of the consideration received or receivable. In the event of a deferred payment having a material impact on the calculation of the fair value, future payments are discounted accordingly.
- Interest: income is recognised for the amount of accrued interest.
- Dividends: income from investments in associates is recognised whenever the Group is entitled to receive payment as a shareholder.

7.23 Current operating profit/(loss) and other operating income and expenses

The Group specifically uses EBITDA and current operating profit/(loss) as performance indicators. EBITDA includes the gross profit (difference between sales and the cost of sales), administrative and selling expenses and research and development expenditure before depreciation, amortisation and provisions, which are presented separately. Current operating profit/(loss) includes EBITDA, depreciation, amortisation and provisions; it consists in particular of the cost of employee-related liabilities including the financial component, the cost of employee profit-sharing and translation adjustments between the rates upon recognition and those at the balance sheet date (trade receivables and payables). Other operating income and expenses only include very limited, unusual, abnormal and infrequent income and expenses for particularly material amounts that the Group presents separately in its income statement in order to facilitate understanding of current operating performance. This item primarily consists of:

- Restructuring costs;
- costs incurred for development projects whose profitability has yet to be demonstrated,
- capital gains/losses or impairment losses on assets;
- impairment losses on goodwill, intangible assets and property, plant and equipment.

7.24 Income from financing activities

Net financial income consists of the following items:

- Net borrowing costs, these being income statement items relating to balance sheet components of net borrowing, namely, financial liabilities and cash and cash equivalents; and
- Other financial income and expenses, such as dividends, provisions for securities, accretion expenses and gains/losses on instruments that are non-eligible as hedges under IAS 39.

7.25 Earnings per share

Basic earnings per share are obtained by dividing the Group profit/(loss) for the period by the average number of shares outstanding during the period. This average number of shares outstanding excludes treasury shares.

Diluted earnings per share are obtained by adjusting Group profit/(loss) for the period and the number of shares for potentially dilutive effects, mainly represented by employee subscription and purchase option plans (stock options).

7.26 Risks

Foreign currency risks: when the exposure arising from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging (Note 22). In addition, the Group uses derivative financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

7.27 Standards in issue but not yet effective

The following accounting standards and interpretations are in issue but have not yet been adopted by the Company:

– IFRS 9 Financial Instruments (effective 1 January 2015)*
– Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)*
– Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)*

* not yet adopted by the EU

The application of the revised IAS19 will subject the Company's accounts to more volatility from the full recognition of actuarial gains and losses. None of the other standards listed above is expected to have a significant impact on the values presented in the Company's financial statements.

8. CONSOLIDATION SCOPE

At 31 December 2013, the consolidation scope included the following subsidiaries of TiZir Limited:

	Country of incorporation and operation	Method of Consolidation	Proportion of fully paid ordinary shares and voting power held	
			31 Dec 2013	31 Dec 2012
TiZir Limited	United Kingdom	Consolidation	-	-
Subsidiaries of TiZir Limited:				
- TiZir Titanium & Iron A/S	Norway	Fully Consolidated	100	100
- TiZir Mauritius Limited	Mauritius	Fully Consolidated	100	100
Subsidiaries of TiZir Mauritius Limited:				
- Grande Côte Operations SA	Senegal	Fully Consolidated	90	90

All companies within the scope of consolidation share the same financial year end of 31 December.

The non-controlling interest in Grande Cote Operations SA is not considered material for the purposes of IFRS 12 and as such disclosures required under this standard have not been included. No dividends were paid to non-controlling interests during the year.

The Company has pledged its 100% interest in TiZir Titanium & Iron AS as security over the US$150.0 million bond issued by the Company on 29 September 2011. See Note 19 for further details.

The Company intends to provide the necessary financial support to enable TiZir Mauritius Limited to meet its current and future obligations as and when they fall due for the foreseeable future.

Shares in subsidiaries

	Cost US$'000	Impairment provisions US$'000	Net book value US$'000
Balance at 1 January 2012	**216,365**	**-**	**216,365**
Debt to equity conversion – TiZir Mauritius Limited – 30 June 2012	115,139	-	115,139
Balance at 31 December 2012	**331,504**	**-**	**331,504**
Debt to equity conversion – TiZir Mauritius Limited – 1 January 2013	172,706	-	172,706
Debt to equity conversion – TiZir Mauritius Limited – 31 December 2013	314,926	-	314,926
Balance at 31 December 2013	**819,136**	**-**	**819,136**

	Net value 31 Dec 2013 US$'000	Net value 31 Dec 2012 US$'000
Represented by:		
Investment in TiZir Mauritius Limited	676,840	189,208
Investment in TiZir Titanium & Iron AS	142,296	142,296
	819,136	**331,504**

9. INTANGIBLE ASSETS

	Gross Value US$'000	Amortisation US$'000	Net value 31 Dec 2013 US$'000	Net value 31 Dec 2012 US$'000
By category				
Mine development expenditure	51,590	-	51,590	51,590
Capitalised mining convention costs	111,832	-	111,832	111,832
Other intangible assets	61,421	(41,158)	20,263	38,203
Total	**224,843**	**(41,158)**	**183,685**	**201,625**

	Net value 31 Dec 2013 US$'000	Net value 31 Dec 2012 US$'000
Changes over the period		
At beginning of the period	201,625	219,896
Capital expenditure during the period	345	-
Amortisation expenses during the period	(18,273)	(18,272)
Translation adjustments	(12)	1
At end of the period	**183,685**	**201,625**

There were no impairment losses recognised in relation to intangible assets of the Group for the year ended 31 December 2013 (2012 – nil).

Mine development expenditure and capitalised mining convention costs relate exclusively to the Grande Côte Mineral Sands Project. These assets will be amortised over the life of the mine when production commences during the 2014 year.

Whilst the Grande Côte Mineral Sands Project is not currently generating cash flow, the Group is of the view that the project will contribute significant value in the future and that this value will be in excess of the current value of the capitalised costs.

Other intangible assets mainly comprise intangible assets recognised on acquisition (representing an ilmenite supply contract and electricity supply contract) and computer software that are being amortised over their useful economic lives of between 2.5 to 20 years.

10. PROPERTY, PLANT AND EQUIPMENT

	Gross Value US$'000	Depreciation US$'000	Net value 31 Dec 2013 US$'000	Net value 31 Dec 2012 US$'000 Restated
By category				
Land and buildings	37,098	(930)	36,168	37,706
Industrial and mining facilities	58,606	(27,090)	31,516	42,048
Other property, plant & equipment	34	(15)	19	24
Work in progress	682,231	(9,356)	672,875	347,757
Total	**777,969**	**(37,391)**	**740,578**	**427,535**

	Net value 31 Dec 2013 US$'000	Net value 31 Dec 2012 US$'000 Restated
Changes over the period		
At beginning of the period	427,535	147,227
Capital expenditure during the period	332,637	291,546
Disposals during the period	-	(105)
Depreciation expenses during the period	(15,252)	(15,284)
Translation adjustments	(4,342)	4,151
At end of the period	**740,578**	**427,535**

There were no impairment losses recognised in relation to property, plant & equipment of the Group for the year ended 31 December 2013 (2012 - nil).

Land and buildings include non-depreciating freehold land amounting to US$15.5 million (2012 – US$15.5 million).

Capital expenditure during the year includes US$14.4 million of interest expense and amortisation of borrowing costs incurred on funding construction of qualifying assets which have been capitalised during the year (2012 – US$3.5 million).

11. LOANS TO RELATED PARTIES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Non-current intercompany loans from parent entity		
Loan to Grande Cote Operations SA (i)	161,801	161,801
Loan to TiZir Mauritius Limited (ii)	-	172,706
	161,801	**334,507**

(i) As part of the agreement to establish the joint venture on 1 October 2011, intercompany receivables from MDL (Mining) Limited were assigned to TiZir Limited. This loan is expected to be repaid when the Grande Cote Mineral Sands Project generates sufficient cash flows.

(ii) The intercompany loan to TiZir Mauritius Limited was extinguished via a debt to equity conversion completed on 1 January 2013 as depicted in Note 8.

The above intercompany loans are eliminated on consolidation and therefore do not form part of the consolidated group.

12. INVENTORIES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By category		
Raw materials	20,198	12,072
Merchandise and finished products	20,315	26,489
Work in progress and semi-finished products	1,461	2,409
Consumables and spare parts	4,903	5,386
Total	**46,877**	**46,356**
Changes over the period		
At beginning of the period	46,356	32,299
Changes in working capital requirement	4,029	10,303
Translation adjustments and other movements	(3,508)	3,754
At end of the period	**46,877**	**46,356**

There was no inventory allowance for slow-moving inventory, excess of cost over net realisable value and obsolescence for the year (2012 – nil). As such there are no inventories held at fair value less costs to sell.

The total value of inventories recognised as an expense during the year was $74.9million (2012 –$60.1 million)

13. TRADE AND OTHER RECEIVABLES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By category		
Trade receivables	16,345	64,765
Payroll and tax receivables	1,862	1,786
Prepayments	3,852	4,124
Other operating receivables	519	588
Total	**22,578**	**71,263**
Represented in the statement of financial position as:		
- Current assets	22,315	71,009
- Non-current assets	263	254
Changes over the period		
At beginning of the period	71,263	20,262
Changes in working capital requirement	(46,299)	47,546
Allowance for doubtful debts	(201)	-
Translation adjustments	(2,185)	3,455
At end of the period	**22,578**	**71,263**

There was no allowance for doubtful debts made during the year (2012 – nil).

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Not more than 3 months	**1,863**	**25,288**

The total balance outlined as overdue above was received shortly after balance date for both the current and comparative period. There were no impairment charges recognised against these receivables.

14. CASH & CASH EQUIVALENTS

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By category		
Cash	**11,552**	**128,293**

Cash include cash in hand and at bank. The change from one period to the next is analysed via a cash flow statement drawn up using the indirect method. In addition to the above stated figures the Group had US$12.5 million available as unutilised borrowings with financial institutions.

15. SHAREHOLDER'S EQUITY

The share capital is comprised of 329,500 ordinary shares broken down between Eralloys Holding A/S (formerly Eramet Titan A/S) as 50% and MDL (Mining) Limited as 50%.

During the year the company issued 26,500 ordinary shares at a nominal of US$1 for a consideration of US$50.0 million.

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Share capital	329	303
Share premium	621,412	571,438
	621,741	**571,741**

	Number of shares '000	Share capital US$'000	Share premium US$'000
Movement in fully paid ordinary shares			
Balance at 1 January 2012	**250**	**250**	**471,491**
Issue of shares – 16 May 2012	11	11	19,989
Issue of shares – 12 December 2012	42	42	79,958
Balance at 31 December 2012	**303**	**303**	**571,438**
Issue of shares – 30 April 2013	26	26	49,974
Balance at 31 December 2013	**329**	**329**	**621,412**

Fully paid ordinary shares have a par value of US$1.00, carry one vote per share and carry a right to dividends.

The Company's constitution does not disclose an authorised capital amount as this concept was abolished in the Companies Act 2006. As such, the authorised capital of the Company at 31 December 2013 is equal to the amount of share allotted to date.

The Company did not issue any share options or other instruments relating to rights over the Company's equity during the year ended 31 December 2013.

16. ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

	% of non-controlling interests	31 Dec 2013 Profit/(loss) US$'000	31 Dec 2013 Total US$'000	31 Dec 2012 Net value US$'000
Grande Côte Operations SA	10	(829)	6,248	7,299
Total		**(829)**	**6,248**	**7,299**

	31 Dec 2013	31 Dec 2012
Changes over the period		
At beginning of the period	7,299	7,829
Profit/(loss) for the period	(829)	(585)
Translation adjustments	(222)	55
At end of the period	**6,248**	**7,299**

17. EMPLOYEE-RELATED LIABILITIES

TiZir Titan & Iron A/S offered their employees various long-term benefits in accordance with the rules and practices in force in the countries where they operate:

Early Retirement Plan (AFP)

This plan provides a temporary pension payable until age 67 that increases in line with what has been agreed through collective agreement. A contingent spouse's pension (50% of member's) is also payable. This plan was closed on 1 January 2010 and replaced with a defined contribution plan. Any inactive employees who were part of the defined benefit plan remained within the plan. The Group's liability outlined below represents the obligations to these inactive employees.

Storebrand 156 pension Plan

This plan provides a lifelong pension with regular increases linked to fund returns. A contingent spouse's pension (55% of member's) is also payable. There are also those receiving disability pensions and premium waivers that are payable until age 67. This plan is closed and the remaining participants are all retired.

The following table presents the changes in the defined benefits obligation and fair value of pension plan assets, and the amount recognised in the consolidated statements of financial position, as at:

	Defined benefit obligation US$'000	Fair value of assets US$'000	Surplus/ (deficit) US$'000	Irrecoverable surplus (effect of asset ceiling) US$'000	Net defined benefit liability US$'000
Net balance sheet position at 31 December 2011	**6,137**	**(5,511)**	**626**	**-**	**626**
Cost recognised as an expense					
Current service cost	26	-	26	-	26
Interest cost on defined benefit obligation	132	-	132	-	132
Interest income on assets	-	(129)	(129)	-	(129)
Total cost recognised as an expense	**158**	**(129)**	**29**	**-**	**29**
Remeasurement effects recognised in other comprehensive income					
Net actuarial (gain)/loss – Experience	51	-	51	-	51
Net actuarial (gain)/loss – Financial assumptions	(1,292)	-	(1,292)	-	(1,292)
Net actuarial (gain)/loss on plan assets	-	66	66	-	66
Change in (irrecoverable surplus) in excess of demand	-	-	-	696	696
Total cost recognised in other comprehensive income	**(1,241)**	**66**	**(1,175)**	**696**	**(479)**
Disbursements paid during the period					
Disbursements from plan assets	(498)	498	-	-	-
Disbursements directly paid by the employer	(94)	-	(94)	-	(94)
Total disbursements paid during the period	**(592)**	**498**	**(94)**	**-**	**(94)**
Currency gain/(loss) & other adjustments	**425**	**(435)**	**(10)**	**31**	**21**
Net balance sheet position at 31 December 2012	**4,887**	**(5,511)**	**(624)**	**727**	**103**
Cost recognised as an expense					
Current service cost	8	-	8	-	8
Interest cost on defined benefit obligation	177	-	177	-	177
Interest income on assets	-	(201)	(201)	-	(201)
Total cost recognised as an expense	**185**	**(201)**	**(16)**	**-**	**(16)**
Remeasurement effects recognised in other comprehensive income					
Net actuarial (gain)/loss – Experience	(70)	-	(70)	-	(70)
Net actuarial (gain)/loss – Demographic assumptions	572	-	572	-	572
Net actuarial (gain)/loss – Financial assumptions	278	-	278	-	278
Net actuarial (gain)/loss on plan assets	-	(233)	(233)	-	(233)
Change in (irrecoverable surplus) in excess of demand	-	-	-	(566)	(566)
Total cost recognised in other comprehensive income	**780**	**(233)**	**547**	**(566)**	**(19)**
Disbursements paid during the period					
Disbursements from plan assets	(462)	462	-	-	-
Disbursements directly paid by the employer	(49)	-	(49)	-	(49)
Total disbursements paid during the period	**(511)**	**462**	**(49)**	**-**	**(49)**
Currency gain/(loss) & other adjustments	**(413)**	**449**	**36**	**(41)**	**(5)**
Net balance sheet position at 31 December 2013	**4,928**	**(5,034)**	**(106)**	**120**	**14**

The significant actuarial assumptions reflect the economic situation of each country:

	Norway	
	31 Dec 2013 %	31 Dec 2012 %
Discount rate	4.0	4.0
Inflation rate	1.8	2.1
Salary increase rate	N/a	N/a

There is no assumption for salary increases within the defined benefit plan as all employees that are covered by this plan are inactive or retired and therefore there is not expected to be any salary increases in the future.

Plan assets allocations were as follows:

	31 Dec 2013		31 Dec 2012	
	US$'000	%	US$'000	%
Securities quoted in active markets				
Equities	503	10.0	882	16.0
Bonds issued by Norwegian government	2,970	59.0	3,086	56.0
Real estate	554	11.0	-	-
Cash and cash equivalents	705	14.0	386	7.0
Other quoted securities	302	6.0	331	6.0
Total quoted securities	**5,034**	**100.0**	**4,685**	**85.0**
Unquoted securities				
Real estate	-	-	826	15.0
Total unquoted securities	**-**	**-**	**826**	**15.0**
Total plan assets	**5,034**	**100.0**	**5,511**	**100.0**

A 25 basis point increase in one of following actuarial assumption would have the following effects, all other actuarial assumptions remaining unchanged:

	Defined benefit obligation at 31 Dec 2013 US$'000
Discount rate	(2)
Inflation rate	-

Benefit payments to other retirement benefit plans are estimated at $13,000 for the year 2014, compared to actual benefits paid of $14,000 for the year 2013.

The average duration of the defined benefit plan obligation at 2013 is 10.3 years (2012 – 16.4)

18. DEFERRED TAX

The significant components of the Group's deferred tax assets and liabilities were as follows as at:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Difference between tax and consolidated amounts of non-current assets	8,418	18,085
Other temporary differences	1,288	1,210
Hedging instruments	1,078	977
Deferred tax liabilities	**10,784**	**20,272**
Difference between tax and consolidated amounts of non-current assets	1,357	335
Other temporary differences	-	203
Deferred tax assets	**1,357**	**538**
Net deferred tax liabilities	**9,427**	**19,734**

Changes over the period:

	Liabilities US'000	Assets US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
At beginning of period	20,272	(538)	19,734	22,534
Deferred tax offset in shareholders' equity	1,771	-	1,771	(563)
Deferred tax on profit for the year	(10,762)	(891)	(11,653)	(2,262)
Translation adjustments	(497)	72	(425)	25
Total	**10,784**	**(1,357)**	**9,427**	**19,734**

	31 Dec 2013	31 Dec 2012
Net deferred tax after offsetting by tax entity:		
Deferred tax assets	(1,357)	(538)
Deferred tax liabilities	10,784	20,272
Net deferred tax liability	**9,427**	**19,734**

19. BORROWINGS

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Consolidated		
Current		
Bonds (i)	2,755	2,812
Bank overdrafts and creditor banks	-	8,323
	2,755	**11,135**
Non-current		
Operating line of credit	31,241	-
Bonds (i)	147,919	147,375
Loans from related parties (ii)	55,420	-
	234,580	**147,375**
Company		
Current		
Bonds (i)	**2,755**	**2,812**
Non-current		
Bonds (i)	147,919	147,375
Loans from related parties (ii)	55,420	-
	203,339	**147,375**

(i) On 29 September 2012, the Company issued a bond with a face value of US$150 million, a 9.0% interest coupon and a term of five years. The bond was issued primarily to fund construction activities at Grande Côte. Interest of US$13.5 million on the bond during 2013 has been capitalised within property, plant and equipment, and will continue to be capitalised until Grande Côte commences production.

(ii) As part of the agreement to establish the joint venture on 1 October 2011, Eramet SA agreed to provide a US$45.0 million subordinated loan facility, which was contributed during the 2013 year. For the year ended 31 December 2013, interest of $420,545 (2012 – nil) accrued on this facility

Further, during the year ended 31 December 2013, the Group entered into two $40 million subordinated loan agreements with each of Mineral Deposits Limited and ERAMET SA. These loans accrue interest at a rate of LIBOR 3 months plus 5 percent and are repayable on or before 29 September2018. The Group received $5 million from each controlling party (for a total loan balance of $10.0 million) as part of these loan agreements in December 2013, with the remaining $70 million to be received in 2014.

The carrying value of borrowings includes principal repayments, transaction costs, and unamortised discounts.

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By maturity		
Less than one year	2,755	11,135
One to five years	234,580	147,375
	237,335	**158,510**
By interest rate		
Fixed interest rates		
- 5.0% to 10.0%	150,674	150,187
	150,674	**150,187**
Variable interest rate		
- Over 5.0%	55,420	-
- Under 5.0%	31,241	8,323
	86,661	**8,323**

20. OTHER NON-CURRENT LIABILITIES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Company		
Advances from TiZir Titan & Iron AS (i)	97,466	62,534
Recharged costs from Grande Cote Operations SA	198	189
	97,664	**62,723**

(i) Advances from TiZir Titan & Iron AS relate to group cash pooling for funding of Grande Côte Mineral Sands Project. A dividend of $88.6 million was paid to TiZir Limited during the year and deducted from the amount owing on the cash pooling advance.

21. TRADE AND OTHER PAYABLES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By category		
Trade payables	30,575	21,584
Tax and payroll liabilities	8,009	6,424
Other operating liabilities	13,225	7,934
	51,809	**35,942**
Changes over the period		
At beginning of the period	35,942	23,778
Changes in working capital requirement	17,136	13,935
Translation adjustments	(1,269)	(1,771)
At end of the period	**51,809**	**35,942**

All trade and other payables are short term and the carrying values are considered to be a reasonable approximation of fair value.

22. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
By category		
Financial instrument assets/(liabilities) (i)	(486)	675
Financial instruments – currency hedges	(3,507)	2,815
	(3,993)	**3,490**
Changes over the period		
At beginning of the period	3,490	1,358
Changes in hedging instruments for the period – shareholders' equity (i)	(6,339)	1,543
Changes in financial instrument assets (ii)	(1,142)	398
Translation adjustments	(2)	191
At end of the period	**(3,993)**	**3,490**

(i) The impact corresponds to the change in fair value of the new interest-rate instruments hedging future flows and the interest-rate instruments hedging future flows that were contracted during the financial year and were still outstanding at the year-end.

(ii) The impact on financial income corresponds to the fair value of interest-rate instruments ineligible as hedges.

23. FINANCIAL INSTRUMENTS

a) Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company's goal in capital management is to maintain a total equity ratio (being the ratio of equity to total assets) of more than 35%. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity, compared to total assets. Capital for the reporting periods under review is summarised as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Total equity	684,362	637,355
Total assets	1,005,394	878,708
Total equity ratio	68.1%	72.5%

b) Categories of financial instruments

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Financial assets		
Cash and cash equivalents	11,552	128,293
Trade receivables and other current assets	18,463	66,885
Derivative financial assets	-	3,490
Other non-current assets	263	254
Other non-current financial assets	124	146
	30,402	**199,068**
Financial liabilities		
Trade and other payables	51,809	35,942
Borrowings	237,335	158,510
Derivative financial liabilities	3,993	-
	293,137	**194,452**

c) Exchange rate risk

Some of the Company's sales and purchases are acquired from overseas suppliers and are denominated in Norwegian Kroner (NOK),Euro (EUR), Great British Pounds (GBP) Australian Dollar (AUD) and West African CFA Franc (XOF). Any funding of foreign currency or hedging required is dealt with by the group's treasury function, in conjunction with local management.

Foreign currency denominated financial assets and liabilities, translated into dollars at the closing rate, are as follows.

	NOK US$'000	EUR US$'000	GBP US$'000	AUD US$'000	XOF US$'000
31 Dec 2013					
Financial assets	2,107	3,449	252	282	166
Financial Liabilities	(15,661)	(5,239)	(2,727)	(1,331)	(10,295)
	(13,554)	(1,790)	(2,475)	(1,049)	(10,129)
31 Dec 2012					
Financial assets	5,596	26,688	2,206	1,903	1,744
Financial Liabilities	(15,733)	(2,436)	(36)	(48)	(5,284)
	(10,137)	24,252	2,170	1,855	(3,540)

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Company's financial assets and liabilities and the prevailing exchange rates at balance date for the relevant currencies outlined above.

The tables assume a 5% change of the exchange rates for the year ended at 31 December 2013 (2012 – 5%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each statement of financial position date.

If the United States Dollar had strengthened against the abovementioned currencies by 5% (2012 – 5%), this would have had the following impact:

	NOK US$'000	EUR US$'000	GBP US$'000	AUD US$'000	XOF US$'000
31 Dec 2013					
Net result for year and impact on equity	(678)	(90)	(124)	(52)	(506)
31 Dec 2012					
Net result for year and impact on equity	(507)	1,212	109	93	(177)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

d) Interest rate risk

The Company is part of a group pooling arrangement with other group companies whereby excess funds are lent to or deficits borrowed from other group companies. Rates of interest are set with reference to the market rates ruling in the lender's country. At 31 December 2013, the Company is exposed to changes in market interest rates through its lending to group companies, which are subject to the variable interest rates as detailed in note 19.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-0.5% *(2012: +/-0.5%),* with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Company's financial instruments held at each statement of financial position date. All other variables are held constant.

	2013		2012	
	+0.5% US$'000	-0.5% US$'000	+0.5% US$'000	-0.5% US$'000
Net result for the year	**(488)**	**488**	**(314)**	**314**

e) Fair value of financial instruments

The Company's investments in group undertakings, which are measured at cost in the financial statements, are not included as the fair value of the equity investment cannot be reliably measured.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade or above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a regular basis.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Apart from the customers outlined in note 25, the Group does not have significant credit risk exposure to a single counterparty. Concentration of credit risk related to the customers outlined in note 25 did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the group's funding and liquidity management requirements. The group manages liquidity risk by maintaining sufficient cash balances.

Liquidity and interest risk tables

The following tables detail the Company's and the group's remaining contractual maturity for their non-derivative financial assets and liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Due on demand US$'000	Due one to three months US$'000	Due three months to one year US$'000	Due one to five years US$'000	Total US$'000
Consolidated						
31 Dec 2013						
Financial Liabilities						
Fixed interest rate	9.0	-	3,505	-	147,168	150,673
Variable interest rate	-	31,241	-	-	55,421	86,662
Non-interest bearing	-	-	33,445	18,261	4,096	55,802
		31,241	36,950	18,261	206,685	293,137
31 Dec 2012						
Financial Liabilities						
Fixed interest rate	9.0	-	3,505	-	146,682	150,187
Variable interest rate	-	8,323	-	-	-	8,323
Non-interest bearing	-	-	22,724	12,720	498	35,942
		8,323	26,229	12,720	147,180	194,452
Consolidated						
31 Dec 2013						
Financial Assets						
Variable interest rate	-	-	51	-	212	263
Non-interest bearing	-	13,440	15,938	141	506	30,025
		13,440	15,989	141	718	30,288
31 Dec 2012						
Financial Assets						
Variable interest rate	-	103,045	-	8,216	254	111,515
Non-interest bearing	-	42,341	42,194	1,408	1,484	87,428
		145,386	42,194	9,624	1,738	198,943

24. SALES AND OTHER INCOME

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Sales		
Sale of goods	**201,314**	**231,127**
Other income		
Exchange differences on sales	2,126	1,586
Insurance claim	11,115	-
Other operating income	576	452
Total	**13,817**	**2,038**

25. SEGMENT REPORTING

The directors of the Company have chosen to organise the Group's operating segments based on differences in products and services provided by the Group.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Upgraded ilmenite products
- Extracted mineral sands products

The extracted mineral sands products segment did not generate revenue during the year ended 31 December 2012 as the Grande Côte Mineral Sands Project continues its construction phase. Production from the project is expected to commence in second quarter 2014.

Revenues and profit by segment

The following is an analysis of the Group's revenue and profit by reportable segment:

	Segment Revenue		Segment Profit	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Upgraded ilmenite products	201,314	231,127	43,520	71,521
Extracted mineral sands products	-	-	(9,662)	(7,176)
Total	**201,314**	**231,127**	**33,858**	**64,345**
Administration costs			(4,366)	(1,565)
Other finance expenses			(1,878)	(629)
Unallocated depreciation and amortisation of non-current assets			(122)	(2)
Amortisation of non-current assets recognised on acquisition			(19,165)	(19,165)
Income tax on amortisation of non-current assets recognised on acquisition			5,829	5,366
Total			**14,156**	**48,350**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 7.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012 – nil).

Segment profit represent the profit after income tax earned by each segment without allocation of centralised administration costs, foreign exchange losses recognised outside the reportable segments, depreciation of non-current assets not allocated to a reportable segment and amortisation and associated income tax impact of non-current assets recognised on acquisition. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Segment assets		
Upgraded ilmenite products	98,468	177,500
Extracted mineral sands products	745,354	430,204
Total segment assets	**843,822**	**607,704**
Unallocated	161,572	271,004
Total consolidated assets	**1,005,394**	**878,708**
Segment liabilities		
Upgraded ilmenite products	78,300	62,431
Extracted mineral sands products	27,229	15,117
Total segment liabilities	**105,529**	**77,548**
Unallocated	215,503	163,805
Total consolidated liabilities	**321,032**	**241,353**

Other segment information

	Depreciation & amortisation		Additions to non-current assets[1]	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Upgraded ilmenite products	8,263	10,234	1,494	11,398
Extracted mineral sands products	5,975	4,155	319,706	274,817
Unallocated	19,287	19,167	6	353
Total	**33,525**	**33,556**	**321,206**	**286,568**

(1) Additions to non-current assets is segmented on a cash basis and is reconciled to the consolidated cash flow statement.

There were no impairment losses recognised during the year ended 31 December 2013 (2012 – nil).

Geographical information

The Group operates in four principal geographical areas – Norway, Senegal, Mauritius and United Kingdom.

The Group's revenue from external customers by operational location and information about its non-current assets by location is included below:

	Revenue from external customers		Non-current assets[(1)]	
	31 Dec 2013 US$'000	31 Dec 2012 US$'000	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Norway	201,314	231,127	44,942	56,085
Senegal	-	-	724,607	413,554
Mauritius	-	-	275	254
United Kingdom	-	-	154,826	159,667
Total	**201,314**	**231,127**	**924,650**	**629,560**

(1) Non-current assets by location does not include any intercompany loan receivables between Group companies.

Information about major customers

Included in sales arising from upgraded ilmenite products of US$201.3 million are revenues of approximately US$94.9 million (2012 – US$141.1million) which arose from sales to individual customers that accounted for more than 10% of total sales. There were no other individual customers who contributed 10% or more to the Group's revenue for 2013 and 2012.

26. SALES BY GEOGRAPHICAL LOCATION

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Eurozone	150,636	159,779
Other European countries	4,355	3,912
South America	19,056	63,145
China	27,267	4,291
Total	**201,314**	**231,127**

All amounts disclosed above are related to the sale of finished products produced at our Tyssedal ilmenite upgrading facility.

27. EMPLOYMENT COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Production	210	153
Administration – production	25	23
Administration – construction	347	225
Development	10	7
Construction	346	192
	938	600

Administration employees include executive management, finance, information technology, occupational health and safety, quality assurance, human resources and social and community developments employees.

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Wages and salaries	21,020	20,377
Social security costs	2,379	2,131
Pension Costs	956	978
Other costs	1,063	721
	25,418	24,207

The average number of employees disclosed above includes the project team in Senegal. The average number of employees related to the employment costs reported in this section is 185 (2012 – 178). These employees relate to the operations in Norway, United Kingdom and Mauritius. The employment costs related to the project team in Senegal are being capitalised as part of the construction of the Grande Côte Mineral Sands Project and are a component of property, plant & equipment.

28. AUDIT REMUNERATION

The company's audit remuneration for the year was US $118,000 (2012 – US$219,000). The consolidated audit remuneration for the year was US$287,000 (2012 – US$535,000).

The Company has entered into a liability limitation agreement with Constantin, the Company's statutory auditor.

29. DEPRECIATION, AMORTISATION OF NON-CURRENT ASSETS

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Intangible assets	(18,273)	(18,272)
Property, plant & equipment	(15,252)	(15,284)
Total	**(33,525)**	**(33,556)**
Represented in the statement of profit or loss and other comprehensive income as:		
Amortisation and depreciation of non-current assets	(14,360)	(14,391)
Amortisation of assets recognised on acquisition	(19,165)	(19,165)
Total	**(33,525)**	**(33,556)**

30. OPERATING ALLOWANCES FOR LOSSES

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Pension and related liabilities	**41**	**112**

31. OTHER OPERATING INCOME AND EXPENSE

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Losses on asset disposals	-	(105)
Other items	-	(49)
Total	**-**	**(154)**

32. NET BORROWING COST AND OTHER FINANCIAL ITEMS

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Net borrowing costs		
Interest income	166	9
Interest expense	(848)	(115)
Total	**(682)**	**(106)**

Borrowing costs capitalised to PPE totalled US$14.4 million for the year ended 31 December 2013. Capitalised borrowing costs are deducted from the related interest expense (see Note 10).

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Other financial income and expenses		
Net translation adjustments	2,273	(4,666)
Other	(387)	17
Total	**1,886**	**(4,649)**

33. INCOME TAX

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Current tax expense	(18,965)	(26,070)
Deferred tax benefit	8,160	3,593
Total	**(10,805)**	**(22,477)**

The reconciliation of income taxes, computed at the United Kingdom statutory rates, to income tax expense was as follows for the years ended:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Operating profit	23,757	75,582
Net borrowing costs	(2,249)	(106)
Other financial income and expenses	3,453	(4,649)
Pre-tax profit for the period of the consolidated entity	**24,961**	**70,827**
Standard tax rate in United Kingdom	26.5%	26.5%
Theoretical tax expense	**(6,615)**	**(18,769)**
Impact on theoretical tax of:		
- permanent differences between accounting and taxable profit	(3,726)	(2,503)
- standard tax differences in foreign countries	(374)	(1,205)
- miscellaneous items	(90)	-
Annual tax charge	**(10,805)**	**(22,477)**
Effective tax rate	**43.3%**	**31.7%**

Income tax on the other components of comprehensive income

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Change in financial revaluation reserve for hedging financial instruments	1,775	(432)
Change in actuarial gains and losses reserve	(4)	(134)
	1,771	**(566)**

The above reconciling items are disclosed at the tax rates that apply in the country where they have arisen.

34. EARNINGS PER SHARE

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Basic earnings per share	**46.57**	**188.67**
Diluted earnings per share	**46.57**	**188.67**

The earnings and weighted average number of ordinary share used in the calculation of basic and diluted earnings per share are as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000 Restated
Profit for the year attributable to owners of the company	14,985	48,935
Earnings used in the calculation of basic and diluted earnings per share	**14,985**	**48,935**
Weighted average number of ordinary share for the purpose of basic and diluted EPS ('000)	**322**	**259**

There were no outstanding share options as at 31 December 2012.

35. COMMITMENTS FOR EXPENDITURE

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Capital expenditure commitments		
Grande Côte Mineral Sands Project	33,593	142,674
Commitments not longer than 1 year	**33,593**	**142,674**

36. CONTINGENT ASSETS AND LIABILITIES

The Group has agreed to the following payments in respect of the Grande Côte Mineral Sands Project:

- During the term of the Mining Concession and the entire period of validity of the Mining Convention an amount of US$500,000 per annum during the pre-production phase and thereafter US$400,000 per annum during the production phase on social development of local communities in the Grande Côte and surrounding region; and
- $50,000 per year of production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.

In addition, during 2013, Grande Cote Operations SA received a tax assessment from the Senegalese tax authorities claiming unpaid withholding tax of approximately $0.8 million on payments made to foreign providers. This matter is still being reviewed and considered with the Tax authorities in Senegal and GCO are committed to paying all taxes deemed legitimately due. GCO responded to the tax assessment in January 2014 and negotiations with the authorities are ongoing. No provision for these amounts has been recognised at 31 December 2013 and will only be recognised if and/or when the total amount of legitimate tax required to be paid can be measured reliably.

37. RELATED PARTY TRANSACTIONS

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

Transactions with related parties

(i) The Company placed cash on deposit with an Eramet group entity, Metal Securities SA at a rate of 0.75% per annum. The deposit is liquid and able to be accessed at call. This balance is included in the Group's cash and cash equivalents. At 31 December 2013 the amount held on deposit with Metal Securities SA was nil (2012 – US$100,819,437).

The company earned $108,168 of interest on the above deposit for the year ended 31 December 2013 (2012 – US$179,437).

(ii) As part of the agreement to establish the joint venture on 1 October 2011, Eramet SA agreed to provide a US$45.0 million subordinated loan facility which was contributed during the year. For the year ended 31 December 2013, interest of $420,545 (2012 – nil) accrued on this facility.

(iii) During the year ended 31 December 2013, the Group entered into two $40 million subordinated loan agreements with each of Mineral Deposits Limited and ERAMET SA. These loans accrue interest at a rate of LIBOR 3 months plus 5 percent and are repayable on or before 29 September2018. The Group received $5 million from each controlling party (for a total loan balance of $10.0 million) as part of these loan agreements in December 2013, with the remaining $70 million to be received in 2014

Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	31 Dec 2013 US$'000	31 Dec 2012 US$'000
Wages and salaries	691	963
Social security costs	47	-
Other costs	73	-
Termination benefits	-	304
	811	**1,267**

Directors of the Company did not receive any remuneration during the year (2012 – nil).

38. COMPANY

The Company has not prepared its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The profit for the year was US$67,751k (2012 – US$5,772k) which included a dividend from its subsidiary, TiZir Titanium & Iron AS, of $88,558k which has been eliminated on consolidation from the Group's operating results.

39. EVENTS AFTER THE BALANCE SHEET DATE

To the best of Company's knowledge, there are no events to report after the balance sheet date.

40. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling parties are Mineral Deposits Limited of Australia and Eramet SA, a company incorporated in France.