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REPORTS AND
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

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CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

C O N T E N T S

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BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND CORPORATE INFORMATION

Board of Directors	**Loucas Pouroulis** - Chairman
	Phoevos Pouroulis - Chief Executive Officer
	Michael Jones - Chief Finance Officer
	John David Salter - Independent Non Executive Director
	Ioannis Drapaniotis - Independent Non Executive Director
	Antonios Djakouris - Independent Non Executive Director
	Omar Kamal - Non Executive Director *(appointed on 11 June 2014)*
Company Secretaries	**Lysandros Lysandrides**
	Sanet de Witt

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND CORPORATE INFORMATION
(continued)

Independent Auditors	**KPMG Limited**
Group bankers	**The Hong Kong and Shanghai Banking Corporation Limited**
	Nedbank Limited
	ABSA Capital- member of the Barclays Group
	Bank of Cyprus Public Company Limited
	Standard Bank Limited
	China Construction Bank Limited
	Industrial and Commercial Bank of China Limited
	Barclays Bank Plc
Address of registered office	**Sofoklis Pittokopitis Business Centre, Offices 108-110 17 Neophytou Nicolaides and Kilkis Street 8011 Paphos Cyprus**
Registration number	**HE223412**

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Board of Directors' Report

The Board of Directors of **Tharisa plc** ("the Company") presents to the members its report together with the audited consolidated financial statements of the Company and its subsidiaries (together with the Company, "the Group") for the year ended 30 September 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company, which remained the same as last year, is that of an investment holding company with controlling interests in platinum group metals ("PGM") and chrome mining and processing operations and associated sales and logistics operations. The Group operates the Tharisa Mine, a co-producing, open pit PGM and chrome mine located in the Bushveld Complex of South Africa.

FINANCIAL RESULTS

The results of the Group are disclosed in the consolidated statement of profit or loss and other comprehensive income on page 8. The loss of the Group for the year before income tax amounted to US$40 325 thousand (2013: US$62 968 thousand). The loss for the year amounted to US$54 873 thousand (2013: US$47 443 thousand). The Board of Directors recommends that the loss for the year is transferred to revenue reserve.

DIVIDENDS

In view of the loss incurred by the Group, the Board of Directors does not recommend the payment of dividends. The dividend policy of the Company is to pay a dividend of 10% of consolidated net profit after tax.

SHARE CAPITAL

During the year ended 30 September 2014, changes were made to the issued share capital of the Company. On 10 April 2014, the Company listed its ordinary share capital on the Johannesburg Stock Exchange ("JSE"). These changes in the ordinary share capital are disclosed in note 19 of the consolidated financial statements.

MAIN RISKS

The main financial risks faced by the Group are disclosed in note 2(d) (going concern) and 29 of the consolidated financial statements.

FUTURE DEVELOPMENT

The Board of Directors does not anticipate significant changes in the operations of the Group in the foreseeable future.

BRANCHES

During the year the Group did not operate any branches.

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BOARD OF DIRECTORS

The members of the Group's Board of Directors as at 30 September 2014 and as at the date of this report are disclosed on page 1. There were no significant changes in the assignment of responsibilities of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 34 of the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors, KPMG Limited, have expressed their willingness to continue in office and a resolution fixing their remuneration will be submitted at the Annual General Meeting.

On behalf of the Board of Directors

Phoevos Pouroulis **Michael Jones**

Paphos, Cyprus
15 December 2014

KPMG Limited
Chartered Accountants
14 Esperidon Street
1087 Nicosia, Cyprus
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Independent Auditors' report

To the Members of Tharisa plc

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Tharisa plc ("the Company") and its subsidiaries (together with the Company, the "Group") on pages 8 to 81 which comprise the consolidated statement of financial position as at 30 September 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

KPMG

Independent Auditors' report

To the Members of Tharisa plc

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113.

EMPHASIS OF MATTER

We draw attention to note 2(d) of the consolidated financial statements which indicates that the Group incurred a loss of US$54 873 thousand for the year ended 30 September 2014 and, as at that date its current liabilities exceeded its current assets by US$1 475 thousand. The note states that should the forecast production not be achieved and/or South African Rand commodity prices weaken, a material uncertainty exists which may cast doubt on the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 3 and 4 is consistent with the consolidated financial statements.

KPMG

Independent Auditors' report

To the Members of Tharisa plc

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Michael M. Antoniades FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

15 December 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2014

	Note	Years ended 30 September 2014 US$'000	2013 US$'000
Revenue		240 731	215 455
Cost of sales		(206 815)	(189 570)
Gross profit		33 916	25 885
Other income	5	149	48
Administrative expenses		(28 212)	(26 596)
Results from operating activities	9	5 853	(663)
Finance income	7	897	863
Finance costs	7	(14 655)	(14 744)
Changes in fair value of financial liabilities at fair value through profit or loss	7	(32 420)	(48 424)
Net finance costs		(46 178)	(62 305)
Loss before tax		(40 325)	(62 968)
Tax	10	(14 548)	15 525
Net loss for the year		(54 873)	(47 443)
Other comprehensive income			
Items that will not be classified subsequently to profit or loss		-	-
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of tax		(21 162)	(38 781)
Other comprehensive income, net of tax		(21 162)	(38 781)
Total comprehensive expense for the year		(76 035)	(86 224)
Net loss for the year attributable to:			
Owners of the Company		(48 997)	(48 347)
Non-controlling interests		(5 876)	904
		(54 873)	(47 443)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(66 188)	(75 989)
Non-controlling interests		(9 847)	(10 235)
		(76 035)	(86 224)
Loss per share			
Basic and diluted loss per share (US$)	11	(0.20)	(0.20)

The notes on pages 15 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	30 September 2014 US$'000	30 September 2013 US$'000
Assets			
Property, plant and equipment	12	253 356	269 130
Goodwill	13	1 211	1 427
Other financial assets	15	5 008	3 774
Long term deposits	14	14 479	7 708
Deferred tax assets	22	5 970	20 623
Non-current assets		280 024	302 662
Inventories	16	14 567	24 043
Trade and other receivables	17	32 515	29 123
Other financial assets	15	442	311
Current taxation	24	3	-
Cash and cash equivalents	18	19 629	28 017
Current assets		67 156	81 494
Total assets		347 180	384 156
Equity			
Share capital	19	255	6
Share premium	19	452 363	113 342
Other reserve	19	47 245	47 245
Foreign currency translation reserve	19	(47 361)	(30 170)
Revenue reserve	19	(216 596)	(167 859)
Equity attributable to owners of the Company		235 906	(37 436)
Non-controlling interests		(26 052)	(16 205)
Total equity		209 854	(53 641)

The notes on pages 15 to 81 are an integral part of these financial statements.

tharisa plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	30 September 2014 US$'000	30 September 2013 US$'000
Liabilities			
Provisions	21	4 452	4 738
Borrowings	23	64 223	92 812
Deferred tax liabilities	22	20	-
Non-current liabilities		68 695	97 550
Convertible redeemable preference shares	20	-	260 291
Class B preference shares	20	-	12 171
Borrowings	23	30 986	36 688
Current taxation	24	421	294
Trade and other payables	25	37 224	30 803
Current liabilities		68 631	340 247
Total liabilities		137 326	437 797
Total equity and liabilities		347 180	384 156

The consolidated financial statements were authorized for issue by the Board of Directors on 15 December 2014.

Phoevos Pouroulis
Director

Michael Jones
Director

The notes on pages 15 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2014

	Note	Share capital US$'000	Share premium US$'000	Other reserve US$'000	Foreign currency translation reserve US$'000	Revenue reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of the Company							
Balance at 1 October 2013		6	113 342	47 245	(30 170)	(167 859)	(37 436)	(16 205)	(53 641)
Total comprehensive income for the year									
Net loss for the year		-	-	-	-	(48 997)	(48 997)	(5 876)	(54 873)
Other comprehensive income:									
Foreign currency translation differences		-	-	-	(17 191)	-	(17 191)	(3 971)	(21 162)
Total comprehensive income for the year		-	-	-	(17 191)	(48 997)	(66 188)	(9 847)	(76 035)
Transactions with owners, recognized directly in equity									
Share issue expenses	19(c)	-	(1 416)	-	-	-	(1 416)	-	(1 416)
Equity settled share based payments		-	-	-	-	260	260	-	260
Issue of ordinary shares for cash	19(b)	13	47 847	-	-	-	47 860	-	47 860
Issue of ordinary shares to employees resulting from share grants	19(b)	-	115	-	-	-	115	-	115
Issue of ordinary shares from bonus issue	19(b)	154	(154)	-	-	-	-	-	-
Issue of ordinary shares from conversion of redeemable convertible preference shares	19(b)	82	292 629	-	-	-	292 711	-	292 711
Contributions by owners		249	339 021	-	-	260	339 530	-	339 530
Total transactions with owners of the Company		249	339 021	-	-	260	339 530	-	339 530
Balance at 30 September 2014		255	452 363	47 245	(47 361)	(216 596)	235 906	(26 052)	209 854

The notes on pages 15 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2014

	Attributable to owners of the Company							
	Share capital US$'000	Share premium US$'000	Other reserve US$'000	Foreign currency translation reserve US$'000	Revenue reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 October 2012	6	113 342	47 245	(2 528)	(119 512)	38 553	(5 970)	32 583
Total comprehensive income for the year								
Net loss for the year	-	-	-	-	(48 347)	(48 347)	904	(47 443)
Other comprehensive income:								
Foreign currency translation differences	-	-	-	(27 642)	-	(27 642)	(11 139)	(38 781)
Total comprehensive income for the year	-	-	-	(27 642)	(48 347)	(75 989)	(10 235)	(86 224)
Transactions with owners of the Company, recorded directly in equity								
Contributions by owners	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-
Balance at 30 September 2013	6	113 342	47 245	(30 170)	(167 859)	(37 436)	(16 205)	(53 641)

The notes on pages 15 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2014

	Note	2014 US$'000	2013 US$'000
		Years ended 30 September	
Cash flows from operating activities			
Net loss for the year		(54 873)	(47 443)
Adjustments for:			
Depreciation of property, plant and equipment	9	10 764	12 438
Amounts written off directly in profit or loss	9	-	81
Write off of property, plant and equipment	9	25	-
Impairment loss of property, plant and equipment	9	-	2 097
Impairment loss of goodwill	9	72	75
Allowance for inventory obsolescence		1 195	-
Changes in fair value of financial liabilities at fair value through profit or loss		32 420	48 424
Interest income	7	(897)	(607)
Changes in fair value of financial assets at fair value through profit or loss		659	54
Interest expense	7	13 400	14 336
Tax		14 548	(15 525)
Equity-settled share based payments		389	-
		17 702	13 930
Changes in:			
- Inventories		8 144	4 254
- Trade and other receivables		(3 392)	(11 076)
- Trade and other payables		996	(4 384)
- Provisions	21	(152)	(5 000)
Cash from/(used in) operations		23 298	(2 276)
Income tax paid		(942)	(680)
Net cash flows from/(used in) operating activities		22 356	(2 956)
Cash flows from investing activities			
Interest received		699	399
Acquisition of subsidiaries, net of cash acquired	28	-	154
Additions to property, plant and equipment	12	(24 289)	(24 316)
Proceeds from disposal of property, plant and equipment		37	-
Additions of other financial assets		(1 606)	(850)
Net cash flows used in investing activities		(25 159)	(24 613)

The notes on pages 15 to 81 are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2014

	Note	2014 US$'000	2013 US$'000
		Years ended 30 September	
Cash flows from financing activities			
Proceeds from issue of ordinary shares		47 860	-
Establishment of long term deposits		(6 771)	(7 708)
Proceeds from borrowings, net of transaction costs		(2 835)	16 073
Repayment of borrowings		(30 989)	(368)
Interest paid		(349)	(248)
Redemption of Class B preference shares		(6 818)	-
Share issue expenses capitalised to share premium		(1 416)	-
Net cash flows (used in)/from financing activities		(1 318)	7 749
Net decrease in cash and cash equivalents		(4 121)	(19 820)
Cash and cash equivalents at the beginning of the year		28 017	52 805
Effect of exchange rate fluctuations on cash held		(4 267)	(4 968)
Cash and cash equivalents at the end of the year	18	19 629	28 017

The notes on pages 15 to 81 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

1. BACKGROUND

Tharisa plc ("the Company") was incorporated in Cyprus on 20 February 2008 under registration number HE 223412. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. On 10 April 2014, the Company listed its ordinary share capital on the JSE.

Its registered office is at Sofoklis Pittokopitis Business Centre, Offices 108-110, 17 Neophytou Nicolaides and Kilkis Street, 8011 Paphos, Cyprus.

On 9 February 2009, the Company acquired 74% of the share capital of Tharisa Minerals Proprietary Limited, a company established in South Africa. The principal activity of Tharisa Minerals Proprietary Limited is PGM and chrome mining and processing.

On 2 November 2010, the Company incorporated Tharisa Investments Limited, a company established in Cyprus. The principal activity of Tharisa Investments Limited is that of investment holding. On 15 February 2012, Tharisa Investments Limited incorporated Tharisa Fujian Industrial Co., Ltd, a company established in the People's Republic of China ("PRC"). The principal activity of Tharisa Fujian Industrial Co., Ltd is that of ferrochrome smelting. Tharisa Fujian Industrial Co., Ltd has not commenced operations up to the date of this report. During April 2011, Tharisa Investments Limited issued additional shares representing 15% of its expanded share capital to Fujian Wuhang Stainless Steel Products Co., Ltd ("Fujian"). On 22 November 2011, the Company and Fujian signed an agreement, according to which Fujian transferred its 15% equity interests in Tharisa Investments Limited to the Company. The consideration for this transfer was the par value of the shares transferred of US$22.5 and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co., Ltd at Chinese Yuan Renminbi ("YUAN") 100 any time after 31 December 2012. As at 30 September 2014, the call option had yet to be exercised. On 24 August 2011, Tharisa Investments Limited incorporated Tharisa Investments (Hong Kong) Limited, a company established in Hong Kong. Tharisa Investments (Hong Kong) Limited has not commenced operations up to the date of this report.

On 4 February 2011, the Company incorporated Arxo Resources Limited, a company established in Cyprus. The principal activity of Arxo Resources Limited is the selling and distribution of chrome concentrate. On 7 December 2011, Arxo Resources Limited incorporated Arxo Metals Proprietary Limited, a company established in South Africa. The principal activity of Arxo Metals Proprietary Limited is metal processing and currently produces foundry and chemical grade chrome concentrates.

On 1 March 2011, the Company acquired 100% of the share capital of Arxo Logistics Proprietary Limited, a company established in South Africa. The principal activity of Arxo Logistics Proprietary Limited is the provision of logistics services.

On 31 May 2011, the Company incorporated Tharisa Administration Services Limited, a company established in Cyprus. Tharisa Administration Services Limited provides management and administration services to the Group. On 1 April 2013, Tharisa Administration Services Limited, acquired Braeston Corporate Consulting Services Proprietary Limited, a company established in South Africa. The principal activity of Braeston Corporate Consulting Services Proprietary Limited is the provision of management services to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

1. **BACKGROUND** *(continued)*

On 30 May 2013, the Company incorporated Dinami Limited, a company established in Guernsey. The principal activity of Dinami Limited is the provision of consultancy services in relation to the sale of the Group's foundry and chemical chrome concentrate products.

2. **BASIS OF PREPARATION**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Cyprus Companies Law, Cap.113.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise stated in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in United States Dollars (US$) and are rounded to the nearest thousand.

(d) Going concern basis

The Group incurred a loss for the year ended 30 September 2014 of US$54 873 thousand (2013: US$47 443 thousand) and, as at that date its current liabilities exceeded its current assets by US$1 475 thousand (2013: US$258 753 thousand).

The short term cash flow forecasts of the Group reflect a positive cash flow position sufficient to meet the operational cash flows, the approved capital expenditure and the debt repayments. Achievement of the short term cash flow forecast is dependent on the planned production levels being achieved and/or no weakening in future South African Rand commodity prices. Should forecast production not be achieved and/or South African Rand commodity prices weaken, this may result in a shortfall in cash. Certain capital expenditure can be postponed in such event and alternative funding options are being evaluated including the release of the enviromental rehabilitation guarantee collateral included in "other financial assets" in note 15 which would then be available for operational cash requirements.

During the financial year, insufficient correct reef layers were exposed as a result of waste and interburden stripping being below plan because of contractor mining equipment availability being below industry norms. Following a strategic review, an additional mining contractor has been appointed to undertake the more specialised blasting and extraction of the reef layers and removal of interburden. The existing mining contractor will focus on bulk waste removal.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis (continued)

The Group experienced ramp-up problems typical of large complex concentrators coupled with mechanical failure of certain key equipment. De-bottlenecking and process optimisation together with equipment re-engineering have overcome these problems. Initiatives to improve recoveries and yields are ongoing.

The senior debt providers have waived certain facility covenants relating to the debt service cover ratio as at 30 September 2014, and have extended the date for completion of the technical completion tests to 28 November 2015.

Should the forecast production not be achieved and/or South African Rand commodity prices weaken, a material uncertainty exists which may cast doubt on the ability of the Group to continue as a going concern and it may be unable to realise its assets and settle its liabilities in the normal course of business without additional fund raising.

The financial statements however continue to be prepared on the going concern basis.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are as follows:

Impairment of assets

The recoverable amount of each non-financial asset or cash-generating-unit ("CGU") is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policies (see note 3(o)). Determination of the value-in-use of an asset or CGU based on a discounted cash flow model requires the use of estimates and assumptions, including: the appropriate rate at which to discount the cash flows, the timing of cash flows and expected life of the asset or CGU, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or the CGU and, accordingly, could result in an adjustment to the carrying amount of that asset or CGU. Refer to note 13.

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgments (continued)

Mineral reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units-of-production basis, provision for site rehabilitation and the recognition of deferred tax assets, including tax losses. Refer to note 12.

Rehabilitation provision

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates can affect the carrying amount of the provision. The estimated long-term environmental provision, comprising rehabilitation and mine closure is based on the Group's environmental policy taking into account the current technological, environmental and regulatory requirements. The provision for future rehabilitation was determined using calculations which required the use of estimates. Refer to note 21.

Inventories

Net realisable value tests are performed at least annually based on the estimated future sales price of the products based on prevailing metal prices, less estimated costs to complete production and bring the product to sale. The nature of the net realisable value test inherently limits the ability to precisely monitor recoverability levels and may result in additional write-downs of inventories in future periods. Refer to note 16.

(f) New and revised International Financial Reporting Standards and Interpretations

As from 1 October 2013, the Group adopted all changes to International Financial Reporting Standards ("IFRSs"), which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2013. The Board of Directors is currently evaluating the impact of these on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

2. BASIS OF PREPARATION *(continued)*

(f) New and revised International Financial Reporting Standards and Interpretations *(continued)*

Standards and Interpretations

- IFRS 10 "Consolidated Financial Statements" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 11 "Joint Arrangements" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- Transition Guidance for IFRS 10, 11 & 12 (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 27 (Revised) "Separate Financial Statements" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 36 (Amendments) "Recoverable Amount - Disclosures for Non-Financial Assets" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 39 (Amendments) "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Levies" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 9 "Financial Instruments" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2018).
- IFRS 11 (Amendments) "Accounting for Acquisitions of Interests in Joint Operations" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- IFRS 14 "Regulatory Deferral Accounts" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- IFRS 15 "Revenue from Contracts with Customers" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2017).
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).

2. BASIS OF PREPARATION *(continued)*

(f) New and revised International Financial Reporting Standards and Interpretations *(continued)*

Standards and Interpretations (continued)

- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective the latest as from the commencement date of its first annual period beginning on or after 1 July 2014).
- IAS 27 (Amendments) "Equity method in separate financial statements'" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013) (effective the latest as from the commencement date of its first annual period beginning on or after 1 July 2014)
- Annual Improvements to IFRSs 2011–2013 Cycle (issued on 12 December 2013) (effective the latest as from the commencement date of its first annual period beginning on or after 1 July 2014)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include, on a line by line basis, the financial statements of all subsidiaries.

The following policies have been applied during the consolidation process:

Business combinations

The Group has applied the acquisition method for the business combinations disclosed in note 28.

Goodwill represents the excess of:

(i) The aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) The net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each CGU, or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 3(o)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation (continued)

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Transactions eliminated on consolidation

Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation (continued)

Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at exchange rates at the end of each reporting period. The income and expenses of foreign operations are translated to the presentation currency using the average rate for the year. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation are transferred to profit or loss as part of the profit or loss on disposal.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of chrome concentrate

The Group enters into contracts for the sale of chrome concentrate. Revenue arising from chrome sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer, collection of the sale price is probable and associated costs can be reliably estimated. These criteria may vary per contract. As sales from chrome contracts are subject to a customer survey adjustment with regards to quality, sales are initially recorded on a provisional basis using management's best estimate of the chrome quality. Subsequent adjustments are recorded in revenue to take into account final adjustments, if different from the initial estimates.

Sale of PGM

Revenue from PGM is initially recognised at the estimated fair value of the consideration receivable at the date of delivery. Adjustments to the sale price occur based on movements in the metal market price and currency up to the date of final pricing. Final pricing is based on the monthly average market price in the month of settlement. The period between initial recognition and final pricing is typically 4 months. The revenue adjustment mechanism embedded within the sale arrangement has the characteristics of a commodity derivative. Accordingly the fair value of the final sales price adjustment is re estimated continuously and changes in fair value are recognised as a re estimated adjustment to revenue in profit or loss and trade receivables in the statement of financial position.

Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Segmental reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. The Board of Directors is of the view that the Group had two operating segments during the reporting period, the PGM segment and the chrome segment.

(d) Lease payments

Payments under leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Operating lease payments are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) Finance income and finance costs

Finance income comprises interest income on funds invested, gains on initial recognition and modification of interest-free loans at fair value and net foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, dividends on preference shares classified as liabilities, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables) and net foreign currency losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset (see note 3(k)) are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Employee benefits

Provident funds

The Group's salaried employees in South Africa are members of defined contribution retirement benefit plans. The contributions to the plans range from a minimum of 3% to a maximum of 15% of staff 's pensionable salary. Contributions to the plans vest immediately. Contributions are accrued in the year in which the associated services are rendered by employees.

The Group's employees in Cyprus and the PRC do not participate in retirement benefit plans.

Share based payment transactions

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The amount recognized as an expense is adjusted to reflect the revision of the original estimate.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months from the reporting date are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating monetary benefits such as medical care and motor vehicle expenses are expensed as the benefits are taken by the employees.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Tax

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is 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 substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Tax (continued)

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(i) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise instruments convertible into ordinary shares and share options granted to employees. The Group also presents headline earnings per share according to the JSE requirements, by adjusting the earnings as determined in International Accounting Standard 33, excluding separate identifiable re-measurements, net of related tax (current and deferred) and related non controlling interests other than re-measurements specifically included in headline earnings ("included re-measurements").

If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalisation, a bonus issue or a share split, or decreases as a result of a reverse share split before the consolidated financial statements are authorised for issue, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively, as if such changes to share capital had been effective since the beginning of the earliest period presented.

(j) Dividends

Dividends are recognised as a liability in the period they are declared according to International Accounting Standard 10.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Property, plant and equipment

Mining assets and infrastructure

Mining assets and infrastructure typically include those costs incurred for the development of the mine, including the design of the mine plan, constructing and commissioning the facilities and preparation of the mine and necessary infrastructure for production. The mine development phase generally begins after completion of a feasibility study and ends upon the commencement of commercial production. Mining assets are recorded at cost less accumulated depreciation and any accumulated impairment losses. Expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity prior to the commencement of commercial levels of production, are capitalised as mine development assets under construction and transferred to mining assets and infrastructure when the mining venture reaches commercial production. Development costs incurred to maintain current production are expensed.

Deferred stripping costs

All stripping costs incurred (costs incurred in removing overburden to expose the ore) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory produced during the period in which the stripping costs are incurred. However, any costs of overburden stripping in excess of the expected open-pit life average stripping ratio are deferred. Any costs deferred are capitalised to property, plant and equipment. This asset is depreciated using the units of production method based on the estimated resource.

General

Other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal production overheads. Directly attributable expenses relating to major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision. Administrative and other general overhead costs are expensed as incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs directly attributable to the construction or acquisition of qualifying assets are capitalised directly to the cost of the qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, these borrowing costs shall be determined as the actual borrowing costs incurred on that borrowing.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs shall be determined by applying a capitalisation rate to the expenditure on that asset. Borrowing costs specifically to finance the establishment of qualifying mining assets are capitalised until commercial levels of production are achieved. Otherwise, capitalisation of borrowing costs ceases when the asset is substantially complete.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Property, plant and equipment (continued)

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised when the costs can be reliably measured and if it is probable that the future economic benefits embodied within the component will flow to the Group. The carrying amount of the replaced component, if any, is derecognised and charged against profit or loss.

Maintenance and day to day servicing and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised net within 'other income' in the statement of profit or loss and other comprehensive income.

Government grants

Government grants are recognized as a deduction in the carrying amount of the item of property, plant and equipment they relate to, when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant.

Depreciation

Depreciation of mining assets and infrastructure is calculated using the units-of-production method based on estimated economically recoverable proved and probable mineral reserves. Proved and probable reserves reflect estimated quantities of economically recoverable resources which can be recovered in the future from known mineral deposits. Depreciation is first charged on mining assets and infrastructure from the date on which they are available for use.

For other property, plant and equipment, depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the carrying amounts to estimated residual values over the estimated useful lives of the assets as follows. Leasehold improvements on premises occupied under operating leases are written off over the shorter of the lease term and the useful lives.

Depreciation, unless otherwise stated, is calculated as follows:
- buildings at 10% per annum
- motor vehicles at 20% per annum
- computer equipment and software at 33.3% per annum
- office equipment between 10% and 33.3% per annum
- furniture at 20% per annum

No depreciation is provided on freehold land and mine development assets under construction.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Property, plant and equipment (continued)

Depreciation methods, residual values and useful lives are reviewed at least annually, and adjusted if appropriate, at each reporting date.

(l) Intangible exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring prospecting rights and directly attributable exploration expenditure, are capitalised as intangible exploration and evaluation assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability. Costs are recognised as exploration and evaluation costs from the date of granting a prospecting right. The capitalised costs are presented as intangible exploration and evaluation assets as a result of the nature of the assets acquired.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved reserves are determined to exist. Upon determination of proved reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from intangible exploration and evaluation assets to other appropriate categories of non-current assets.

Depreciation or amortisation of these assets commences once these assets are appropriately reclassified and are in commercial production.

Intangible exploration and evaluation assets are assessed for impairment in accordance with the Group's accounting policy (note 3(o)).

Also, additional guidance is provided by IFRS 6 *"Exploration for and Evaluation of Mineral Resources"* on indicators of impairment, examples of which are as follows:

- The period to explore, as granted under the prospecting rights acquired, has expired during the period; or will expire in the near future; or is not expected to be renewed;
- Further exploration on the project is neither budgeted nor planned for in the near future;
- A decision was made not to develop a project; and
- There is an indication that the carrying amount of the intangible exploration and evaluation asset is unlikely to be recovered in full from a successful development or the sale of the project.

If a project is abandoned, the related costs are expensed in profit or loss immediately.

(m) Inventories

Inventories comprising PGM and chrome concentrate, ore stockpiled, in-process metal contained in ore and consumable items are measured at the lower of cost and net realisable value. The cost is determined using the weighted average method. and includes direct mining expenditure and an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Obsolete, redundant and slow moving inventories are identified and written down to net realisable value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in other comprehensive income and accumulated in equity are included in profit or loss for the period.

The Group's non-derivative financial assets include the following:

- *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

- *Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and are included in non-current assets, except for those with maturities within 12 months from the reporting date which are classified as current assets. Held to maturity investments are stated at amortised cost less impairment losses.

- *Loans receivable*

Loans receivable are stated at amortised cost less impairment losses. Unless otherwise stated, these balances have no fixed terms of repayment and are therefore deemed repayable on demand and deemed to have carrying values equal to their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial instruments (continued)

Non-derivative financial assets (continued):

- *Trade and other receivables*

Trade and other receivables originated by the Group are stated at their amortised cost less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Due to the short-term nature of the Group's trade and other receivables, amortised cost approximates fair value.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group's non-derivative financial liabilities include the following:

- *Trade and other payables*

Trade and other payables are stated at amortised cost. Due to the short-term nature of the Group's trade and other payables, amortised cost approximates fair value.

- *Interest-bearing borrowings*

Interest-bearing borrowings are stated at amortised cost, using the effective interest rate method, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial instruments (continued)

Non-derivative financial liabilities (continued)*:*

- *Redeemable preference shares*

Redeemable preference shares are classified as a liability if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings. Dividends on redeemable preference shares are recognised as a liability and recognised as an interest expense using the effective interest rate method.

Financial liabilities at fair value through profit or loss:

The Group's financial liabilities at fair value through profit or loss include the following:

- *Hybrid financial liabilities*

A hybrid financial liability includes a non-derivative host contract and one or more embedded derivatives with the effect that some of the cash flows of the instrument vary in a way similar to a stand-alone derivative. The Group designates the entire hybrid liability as a financial liability at fair value through profit or loss unless:
(a) the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
(b) it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

Hybrid financial liabilities are recognised initially at fair value. Transaction costs that relate to the issue of the liabilities are recognised immediately in profit or loss. At the end of each reporting period the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

- *Derivative financial instruments*

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial instruments (continued)

Financial liabilities at fair value through profit or loss (continued):

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods.

(o) Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition and the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- its becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account against such financial assets. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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 the risks specific to the liability.

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with the current environmental and regulatory requirements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Provisions (continued)

Where it is not possible that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Rehabilitation costs

The net present value of estimated future costs for mine closure and rehabilitation is recognised and provided for in the consolidated financial statements and capitalised within mining assets on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition of the provision is at the time that the disturbance occurs and thereafter as and when additional disturbances take place.

The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money. Annual increases in the provision due to the passage of time are recognised in profit or loss as an unwinding of the value of the provision expense. The present value of additional disturbances and changes in the estimate of the rehabilitation liability is capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is depreciated as per the Group's accounting policy on depreciation (see note 3(k)). Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

Costs for restoration and rehabilitation which are created on an ongoing basis during production of inventories are provided for at their net present values and included as part of inventory costs. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are recognised in the consolidated statement of financial position when they are known, probable and may be reasonably estimated.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Long term deposits

Long term deposits is cash and cash equivalents restricted and designated as a "debt service reserve account" as required in terms of the senior debt facility as referred to in note 14.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Share capital

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(t) Related party transactions

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

(i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) The Group and the party are subject to common control;

(iii) The party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) The party is a member of key management personnel of the Group or the Group's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) The party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Group.

(u) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(v) Events after the reporting period

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Group is not appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

4. OPERATING SEGMENTS

The Group has two reportable segments, the chrome segment and the PGM segment. Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, cost of sales and gross profit, as included in the internal management reports that are reviewed by the Group's management. Segment revenue, cost of sales and gross profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.

30 September 2014	Chrome US$'000	PGM US$'000	Total US$'000
Revenue	170 366	70 365	240 731
Cost of sales	(153 330)	(53 485)	(206 815)
Gross profit	17 036	16 880	33 916

30 September 2013	Chrome US$'000	PGM US$'000	Total US$'000
Revenue	161 184	54 271	215 455
Cost of sales	(139 074)	(50 496)	(189 570)
Gross profit	22 110	3 775	25 885

Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and goodwill ("specified non-current assets"). The geographical location analysis of revenue from external customers is based on the country of establishment of each customer. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of goodwill.

	Years ended 30 September	
	2014 US$'000	2013 US$'000
(i) Revenues from external customers		
The PRC	71 136	93 509
South Africa	94 187	55 011
Singapore	27 220	36 820
Hong Kong	37 653	28 174
Other countries	10 535	1 941
	240 731	215 455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

4. OPERATING SEGMENTS *(continued)*

Geographical Information (continued)

Revenue represents the sales value of goods supplied to customers, net of value-added tax. The Group had two customers with whom transactions have individually exceeded 10% of the Group's revenues. Revenue from the largest customer of the Group represented approximately US$70 214 thousand and US$54 104 thousand for each of the years ended 30 September 2014 and 30 September 2013 and corresponds to revenues of the PGM segment and of the chrome segment respectively. Revenue from the second largest customer of the Group represented approximately US$24 508 thousand and US$33 414 thousand for each of the years ended 30 September 2014 and 30 September 2013 and corresponds to revenues of the chrome segment and of the PGM segment respectively.

	30 September 2014 US$'000	30 September 2013 US$'000
(ii) Specified non-current assets		
South Africa	254 547	270 441
Cyprus	14	61
The PRC	6	55
	254 567	270 557

5. OTHER INCOME

	Years ended 30 September 2014 US$'000	2013 US$'000
Rental income	39	-
Other income	110	48
	149	48

Rental income relates to the portion of rent recovered by sub tenants and income from houses rented in the area covered by the mining rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

6. SHARE BASED PAYMENTS

At 30 September 2014, the Company had the following share based payment arrangements:

Share grant

The Company granted shares to the employees of the Group conditional on listing of the ordinary shares on the JSE. The grant was made to employees with at least 6 months service prior to listing and the number of shares was fixed with an escalation for the number of years of service prior to the grant. The grant was valued at the private placement price of ZAR38 per share at the time of listing of the Company. Total number of shares granted by the Company to the employees of the Group was 31 635.

An amount of US$31.64 and US$115 thousand was charged in share capital and share premium respectively for the ordinary shares issued.

An expense of US$114 thousand was recognised in profit or loss.

Conditional Awards "LTIP"

Conditional Awards are the grant of shares of the Company to employees of the Group and other approved consultants, where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. As at 30 September 2014, all conditions with regards to the conditional awards of the other approved consultants have been fulfilled. The inaugural award will vest in three equal annual tranches starting one year after grant date. The award, on vesting, may at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

Appreciation Awards "SARS"

Appreciation Rights are the grant of an award in shares of the Company, where the employee is, subject to certain conditions, entitled to receive the increase in the market price of the share above the award price. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan. The inaugural award is at an award price of ZAR38 per share and vests in two equal annual tranches with the ability to exercise the award at any time up to five years after the grant date after which it will lapse. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

6. SHARE BASED PAYMENTS *(continued)*

Conditional awards issued for the Group	**Number**
Granted during the year	3 679 129
Outstanding at the end of the year	3 679 129

An expense of US$90 thousand was recognised in profit or loss.

Valuation of share option at grant date was ZAR1.64 per share.

Appreciation rights issued for the Group	**Number**
Granted during the year	2 051 139
Outstanding at the end of the year	2 051 139

An expense of US$185 thousand was recognised in profit or loss.

Valuation of share award at grant date was ZAR4.04 per share.

Information on awards granted during the year

Fair values were determined by a Black Scholes model for the LTIP awards and a Binomial tree model for the SARS awards. The following inputs were used:

• Spot price	ZAR25.00
• Strike price	ZAR38.00
• Expected volatility	33%
• Dividend yield	3.55%
• The risk-free interest rate	Zero coupon swap curve
• Forfeiture assumption	5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

7. NET FINANCE COSTS

	Years ended 30 September 2014 US$'000	2013 US$'000
Finance income		
Interest income	897	607
Changes in fair value gains on financial assets at fair value through profit or loss	-	256
	897	863
Finance costs		
Changes in fair value gains on financial assets at fair value through profit or loss	(659)	-
Interest expense	(13 400)	(14 336)
Bank charges	(96)	(158)
Net foreign currency losses	(500)	(250)
	(14 655)	(14 744)
Changes in fair value of financial liabilities at fair value through profit or loss	(32 420)	(48 424)
Net finance costs	(46 178)	(62 305)

8. DIRECTORS REMUNERATIONS

The remuneration of the directors of the Company for the year ended 30 September 2014 and 2013 is set out in the tables below:

2014 Directors' remuneration

	Directors' fees US$'000	Salary US$'000	Expense allowance US$'000	Other material benefits received US$'000	Pension scheme US$'000	Total US$'000
Loucas Pouroulis	-	580	-	-	-	580
Phoevos Pouroulis	-	444	12	14	13	483
Michael Jones	-	360	-	21	54	435
John David Salter	262	-	-	-	-	262
Ioannis Drapaniotis	132	-	-	-	-	132
Antonios Djakouris	191	-	-	-	-	191
Omar Kamal	13	-	-	-	-	13
Total	598	1 384	12	35	67	2 096

8. DIRECTORS REMUNERATIONS *(continued)*

2013 Directors' remuneration

	Directors' fees US$'000	Salary US$'000	Expense allowance US$'000	Other material benefits received US$'000	Pension scheme US$'000	Total US$'000
Loucas Pouroulis	-	715	-	-	-	715
Phoevos Pouroulis	-	538	13	17	16	584
Michael Jones	-	439	-	21	66	526
John David Salter	252	-	-	-	-	252
Ioannis Drapaniotis	155	-	-	-	-	155
Antonios Djakouris	235	-	-	-	-	235
Omar Kamal	-	-	-	-	-	-
Evi Papacleovoulou	50	-	-	-	-	50
Carman Wah Man Chan	40	-	-	-	-	40
Total	732	1 692	13	38	82	2 557

Share scheme awards offered to the Directors

During the year ended 30 September 2014, the number of share grants, conditional awards (“LTIPs”) and appreciation rights (“SARS”) awarded to the Directors of the Company is as follows:

	Grants Number	LTIPs Number	SARS Number	Total Number
Loucas Pouroulis	-	161 052	80 526	241 578
Phoevos Pouroulis	-	134 211	67 105	201 316
Michael Jones	-	120 789	60 394	181 183
John David Salter	-	-	-	-
Ioannis Drapaniotis	-	-	-	-
Antonios Djakouris	-	-	-	-
Omar Kamal	-	-	-	-
Total	-	416 052	208 025	624 077

Details of each scheme are disclosed in note 6 of the consolidated financial statements. There were no share award schemes offered by the Group to the Directors for the year ended 30 September 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

9. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Years ended 30 September 2014 US$'000	2013 US$'000
(a) Staff costs		
Directors' fees	598	732
Directors' salaries and other benefits	1 430	1 742
Salaries, wages and other benefits	19 682	20 005
Contributions to defined contribution retirement plans	1 623	1 540
Equity settled share based payment expense	389	-
	23 722	24 019
(b) Other items		
Allowance for inventory obsolescence (note 16)	1 195	-
Fair value charge of financial assets	-	310
Impairment loss of goodwill (note 13)	72	75
Amounts written off directly in profit or loss	-	81
Impairment loss of property, plant and equipment (note 12)	-	2 097
Write off of property, plant and equipment	25	-
Depreciation (note 12)	10 764	12 438
Fees for professional services for the listing	2 610	3 126
Independent auditors' remuneration	504	608
Operating lease payments	425	342
Marketing fees	1 304	-

10. TAX

	Years ended 30 September 2014 US$'000	2013 US$'000
Corporate income tax for the year		
- Cyprus	765	991
- South Africa	300	94
Special contribution for defence in Cyprus for the year	1	3
Deferred tax		
-origination and reversal of temporary differences (note 22)	13 482	(16 613)
Tax charge/(credit)	14 548	(15 525)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

10. TAX *(continued)*

The entities within the Group are taxed in the countries in which they are incorporated and operate at the relevant tax rates as follows:

	Country	Years ended 30 September 2014	2013
Tharisa plc	Cyprus	12.5%	12.5%
Tharisa Minerals Proprietary Limited	South Africa	28.0%	28.0%
Tharisa Investments Limited	Cyprus	12.5%	12.5%
Arxo Resources Limited	Cyprus	12.5%	12.5%
Tharisa Fujian Industrial Co., Ltd	The PRC	25.0%	25.0%
Arxo Logistics Proprietary Limited	South Africa	28.0%	28.0%
Tharisa Administration Services Limited	Cyprus	12.5%	12.5%
Tharisa Investments (Hong Kong) Limited	Hong Kong	16.5%	16.5%
Arxo Metals Proprietary Limited	South Africa	28.0%	28.0%
Braeston Corporate Consulting Services Proprietary Limited	South Africa	28.0%	28.0%
Dinami Limited	Guernsey	0.0%	0.0%

Tax rates are not disclosed for the years when subsidiaries were not yet acquired or established by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

10. TAX *(continued)*

Reconciliation between tax credit and accounting loss at applicable tax rates:

	Years ended 30 September 2014 US$'000	2013 US$'000
Loss before tax	(40 325)	(62 968)
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdictions concerned	10 203	(25 582)
Non taxable income	(556)	(580)
Non deductible expenses	5 138	10 155
Recognition of deemed interest income for tax purposes	45	171
Tax losses not recognized for deferred tax purposes	288	308
Special contribution to the defence fund (note (i))	1	3
Deferred tax	(571)	-
Tax charge/(credit)	14 548	(15 525)

Notes:

(i) Special contribution for defence is provided in Cyprus on certain interest income at the rate of 30% (15% until 29 April 2013). 100% of such interest income is treated as non taxable in the computation of chargeable income for corporation tax purposes.

(ii) No provision for PRC Income Tax was made as the PRC subsidiary has sustained losses for taxation purposes.

(iii) No provision for Hong Kong Profits Tax was made as the Hong Kong subsidiary did not earn any assessable profits.

11. LOSS PER SHARE

(i) Basic and diluted loss per share

The calculation of basic and diluted loss per share has been based on the following loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding.

	Years ended 30 September 2014 US$'000	2013 US$'000
Loss for the year attributable to ordinary shareholders	(48 997)	(48 347)
Weighted average number of ordinary shares at 30 September ('000)	247 879	241 591
Basic and diluted loss per share (US$)	(0.20)	(0.20)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

11. LOSS PER SHARE *(continued)*

	Years ended 30 September 2014 Number of shares ('000)	2013 Number of shares ('000)
Issued ordinary shares at beginning of year	6 170	6 170
Effect of bonus issue of ordinary shares	154 247	154 247
Effect of convertible redeemable preference shares converted into ordinary shares	81 174	81 174
Effect of new issue of ordinary shares including share grants	6 288	-
Weighted average number of ordinary shares at 30 September	247 879	241 591

For the purpose of calculating basic and diluted loss per share, the weighted average number of ordinary shares used in the above calculations reflects the effect of the bonus issue and the conversion of the redeemable convertible preference shares (as disclosed in note 20 of the consolidated financial statements) as if it had occurred at the beginning of the earliest period presented.

At 30 September 2014, LTIP and SARS awards were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti dilutive. The average market value of the Company's shares for the purposes of calculating the potential dilutive effect of SARS was based on quoted market prices for the year during which the options were outstanding.

(ii) Headline and diluted headline loss per share

The calculation of headline and diluted headline loss per share has been based on the following headline loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding.

	Years ended 30 September 2014 US$'000	2013 US$'000
Headline loss for the year attributable to the ordinary shareholders (note 11(iii))	(48 925)	(46 762)
Weighted average number of ordinary shares at 30 September (note 11(i)) ('000)	247 879	241 591
Headline and diluted headline loss per share (US$)	(0.20)	(0.19)

tharisa plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

11. LOSS PER SHARE *(continued)*

(iii) Reconciliation of loss to headline loss

	Years ended 30 September 2014		2013	
	US$'000	US$'000	US$'000	US$'000
	Gross	Net	Gross	Net
Loss attributable to ordinary shareholders of the Company		(48 997)		(48 347)
Adjustments:				
IAS 33 losses				
Impairment of goodwill	72	72	75	75
Impairment loss of PPE - mining assets and infrastructure	-	-	2 097	1 510
Headline loss		(48 925)		(46 762)

12. PROPERTY, PLANT AND EQUIPMENT

	Balance at 1 October 2013	Additions	Transfers	Disposals	Exchange differences	Balance at 30 September 2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
Freehold land and buildings	14 645	1 618	2 295	-	(1 760)	16 798
Mining assets and infrastructure	268 844	22 181	(2 401)	-	(29 636)	258 988
Leasehold improvements	111	2	30	-	(13)	130
Computer equipment and software	1 983	339	(118)	(3)	(205)	1 996
Motor vehicles	280	114	164	(78)	(38)	442
Office equipment and furniture, social community and site office improvements	465	35	30	-	(46)	484
	286 328	24 289	-	(81)	(31 698)	278 838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Balance at 1 October 2013 US$'000	Charge for the year US$'000	Written back on disposals US$'000	Exchange differences US$'000	Balance at 30 September 2014 US$'000
Accumulated depreciation					
Freehold land and buildings	11	129	-	(9)	131
Mining assets and infrastructure	16 132	10 023	-	(2 305)	23 850
Leasehold improvements	83	27	-	(10)	100
Computer equipment and software	661	407	(1)	(75)	992
Motor vehicles	98	74	(44)	(11)	117
Office equipment and furniture, social community and site office improvements	213	104	-	(25)	292
	17 198	10 764	(45)	(2 435)	25 482

	Balance at 1 October 2012 US$'000	Additions US$'000	Transfers US$'000	Impairment US$'000	Exchange differences US$'000	Balance at 30 September 2013 US$'000
Cost						
Freehold land and buildings	16 251	1 363	-	-	(2 969)	14 645
Mine development assets under construction	136 718	-	(126 450)	-	(10 268)	-
Mining assets and infrastructure	169 606	21 874	124 681	(2 097)	(45 220)	268 844
Leasehold improvements	77	2	56	-	(24)	111
Computer equipment and software	1 341	932	-	-	(290)	1 983
Motor vehicles	254	60	-	-	(34)	280
Office equipment and furniture, social community and site office improvements	514	85	(56)	-	(78)	465
	324 761	24 316	(1 769)	(2 097)	(58 883)	286 328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Balance at 1 October 2012 US$'000	Charge for the year US$'000	Exchange differences US$'000	Balance at 30 September 2013 US$'000
Accumulated depreciation				
Freehold land and buildings	-	12	(1)	11
Mining assets and infrastructure	5 965	11 786	(1 619)	16 132
Leasehold improvements	40	55	(12)	83
Computer equipment and software	281	447	(67)	661
Motor vehicles	64	43	(9)	98
Office equipment and furniture, social community and site office improvements	148	95	(30)	213
	6 498	12 438	(1 738)	17 198

	30 September 2014 US$'000	30 September 2013 US$'000	1 October 2012 US$'000
Net book value			
Freehold land and buildings	16 667	14 634	16 251
Mine development assets under construction	-	-	136 718
Mining assets and infrastructure	235 138	252 712	163 641
Leasehold improvements	30	28	37
Computer equipment and software	1 004	1 322	1 060
Motor vehicles	325	182	190
Office equipment and furniture, social community and site office improvements	192	252	366
	253 356	269 130	318 263

All of the Group's land is freehold and located on the farms 342 JQ and Elandsdrift 467 JQ, North West Province. All farms are situated in the North West Province, Registration Division JQ, South Africa.

At 30 September 2014, all of the property, plant and equipment of subsidiary company Tharisa Minerals Proprietary Limited, the carrying amount of which amounted to US$249 083 thousand (2013: US$264 357 thousand) is pledged as security against the secured bank borrowing (note 23(a)).

As at 30 September 2014, all of the plant and equipment of a subsidiary company, Arxo Metals Proprietary Limited, the carrying amount of which amounted to US$3 799 thousand (2013: US$4 189 thousand) is pledged as security against a third party borrowing (note 23(b)).

There was a change in accounting estimate in the units of production method used to calculate the depreciation on mine assets and infrastructure due to a change in Tharisa Minerals Proprietary Limited's estimated economically recoverable proved and probable reserve from 105.0 Mt to 125.9 Mt during the year, which gave rise to a change in accounting estimate. This change was recognised prospectively. The estimated value of the effect in future periods is US$1 207 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

13. GOODWILL

(a) Reconciliation of carrying amount

	Years ended 30 September 2014 US$'000	2013 US$'000
Cost		
Balance at 1 October	1 502	1 384
Acquisition through business combination (note 28)	-	396
Effect of movements in exchange rates	(156)	(278)
Balance at 30 September	1 346	1 502

	Years ended 30 September 2014 US$'000	2013 US$'000
Accumulated impairment losses		
Balance at 1 October	75	-
Impairment of goodwill	72	75
Effect of movements in exchange rates	(12)	-
Balance at 30 September	135	75
Carrying amounts 30 September	1 211	1 427

(b) Impairment test for goodwill

Impairment losses were recognised in relation to goodwill which arose from the acquisition of Arxo Logistics Proprietary Limited and Braeston Corporate Consulting Services Proprietary Limited, as follows:

	Years ended 30 September 2014 US$'000	2013 US$'000
Arxo Logistics Proprietary Limited (note 13(b)(i))	55	57
Braeston Corporate Consulting Services Proprietary Limited (note 13(b)(ii))	17	18
Impairment loss	72	75

13. GOODWILL *(continued)*

(b) Impairment test for goodwill *(continued)*

(i) Impairment loss on Arxo Logistics Proprietary Limited

At 30 September 2014, the carrying amount of Arxo Logistics Proprietary Limited CGU exceeded its recoverable amount and thus impairment was recognised to reduce the carrying amount of goodwill. The recoverable amount is determined based on value-in-use calculation. This calculation uses cash flow projections approved by management covering a thirty one-year period. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a nominal discount rate of 11.53%. The discount rate used is a pre-tax nominal rate and reflects specific risks relating to the relevant segment.

(ii) Impairment loss on Braeston Corporate Consulting Services Proprietary Limited

At 30 September 2014, the carrying amount of Braeston Corporate Consulting Services Proprietary Limited CGU exceeded its recoverable amount and thus impairment was recognised to reduce the carrying amount of goodwill. The recoverable amount is determined based on value-in-use calculation. This calculation uses cash flow projections approved by management covering a thirty one-year period. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a nominal discount rate of 11.53%. The discount rate used is a pre-tax nominal rate and reflects specific risks relating to the relevant segment.

14. LONG TERM DEPOSITS

	Years ended 30 September	
	2014	2013
	US$'000	US$'000
Long term deposits	14 479	7 708

As at 30 September 2014 and 30 September 2013, the amounts of US$14 479 thousand and US$7 708 thousand respectively were restricted as a security for bank guarantee for the “debt service reserve account” as required within the terms of the Common Terms Agreement for the project financing of Tharisa Minerals Proprietary Limited as disclosed in note 23. This amount will be reduced by the additional amount, if any transferred to Tharisa Minerals Proprietary Limited to its debt service reserve account. The amount of security includes a 10% margin for exchange differences. As at 30 September 2014 and 30 September 2013, long term deposits held by the Company of US$7 389 thousand and US$Nil respectively were deposited in a one month notice account with interest of 0.01% p.a and US$7 090 thousand and US$7 708 thousand held by Tharisa Minerals Proprietary Limited were deposited in a one month notice account with interest of 2.64% p.a and Nil% p.a respectively.

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15. OTHER FINANCIAL ASSETS

	30 September 2014 US$'000	30 September 2013 US$'000
Non-current:		
Investments in cash funds and income funds (note 15(a))	4 969	3 656
Interest rate caps (note 15(b))	39	118
	5 008	3 774
Current:		
Investments at fair value through profit or loss	86	86
Discount facility (note 15(c))	356	225
	442	311

(a) The investment in cash funds and income funds is provided to Lombard Insurance Group as collateral against the guarantee issued by Lombard Insurance Group to the Department of Mineral Resources of South Africa in the amount of ZAR100.5 million (see note 21). The balance is unsecured and is considered as level 2 in the fair value hierarchy and held at fair value through profit or loss (designated), (note 29(d)).

(b) Interest rate caps were obtained from a consortium of financial institutions, against the floating 3 month Johannesburg Interbank Agreed Rate (“JIBAR”) on 25% of the secured bank borrowing (note 23(a)) .The interest rate caps have a strike rate of 7.5% and terminate on 31 March 2017. The balance is considered as level 2 in the fair value hierarchy and held at fair value through profit or loss (held for trading), (note 29(d)).

(c) Discount facility relates to fair value adjustments on the limited recourse disclosed receivables discounting facility (“Discount facility”) with ABSA, Nedbank and HSBC in terms of which 98% of the sales of platinum, palladium and gold (included in PGM) is sold at an effective finance cost of JIBAR (3 month) + 2%. The facility is for an amount of ZAR300 million. The balance is considered as level 2 in the fair value hierarchy and held at fair value through profit or loss (designated), (note 29(d)).

16. INVENTORIES

	30 September 2014 US$'000	30 September 2013 US$'000
Finished products	6 891	13 037
Ore stockpile	1 517	1 247
In progress metal	3 011	6 841
Consumables	3 148	2 918
	14 567	24 043

Inventories are stated at the lower of cost and net realisable value.

Inventories have a general notarial bond in favour of the lenders of the senior debt facility as referred to in note 23(a) of the consolidated financial statements.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Years ended 30 September 2014 US$'000	Years ended 30 September 2013 US$'000
Carrying amount of inventories sold	140 240	120 214
Allowance for inventory obsolescence	1 195	-
	141 435	120 214

All amounts of inventories are expected to be recovered within one year from each reporting date.

17. TRADE AND OTHER RECEIVABLES

	30 September 2014 US$'000	30 September 2013 US$'000
Trade receivables		
- Third parties	27 679	21 140
- Related parties (note 30)	55	55
Deposits, prepayments and other receivables	2 495	1 637
Value added tax recoverable	2 286	6 291
	32 515	29 123

Trade and other receivables of the Group are expected to be recoverable within one year from each reporting date.

17. TRADE AND OTHER RECEIVABLES *(continued)*

The ageing of trade receivables after allowance for credit losses was as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Current	27 456	21 108
Past due but not impaired	278	87
	27 734	21 195

The movement in allowance for credit losses in respect of trade and other receivables of the Group during the year was as follows:

	Years ended 30 September 2014 US$'000	2013 US$'000
Balance at 1 October	-	163
Amounts written off during the year directly against the financial asset	-	(147)
Exchange differences	-	(16)
Balance at 30 September	-	-

Trade and other receivables which are less than 90 days past due are not considered to be impaired. Trade and other receivables which are more than 90 days past due are assessed for recoverability with reference to past default experience of the counterparty's current financial position.

At 30 September 2014 an amount of US$Nil (2013: US$Nil), of the Group's trade receivables was determined to be impaired. Based on past experience, management believes that no impairment allowance is necessary in respect of the remaining trade and other receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 29 of the consolidated financial statements.

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For the year ended 30 September 2014

18. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Bank balances	19 370	27 472
Call deposits	259	545
	19 629	28 017

As at 30 September 2014 and 30 September 2013, an amount of US$1 997 thousand and US$2 331 thousand respectively was provided as security for a bank guarantee issued in favour of a trade creditor of the Group, an amount of US$2 500 thousand and US$2 500 thousand respectively was placed as security against a credit facility of a subsidiary of the Company (note 23(c)) and US$327 thousand and US$327 thousand respectively was provided as security against certain credit facilities of the Group.

19. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

At 30 September 2014, the authorised ordinary share capital of the Company consisted of 10 000 000 thousand ordinary shares of US$0.001 each (2013: 10 000 000 thousand ordinary shares) and 1 051 convertible redeemable preference shares of US$1 each (2013: 1 051 convertible redeemable preference shares).

During the year ended 30 September 2014 the following changes took place:

- Issue of an additional 154 248 thousand ordinary shares as a bonus issue of 25 ordinary shares for each share held.
- Issue of 13 158 thousand new ordinary shares for cash at a price of ZAR38 per share with a par value of US$0.001 per share.
- Issue of 81 174 thousand new ordinary shares to holders of the convertible redeemable preference shares of the Company on their conversion in terms of the Articles of Association.
- Issue of 32 thousand new ordinary shares as share grants at nil consideration awarded to the Group's management and staff.

The issued and fully paid share capital of the Company consisted of 254 781 thousand ordinary shares of US$0.001 each (2013: 6 170 thousand ordinary shares).

19. SHARE CAPITAL AND RESERVES *(continued)*

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No changes were made to the share capital of the company during the year ended 30 September 2013.

(c) Nature and purpose of reserves

(i) Share premium

The share premium reserve represents the excess of the issuance price of shares over their nominal value to the extent that it is registered at the Register of Companies of Cyprus. The share premium reserve is not distributed for dividend purposes. During the year the Company issued new share capital following its listing on the JSE. Share issue expenses totalling US$1 416 thousand have been recognised as a deduction from the share premium account.

(ii) Other reserve

Other reserve represents the excess of the issuance price of the Company's ordinary shares over the sum of their nominal value and share premium arising from such issuance as registered with the Registrar of Companies in Cyprus.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(iv) Revenue reserve

The revenue reserve includes the accumulated retained profit and losses of the Group. The revenue reserve is distributable for dividend purposes.

(d) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to the owners through the optimisation of the debt and equity balance. The policy of the Board of Directors is to maintain a strong capital base to sustain future development of the business. The Company is not exposed to externally imposed capital requirements.

20. REDEEMABLE PREFERENCE SHARES

	30 September 2014 US$'000	30 September 2013 US$'000
Convertible redeemable preference shares of the Company (note 20(a))	-	260 291
Class B preference shares of a subsidiary (note 20(b))	-	12 171

(a) Terms of convertible redeemable preference shares of the Company

Convertible redeemable preference shares relate to convertible redeemable preference shares of the Company. The authorised convertible redeemable preference share capital of the Company was US$1 051 at 30 September 2014 and 30 September 2013, divided into 1 051 shares of US$1.00 each. The issued convertible redeemable preference share capital of the Company consisted of Nil and 1 051 shares at 30 September 2014 and 30 September 2013 respectively. All shares were issued on 14 April 2011, at a price of US$142 857 each and were fully paid. Convertible redeemable preference shares rank before ordinary shares with respect to the return of the nominal value of capital and share premium but rank equally with ordinary shares with respect to the Company's residual assets after return of the nominal amount of capital and share premium. The holders of convertible redeemable preference shares were entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Following the Company's listing on the JSE, the convertible redeemable preference shares were converted into fully paid ordinary shares.

The conversion was calculated as per the conversion clause described in the Articles of Association at the higher of the following:

(i) 1 420 ordinary shares for every one convertible redeemable preference share; or

(ii) The number of ordinary shares calculated by dividing the notional return amount by the offer price per ordinary share in an IPO, or on the sale of any of the shares in the capital of the Company which will result in the purchaser of those shares acquiring control of the Company or in the sale of all or substantially all assets of the Company and its subsidiaries.

The notional return amount is the amount calculated by applying to the subscription price for each convertible redeemable preference share an internal rate of return ("IRR") of 25%, taking into account any cash dividends which have been paid by the Company to the holders of the convertible redeemable preference shares between the subscription date and the conversion date.

Applying the conversion provisions , the convertible redeemable preference shares were converted into 81 174 thousand ordinary shares as also detailed in note 19.

The fair value of the convertible redeemable preference shares up to the date of the listing and their conversion into ordinary shares is measured using a probability weighted expected return method as set out in note 29(e)(iii).

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For the year ended 30 September 2014

20. REDEEMABLE PREFERENCE SHARES *(continued)*

(b) Terms of Class B preference shares of a subsidiary

Class B preference shares relate to cumulative redeemable preference shares of Tharisa Minerals Proprietary Limited.

Pursuant to the terms of Class B preference shares and following the listing of the Company on the JSE, the capital portion of the Class B preference shares was redeemed on 16 May 2014. Dividends accruing but not paid to the Class B preference shareholders have been reclassified under trade and other payables and bear interest at the South African prime bank overdraft rate + 2%.

21. PROVISIONS

	Years ended 30 September	
	2014	2013
	US$'000	US$'000
Provision for future rehabilitation		
Balance at 1 October	4 738	11 391
Capitalised to inventories	(137)	(3 774)
Capitalised to mining assets and infrastructure	2	(1 653)
Recognised in profit or loss	355	354
Exchange differences	(506)	(1 580)
Balance at 30 September	4 452	4 738

As detailed in (note 3(p)), the Group has a legal obligation to rehabilitate the site where the Group's mine is located, once the mining operations cease which would be when the current mine life of the project expires.

An insurance company has provided a guarantee to the Department of Mineral Resources of South Africa to satisfy the requirements of the Mineral and Petroleum Resources Development Act with respect to environmental rehabilitation and the Group has pledged as collateral its investments in interest-bearing debt instruments to the insurance company to support this guarantee (see note 15(a)).

The interest rate used for estimating future costs is the long-term risk free rate as indicated by the R186 government bond of South Africa, which was 8.33% and 7.92% as at 30 September 2014 and 2013, respectively. The net present value of the current rehabilitation estimate is based on the average of the long-term inflation target range of the South African Reserve Bank of 4.5% (2013: 4.5%).

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For the year ended 30 September 2014

22. DEFERRED TAX

Deferred tax balances are analysed as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Deferred tax assets	5 970	20 623
Deferred tax liabilities	(20)	-
	5 950	20 623

	Years ended 30 September 2014 US$'000	2013 US$'000
Recognised deferred tax assets/ (liabilities)		
Balance at 1 October	20 623	6 403
Temporary differences recognised in profit or loss in relation to:		
- Capital allowances on property, plant and equipment	122	(731)
- Provisions	81	(1 420)
- Tax losses	3 548	15 401
- Others	(17 233)	3 363
	(13 482)	16 613
Exchange difference	(1 191)	(2 393)
Balance at 30 September	5 950	20 623

During the year, the Group reassessed the recoverability of its deferred tax asset which arises at the South African level. The reassessment resulted primarily from the further losses incurred by Tharisa Minerals Proprietary Limited in the current financial year and the matters referred to in the going concern assessment detailed in note 2(d), particularly relating to the trend of declining commodity prices experienced during the year.

A significant component of the deferred tax asset relates to the foreign exchange losses on the preference share liability of Tharisa Minerals Proprietary Limited, which is denominated in US$. The exchange losses can only be claimed on redemption of the preference shares. The aforementioned factors have resulted in a revised cash flow forecast which indicates that the earliest redemption date of the preference shares is unlikely to be in the near term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

22. DEFERRED TAX *(continued)*

While the Group remains confident that the commodity prices will recover, based on the current commodity prices and the uncertainty of future prices, the Group is of the view that it would be prudent to take a more near term view in assessing the likelihood of utilising the deferred tax asset and has therefore derecognised a portion of the deferred tax asset that was recognised by Tharisa Minerals Proprietary Limited. As a result, the Group has derecognised US$13 142 thousand of its deferred tax asset and did not recognise a further US$9 324 thousand that arose during the year.

The estimates used to assess the recoverability of the recognised deferred tax asset include the following: i) an increase in commodity prices from the average prices achieved in November 2014 of 4.5% (being the mid-point of the SARB inflation target) per annum with effect from 1 April 2015; ii) the cash flow projections were based on a 3 year period (in assessing the earliest commencement of the redemption of the preference share liability) and iii) forecast of taxable income.

In assessing the recoverability of the deferred tax recognised, management is satisfied that Tharisa Minerals Proprietary Limited will generate sufficient taxable income against which the recognised deferred tax asset on the tax losses and deductible temporary differences can be utilised.

The Group did not have tax losses and temporary differences for which deferred tax was not recognised except that the Group has not recognised deferred tax assets in respect of a subsidiary's tax losses of US$1 273 thousand and US$980 thousand as at 30 September 2014 and 2013, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses at 30 September 2014 and 2013 expire in 2019 and 2018 respectively.

23. BORROWINGS

	30 September 2014 US$'000	30 September 2013 US$'000
Non-current:		
Secured bank borrowing (note 23(a))	63 333	90 833
Other borrowings - loans payable to third parties (note 23(b))	890	1 979
	64 223	92 812
Current:		
Secured bank borrowing (note 23(a))	17 899	19 854
Other borrowings – loans payable to third parties (note 23(b))	1 095	1 354
Other borrowings – bank credit and other facility (note 23(c))	9 775	12 610
Other borrowings - loans payable to related parties (note 30)	2 217	2 870
	30 986	36 688

23. BORROWINGS *(continued)*

(a) During the year ended 30 September 2012 the Group obtained financing of ZAR1 billion from a consortium of banks in South Africa, to finance the expansion projects of its mining activities. The financing is for a period of 7 years and is repayable in 22 equal quarterly installments, with the first repayment date at 31 December 2013. The financing was obtained by Tharisa Minerals Proprietary Limited, a subsidiary of the Group.

Repayments are subject to a cash sweep which will reduce the repayment period to a minimum of five years. Tharisa Minerals Proprietary Limited is required to maintain funds in a debt service reserve account, refer to note 14, and may utilize funds in this account, with the prior written consent of the lenders for the purpose of making a repayment in the event that Tharisa Minerals Proprietary Limited does not have the necessary funds available to make the debt repayment. The financing bears interest at 3 month JIBAR + 3.4% to 3.9% per annum. The financing is secured by the assets of the subsidiary and by the shares of the Company in the subsidiary and is also guaranteed by the Company.

The loan contains the following financial covenants:

- Debt service cover ratio ("DSCR") at a level greater than 1.4 times
- Loan life cover ratio at a level greater than 1.6 times
- Debt/equity ratio at a level greater than 1.5 times
- Reserve tail ratio at a level of 30% or greater.

As at 30 September 2014 Tharisa Minerals Proprietary Limited complied with all covenant ratios, except for the historic DSCR which was calculated as -0.36. The historic DSCR is calculated as the cash flow available for repayment divided by the actual repayment for the six month period preceding the covenant measurement date. The lenders granted a waiver on the requirement as at 30 September 2014. Repayment terms were not renegotiated but the interest rate was increased by 1% to JIBAR + 4.9% prior to technical completion. The technical completion date was extended to 28 November 2015. The company hedges a portion of the facility for interest rate risk via an interest rate cap. As described in note 14, an amount of US$14 409 thousand was restricted as a security for a bank guarantee by the Company and Tharisa Minerals Proprietary Limited.

(b) During the year ended 30 September 2012 a subsidiary of the Group obtained a credit facility of ZAR35 000 thousand from a third party. The facility is payable in 36 equal monthly instalments commencing 7 months after the first draw down. Interest on the facility utilized as at the prevailing South African prime interest rate. The financing was obtained by Arxo Metals Proprietary Limited, a subsidiary of the Group, and is secured by the assets of the subsidiary.

(c) During the year ended 30 September 2013 the Group obtained a US$12 500 thousand bank credit facility that allows the Group to receive a percentage of trade receivables on receipt of an acceptable letter of credit which results in significant shortening of the credit period. This facility has a tenor of 60 days and is secured by cash and cash equivalents of the Group of US$2 500 thousand and is also guaranteed by the Company. The other facility relates to the discounting of the letters of credits by the Group's banks following performance of the letter of credit conditions by the Group which results in funds being received in advance of the normal payment date. Interest on these facilities ranges from US Libor + 1.5% to 2.5%.

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24. CURRENT TAXATION

Current taxation in the statements of financial position represents:

	30 September 2014 US$'000	30 September 2013 US$'000
Corporate income tax recoverable (note 24(a))	3	-
Corporate income tax payable (note 24(b))	421	294

(a) The above amounts are provided in Cyprus.

(b) The above amounts are provided in Cyprus and South Africa.

25. TRADE AND OTHER PAYABLES

	30 September 2014 US$'000	30 September 2013 US$'000
Trade payables - third parties	13 775	14 340
Amount due to related parties (note 30)	108	150
Other payables	466	678
Accruals	15 524	13 721
Leave pay provision	1 700	1 631
Operating lease payable	9	74
Interest bearing - accrued dividends (note 20(b))	5 433	-
Value added tax payable	209	209
	37 224	30 803

The above amounts are payable within one year from the reporting period.

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26. PARTICIPATION OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors, as at 30 September 2014 and 30 September 2013 were as follows:

	30 September 2014 %	30 September 2013 %
Loucas Pouroulis	-	-
Phoevos Pouroulis	2.62	-
Michael Jones	-	-
John David Salter	-	-
Ioannis Drapaniotis	-	-
Antonios Djakouris	-	-
Omar Kamal	0.14	-
Total	2.76	-

There has been no change in the Directors' interests in the share capital of the Company between the end of the financial year and the date of the approval of the annual consolidated financial statements.

27. ANALYSIS OF SHAREHOLDERS

The shareholders holding directly or indirectly more than 5% of the share capital and their respective number of shares as at 30 September 2014 is as follows:

	No of shares	30 September 2014 %
Medway Developments Limited	119 030 073	46.72
LCC Pershing	40 548 241	15.91
Fujian Wuhang Stainless Steel Products Co. Limited	28 070 211	11.02
Maaden Invest Limited	14 989 357	5.88

There has been no change in the shareholders holding more than 5% of the share capital of the Company between the end of the financial year and the date of the approval of the annual consolidated financial statements.

27. ANALYSIS OF SHAREHOLDERS *(continued)*

An analysis of the public and non-public shareholders of the Company as at 30 September 2014 is as follows:

	Number of shareholders	Number of shares	% of issued share capital
Public	110	60 159 025	23.61
Non-public:			
Directors and associates of the Company and its subsidiaries	3	126 003 169	49.46
Persons interested (other than directors), directly or indirectly , in 10% or more	2	68 618 452	26.93
	115	254 780 646	100.00

28. BUSINESS COMBINATIONS

Acquisition of a subsidiary

Braeston Corporate Consulting Services Proprietary Limited :

On 1 April 2013, Tharisa Administration Services Limited acquired 100% of the ordinary share capital of Braeston Corporate Consulting Services Proprietary Limited for US$108. Braeston Corporate Consulting Services Proprietary Limited is a South African company that was acquired to provide and centralize management and administration services primarily to other group companies. The subsidiary contributed revenue of US$4 thousand to the Group during the period from 1 April 2013 to 30 September 2013. The subsidiary contributed a loss of US$339 thousand during the period from 1 April 2013 to 30 September 2013. If the acquisition had occurred on 1 October 2012, the subsidiary would have contributed revenue and loss of US$6 thousand and US$384 thousand respectively for the year ended 30 September 2013.

28. BUSINESS COMBINATIONS *(continued)*

Acquisition of a subsidiary *(continued)*

Details of net assets acquired and goodwill are as follows:

	Carrying amounts and fair values US$'000
Trade and other receivables	17
Cash and cash equivalents	154
Trade payables	(80)
Borrowings	(487)
	(396)
Goodwill arising from acquisition (note 13)	396
Consideration paid satisfied in cash	-
Cash acquired	(154)
Net cash inflow in respect of the acquisition of subsidiary	(154)

Management has assessed that the fair values of the identifiable assets acquired and liabilities assumed were approximately the same as the amounts presented in the books of the subsidiary on the acquisition date.

29. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Group is exposed to credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout this note.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

29. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables and cash and cash equivalents and deposits.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, as these factors may have an influence on credit risk. In monitoring customer credit risk, management reviews on a regular basis the ageing of trade and other receivables to obtain comfort that there are no past due amounts.

The Group establishes an allowance for credit losses that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. As at 30 September 2014 and 2013, none of the carrying amounts of trade and other receivables is either past due or impaired, for which an allowance for credit losses is necessary. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default and who have a good track record with the Group.

The allowance for credit losses in respect of trade and other receivables is used to record credit losses unless management is satisfied that no recovery of the amount owing is possible and at that point the amount considered irrecoverable is written off against the financial asset directly.

The most significant exposure of the Group to credit risk is represented by the carrying amount of trade receivables. The Board of Directors performs regular ageing reviews of trade receivables to identify any doubtful balances. Based on the review performed for the reporting period, the Board of Directors concluded that no additional allowance for credit losses is necessary in respect of trade receivables. 41% and 37% of the total trade receivables were due from the Group's largest customer as at 30 September 2014 and 30 September 2013, respectively.

Cash and cash equivalents and deposits:

The Group limits its exposures on cash and cash equivalents and deposits by dealing only with well-established financial institutions of high quality credit standing. The majority of the Group's cash resources were deposited with HSBC based in Hong Kong and South Africa.

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29. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances of the forecast production not being achieved and/or South African Rand commodity prices weaken, as discussed in note 2(d) which circumstances may create a material uncertainity in relation to the going concern of the Group.

The following table shows the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

30 September 2014

	Contractual undiscounted cash outflow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount At 30 September US$'000
Borrowings	39 851	25 437	52 647	-	117 935	95 209
Trade and other payables	37 224	-	-	-	37 224	37 224
Current taxation	421	-	-	-	421	421
	77 496	25 437	52 647	-	155 580	132 854

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29. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk *(continued)*

30 September 2013

	Contractual undiscounted cash outflow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount At 30 September US$'000
Borrowings	46 866	29 531	74 048	10 612	161 057	129 500
Trade and other payables	30 803	-	-	-	30 803	30 803
Class B preference shares	12 171	-	-	-	12 171	12 171
Current taxation	294	-	-	-	294	294
	90 134	29 531	74 048	10 612	204 325	172 768

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income and the values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

Currency risk is the risk that the value of financial intsruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the Group entities. These currency risk exposures arise primarily from exchange rate movements in ZAR, Euro (€), British Sterling (STG) and US$.

Typically the Group monitors currency fluctuations and evaluates the potential impact on its operations when possible. Financial risk management may not be possible for instances of the forecast production not being achieved and/or South African Rand commodity prices weaken, as discussed in note 2(d) which circumstances may create a material uncertainty in relation to the going concern of the Group.

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29. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(i) Currency risk (continued)

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. Exposures in US$ relate to recognized assets and liabilities denominated in US$ of entities of the Group that have a functional currency other than the US$. For presentation purposes, the amounts of the exposure are shown in US$, translated using the spot rate at the reporting date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

At the reporting date the Group's exposure to currency risk was as follows:

	30 September 2014				30 September 2013			
Amounts in US$'000	US$	ZAR	€	STG	US$	ZAR	€	STG
Trade and other receivables	-	12	91	-	-	45	377	-
Cash and cash equivalents	4 226	2 726	67	2	6 227	123	85	1
Trade and other payables	-	(35)	(355)	(1)	-	(89)	(565)	(88)
Current taxation	-	-	(371)	-	-	-	(274)	-
	4 226	2 703	(568)	1	6 227	79	(377)	(87)

A 10% strengthening of the US$ against the above currencies at the reporting date would have changed losses and equity by the amounts shown below. This analysis assumes that all other variables, and in particular interest rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	30 September 2014 (Decrease)/increase in loss for the year and accumulated losses US$'000	30 September 2013 (Decrease)/increase in loss for the year and accumulated losses US$'000
ZAR	(246)	(7)
€	52	34
US$	(488)	(724)
STG	-	8

A 10% weakening of the US$ against the above currencies at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

29. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) *Interest rate risk*

Interest rate risk is the Group's exposure to adverse movements in interest rates. It arises as a result of timing differences on the repricing of assets and liabilities.

As at the reporting date, the interest rate profile of the Group was as follows :

	30 September 2014 %	30 September 2013 %	30 September 2014 US$'000	30 September 2013 US$'000
Variable rate financial assets				
Investments in cash funds and income funds	3.5%	3.5%	4 969	3 656
Variable rate financial liabilities				
Secured bank borrowing	JIBAR + 3.9%	JIBAR +3.9%	81 232	110 687
Other borrowings – loans payable to third parties	ZAR prime	ZAR prime	1 985	3 333
Other borrowings – bank credit and other facility	US libor +1.5% - 2.5%	US libor +1.5%- 2.5%	9 775	12 610
Other borrowings - loans payable to related parties	ZAR prime + 2%	ZAR prime+ 2%	2 217	2 870
Interest bearing - accrued dividends	ZAR prime + 2%	ZAR prime+ 2%	5 433	-
Class B preference shares	ZAR prime + 2%	ZAR prime+ 2%	-	12 171
			100 642	141 671

29. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

(ii) Interest rate risk (continued)

A change of 100 basis points in interest rates at each reporting date would have changed losses and equity by the amounts shown below. This analysis assumes that all other variables, and in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for each reporting date.

	30 September 2014 Increase/(decrease) in loss for the year and accumulated losses US$'000	30 September 2013 Increase/(decrease) in loss for the year and accumulated losses US$'000
Investments in cash funds and income funds	36	26
Secured bank borrowing	(585)	(797)
Other borrowings – loans payable to third parties	(14)	(24)
Other borrowings – bank credit and other facility	(86)	(90)
Other borrowings - loans payable to related parties	(16)	(20)
Interest bearing - accrued dividends	(39)	-
Class B preference shares	-	(88)
	(704)	(993)

A decrease of 100 basis points in interest rates at each reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(d) Fair values

The Board of Directors considers that the fair values of significant financial assets and financial liabilities approximate to their carrying values at each reporting date.

Financial instruments carried at fair value:

The following table presents the carrying values of financial instruments measured at fair value at the end of each reporting period across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

29. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Fair values *(continued)*

The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation methodologies in which all significant inputs are directly or indirectly based on observable market data
- Level 3: fair values measured using valuation methodologies in which any significant inputs are not based on observable market data.

30 September 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Financial assets			
– Investments in cash funds and income funds	-	4 969	-
– Interest rate caps	-	39	-
– Investments at fair value through profit or loss	86	-	-
– Discount facility	-	356	-
	86	5 364	-
Liabilities			
– Convertible redeemable preference shares	-	-	-

30 September 2013	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Financial assets			
– Investments in cash funds and income funds	-	3 656	-
– Interest rate caps	-	118	-
– Investments at fair value through profit or loss	86	-	-
– Discount facility	-	225	-
	86	3 999	-
Liabilities			
– Convertible redeemable preference shares	-	-	260 291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

29. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Fair values *(continued)*

The movement during the years ended 30 September 2014 and 2013 in the balance of Level 3 fair value measurements is as follows:

	Years ended 30 September 2014 US$'000	2013 US$'000
Convertible redeemable preference shares		
Balance at 1 October	260 291	212 791
Changes in fair value of financial liabilities at fair value through profit or loss	32 420	47 500
Conversion of redeemable convertible preference shares into ordinary shares	(292 711)	-
Balance at 30 September	-	260 291
Total gains or losses for the year included in profit or loss	32 420	47 500
Class B preference shares		
Balance at 1 October	-	12 548
Derecognition from fair value basis to amortised cost upon term changes (see note 20(b))	-	(13 289)
Changes in fair value of financial liabilities at fair value through profit or loss	-	741
Balance at 30 September	-	-
Total gains or losses for the year included in profit or loss	-	741
Other borrowings – loan payable to Langa Trust		
Balance at 1 October	-	2 935
Recognition at fair value through profit or loss upon term changes (see note 30)	-	(3 118)
Changes in fair value of financial liabilities at fair value through profit or loss	-	183
Balance at 30 September	-	-
Total gains or losses for the year included in profit or loss	-	183

(e) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

29. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Estimation of fair values *(continued)*

(i) Investments in cash funds and income funds, investments at fair value through profit or loss, forward exchange contracts and interest rate caps:

Fair values are based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

(ii) Discount facility

The fair values are calculated by multiplying the actual metal quantities per discounted invoice with the difference between the hedged metal price per discounted invoice and the average spot metal price translated to ZAR using the average monthly rate.

(iii) Convertible redeemable preference shares

The estimate of the fair value of these financial liabilities is measured using the probability weighted expected return method, which values the financial liabilities based on the likelihood and expected settlement values of the respective expected settlement scenarios, discounted to their present value at the valuation date.

Estimation of the settlement values of the financial liabilities requires an estimation of the equity value of the Group using discounted cash flow techniques. Estimated future cash flows of the Group are based on management's best estimates and the discount rates used are market related rates reflecting the risks specific to the respective operations of the Group.

The underlying assumptions in the fair value measurements include a nominal discount rate of 11.53%, which is a pre-tax nominal rate and reflects specific risks relevant to the operations of the Company and its subsidiaries, a risk-free rate of 2.14%, which is the average yield of 10 year US treasury bond, and an inflation rate of 2.1%, which is the projected long-term US inflation rate. The Board of Directors is of the opinion that the above rates are more relevant to the operations of the Company and its subsidiaries, since revenues of the Company and its subsidiaries are generated in US$, which also the functional currency of the Company.

No sensitivity analysis is presented as the convertible redeemable preference shares were converted into ordinary shares upon listing of the Company's shares on the JSE on 10 April 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

30. RELATED PARTY TRANSACTIONS

The balances with related parties at each reporting date were as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Trade and other receivables		
Kameni Management Services Proprietary Limited	17	21
Salene Mining Proprietary Limited	9	10
Kameni Proprietary Limited	22	24
Keaton Administrative and Technical Services Proprietary Limited	7	-
	55	55
Loans payable to related parties		
Langa Trust	2 217	2 870

The terms of the loan with Langa Trust were amended to having no fixed repayment terms following its partial repayment by US$700 thousand approximately. The Langa Trust loan bears interest at prime + 2%.

	30 September 2014 US$'000	30 September 2013 US$'000
Amounts due to related parties		
Evi Papacleovoulou	-	34
Keaton Admininstrative and Technical Services Proprietary Limited	-	1
Kameni Management Services Proprietary Limited	2	11
Director- Antonios Djakouris	32	38
Director- John David Salter	37	28
Director- Ioannis Drapaniotis	26	38
Director- Omar Kamal	11	-
	108	150

The above amounts are unsecured, interest free and with no fixed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

30. RELATED PARTY TRANSACTIONS *(continued)*

	Years ended 30 September 2014 US$'000	2013 US$'000
Interest bearing - accrued dividends to related parties		
Arti Trust	2 849	-
Ditodi Trust	243	-
Makhaye Trust	243	-
The Phax Trust	485	-
The Rowad Trust	243	-
Moira June Jacquet-Briner	243	-
	4 306	-

Class B preference shares of a subsidiary held by related parties are as follows:

	30 September 2014		30 September 2013	
	Number of shares	Carrying amount US$'000	Number of shares	Carrying amount US$'000
Arti Trust	-	-	4 000	6 998
Ditodi Trust	-	-	300	485
Makhaye Trust	-	-	300	485
The Phax Trust	-	-	600	970
The Rowad Trust	-	-	300	485
Moira June Jacquet-Briner	-	-	300	485
	-	-	5 800	9 908

Convertible redeemable preference shares of the Company held by related parties.

	30 September 2014		30 September 2013	
	Number of shares	US$'000	Number of shares	US$'000
Fujian Wuhang Stainless Steel Products Co. Limited	-	-	112	27 738
	-	-	112	27 738

30. RELATED PARTY TRANSACTIONS *(continued)*

Significant transactions carried at arms length with related parties during the year were as follows:

	Years ended 30 September 2014 US$'000	2013 US$'000
Interest expense		
Langa Trust	285	311
Arti Trust	515	661
Ditodi Trust	44	56
Makhaye Trust	44	56
The Phax Trust	88	112
The Rowad Trust	44	56
Moira June Jacquet-Briner	44	56
	1 064	1 308
Compensation to key management (excluding directors)		
Short term employee benefits	1 038	1 217
Post employment benefits- Defined contribution plans	94	111
Share based payments	3	-
	1 135	1 328
Travel expenses paid		
Salene Mining Proprietary Limited	-	1

Relationships between parties:

Braeston Corporate Consulting Services Proprietary Limited:

One of the directors of the Company and one of the directors of Tharisa Minerals Proprietary Limited are shareholders of Braeston Corporate Consulting Services Proprietary Limited. Braeston Corporate Consulting Services Proprietary Limited ceased to be a related party on 1 April 2013 when it was acquired by the Group.

Kameni Management Services Proprietary Limited ("Kameni")

A director of the holding company of Kameni is also a director of Tharisa Minerals Proprietary Limited and of the Company. In addition, a director of the holding company of Kameni is also a director of the Company.

Kameni Proprietary Limited

A director of Kameni Proprietary Limited is also a director of Tharisa Minerals Proprietary Limited and of the Company. In addition a director of Kameni Proprietary Limited is also a director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2014

30. RELATED PARTY TRANSACTIONS *(continued)*

Salene Mining Proprietary Limited

A director of Salene Mining Proprietary Limited is also a director of Tharisa Minerals Proprietary Limited and the Company. In addition a director of Salene Mining Proprietary Limited is also a director of the Company.

Keaton Administrative and Technical Services Proprietary Limited ("Keaton")

Two of the directors of the holding company of Keaton are also directors of Tharisa Minerals Proprietary Limited and the Company.

Langa Trust

One of the directors of the Company who is also a director of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

Arti Trust

One of the directors of the Company who is also a director of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

Ditodi Trust

The non-controlling interest of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

Makhaye Trust

The non-controlling interest of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

The Phax Trust

One of the directors of the Company who is also a director of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

The Rowad Trust

One of the directors of the Company who is also a director of Tharisa Minerals Proprietary Limited is a beneficiary of this trust.

Moira June Jacquet-Briner

Moira June Jacquet-Briner is a director of Tharisa Minerals Proprietary Limited and is a shareholder in the non-controlling interest of Tharisa Minerals Proprietary Limited.

30. RELATED PARTY TRANSACTIONS *(continued)*

Fujian Wuhang Stainless Steel Products Co. Limited

Fujian Wuhang Stainless Steel Products Co. Limited is a shareholder of the Company.

Evi Papacleovoulou

Evi Papacleovoulou was a director of the Company and Company Secretary until 30 January 2013 and 14 February 2014 resepctively.

Antonios Djakouris

Antonios Djakouris is a director of the Company.

John David Salter

John David Salter is a director of the Company.

Ioannis Drapaniotis

Ioannis Drapaniotis is a director of the Company.

Omar Kamal

Omar Kamal is a director of the Company.

31. CAPITAL COMMITMENTS

(a) Capital commitments of the Group in respect of property, plant and equipment outstanding at the reporting period not provided for in the consolidated financial statements were as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Contracted for	4 411	3 931
Authorised but not contracted for	-	6 808
	4 411	10 739

(b) The Company holds an indirect 100% equity interest in Tharisa Fujian Industrial Co., Ltd, the registered capital of which is US$10 000 thousand. Up to 30 September 2014, US$5 100 thousand has been paid up. The remaining US$4 000 thousand needs to be paid up by 14 February 2016.

(c) A Company guarantee was issued to ABSA Bank Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR19 000 thousand.

(d) A guarantee was issued by Arxo Logistics Proprietary Limited to Lombard Insurance Company Limited which guarantees the payment of certain liabilities of Arxo Logistics Proprietary Limited to Transnet totalling ZAR12 000 thousand.

32. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Less than one year	228	292
Between one and five years	390	51
	618	343

The Group leases a number of office facilities under operating leases. The leases typically run for a period of two to three years. A portion of lease payments are increased every year to reflect market rentals. The amounts recognised as an expense in profit or loss in respect of operating leases are disclosed in note 9.

Since the property titles did not pass to the Group, the Group determined that the leased office facilities are operating leases. The rents paid to landlords are increased to market rents at regular intervals and the Group does not participate in the residual value of the buildings therefore it was determined that substantially all the risks and rewards of the buildings are with the landlords.

33. COMPARATIVE FIGURES

The short term portion of the Group's senior debt facility incorrectly included future interest not yet accrued on the facility. Therefore as a result the comparative figures relating to the senior debt facility have been restated, refer to note 23. The effects are as follows:

	30 September 2014 US$'000	30 September 2013 US$'000
Statement of financial position		
Non current: secured bank borrowings	-	7 957
Current: secured bank borrowings	-	(7 957)

34. EVENTS AFTER THE REPORTING PERIOD

Contingent liability

The Company has, subsequent to the financial year end, received a "letter before action" from a firm of solicitors representing a shareholder which asserts intended claims against, inter alia, the Company for damages purporting to arise in the context of the listing of the Company on the JSE and the compulsory conversion of the convertible redeemable preference shares held by that shareholder in the Company into ordinary shares as provided for in the terms of the convertible redeemable preference shares.

The Board of Directors has taken legal advice and in the event legal proceedings are instituted, the Company will defend itself vigorously. In accordance with paragraph 92 of IAS 37 "Provisions, contingent liabilities and contingent assets" no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the Company in a dispute with other parties.

The consolidated financial statements were authorized for issue by the Board of Directors on 15 December 2014.

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Board of Directors' Report

The Board of Directors of Tharisa plc (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 30 September 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

FINANCIAL RESULTS

The Company's financial results for the year ended 30 September 2014 are set out on page 87 of the financial statements. The net loss for the year attributable to the shareholders of the Company amounted to US$35 688 (2013: US$64 239 thousand). The Board of Directors recommends that the loss for the year is transferred to revenue reserve.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 22 of the financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

During the year ended 30 September 2014 changes were made to the issued share capital of the Company, following the listing on 10 April 2014, of the Company's ordinary share capital on the Johannesburg Stock Exchange. These changes are disclosed in note 15(a) of the financial statements.

BRANCHES

During the year ended 30 September 2014 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 30 September 2014 and at the date of this report are presented on page 1. There were no significant changes in the assignment of responsibilities of the Board of Directors.

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EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 23 to the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 19 of the financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Phoevos Pouroulis
Director

Michael Jones
Director

Paphos, Cyprus
15 December 2014

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Independent Auditors' Report

To the Members of Tharisa plc

REPORT ON THE SEPARATE FINANCIAL STATEMENTS

We have audited the financial statements of the parent company Tharisa plc (the "Company") on pages 87 to 129 which comprise the statement of financial position as at 30 September 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Independent Auditors' Report

To the Members of Tharisa plc

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Tharisa plc as at 30 September 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113.

EMPHASIS OF MATTER

We draw attention to note 2(c) to the financial statements which states that the Company incurred a loss of US$35 688 thousand for the year ended 30 September 2014. The note also states that the Company holds a significant investment in Tharisa Minerals Proprietary Ltd ("Tharisa"), and is therefore substantially reliant on Tharisa's ability to continue as a going concern. The note states that should the forecast production not be achieved and/or South African Rand commodity prices weaken, a material uncertainity exists which may cast doubt on the ability of Tharisa to continue as a going concern. The note states that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast doubt on this Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 82 to 83 is consistent with the financial statements.

Independent Auditors' Report

To the Members of Tharisa plc

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries during the year ended 30 September 2014.

Michael M. Antoniades FCA
Certified Public Accountant and Registered Auditor
For and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus
15 December 2014

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2014

	Note	Years ended 30 September 2014 US$ '000	2013 US$ '000
Income	5	4 059	3 935
Administrative expenses	7	(6 877)	(19 923)
Operating loss		(2 818)	(15 988)
Finance income	8	312	16
Finance costs	8	(720)	(675)
Changes in fair value of financial liabilities at fair value through profit or loss	8	(32 420)	(47 500)
Net finance costs		(32 828)	(48 159)
Loss before tax		(35 646)	(64 147)
Tax	9	(42)	(92)
Net loss for the year for the year		(35 688)	(64 239)
Other comprehensive income			
Items that will not be classified subsequently to profit or loss		-	-
Items that may be classified subsequently to profit or loss		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive expense for the year		(35 688)	(64 239)

The notes on pages 92 to 129 are an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	30 September 2014 US$ '000	30 September 2013 US$ '000
Assets			
Long term deposits	10	7 389	-
Investments in subsidiaries	11	297 650	259 578
Other receivables	12	122	-
Non-current assets		305 161	259 578
Other receivables	12	8 769	9 117
Financial assets at fair value through profit or loss	13	86	86
Cash and cash equivalents	14	8 937	10 340
Current assets		17 792	19 543
Total assets		322 953	279 121
Equity			
Share capital	15	255	6
Share premium	15	452 362	113 341
Other reserves	15	47 245	47 245
Revenue reserve	15	(178 471)	(143 057)
Total equity		321 391	17 535
Liabilities			
Convertible redeemable preference shares	16	-	260 291
Other payables	17	1 500	1 233
Current taxation	18	62	62
Current liabilities		1 562	261 586
Total liabilities		1 562	261 586
Total equity and liabilities		322 953	279 121

The financial statements were authorized for issue by the Board of Directors on 15 December 2014.

Phoevos Pouroulis
Director

Michael Jones
Director

The notes on pages 92 to 129 are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2014

	Note	Share capital	Share premium	Other reserves	Revenue reserve	Total
		US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Balance at 1 October 2012		6	113 341	47 245	(78 818)	81 774
Total comprehensive income						
Net loss for the year		-	-	-	(64 239)	(64 239)
Total comprehensive income		-	-	-	(64 239)	(64 239)
Balance at 30 September 2013		6	113 341	47 245	(143 057)	17 535
Balance at 1 October 2013		6	113 341	47 245	(143 057)	17 535
Total comprehensive income						
Net loss for the year for the year		-	-	-	(35 688)	(35 688)
Total comprehensive income for the year		-	-	-	(35 688)	(35 688)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share based payments	4	-	-	-	274	274
Share issue expenses	15(b)	-	(1 416)	-	-	(1 416)
Issue of ordinary shares for cash	15(a)	13	47 847	-	-	47 860
Issue of ordinary shares to employees resulting from share grants	15(a)	-	115	-	-	115
Issue of ordinary shares from bonus issue	15(a)	154	(154)	-	-	-
Issue of ordinary shares from conversion of convertible redeemable preference shares	15(a)	82	292 629	-	-	292 711
Total contributions and distributions		249	339 021	-	274	339 544
Total transactions with owners of the Company		249	339 021	-	274	339 544
Balance at 30 September 2014		255	452 362	47 245	(178 471)	321 391

The notes on pages 92 to 129 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2014

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders. These provisions do not apply for ultimate beneficial owners that are non-Cyprus tax resident individuals.

The notes on pages 92 to 129 are an integral part of these financial statements.

tharisa plc

STATEMENT OF CASH FLOWS

For the year ended 30 September 2014

	Note	Years ended 30 September 2014 US$ '000	2013 US$ '000
Cash flows from operating activities			
Net loss for the year for the year		(35 688)	(64 239)
Adjustments for:			
Equity-settled share based payments	7	36	-
Impairment of other receivables	7	971	13 583
Dividend income	5	(4 059)	(3 935)
Interest income	8	(312)	(16)
Tax	9	42	92
Changes in fair value of financial liabilities at fair value through profit or loss	8	32 420	47 500
Changes in fair value of financial assets at fair value through profit or loss		-	310
Cash flows used in operations before working capital changes		(6 590)	(6 705)
Changes in other receivables		(744)	(686)
Changes in other payables		(5)	(398)
Cash flows used in operations		(7 339)	(7 789)
Tax paid		(42)	(61)
Net cash flows used in operating activities		(7 381)	(7 850)
Cash flows from investing activities			
Increase in investments in subsidiaries		(33 842)	(49 167)
Loans granted		-	(8 000)
Loans repayments received		-	49 730
Payment for purchase of financial assets	13	-	(396)
Interest received		312	16
Net cash flows used in investing activities		(33 530)	(7 817)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		47 860	-
Long-term deposits		(7 389)	-
Repayment of borrowings		(7)	-
Proceeds from borrowings		460	-
Share issue expenses capitalised to share premium		(1 416)	-
Net cash flows from financing activities		39 508	-
Net decrease in cash and cash equivalents		(1 403)	(15 667)
Cash and cash equivalents at the beginning of the year		10 340	26 007
Cash and cash equivalents at the end of the year	14	8 937	10 340

The notes on pages 92 to 129 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Tharisa plc (the "Company") was incorporated in the Republic of Cyprus on 20 February 2008 under registration number HE223412 as a private limited liability company under the Cyprus Companies Law, Cap. 113. The name of the Company was changed from Tharisa Limited to Tharisa plc on 19 January 2012. Its registered office is at Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus. On 10 April 2014, the Company listed its ordinary share capital on the Johannesburg Stock Exchange ("JSE").

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Cyprus Companies Law, Cap.113.

These financial statements are separate financial statements of the Company.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from Sofoklis Pittokopitis Business Center, Office 108-110, 17 Neophytou Nicolaides & Kilkis Street, 8011, Paphos, Cyprus.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 30 September 2014 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except as otherwise stated in the accounting policies set out below.

(c) Going concern basis

During the year ended 30 September 2014, the Company incurred a loss of US$35 688 thousand (2013: US$64 239 thousand). Additionally the Company holds a significant investment and is therefore substantially depended on the ability of Tharisa Minerals Proprietary Ltd (“Tharisa”) to continue as a going concern. Additionally, the Company has other assets with other subsidiaries that have been assessed to be reliant on Tharisa’s ability to continue as a going concern.

2. BASIS OF PREPARATION *(continued)*

(c) Going concern basis *(continued)*

The short term cash flow forecasts of Tharisa reflect a positive cash flow position sufficient to meet the operational cash flows, the approved capital expenditure and the debt repayments. Achievement of the short term cash flow forecast is dependent on the planned production levels being achieved and/or no weakening in future South African Rand commodity prices. Should forecast production not be achieved and/or South African Rand commodity prices weaken, this may result in a shortfall in cash. Certain capital expenditure can be postponed in such event and alternative funding options are being evaluated including the release of the environmental rehabilitation guarantee collateral included in "other financial assets" in note 15 of the consolidated financial statements (page 52) which would then be available for operational cash requirements.

During the financial year, insufficient correct reef layers were exposed as a result of waste and interburden stripping being below plan because of contractor mining equipment availability being below industry norms. Following a strategic review, an additional mining contractor has been appointed to undertake the more specialised blasting and extraction of the reef layers and removal of interburden. The existing mining contractor will focus on bulk waste removal.

Tharisa experienced ramp-up problems typical of large complex concentrators with mechanical failure of certain key equipment. De-bottlenecking and process optimisation together with equipment re-engineering have overcome these problems. Initiatives to improve recoveries and yields are ongoing.

The senior debt providers have waived certain facility covenants relating to the debt service cover ratio as at 30 September 2014, and have extended the date for completion of the technical completion tests to 28 November 2015. Refer to note 23 of the consolidated financial statements (page 60).

Should the forecast production not be achieved and/or South African Rand commodity prices weaken, a material uncertainty exists which may cast doubt on the ability of Tharisa to continue as a going concern and it may be unable to realise its assets and settle its liabilities in the normal course of business without additional fund raising. As the Company is substantially reliant on Tharisa to continue as a going concern, there exists a material uncertainty on this Company which may cast doubt on the ability of the Company to continue as a going concern, and it may be unable to realise its assets and settle its liabilities in the normal course of business.

The financial statements however continue to be prepared on the going concern basis.

(d) New and revised International Financial Reporting Standards and Interpretations

As from 1 October 2013, the Company adopted all changes to International Financial Reporting Standards ("IFRSs"), which are relevant to it operations. This adoption did not have a material effect on the accounting policies of the Company.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 October 2013. The Board of Directors is currently evaluating the impact of these on the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

2. BASIS OF PREPARATION *(continued)*

(d) New and revised International Financial Reporting Standards and Interpretations *(continued)*

Standards and Interpretations

- IFRS 9 "Financial Instruments" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2018).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- Transition Guidance for IFRS 10, 11 & 12 (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27 (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 27 (Revised) "Separate Financial Statements" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 36 (Amendments) "Recoverable Amount - Disclosures for Non-Financial Assets" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IAS 39 (Amendments) "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Levies" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).
- IFRS 14 "Regulatory Deferral Accounts" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- IFRS 15 "Revenue from Contracts with Customers" (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013) (effective the latest as from the commencement date of its first annual period beginning on or after 1 July 2014)
- Annual Improvements to IFRSs 2011–2013 Cycle (issued on 12 December 2013) (effective the latest as from the commencement date of its first annual period beginning on or after 1 July 2014)

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires from management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

(f) Functional and presentation currency

The financial statements are presented in United States Dollars (US$) which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements and in stating the financial position of the Company.

(a) Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power, directly or indirectly to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

(b) Income

Income comprises of dividend income recognised in profit or loss once the Company's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Finance income and finance costs

Finance income comprises interest income on funds invested and net foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, net foreign currency losses and bank charges. Interest expense is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis.

(d) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(e) Tax

Income tax comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is 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 substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but which they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is established.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Dividends

Dividends are recognized as a liability in the period they are declared according to International Accounting Standard 10.

(g) Financial instruments

Non-derivtaive financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in other comprehensive income and accumulated in equity are included in profit or loss for the period.

The Company's non-derivative financial assets include the following:

- *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

- *Loans receivable*

Loans receivable are stated at amortised cost less impairment losses. Unless otherwise stated, these balances have no fixed terms of repayment and are therefore deemed repayable on demand and deemed to have carrying values equal to their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

- *Trade and other receivables*

Trade and other receivables originated by the Company are stated at their amortised cost less impairment losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Due to the short-term nature of the Company's trade and other receivables, amortised cost approximates fair value.

Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Company's non-derivative financial liabilities include the following:

- *Trade and other payables*

Trade and other payables are stated at amortised cost. Due to the short-term nature of the Company's trade and other payables, amortised cost approximates fair value.

- *Interest-bearing borrowings*

Interest-bearing borrowings are stated at amortised cost, using the effective interest rate method, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

- *Redeemable preference shares*

Redeemable preference shares are classified as a liability if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Company's policy for interest-bearing borrowings. Dividends on redeemable preference shares are recognised as a liability and recognised as an interest expense using the effective interest rate method.

Financial liabilities at fair value through profit or loss:

The Company's financial liabilities at fair value through profit or loss include the following:

- *Hybrid financial liabilities*

A hybrid financial liability includes a non-derivative host contract and one or more embedded derivatives with the effect that some of the cash flows of the instrument vary in a way similar to a stand-alone derivative. The Company designates the entire hybrid liability as a financial liability at fair value through profit or loss unless:
(a) the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
(b) it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

Hybrid financial liabilities are recognised initially at fair value. Transaction costs that relate to the issue of the liabilities are recognised immediately in profit or loss. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(h) Impairment of assets

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition and the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:
– significant financial difficulty of the debtor;
– a breach of contract, such as a default or delinquency in interest or principal payments;
– its becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account against such financial assets. An impairment loss is reversed if the reversal can be related objectively to an event occuring after the impairment loss was recognised. The reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its related CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of units) and then, to reduce the carrying amount of the other assets in the CGU (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of the other assets of the CGU.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed through profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Share capital

The share capital is stated at nominal value. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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 the risks specific to the liability.

(k) Share based payment transactions

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in the supporting notes.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in the equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised with a corresponding increase in its investment in each subsidiary such that the cumulative increase reflects the revised estimate, with a corresponding adjustment to the equity. An asset is recognised for the reimbursement by the subsidiary of the portion of the capital contribution with a corresponding adjustment to the carrying amount of the investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Share based payment transactions *(continued)*

The asset is initially measured at the fair value. At the end of each reporting period until the asset is settled, and at the date of settlement, the fair value of the asset is remeasured, with any changes in fair value recognised as an adjustment in investment in subsidiaries.

Equity settled share based payment transactions with parties other than the employees are measured at fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the company has the right to elect settlement either equity settled or cash settled, the share based payment transactions will be treated as equity settled share based payments.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits with banks.

(m) Long term deposits

Long term deposits is cash and cash equivalents restricted and designated as a "debt service reserve account" as required in terms of the senior debt facility as referred to in note 10.

(n) Related party transactions

For the purpose of these financial statements, a party is considered to be related to the Company if:

- i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
- ii) The Company and the party are subject to common control;
- iii) The party is an associate of the Company or a joint venture in which the Company is a venturer;
- iv) The party is a member of key management personnel of the Company or the Company's parent, or a close family member of such individual, or is an entity under the control, joint control or significant influence of such individuals;
- v) The party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- vi) The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(p) Events after the reporting period

Assets and liabilities are adjusted for events that occurred during the period from the reporting date to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the reporting date or imply that the going concern concept in relation to part or whole of the Company is not appropriate.

4. SHARE BASED PAYMENTS

At 30 September 2014, the Company had the following share based payment arrangements:

Share grant

The Company granted shares to the employees of the Group conditional on the listing of the ordinary shares on the JSE. The grant was made to employees with at least 6 months service prior to listing and the number of shares was fixed with an escalation for the number of years in service prior to the grant. The grant was valued at the private placement share price of ZAR38 per share at the time of listing of the Company. Total number of shares granted by the Company to the employees of the Group was 31 635.
An amount of US$31.64 and US$115 thousand was charged in share capital and share premium respectively for the ordinary shares issued with a corresponding increase in investment in each subsidiary.

Conditional Awards "LTIP"

Conditional Awards being the grant of shares of the Company to employees of the Group and other approved consultants, where the risks and rewards of share ownership will vest on specific vesting dates with the employee subject to certain conditions. As at 30 September 2014, all conditions with regards to the conditional awards of the other approved consultants have been fulfilled. The inaugural award will vest in three equal annual tranches starting one year after the grant date. The award, on vesting, may at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

4. SHARE BASED PAYMENTS *(continued)*

Appreciation Awards "SARS"

Appreciation Rights being the grant of an award in shares of the Company, where the employee is, subject to certain conditions, entitled to receive the increase in the market price of the share above the award price. The appreciation in value may, at the election of the Company, be either cash settled or share settled as provided for in the rules of the Plan. The inaugural award is at an award price of ZAR 38 per share and vests in two equal annual tranches with the ability to exercise the award at any time up to five years after the grant date after which it will lapse. Management has confirmed that the Company has both the ability and the intent to settle these awards by the issue of equity instruments.

Conditional awards for the Group	Number
Granted during the year	3 679 129
Outstanding at the end of the year	3 679 129

An amount of US$90 thousand was charged in equity.

Conditional awards for the Company	Number
Granted during the year	1 486 843
Outstanding at the end of the year	1 486 843

Valuation of share option at grant date was ZAR1.64 per share.

Expenses recognised during the year in respect of the conditional awards granted to other consultants is US$36 thousand.

Appreciation rights for the Group	Number
Granted during the year	2 051 139
Outstanding at the end of the year	2 051 139

Valuation of shares awarded at grant date was ZAR4.04 per share.

An amount of US$184 thousand was charged in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

4. SHARE BASED PAYMENTS *(continued)*

Information on awards granted during the year

Fair values were determined by a Black Scholes model for the LTIP awards and a Binomial tree model for the SARS awards. The following inputs were used:

• Spot price	ZAR25.00
• Strike price	ZAR38.00
• Expected volatility	33%
• Dividend yield	3.55%
• The risk-free interest rate	Zero coupon swap curve
• Forfeiture assumption	5%

5. INCOME

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Dividend income	4 059	3 935

6. DIRECTORS REMUNERATIONS

The remuneration of the directors of the Company for the year ended 30 September 2014 and 2013 is set out in the tables below:

2014 Directors' remuneration

	Directors' fees US$ '000	Salary US$ '000	Expense allowance US$ '000	Other material benefits received US$ '000	Pension scheme US$ '000	Total US$ '000
Loucas Pouroulis	-	-	-	-	-	-
Phoevos Pouroulis	-	-	-	-	-	-
Michael Jones	-	-	-	-	-	-
John David Salter	182	-	-	-	-	182
Ioannis Drapaniotis	132	-	-	-	-	132
Antonios Djakouris	191	-	-	-	-	191
Omar Kamal	13	-	-	-	-	13
Total	518	-	-	-	-	518

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

6. DIRECTORS REMUNERATIONS *(continued)*

2013 Directors' remuneration

	Directors' fees US$ '000	Salary US$ '000	Expense allowance US$ '000	Other material benefits received US$ '000	Pension scheme US$ '000	Total US$ '000
Loucas Pouroulis	-	-	-	-	-	-
Phoevos Pouroulis	-	-	-	-	-	-
Michael Jones	-	-	-	-	-	-
John David Salter	182	-	-	-	-	182
Ioannis Drapaniotis	155	-	-	-	-	155
Antonios Djakouris	235	-	-	-	-	235
Evi Papacleovoulou	17	-	-	-	-	17
Carman Wah Man Chan	40	-	-	-	-	40
Total	629	-	-	-	-	629

7. ADMINISTRATIVE EXPENSES

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Director's fees and related taxes	526	635
Equity-settled share based payments	36	-
Auditors' remuneration	247	300
Consulting and other professional fees	381	160
Consulting and other professional fees - overprovision of prior year	-	(232)
Management and administration fees (note 19)	1 533	1 559
Impairment of other receivables (note 12)	971	13 583
Impairment of financial assets (note 13)	-	310
Professional fees for the listing of the Company	2 610	3 126
Sundry expenses	573	482
	6 877	19 923

Included within Auditors' remuneration is an over provision in 2014 for US$ Nil (2013: US$10 thousand).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

8. NET FINANCE COSTS

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Interest income	312	16
Finance income	312	16
Net foreign currency losses	(714)	(668)
Bank charges	(6)	(7)
Finance costs	(720)	(675)
Changes in fair value of financial liabilities at fair value through profit or loss	(32 420)	(47 500)
Net finance costs	(32 828)	(48 159)

9. INCOME TAX

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Corporation tax - current year	41	89
Special contribution to the defence fund - current year	1	3
Charge for the year	42	92

Current tax comprises corporation tax and special contribution for defence. Corporation tax is provided on the chargeable income of the Company at the rate of 12,5% (until 31 December 2012: 10%). Special contribution for defence is provided on passive interest at the rate of 30% (until 29 April 2013: 15%). 100% of passive interest income is disallowed in the computation of chargeable income for corporation tax purposes (2013: 100%).

There were no significant timing differences between the carrying amounts of assets and liabilities and their tax bases, and as a result no provision for deferred tax has been made in the financial statements.

Tax losses are carried forward for a period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

9. INCOME TAX *(continued)*

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Loss before tax	(35 646)	(64 147)
Tax calculated at the applicable tax rates	(4 456)	(7 617)
Tax effect of expenses not deductible for tax purposes	4 960	8 004
Tax effect of allowances and income not subject to tax	(508)	(469)
Special contribution to the defence fund current year	1	3
Recognition of deemed interest income for tax purposes	45	171
Tax charge	42	92

Due to tax losses sustained in the year, no tax liability arises on the Company. Tax losses may be carried forward for five years. Group companies may deduct losses against profits arising during the same tax year. As at 30 September 2014, the balance of tax losses which is available for offset against future taxable profits amounts to US$67 430 thousand for which no deferred asset is recognised in the statement of financial position.

10. LONG TERM DEPOSITS

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Long term deposits	7 389	-

As at 30 September 2014, an amount of US$7 389 thousand was restricted as a security for bank guarantee for the debt service reserve account as required within the Common Terms Agreement for the project financing of Tharisa Minerals Proprietary Limited, a subsidiary of the Company, as disclosed in note 19. This amount will be reduced by the additional amount, if any, transferred by Tharisa Minerals Proprietary Limited to its debt service reserve account. The amount of security includes a 10% margin for exchange fluctuations. As at 30 September 2014, the long term deposit of US$7 389 thousand was deposited in a one month notice account with interest of 0.01% p.a.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

11. INVESTMENTS IN SUBSIDIARIES

	30 September 2014 US$ '000	30 September 2013 US$ '000
Unlisted ordinary shares	11 535	11 363
Unlisted preference shares	286 115	248 215
	297 650	259 578

(a) The following table contains the particulars of all subsidiaries of the Company. The class of shares is ordinary unless otherwise stated.

Name	Place of incorporation/ establishment and operation	Principal activities	30 September 2014 Holding %	30 September 2013 Holding %	Date of incorporation/ establishment /acquisition	Particulars of issued and paid up capital and other securities	Type of entity
Arxo Resources Limited	Cyprus	Selling and distribution of chrome concentrate	100	100	04/02/2011	1 ordinary share of Eur1	Limited liability company
Tharisa Minerals Proprietary Limited	South Africa	Mining of chrome concentrate and platinum group metals	74	74	09/02/2009	370 ordinary shares of ZAR1 each and 2 619 redeemable preference shares of ZAR0.01 each	Limited liability company
Tharisa Investments Limited	Cyprus	Investment holding	100	100	02/11/2010	15 025 class A shares of US$0.01 each	Limited liability company
Arxo Logistics Proprietary Limited	South Africa	Logistics company	100	100	01/03/2011	170 ordinary shares of ZAR1 each	Limited liability company
Tharisa Administration Services Limited	Cyprus	Management and administration services to other entities of the group of the Company	100	100	31/05/2011	1 000 ordinary share of Eur1 each	Limited liability company
Dinami Limited	Guernsey	Marketing of foundry and chemical grade concentrate products	100	100	30/05/2013	1 000 ordinary shares of £1 each	Limited liability company

11. INVESTMENTS IN SUBSIDIARIES *(continued)*

The impairment assessment of the Board of Directors is disclosed in note 22(c) of the financial statements. Unlisted ordinary shares include an amount of US$172 thousand that relates to share based payments granted to employees and other approved consultants of the Group. An amount of US$25 thousand relates to Tharisa Fujian Industrial Company Limited and Braeston Corporate Consulting Services Proprietary Limited, which are indirect subsidiaries of the Company. Please refer to note 4 for more details.

(b) Terms of preference shares of Tharisa Minerals Proprietary Limited

The preference shares confer on the holder the right to receive out of distributable profits of the subsidiary a cumulative preferential cash dividend calculated at the rate of LIBOR + 1% per annum, on the basis that it shall be due and payable annually on the dividend date (30 September) with the final preference dividend in respect of each preference share being due and payable on the date on which the preference shares are due. The preference dividend shall, in respect of each preference share which has not been redeemed, be declared and paid on each dividend date and will be calculated at the dividend rate on the subscription price. The redemption date is the earlier of the tenth business day after receipt by the preference shareholder of a written notice given by the subsidiary company, which notice the subsidiary company may give at any time, or the tenth business day after receipt by the subsidiary company of a written notice given by the preference shareholder, which the preference shareholder may give only after the third anniversary of the subscription date. Investments in such shares are treated by the Company as investments in preference shares of the subsidiary. The preference shares were subordinated in favour of the subsidiary's bank borrowings.

(c) Acquisition of 15% equity interest in Tharisa Investments Limited

On 22 November 2011, the Company and Fujian Wuhang Stainless Steel Products Co. Ltd ("Fujian") signed an agreement, according to which Fujian transferred its 2 250 class A shares in Tharisa Investments Limited, representing 15% equity interest, to the Company. The consideration for this transfer was the par value of the shares transferred and a call option written by the Company which conferred to Fujian a right to purchase 15% of the equity capital of Tharisa Fujian Industrial Co. Ltd, a subsidiary of Tharisa Investments Limited, at Chinese Yuan Renminbi 100 any time after 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

12. OTHER RECEIVABLES

	30 September 2014 US$ '000	30 September 2013 US$ '000
Non-current assets		
Loans receivable from related parties (note 19)	122	-
Current assets		
Loans receivable from related parties (note 19)	8 000	8 122
Receivables from related parties (note 19)	726	950
Deposits and prepayments	43	45
	8 769	9 117
	8 891	9 117

The fair values of other receivables due within one year approximate to their carrying amounts as presented above. Except for a cumulative impairment of US$14 554 thousand (2013: US$13 583 thousand) on the amount owed by Tharisa Investments Limited to the Company at the reporting date, the Directors are of the opinion that no other allowance for credit losses in respect of other receivables is required.

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 22 of the financial statements.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Balance at 1 October	86	-
Additions	-	396
Impairment charge	-	(310)
Balance at 30 September	86	86

The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Co Limited that are marketable securities and are valued at market value at the close of business on 30 September 2014 by reference to latest available stock exchange quoted bid prices and are subject to an impairment provision. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

14. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30 September 2014 US$ '000	30 September 2013 US$ '000
Cash at bank	8 677	9 918
Bank deposits	260	422
	8 937	10 340

As at 30 September 2014, an amount of US$327 thousand was put as security against certain credit facilities of the Company and its subsidiaries.

15. SHARE CAPITAL AND RESERVES

a) Share capital

The authorised ordinary share capital of the Company comprises of 10 000 000 thousand ordinary shares of US$0.001 each (2013: 10 000 000 thousand ordinary shares), and 1 051 convertible redeemable preference shares of US$1 each (2013: 1 051 convertible redeemable preference shares).

During the year ended 30 September 2014, the following changes took place:

- Issue of an additional 154 248 thousand ordinary shares as a bonus issue of 25 ordinary shares for each share held.
- Issue of 13 158 thousand new ordinary shares for cash at a price of ZAR38 per share with a par value of US$0.001 per share.
- Issue of 81 174 thousand new ordinary shares to the holders of the convertible redeemable preference shares of the Company on their conversion in terms of the Articles of Association.
- Issue of 32 thousand new ordinary shares as share grants at nil consideration awarded to the Group's management and staff.

The issued and fully paid share capital of the Company comprises of 254 781 thousand ordinary shares of US$ 0.001 each (2013: 6 170 thousand ordinary shares).

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

15. SHARE CAPITAL AND RESERVES *(continued)*

b) Share premium

The share premium reserve represents the excess of the issuance price of ordinary shares over their nominal value, to the extent that is registered at the Registrar of Companies of the Republic of Cyprus. The share premium reserve is not distributable for dividend purposes. During the year the Company issued new ordinary share capital following its listing on the JSE. Share issue expenses totalling US$1 416 thousand have been recognised as a deduction from the share premium account.

c) Other reserve

The other reserve represents the excess of the issuance price of the ordinary shares, over the sum of their nominal value and share premium arising from such issuance, as registered at the Registrar of Companies of the Republic of Cyprus.

d) Revenue reserve

The revenue reserve includes the accumulated retained profits and losses of the Company. The revenue reserve is distributable for dividend purposes. At 30 September 2014 and 2013 the Company did not have any profits available for distribution.

e) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to the owners through the optimisation of the debt and equity balance. The policy of the Board of Directors is to maintain a strong capital base to sustain future development of the business. The Company is not exposed to externally imposed capital requirements.

16. CONVERTIBLE REDEEMABLE PREFERENCE SHARES

	30 September 2014 US$ '000	30 September 2013 US$ '000
Convertible redeemable preference shares	-	260 291

16. CONVERTIBLE REDEEMABLE PREFERENCE SHARES *(continued)*

Terms of convertible redeemable preference shares

The authorised convertible redeemable preference share capital of the Company was US$1 051 at 30 September 2014 and 2013 respectively, divided into 1 051 shares of US$1.00 each. The issued convertible redeemable preference share capital of the Company consisted of Nil and 1 051 shares at 30 September 2014 and 2013 respectively. All shares were issued on 14 April 2011, at a price of US$143 thousand each and were fully paid. Convertible redeemable preference shares rank before ordinary shares with respect to the return of the nominal value of capital and share premium but rank equally with ordinary shares with respect to the Company's residual assets after return of the nominal amount of capital and share premium. The holders of convertible redeemable preference shares were entitled to receive dividends as declared from time to time and were entitled to one vote per share at meetings of the Company.

Following the Company's listing on the JSE, the convertible redeemable preference shares were converted into fully paid ordinary shares.

The conversion was calculated as per the conversion clause described in the Articles of Association of the Company, at the higher of the following:
(i) 1 420 ordinary shares for every one convertible redeemable preference share; or
(ii) The number of ordinary shares calculated by dividing the notional return amount by the offer price per ordinary share in an IPO, or on the sale of any of the shares in the capital of the Company which will result in the purchaser of those shares acquiring control of the Company, or in the sale of all or substantially all assets of the Company and its subsidiaries.

The notional return amount is the amount calculated by applying to the subscription price for each convertible redeemable preference share an internal rate of return ("IRR") of 25%, taking into account any cash dividends which have been paid by the Company to the holders of the convertible redeemable preference shares between the subscription date and the conversion date.

Applying the conversion provisions, the convertible redeemable preference shares were converted into 81 174 thousand ordinary shares as also detailed in note 15.

The fair value of the convertible redeemable preference shares up to the date of the listing described above and their conversion into ordinary shares is measured using a probability weighted expected return method as set out in note 22.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

17. OTHER PAYABLES

	30 September 2014 US$ '000	30 September 2013 US$ '000
Accruals to related parties (note 19)	-	167
Other accruals	525	754
Other payables	35	65
Payables to related parties (note 19)	382	131
Loans payable to related parties (note 19)	453	-
Payables to other related parties (note 19)	105	116
	1 500	1 233

The above amounts are payable within one year from the reporting period. The exposure of the Company to liquidity risk is reported in note 22(b) of the financial statements.

18. CURRENT TAXATION

	30 September 2014 US$ '000	30 September 2013 US$ '000
Corporation tax	62	62

The above amounts are payable within one year from the reporting period. The exposure of the Company to liquidity risk is disclosed in note 22(b) to the financial statements.

19. RELATED PARTY TRANSACTIONS

The Company has transactions and balances with related parties as defined in note 3 of the financial statements.

Significant transactions with related parties during the year under review were as follows:

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Dividend income		
Tharisa Minerals Proprietary Limited	4 059	3 935

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

19. RELATED PARTY TRANSACTIONS *(continued)*

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Management and administration fees		
Tharisa Administration Services Limited	286	532
Tharisa Minerals Proprietary Limited	-	423
Braeston Corporate Consulting Services Proprietary Limited	1 247	604
	1 533	1 559

	Years ended 30 September 2014 US$ '000	2013 US$ '000
Recharge of expenses		
Tharisa Minerals Proprietary Limited	467	-

The balances with related parties at the reporting date were as follows:

	30 September 2014 US$ '000	30 September 2013 US$ '000
Receivables from related parties (note 12)		
Tharisa Administration Services Limited	707	949
Dinami Limited	-	1
Tharisa Investments Limited	-	-
Arxo Logistics Proprietary Limited	8	-
Tharisa Fujian Industrial Company Limited	11	-
	726	950

Receivables from related parties are unsecured, interest free and with no fixed repayment dates. The Company has issued financial support commitments to Tharisa Investments Limited and Tharisa Administration Services Limited confirming that it will not demand repayment of its outstanding balances with these entities, until these entities are in a position to repay these balances.

The above amount owing by Tharisa Investment Limited incorporates a cumulative impairment of US$14 554 thousand (2013: US$13 583 thousand) at the reporting date.

Receivables from related parties include a share based payment asset of US$24 thousand relating to Tharisa Administration Services Limited, Arxo Logistics Proprietary Limited and Tharisa Fujian Industrial Company Limited for the reimbursement of the portion of the capital contribution for both the LTIP and SARS awards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

19. RELATED PARTY TRANSACTIONS *(continued)*

The asset was calculated based on a dividend yield of 3.92%, zero coupon fit swap curve risk-free rate, 33% volatility, a strike price of ZAR38 and a spot price of ZAR23.99. Fair value was determined using a Black & Scholes model for the LTIP awards and a Binomial Tree Model for the SARS awards. The valuation of the share awards and options at the end of reporting period were ZAR3.29 and ZAR0.94 for the SARS and LTIP respectively.

	30 September 2014 US$ '000	30 September 2013 US$ '000
Loans receivable from related parties (note 12)		
Tharisa Minerals Proprietary Limited	122	122
Arxo Logistics Proprietary Limited	8 000	8 000
	8 122	8 122

The loan to Tharisa Minerals Proprietary Limited, is for US$62 500 thousand. The loan is unsecured, interest free and is repayable on 31 December 2015.

The loan to Arxo Logistics Proprietary Limited is for US$8 000 thousand. The loan is unsecured, interest free, and has no fixed repayment date.

	30 September 2014 US$ '000	30 September 2013 US$ '000
Convertible redeemable preference shares (note 16)		
Fujian Wuhang Stainless Steel Products Co. Limited- No of shares :Nil (2013: 112)	-	27 738

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

19. RELATED PARTY TRANSACTIONS *(continued)*

	30 September 2014 US$ '000	30 September 2013 US$ '000
Payables to related parties (note 17)		
Tharisa Minerals Proprietary Limited	256	2
Braeston Corporate Consulting Services Proprietary Limited	124	129
Dinami Limited	2	-
	382	131

Payables to related parties include a share based payment asset of US$157 thousand relating to Tharisa Minerals Proprietary Limited and Braeston Corporate Consulting Services Proprietary Limited for the reimbursement of the portion of capital contribution for both the LTIP and SARS awards. The asset was calculated based on a dividend yield of 3.92%, zero coupon fit swap curve risk-free rate, 33% volatility, a strike price of ZAR38 and a spot price of ZAR 23.99. Fair value was determined using a Black & Scholes model for the LTIP award, and a Binomial Tree model for the SARS awards. The valuation of the share awards and options at the end of reporting period were ZAR3.29 and ZAR0.94 for the SARS and LTIP respectively.

Payables to related parties are unsecured, interest free and with no fixed repayment dates.

	30 September 2014 US$ '000	30 September 2013 US$ '000
Loans payable to related parties (note 17)		
Dinami Limited	453	-

The loan facility for Dinami Limited is for a maximum of US$1.5 million. The loan is unsecured, interest-free, and is repayable on demand.

	30 September 2014 US$ '000	30 September 2013 US$ '000
Accruals relating to related parties (note 17)		
Braeston Corporate Consulting Services Proprietary Limited	-	167

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

19. RELATED PARTY TRANSACTIONS *(continued)*

	30 September 2014 US$ '000	30 September 2013 US$ '000
Payables to other related parties (note 17)		
Evi Papacleovoulou	-	11
Antonis Djakouris	32	38
John David Salter	37	38
Ioannis Drapaniotis	26	29
Omar Kamal	10	-
	105	116

Guarantees and financial support commitments to related parties

The Company has issued the following guarantees with regards to related parties:

1) During the year ended 30 September 2012 Tharisa Minerals Proprietary Limited obtained financing of ZAR1 billion from a consortium of banks in South Africa, to finance the expansion projects of its mining activities. The financing is for a maximum period of 7 years and is repayable in 22 equal quarterly instalments, with the first repayment date at 31 December 2013. Repayments are subject to a cash sweep which will reduce the repayment period to a minimum of five years. Tharisa Minerals Proprietary Limited is required to maintain funds in a debt service reserve account, and may utilise funds in this account, with the prior written consent of the lenders for the purpose of making a repayment in the event that Tharisa Minerals Proprietary Limited does not have the necessary funds available to make the debt repayment. Refer to note 10. The financing bears interest at 3 months JIBAR + 3.4% to 3.9% per annum. The financing is secured by the assets of the subsidiary and by the shares of the Company in the subsidiary and is also guaranteed by the Company.

The loan contains the following financial covenants:

- Debt service cover ratio ("DSCR") at a level greater than 1.4 times.
- Loan life cover ratio at a level greater than 1.6 times.
- Reserve tail ratio at a level of 30% or greater.
- Debt/equity ratio at a level greater than 1.5 times.

19. RELATED PARTY TRANSACTIONS *(continued)*

As at 30 September 2014, Tharisa Minerals Proprietary Limited complied with all covenant ratios except for the historic DSCR which was calculated as -0,36. The historic DSCR is calculated as the cash flow available for repayment divided by the actual repayment for the six month period preceding the covenant measurement date. The lenders granted a waiver on the requirement as at 30 September 2014. Repayment terms were not renegotiated, but the interest rate increased by 1% to JIBAR +4.9% prior to technical completion, effective 1 October 2014. The technical completion date was extended to 28 November 2015. Tharisa Minerals Proprietary Limited hedges a portion of the facility for interest rate risk via an interest rate cap. As described in note 10, as at 30 September 2014 the Company had a long term deposit of US$7 389 thousand which was restricted.

2) The Company issued a guarantee limited to US$12 500 thousand (30 September 2013: US$38 000 thousand) as security for trade finance facilities provided by a bank to Arxo Resources Limited.

3) A Company guarantee was issued to a bank for the payment of certain liabilities of Arxo Logistics Propietary Limited totalling ZAR19 000 thousand.

4) The Company has issued financial support commitments to its subsidiaries Tharisa Investments Limited and Tharisa Administration Services Limited, confirming that it will continue funding these entities in order to enable them to continue as going concern entities and meet all their liabilities as they fall due.

Relationship between related parties and entities

Fujian Wuhang Stainless Steel Products Co. Limited is a shareholder of the Company.

Evi Papacleovoulou was the Company Secretary and a Director until 13 February 2014 and 30 January 2013 respectively. Antonis Djacouris, John David Salter, Ioannis Drapaniotis and Omar Kamal are Directors of the Company.

Tharisa Minerals Proprietary Limited, Dinami Limited, Arxo Logistics Proprietary Limited, Tharisa Investments Limited and Tharisa Administration Services Limited are subsidiaries of the Company. Braeston Corporate Consulting Services Proprietary Limited, Arxo Metals Proprietary Limited and Tharisa Fujian Investments Limited are indirect subsidiaries of the Company.

20. PARTICIPATION OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors, as at 30 September 2014 and 30 September 2013 were as follows:

	30 September 2014 %	30 September 2013 %
Loucas Pouroulis	-	-
Phoevos Pouroulis	2.62	-
Michael Jones	-	-
John David Salter	-	-
Ioannis Drapaniotis	-	-
Antonios Djakouris	-	-
Omar Kamal	0.14	-
Total	2.76	-

There has been no change in the Directors' interests in the share capital of the Company between the end of the financial year and the date of the approval of the annual consolidated financial statements.

21. ANALYSIS OF SHAREHOLDERS

The shareholders holding directly or indirectly more than 5% of the share capital and their respective number of shares as at 30 September 2014 is as follows:

	No of shares	30 September 2014 %
Medway Developments Limited	119 030 073	46.72
LCC Pershing	40 548 241	15.91
Fujian Wuhang Stainless Steel Products Co. Limited	28 070 211	11.02
Maaden Invest Limited	14 989 357	5.88

There has been no change in the shareholders holding more than 5% of the share capital of the Company between the end of the financial year and the date of the approval of the annual consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

21. ANALYSIS OF SHAREHOLDERS *(continued)*

An analysis of the public and non-public shareholders of the Company as at 30 September 2014 is as follows:

	Number of shareholders	Number of shares	% of issued share capital
Public	110	60 159 025	23.61
Non-public:			
Directors and associates of the Company and its subsidiaries	3	126 003 169	49.46
Persons interested (other than directors), directly or indirectly , in 10% or more	2	68 618 452	26.93
	115	254 780 646	100.00

22. FINANCIAL RISK MANAGEMENT

In the ordinary course of business the Company is exposed to credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this note.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The most significant exposure of the Company to credit risk is represented by the carrying amount of receivables from related parties, loans receivable from related parties, long term deposits and cash and cash equivalents.

Loans receivable from related parties and receivables from related parties

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each party. However, management also considers the demographics of each party including the default risk of the industry and country, in which they operate, as these factors may have an influence on credit risk. In monitoring credit risk, management reviews on a regular basis the ageing and the current and anticipated financial position and profitability of entities included in loans receivable from related parties and receivables from related parties. The Company establishes an allowance for credit losses that represents its estimate of incurred losses. The main component of this allowance is a specific loss component that relates to individually significant exposures. At the reporting date, the Board of Directors of the Company is of the opinion, that other than impairment made for the balance owing by Tharisa Investments Limited, none of the other carrying amounts of loans receivable from related parties and receivables from related parties are impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

22. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Credit risk *(continued)*

Cash and cash equivalents

The Company limits its exposures on cash and cash equivalents by dealing only with well-established financial institutions of high quality credit standing. At the reporting date, the majority of the Company's cash resources was deposited with HSBC based in Hong Kong, Barclays Bank plc and ABSA Capital.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, financial risk management may not be possible for instances of the forecast production not being achieved and/or South African Rand commodity prices weaken as discussed in note 2(c), which circumstances may create a material uncertainty in relation to the going concern of the Company. The maturities of the Company's financial liabilities are disclosed in the respective notes of these financial statements.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Equity price risk
Equity price risk is the risk that changes in equity prices will affect the Company's income or the value of its investment holdings. The maximum exposure to equity price risk is represented by the carrying amount of investments in subsidiaries as disclosed in note 11 to the financial statements.

The Board of Directors has performed an impairment assessment of the investments in subsidiaries and has concluded that no impairment is required on the basis that the valuation of the shares of the Group based on the current market price available on the JSE at the date of approval of these financial statements, significantly exceeds the carrying amounts for the subject investments.

22. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Other than cash at bank which attracts interest at normal commercial rates, the Company has no other significant interest bearing financial assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	Effective Interest Rate	30 September 2014 US$ '000	30 September 2013 US$ '000
Variable rate instruments			
Investment in preference shares	Libor + 1%	286 115	248 215

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased equity and profit or loss by approximately US$2 861 thousand (2013: US$2 482 thousand). This analysis assumes that all other variables and in particular foreign exchange rates, remain constant. The analysis is performed on the same basis for 2013. A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

22. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the exchange rate movement in South African Rand (ZAR), Chinese Yuan Renminbi (YUAN), British Pound (GBP) and Euro (EUR) against the US$. Typically the Company monitors currency fluctuations and evaluates the potential impact on its operations when possible. Financial risk management may not be possible for instances of the forecast production not being achieved and/or South African Rand commodity prices weaken, as discussed in note 2(c), which circumstances may create a material uncertainty in relation to the going concern of the Company.

The following table details the Company's exposure at the end of the reporting period to currency risk arising from recognized assets and liabilities denominated in a currency other than the functional currency of the Company. For presentation purposes, the amounts of the exposure are shown in US$, translated using the spot rate at the reporting date.

			30 September 2014			30 September 2013
	EUR US$ '000	ZAR US$ '000	GBP US$ '000	EUR US$ '000	ZAR US$ '000	GBP US$ '000
Other receivables	4	7	-	-	45	1
Cash and cash equivalents	25	2 726	2	3	123	1
Other payables	(203)	(572)	(2)	(321)	(377)	(89)
Current tax liabilities	(62)	-	-	(62)	-	-
	(236)	2 161	-	(380)	(209)	(87)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

22. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis
A 10% strengthening of the US$ against the above currencies at 30 September 2014, would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the US$ against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity. The analysis is performed on the same basis for 2013.

	Profit or loss	
	30 September 2014 US$ '000	30 September 2013 US$ '000
ZAR	(196)	19
EUR	22	27
GBP	-	8
	(174)	54

(d) Fair values

The Board of Directors considered that the fair values of significant financial assets and liabilities approximate to their carrying amounts at the reporting date.

Fair value hierarchy

The carrying value of the Company's financial instruments at fair value through profit or loss at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures, is represented by the carrying amounts of convertible redeemable preference shares and of financial assets at fair value through profit or loss, as disclosed in notes 13 and 16 of the financial statements. The fair value is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2014

22. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Fair values *(continued)*

The Company's financial assets at fair value through profit or loss amounting to US$ 86 thousand (2013: US$86 thousand) are categorized as Level 1. The Company's convertible redeemable preference shares amounting to US$Nil (2013: US$260 291 thousand) are categorized as Level 3.

The movement in the balance of Level 3 fair value measurements is as follows:

30 September 2014

	US$ '000
Convertible redeemable preference shares	
At the beginning of the year	(260 291)
Changes in fair value of financial liabilities at fair value through profit or loss	(32 420)
Conversion into ordinary shares at a premium	292 711
At end of year	-

30 September 2013

	US$ '000
Convertible redeemable preference shares	
At the beginning of the year	(212 791)
Changes in fair value of financial liabilities at fair value through profit or loss	(47 500)
At end of year	(260 291)

Significant assumptions used in determining fair value of financial assets and liabilities

The following summarises the major methods and assumptions used in estimating the fair value of convertible redeemable preference shares.

The estimate of the fair value of this financial liability is measured using the probability weighted expected return method, which values the financial liability based on the likelihood and expected settlement values of the respective expected settlement scenarios, discounted to their present value at the valuation date. Estimation of the settlement values of the financial liability requires an estimation of the equity value of the Company and its subsidiaries using discounted cash flow techniques. Estimated future cash flows are based on management's best estimates and the discount rates used are market related rates reflecting the risks specific to the respective operations of the Company and its subsidiaries.

22. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Fair values *(continued)*

The underlying assumptions in the fair value measurements include a nominal discount rate of 11.53%, which is a pre-tax nominal rate and reflects specific risks relevant to the operations of the Company and its subsidiaries, a risk-free rate of 2.14%, which is the average yield of the 10 year US treasury bond, and an inflation rate of 2.1%, which is the projected long-term US inflation rate. The Board of Directors is of the opinion that the above rates are more relevant to the operations of the Company and its subsidiaries, since revenues of the Company and its subsidiaries are generated in US$, which is also the functional currency of the Company.

No sensitivity is presented as the convertible redeemable preference shares were converted into ordinary shares upon listing of the Company's shares on the JSE on 10 April 2014.

23. EVENTS AFTER THE REPORTING PERIOD

Contingent Liability

The Company has, subsequent to the financial year end, received a "letter before action" from a firm of solicitors representing a shareholder which asserts intended claims against, inter alia, the Company for damages purporting to arise in the context of the listing of the Company on the JSE and the compulsory conversion of the convertible redeemable preference shares held by that shareholder in the Company into ordinary shares as provided for in the terms of the convertible redeemable preference shares.

The Board of Directors has taken legal advice and in the event legal proceedings are instituted, the Company will defend itself vigorously. In accordance with paragraph 92 of IAS 37 "Provisions, contingent liabilities and contingent assets" no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the Company in a dispute with other parties.

The financial statements were authorized for issue by the Board of Directors on 15 December 2014.