

Ambrian plc

Report and Financial Statements
Year Ended 31 December 2014

Ambrian plc
Report and financial statements
for the year ended 31 December 2014

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Ambrian plc

Officers and advisers

Directors

Robert F Adair (*Non-executive Chairman*)
Jean-Pierre Conrad (*Chief Executive Officer*)
John M Coles (*Finance Director*)
Roger F Clegg (*Chief Operating Officer*)
Kevin J Lyon (*Non-executive Director*)
Edward H Marlow (*Non-executive Director*)
Nicolas F Rouveyre (*Non-executive Director*)

Registered Office

62 - 64 Cornhill, London, EC3V 3NH

Company Secretary

Cargil Management Services Limited, 27/28 Eastcastle Street, London, W1W 8DH

Company Registration Number

3172986

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Registrars

Capita Asset Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Nominated Adviser

Cenkos Securities plc, 6-7-8 Tokenhouse Yard, London, EC2R 7AS

Ambrian plc

Chairman's and Chief Executive's statement

Introduction

Against a softer economic background and increased competition, the year under review was testing for Ambrian plc ("Ambrian" or the "Company" and together with its subsidiaries, the "Group"). Following on from benign trading conditions in the first half of the year, the market for most commodities became challenging in the second half of the year as economic growth softened markedly, compounded by tightening credit conditions in most of our end-user markets.

Despite increasing the volumes traded in copper and expanding our more recent non-ferrous business lines, lower volatility and increased competition in the sector, had the effect of reducing margins in our merchant activities. To respond to these challenges, we are concentrating on diversifying our business in terms of products, geographic location and customers serviced. Finally, to support and diversify our trade flows and revenue base, we intend to pursue selective investments in the resources sector. The sizable investment in a cement mill in Mozambique, partly funded by the Industrial Development Corporation of South Africa, represents a significant development in this direction.

During the year, we opened offices in Singapore and Taiwan. In addition to supporting the existing trading flows in countries in which our presence was historically marginal, both our Taiwan and Singapore offices are contributing to expanding our merchant activities in non-ferrous metals and minerals other than copper.

The significant feature which occurred since year end was the combination of the assets of Ambrian and Consolidated General Minerals plc ("CGM"). In reviewing the future prospects of the Group in 2013, it was considered that future growth and prospects remained constrained by the Group's asset base and the lack of diverse revenue streams. This acquisition represents significant progress towards meeting Ambrian's strategic objectives, in particular:

- Bringing in near term operating assets into the Group which have the potential to deliver significant value;
- Exposing the Group to the fast growing and developing markets of Mozambique and more generally Southern Africa, thus providing a window to other possible investment opportunities and increased trade flows;
- Broadening the skill set of the Group in support of our efforts to continue building a long-term sustainable business model; and
- Enlarging our shareholder base and improving the Group's profile in financial markets.

Results

For the year ended 31 December 2014, the metals and minerals trading business had a creditable performance despite the generally bearish market. Net revenues for the year were \$7.79 million (2013: \$13.91 million). Although we did not repeat the strong performance reported in 2013, we did develop our newer business lines in zinc, lead, tin and aluminium, while increasing overall volumes traded. When market fundamentals improve, we expect to be in a position to capture the upside benefits of the efforts we have put into developing our sourcing and customer relationships.

In 2014, the Group recorded an operating profit before exceptional items and tax of \$2.01 million (2013: \$4.15 million). Exceptional costs of \$0.90 million were incurred during the year (2013: nil). These exceptional costs relate to advisory fees in connection with the combination of assets of Ambrian and CGM, referred to above.

As a result of lower gross profits and one-off costs, the Group reported a pre-tax profit of \$1.10 million (2013: \$4.15 million).

Ambrian plc

Chairman's and Chief Executive's statement (*Continued*)

Transaction with CGM

During 2014, the Company and CGM held discussions relating to the combination of their businesses. At the time, CGM held a near 30 per cent interest in Ambrian, and Ambrian held a 11.95 per cent interest in CGM. In February 2015, we announced that the Company had entered into a conditional agreement to merge Ambrian Metals Limited and CGM (Schweiz) AG pursuant to a "merger by absorption" governed by Swiss law and the subsequent acquisition by the Company of CGM's shareholding in the resulting Swiss merged entity, together with all the indebtedness of CGM (Schweiz) AG owed to CGM. In March 2015, the Company announced that the merger had become unconditional.

Consideration for the acquisition by the Company was satisfied by the issue of convertible securities of 165,020,739 on 8 May 2015. A further 9,707,102 convertible securities remain to be issued upon the dissolution of CGM which is anticipated towards the end of 2015.

As a result of the transaction described above, the Group's core business of physical trading metals and minerals and logistics is supplemented by the acquisition of a custom built cement mill operation in Beira, Mozambique. The acquisition of this 110 tonne per hour facility was justified by its long-term economic rationale and also by the opportunity to build internal capabilities in servicing trade flows in bulk commodities such as the raw materials that are to be used in the cement mill.

Company premises

In June 2014, the Company relinquished its long term lease on its head office at Old Change House in London and moved into new smaller offices in the City of London. The new premises are better adapted to our activities in London and the number of employees. Costs for these premises are approximately 50 per cent less than those for the old offices.

Board changes

As a result of the transaction referred to above, we (Robert Adair and Jean-Pierre Conrad) joined the Board of the Company as Non-executive Chairman and Chief Executive Officer respectively, on 27 March 2015.

During the year, Charles Crick retired as a Non-executive Director and Chairman of the Company. The Board is grateful to Charles for his contribution to the Group over the years.

Roger Clegg joined the Board on 17 November 2014 as an Executive Director, having been the Company's Chief Operating Officer for a number of years before his appointment to the Board.

As previously announced, Kevin Lyon and Ed Marlow were appointed as directors of the Company on 21 February 2014.

Outlook

During the first quarter of 2015 trading conditions in most commodities continued to be subdued following on from similar conditions in the last quarter of 2014.

Whilst long-term contracts with our customers continue to be the core of our revenues, spot business has become increasingly significant due to the uncertain economic environment and our customers' desire to limit inventories. However, there are some signs of an improving market; the negative curve on the terminal market forward spreads is easing, thus enabling the cost of financing to be partially offset, particularly in the short-term, and we are moving from a backwardation market to a more normal contango market. Accordingly, margins on premiums and volatility are increasing, creating more opportunities to physically arbitrage the products we trade.

Ambrian plc

Chairman's and Chief Executive's statement (*Continued*)

The opening of the Taiwan office in February 2014 and the Singapore office in late 2014 has allowed the Company to gear up its expansion into other metals. The intention is to continue to expand both in terms of geography and commodities in the current year. We also intend to grow traded volumes and, more significantly, will continue to diversify our product lines into areas commanding higher margins, the target being to position the Group to generate a greater "base load" profitability. The acquisition of the cement mill business in Mozambique marks an important step change in the growth and development of the Group, increasing its asset base and also diversifying its revenues. We look forward to the start of the financial contribution from this project in the second half of 2015 as production commences at the plant.

In parallel with implementing our business strategy, we will strengthen our operations, finance and risk management systems and processes to support our enlarged operations. We will continue to provide a reliable service to our customers and counterparties whilst ensuring that our business remains resilient in rapidly changing market conditions. Also clearly critical to our business model is the availability of capital. We will continue to secure the ability to fund our working capital, primarily through trade finance banking facilities. We have increased our bank lines to \$425 million at year end from \$365 million at the end of 2013. We will continue fostering our existing banking relationships and strive to add more institutions to our existing banking group of over ten banks.

Finally, our business is very much driven by people. We intend introducing a revised compensation structure in 2015 to motivate a responsible commitment towards the Group's long-term success and promote management depth and stability.

Robert Adair
Chairman

Jean-Pierre Conrad
Chief Executive Officer

Ambrian plc

Strategic report

The Directors of the Company present their Strategic report for the year ended 31 December 2014.

Overview of the Group

The Group's focus is twofold:

- To continue to grow the sourcing and marketing of physical metals and minerals. We will do this by nurturing existing client relationships, seeking out new opportunities in other metals and minerals whilst promoting risk and capital management; and
- Increase the Group's asset base with a view to diversify its revenue stream.

Business review and future prospects

The Group had a mixed year from a financial perspective. The metals and minerals trading business continues to be the Group's core business. The continued support from our long standing banking relationships and an increase in trade finance lines has allowed us to grow our trade flows. Improved trade volumes materialised both with existing long term customers but was also reflected in an increase of our spot business.

2014 demonstrated an equal amount of fluctuation in the copper price when compared to that of 2013. However, while the price moved from \$7,295 per tonne at the start of the year, through to a low of \$6,670 per tonne by the end of April, it was back to \$7,104 per tonne by the end of July. From July onwards, we saw the early signs of backwardation creep into the market, a trend that continued into the latter part of 2014, with the copper price ending the year at \$6,422 per tonne.

The year-end copper prices were at their lowest in almost five years. Unlike 2013, where the price had fallen \$1,200 per tonne over the year, the fall in 2014 was \$900 per tonne. The drop in prices had more to do with credit concerns in China and a sell-off in commodities more generally. Bearish sentiment around supply and Chinese demand had put a cap on the copper price but was first and foremost the result of two fierce macro driven sell-offs in commodities seen in the first and fourth quarters.

In the second half of 2014, there were some key factors that kept the copper price constrained. First, there was uncertainty regarding the global economic recovery, especially by the world's largest consumers of copper – China and the U.S.A. The second factor was large copper inventories. This was largely driven by Chinese restocking of copper.

Ambrian continues to build its service reputation globally and thus, in spite of weaker commodity prices, saw an increase in both the long term customer sales and spot business.

During 2014, we expanded our offer to include other metals, including lead, zinc, aluminium and tin. This diversification was significantly aided by the establishment of an office in Taiwan with the recruitment of an experienced team of staff there. An office was also established in Singapore in December 2014 and now has two full time staff, including a resident director.

From 2015 onwards, revenues from the cement mill in Mozambique are anticipated to make a contribution to the Group's results.

Performance management and business development

Our key performance indicators include, but are not limited to, both financial metrics and operational metrics. Indicators of the financial metrics are revenue per segment, gross profit and margin, profit before tax, available liquidity, free cash, and tangible net asset value. This is discussed in greater detail below under the Financial performance of the Group.

Ambrian plc

Strategic report (*Continued*)

The operational metrics include but are not limited to tonnage bought, sold and in inventory, total trade finance lines available and usage thereof, and hedge positions. During the financial year ended 31 December 2014, there was an increase in metals traded of 15% by the Company. This increased trading volume was supported by the increase in bank lines used.

We continue to maintain strict cash management and customer credit controls. These controls were evidenced by another year with no bad debts. Further, as a Group we continue to strive for a sustainable approach to our operations.

Financial performance of the Group

The Group recorded a profit after tax of \$0.53 million (2013: \$3.92 million).

Total income was \$8.58 million for the year ended 31 December 2014 compared with \$12.43 million for the year ended 31 December 2013.

Administrative expenses of \$6.57 million were 20.7 per cent lower than the comparative period (\$8.28 million). This was principally due to lower provisions for compensation paid to our employees in 2014.

The Group incurred exceptional costs of \$0.90 million (2013: nil) which are professional fees incurred in the transaction with Consolidated General Minerals plc referred to in the Chairman's and Chief Executive's statement. As indicated in the post balance sheet event note 26, a significant portion of such costs, will be offset against share premium, in relation to the issuance of share capital.

Overall, the Group reported a post-tax profit of \$0.53 million, compared to \$3.92 million in 2013. The difference is partly explained by exceptional costs incurred in 2014 and lower margins as a result of a softening rate of economic growth, oversupply in several commodities and increased competition.

Metals and minerals trading

Net revenue from our physical metals and minerals trading business, was \$7.79 million for the year ended 31 December 2014 (2013: \$13.91 million). This reduction in performance was due to more difficult trading conditions generally in 2014 with a tightening of margins. This had a significant impact on profits for this activity resulting in pre-tax profits of \$2.54 million (before intra Group interest and management charges) (2013: \$7.95 million). Net assets of the trading business at 31 December 2014 were \$25.61 million (2013: \$26.50 million).

The business continued to benefit from the strong support of its existing and new banking relationships.

Principal Investments

In the 12 months ended 31 December 2014, our investment portfolio recorded a pre-tax gain of \$0.78 million compared with a pre-tax loss in 2013 of \$1.53 million. The gain was largely due to the reversal of the prior year write down in the value of CGM. As noted in our 2013 annual report, the write-down of \$0.88 million was due to a technicality of having to revalue the investment at an open offer price determined in January 2014.

The Board maintained its view on limiting the Group's exposure to junior resource stocks. The total value of the Group's investment portfolio, including all net assets at 31 December 2014 was \$0.33 million (2013: \$0.44 million). The investment portfolio itself was valued at \$0.19 million at 31 December 2014 (2013: \$0.22 million).

The Company, at year-end, continued to hold an interest in CGM (which in turn held a near 30 per cent interest in the Company). As at 31 December 2014, the interest was 11.95 per cent.

Ambrian plc

Strategic report (*Continued*)

Commissioning of the cement mill is anticipated in the second half of 2015. The Board considers its interest in CGM a core holding for the future development of the Group and the Company's investment in CGM has been valued at \$3.08 million (2013: \$1.7 million before the participation in the CGM open offer to shareholders in January 2014).

From 2015 onwards, the investment in the cement mill will be consolidated at a Group level and will be one of the principal activities of the Group.

It is to be emphasized that there is a high degree of subjectivity (and therefore uncertainty) involved in the valuation of unquoted investments. This applies to all of the Group's unquoted investments.

Expenses

Administrative expenses attributable to the Group for the year ended 31 December 2014 were \$6.57 million (2013: \$8.29 million), which included provisions for year-end profit related bonuses. These expenses were lower than in the comparative year principally due to a lower provision for profit related bonuses.

Remuneration expenses attributable to operations were \$3.91 million for the 12 months ended 31 December 2014 (2013: \$4.95 million). Total headcount in the Group at 31 December 2014 was 32 (31 December 2013: 34).

The Group incurred Exceptional costs of \$0.90 million (2013: nil) which are professional fees incurred in the transaction with Consolidated General Minerals plc referred to in the Chairman's and Chief Executive's statement.

Balance Sheet

Total net assets of the Group at 31 December 2014 were \$29.15 million, similar to the total net asset value of \$28.97 million at 31 December 2013. This marginal increase in value was due to the profits of the metals trading activity and the increase in the value of the investment in CGM.

The Group's own cash resources aggregated to \$9.66 million at 31 December 2014 (2013: \$22.08 million). The cash balance was reduced by its application in the financing of certain short lead-time trading opportunities in the Far East.

Inventory was \$329.55 million at 31 December 2014 compared with \$208.87 million at 31 December 2013. This increase in inventory was due to the slow-down of trading in the last quarter of 2014. Since the year end, all this inventory has been sold. However, higher levels of inventory are being maintained to satisfy spot business demand.

Net tangible asset value per share at 31 December 2013 was 29.00 cents (2013: 28.79 cents). Net tangible asset value is based on 100,602,104 ordinary shares outstanding at 31 December 2014 (excluding Treasury shares and shares held by the Ambrian Capital Employee Benefit Trust) (2013: 100,602,104 shares).

Risk Management and Financial Risk

The Group attaches great importance to effective risk management. The principal business units operate through their own management committees which meet monthly and are also attended by the Group's senior management. The Group's principal exposures are monitored daily and reviewed by the Group's senior management. The Group also operates an Executive Committee, comprising the Chief Executive Officer, the heads of metals trading and cement, the Finance Director and the Chief Operating Officer.

The Group operates a Risk Committee which is responsible for recommending risk strategy to the Board and the Group's risk management framework.

The key business risks to which the Group is exposed are as follows:

Ambrian plc

Strategic report (*Continued*)

Competition

The Group operates in a competitive environment with a limited customer base and is therefore vulnerable to losing business to third parties able and willing to offer more competitive terms. We aim to mitigate this risk by maintaining close relationships with our customers, seeking to expand our customer base and providing differentiating services.

Premium risk

The prime determinant of the profitability of the metals business is the premium margin made on the sale of the metal, which in turn is a function of supply and demand and availability for delivery. Premiums also vary on a regional basis. A significant reduction in the premium margin or a material change in market dynamics would be likely to have a materially adverse effect on the Group. We manage this risk through diversification of our clients and suppliers on a geographical and political basis.

Commodity concentration and disintermediation

The Group's principal business is focused on commodities which is a cyclical sector, while acting as an intermediary. Any material change in demand for relevant commodities could have an adverse impact on the Group's performance. This is mitigated by the business keeping the majority of business focussed on long term contracts with clients.

Loss of key staff

Retaining key staff, including, in particular, significant current and future revenue generators, is essential to the long-term health and growth of the business. The Group's policies on remuneration are devised to engender loyalty and promote performance by such staff. These policies include payment of bonuses and share option awards where appropriate. Succession management is also of importance to preserve key customer relationships. The Group seeks to ensure that these relationships will be maintained notwithstanding the loss of key personnel.

Operational risk

The value of some of the Group's trades particularly in its physical metals business is significant. The Group is accordingly exposed to the risk of material loss through operational errors in conducting those trades. We manage this risk by a combination of well established procedures, an experienced and well-trained operations team, and sophisticated trade capture systems which are designed to minimise the risk of loss through such errors.

Information technology risk

All of our businesses depend upon robust, effective and efficient IT support. We have in place appropriate back up procedures to safeguard the loss of information and records arising from IT failure. We also seek to ensure that our own material data and service providers have appropriate back up and disaster recovery procedures in place to overcome or mitigate any damage to us resulting from their failure.

Legal risk

Legal risk is inherent in most transactions affecting our businesses. This is managed by the use of external legal advisers where appropriate and the adoption of industry standard documentation.

Approved by the Board of Directors and signed on behalf of the Board on 27 May 2015.

John M Coles
Finance Director

Ambrian plc
Report of the Directors
for the year ended 31 December 2014

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2014.

Principal activities

The Group has two main operating businesses. The main business is that of the sourcing and marketing of physical metals and minerals. The other operating business is the principal investments business.

Business and review of future prospects

A full review of the activity of the business, key performance indicators and future prospects is contained in the Chairman's and Chief Executive's statement and the Strategic report pages 7 to 10 which accompany these financial statements.

Dividends

The Board is not recommending the payment of a dividend (2013: nil).

Directors' indemnity arrangements

The Group has purchased and maintained throughout the year qualifying indemnity provisions through Directors' and Officers' liability insurance.

Substantial shareholders

The Directors are aware of the following that have interests of 3% or more in the Company's shares as at 1 May 2015:

	<i>Number</i>	<i>Percentage</i>
Kestrel Partners LLP	14,119,485	13.21%
Davies C S Esq	13,461,599	12.60%
Consolidated General Minerals plc	9,584,466	8.97%
Cael Engineering Limited	7,925,409	7.42%
Rouveyre N F M Esq	7,925,409	7.42%
Ambrian Capital plc Trustees	6,259,036	5.86%
Conrad J P Esq	5,106,070	4.78%
Church House Investments	5,000,000	4.68%
Fidelity International Limited	4,491,423	4.20%
Equinity Shareview	3,441,054	3.22%

Acquisition of own shares

At the Annual General Meeting of the Company held on 25 June 2014 the Company was given authority to grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £1.1 million. The authority will expire on the earlier of the conclusion of the Annual General Meeting of the Company in 2015 and 24 September 2015.

The Company did not purchase any of its own ordinary 10p shares during the year (2013: nil). The number of shares held in treasury at the year-end remained unchanged at 4,500,058 shares. At 31 December 2014 the Company had 111,361,208 shares in issue (2013: 111,361,208). Therefore, at 31 December 2014, the total number of shares held in treasury represented 4.04 per cent unchanged from 2013. Shares held in treasury may in the future contribute to staff share schemes.

Ambrian plc
Report of the Directors
for the year ended 31 December 2014 (Continued)

Employee Benefit Trust

The Group has an Employee Benefit Trust ("EBT") for the benefit of its employees. At 31 December 2014, the EBT held 6,259,046 ordinary 10p shares in the Company (2013: 6,259,046 shares). Details of the share options granted to staff by the EBT are set out in note 17.

Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls and procedures and for reviewing the effectiveness of these and ensuring that management of its subsidiaries review the internal controls and procedures operating in the subsidiaries. Such controls and procedures are designed to safeguard the Company's and the Group's assets and ensure reliability of reporting information, financial and otherwise, for both internal use and external publication. Whilst conscious that no system can provide absolute assurance against material misstatement, fraud, or loss, the Directors are satisfied that having regard to the Group's size and stage of development, the system of controls currently in place is adequate and effective.

Directors and their interests

The present membership of the Board, together with details of the Directors who served during the year and their interests in the share capital of the Company are set out below.

	<i>Ordinary shares</i>		<i>Share options</i>	
	<i>At 31 December 2014 or on resignation if earlier</i>	<i>At 1 January 2014 or on appointment if later</i>	<i>At 31 December 2014 or on resignation if earlier</i>	<i>At 1 January 2014 or on appointment if later</i>
J M Coles	200,000	200,000	450,000	1,374,444
R F Clegg	186,667	186,667	1,170,277	1,170,277
K J Lyon	—	—	—	—
N F Rouveyre	—	—	—	—
E H R Marlow	—	—	—	—
C A Crick	400,000	400,000	225,000	225,000

Mr R N Ashley retired from the board on 19 February 2014.

Mr K J Lyon and Mr E H Marlow were appointed to the board on 19 February 2014.

Mr C A Crick resigned from the board on 12 November 2014

Mr R F Clegg was appointed to the board on 17 November 2014

Mr R F Adair and Mr J P Conrad were appointed to the board on 27 March 2015

Mr N F Rouveyre and Mr J P Conrad had an interest in Consolidated General Minerals plc, a substantial shareholder of the Company as at 31 December 2014.

Further details in respect of the share options are disclosed in note 17.

Political Donations

No political donations were made by the Group during 2014 (2013: \$nil).

Ambrian plc
Report of the Directors
for the year ended 31 December 2014 (*Continued*)

Disclosure of information to auditors

In so far as the Directors are aware, at the time this report was approved:

- There is no relevant audit information of which the Group's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial risk management

Financial risk management objectives and policies and risk arising from financial instruments are disclosed in note 23 to the Consolidated financial statements.

Post balance sheet events

On 17 February 2015, Ambrian plc announced the proposed merger with CGM, which was declared unconditional on 26 March 2015. For more information please refer to note 26.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board, 27 May 2015.

John M Coles

Finance Director

Ambrian plc

Corporate Governance

Corporate Governance

The Directors give due regard to the principles set out in The UK Corporate Governance Code published in September 2012 by the Financial Reporting Council. They do not need to comply with the Code. However they have chosen to adopt those principles that are appropriate given the size and nature of activities of the Group.

The Board meets at least six times a year and at such other times when necessary in order to determine the strategy and policy of the Group, its trading performance, the risks to which the Group is exposed and any other matters of significance affecting the Group. The Board has a schedule of matters specifically reserved to it for decision.

The Remuneration Committee comprises all the Non-executive Directors of the Company and is chaired by Mr R F Adair. The Committee determines salary levels, discretionary bonuses and the terms and conditions of service of the executive Directors together with their share option awards. It also reviews the remuneration recommendations (including the overall level of bonuses and individual share option awards) relating to other staff. The Remuneration Committee is also responsible for exercising discretions in relation to the Group's share option scheme and for the development of the Group's strategy in relation to the use of equity related remuneration for the benefit of the Group's employees.

The Audit Committee comprises Mr R F Adair and Mr N F Rouveyre and is chaired by Mr K J Lyon. Mr J M Coles, although not a member of the Committee, regularly attends the meetings. The Committee meets twice a year and is responsible for monitoring the effectiveness of the internal control environment, reviews external financial reporting and monitors the framework for compliance with relevant laws and regulations. The Committee reports to the Board on the Group's full and half year results having considered the Group's accounting policies and relevant accounting principles applicable to the Group. The Committee also monitors the relationship between the Group and its auditors.

The Risk Committee comprises Mr N F Rouveyre (Chairman), Mr K J Lyon and Mr E H Marlow. The Committee is responsible for recommending to the Board the Group's strategy in respect of the key risks to which the Group is exposed and the Group's appetite for those risks. The Committee is also responsible for approving the controls around those risks and monitors and reviews those controls.

Table of meetings and attendees

	<i>Board Meetings</i>	<i>Audit Committee</i>
Number of meetings held	10	2
J M Coles	10(10)	—
R F Clegg	1(1)	—
K J Lyons	7(7)	2(2)
N F Rouveyre	10(10)	2(2)
E H R Marlow	7(7)	2(2)
C A Crick	9(9)	2(2)

In the above table the numbers in brackets indicate the number of meetings which the Director concerned was eligible to attend.

There were no Remuneration Committee meetings during the year because all remuneration issues were dealt with by the Board. The Risk Committee did not meet formally during the year as all risk matters were dealt with either by the Board, or by the metals and minerals management committee, which the Chairman of the Risk Committee attended.

Ambrian plc

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Company have been prepared in accordance with UK GAAP and Group have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Ambrian plc

Independent Auditor's Report

Independent Auditor's Report to the Members of Ambrian plc

We have audited the financial statements of Ambrian plc for the year ended 31 December 2014 which comprise the Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Consolidated statement of financial position and Company balance sheet, Consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Ambrian plc

Independent Auditor's Report (*Continued*)

Matters on which we are required to report by exception

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

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

Scott Knight (*senior statutory auditor*)

For and on behalf of BDO LLP, statutory auditor
London

27 May 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ambrian plc
Consolidated statement of comprehensive income
for the year ended 31 December 2014

	Note	Year to 31 December 2014 US \$000's	Year to 31 December 2013 US \$000's
Turnover	3	2,885,069	2,565,694
Cost of Sales	3	(2,877,276)	(2,551,785)
Net revenue	3	7,793	13,909
Investment portfolio gains and (losses)	3	784	(1,476)
Total income	3	8,577	12,433
Administrative expenses		(6,571)	(8,285)
Exceptional items – acquisition costs		(904)	—
Total administrative expenses		(7,475)	(8,285)
Profit before tax	4	1,102	4,148
Taxation	6	(574)	(228)
Profit after tax		528	3,920
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or (loss)</i>			
Exchange (loss)/profit arising from translation of foreign operations		(344)	285
Total other comprehensive profit		(344)	285
Total comprehensive profit		184	4,205
Profit attributable to:			
Owners of the parent		518	3,915
Non-controlling interest		10	5
		528	3,920
Total comprehensive profit attributable to:			
Owners of the parent		174	4,200
Non-controlling interest		10	5
		184	4,205
Earnings per share in USD cents:			
Basic earnings per share	7	0.51	3.89
Diluted earnings per share	7	0.51	3.86

The accounting policies and notes set out on pages 22 to 49 form an integral part of these consolidated financial statements.

Ambrian plc
Consolidated statement of changes in equity
for the year ended 31 December 2014

	<i>Share capital</i> <i>US \$000's</i>	<i>Share premium account</i> <i>US \$000's</i>	<i>Treasury shares</i> <i>US \$000's</i>	<i>Retained earnings</i> <i>US \$000's</i>	<i>Share based payments reserve</i> <i>US \$000's</i>	<i>Employee benefit trust</i> <i>US \$000's</i>	<i>Exchange reserve</i> <i>US \$000's</i>	<i>Total equity attributable to the owner of the parent</i> <i>US \$000's</i>	<i>Non-controlling interest</i> <i>US \$000's</i>	<i>Total equity</i> <i>US \$000's</i>
Balance at 31 December 2012	<u>17,665</u>	<u>18,044</u>	<u>(1,986)</u>	<u>(3,931)</u>	<u>8,013</u>	<u>(11,446)</u>	<u>(1,567)</u>	<u>24,792</u>	<u>(71)</u>	<u>24,721</u>
Comprehensive income										
Profit for the year	—	—	—	3,915	—	—	—	3,915	5	3,920
Foreign currency adjustments	—	—	—	—	—	—	285	285	—	285
Total comprehensive income/(loss) for the year	—	—	—	3,915	—	—	285	4,200	5	4,205
Transactions with owners										
Share-based payment charge	—	—	—	—	39	—	—	39	—	39
Transactions with owners	—	—	—	—	39	—	—	39	—	39
Balance at 31 December 2013	<u>17,665</u>	<u>18,044</u>	<u>(1,986)</u>	<u>(16)</u>	<u>8,052</u>	<u>(11,446)</u>	<u>(1,282)</u>	<u>29,031</u>	<u>(66)</u>	<u>28,965</u>
Comprehensive income										
Profit for the year	—	—	—	518	—	—	—	518	10	528
Foreign currency adjustments	—	—	—	—	—	—	(344)	(344)	(2)	(346)
Total comprehensive income for the year	—	—	—	518	—	—	(344)	174	8	182
Balance at 31 December 2014	<u>17,665</u>	<u>18,044</u>	<u>(1,986)</u>	<u>502</u>	<u>8,052</u>	<u>(11,446)</u>	<u>(1,626)</u>	<u>29,205</u>	<u>(58)</u>	<u>29,147</u>

Ambrian plc
Consolidated statement of financial position
at 31 December 2014

	Note	Year to 31 December 2014 US \$000's	Year to 31 December 2013 US \$000's
ASSETS			
Non-current assets			
Property, plant and equipment	8	442	69
Deferred tax asset	15	252	602
		694	671
Current assets			
Financial assets at fair value through profit or loss	9	21,933	1,926
Inventory	10	329,545	208,872
Trade and other receivables	11	78,505	59,633
Cash and cash equivalents	12	9,661	22,075
Total assets		440,338	293,177
LIABILITIES			
Current liabilities			
Financial liabilities at fair value through profit or loss	9	–	(2,371)
Short-term borrowings	13	(315,065)	(176,890)
Short-term liabilities under sale and repurchase agreements	13	(45,701)	(33,055)
Trade and other payables	14	(50,209)	(51,096)
Current tax payable	6	(216)	(800)
Total liabilities		(411,191)	(264,212)
Total net assets		29,147	28,965
CAPITAL AND RESERVES			
Share capital	16	17,665	17,665
Share premium		18,044	18,044
Treasury shares		(1,986)	(1,986)
Retained earnings		502	(16)
Employee benefit trust		(11,446)	(11,446)
Share-based payments reserve		8,052	8,052
Exchange reserve		(1,626)	(1,282)
Total equity attributable to the owner of the parent		29,205	29,031
Non-controlling interest	25	(58)	(66)
Total equity		29,147	28,965

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2015.

R F M Adair
Chairman

J M Coles
Finance Director

The accounting policies and notes set out on pages 22 to 49 form an integral part of these consolidated financial statements.

Ambrian plc
Consolidated statement of cash flows
for the year ended 31 December 2014

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Profit for the year	528	3,920
Adjustments for:		
Depreciation of property, plant and equipment	52	19
Foreign exchange (gains)	(533)	(375)
Taxation expense	574	228
Realised (gain)/loss on financial assets designated at fair value	(18)	13
Proceeds of sale from disposal of financial assets at fair value through profit and loss	—	225
(Increase)/decrease in inventories	(120,673)	153,505
(Increase)/decrease in trade and other receivables	(18,872)	46,924
Unrealised (losses)/gains on financial liabilities at fair value	(2,371)	1,400
Unrealised (losses)/gains on financial assets at fair value	(19,989)	1,577
(Increase) in trade and other payables	(1,471)	(13,346)
Share-based payment charge	—	39
Loss on disposal of property, plant and equipment	49	—
Cash (used)/generated in operations	(162,724)	194,129
Taxation (paid)	—	—
Net cash flow (used)/generated in operating activities	<u>(162,724)</u>	<u>194,129</u>
Investing activities		
Disposal of subsidiary undertakings	—	2,701
Purchase of property, plant and equipment	(488)	—
Disposal of property, plant and equipment	14	—
Net cash (used)/generated in investing activities	<u>(474)</u>	<u>2,701</u>
Financing activities		
Increase/(decrease) in short term liabilities under sale and repurchase agreements	12,646	(142,523)
Increase/(decrease) in short term borrowings	138,175	(60,987)
Net cash generated/(used) in financing activities	<u>150,821</u>	<u>(203,510)</u>
Net (decrease) in cash and cash equivalents	(12,377)	(6,680)
Cash and cash equivalents at the beginning of the year	22,075	28,217
Effect of foreign exchange rate differences on cash and cash equivalents	(37)	538
Cash and cash equivalents at the end of the year	<u>9,661</u>	<u>22,075</u>

The accounting policies and notes set out on pages 22 to 49 form an integral part of these consolidated financial statements.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014

1. Nature of operations

The Group is engaged in physical metals and minerals trading and holds strategic investments. A full review of the Group's activities is contained in the Chairman's and Chief Executive's statement and the Strategic report on pages 4 and 7.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical cost basis, as modified by the valuation of financial assets and liabilities, including derivative financial instruments, at fair value through profit or loss.

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in the appropriate application in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 24.

The accounting policies that have been used in the preparation of these consolidated financial statements are described below. The particular accounting policies adopted by the Directors are described below and are unchanged from the previous year unless otherwise stated.

In the current year, the Group has applied a number of new and revised IFRS standards and interpretations which were adopted as of 1 January 2014:

- *Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities*
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.
- *Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*
The amendments to IAS 32 Financial Instruments: Presentation clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement".
- *Amendments to IAS 36 – Recoverable Amount Disclosure for Non-Financial Assets*
The amendments to IAS 36 Impairments of Assets: Presentation clarify the disclosure required in relation to the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- *Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting*
The amendments to IAS 39 Financial Instruments: Recognition and Measurement clarify the criteria required to be met such that there would be no need to discontinue hedge accounting if a hedging derivative was novated.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

• *IFRIC 21 – Levies*

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The adoption of these new amendments and interpretations has had no material impact on the Group.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these consolidated financial statements. Management are assessing the impact of these on the financial statements.

It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective date.

2.2 Basis of consolidation

(i) Subsidiaries and acquisitions

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where an investor is expected, or has rights, to variable returns from its investment with the investee and has the ability to affect these returns through its power over the investee. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as a "fair value" adjustment. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.3 Financial Instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or available for sale.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

The Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

These are financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivative assets, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with gains or losses recognised in the consolidated statement of income.

Fair value of securities listed in active markets are determined by current bid prices; where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date.

Prepayments and accrued income and accruals and deferred income principally represent open sales and purchase contracts which are initially recognised at fair value when the Company becomes a party to the contractual provision of the instrument and are subsequently measured to fair value at the end of each reporting period with reference to recognised commodity prices. At the reporting date, ownership of the metals had not transferred to the purchasing counterparty. The effect of measurement of these is presented net in either prepayments and accrued income or accruals and deferred income depending on whether the outcome of measuring these results is gains or losses at the end of each reporting period.

(ii) Loans and receivables

The Group's loans and receivables comprise trade and other receivables (including accrued income) and cash and cash equivalents in the consolidated statement of financial position. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

The Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises out-of-the-money derivatives and accruals and deferred income. They are carried in the consolidated statement of financial position at fair value, with changes in fair value recognised in cost of sales of the comprehensive statement of consolidated income. Accruals and deferred income and prepayments and accrued income principally represent open purchase and sales contracts which are initially recognised at fair value when the Company becomes a party to the contractual provision of the instrument and are subsequently measured at fair value, being the LME value at 17:00 GMT, the end of each reporting period with reference to recognised commodity exchange prices. If at the reporting date, ownership of the metals had not transferred to the Company, the effect of measurement of these is presented net in either accruals and deferred income or prepayments and accrued income depending on whether the outcome of measuring results is in gains or losses at the end of each reporting period.

(ii) Financial liabilities measured at amortised cost

All other financial liabilities include the following items:

- Short term borrowings;
- Short term liabilities under sale and repurchase agreements; and
- Other payables

All of the above are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Fair value measurement hierarchy

IFRS 13 requires certain disclosures which require a classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- 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)

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measured. Financial assets and liabilities are classified in their entirety into only one of the three levels.

2.4 Turnover and Cost of sales

Turnover is the gross revenues generated from all business activities except for the investment portfolio. Turnover represents the gross sales invoices of the physical metals division.

Cost of sales are the direct costs associated with sales of the physicals metals division and include such purchases of metals, freight and other costs directly related to sales including finance charges.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

2.5 Total income

Revenue is recognised when it is probable that the economic benefits will flow to the entity and these benefits can be measured reliably.

Revenue recognition in the physical metals business:

- Revenue is recognised on an accruals basis. It is recognised when the seller has transferred to the buyer the necessary legal documents that indicate that significant risks and rewards of ownership have transferred. In most instances this is evidenced by a bill of lading, legal documents or holding certificate.
- In certain instances there are contracts where the sales price is determined on a provisional basis at the date of sale, as the final selling price is subject to movements in market prices up to the date of final pricing. Revenue on provisionally priced sales is recognised based on the total expected value of the sales contract. This is determined by assessing the fair value of sales contracts. The change in the value of the sales contract is offset in the revenue line by the gain/(loss) that arises from the LME futures position associated with the provisional pricing of the sales contract.

Total income is revenue defined as above and investment portfolio gains and losses.

2.6 Foreign currencies

The Group's presentation currency is US Dollars and has been selected based on the currency of the primary economic environment in which the Group as a whole operates. The Group's primary product is generally traded by reference to its pricing in US Dollars.

Transactions in currencies other than the functional currency of the Company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the balance sheet date and any gains or losses arising are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a US Dollar functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

2.7 Taxation

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

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 adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the reducing balance method over their estimated useful economic lives. The rates generally applicable are:

- Office equipment – 25%

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

2.9 Pensions

The Group contributes to the private pension scheme of two Directors. The assets of the scheme are held separately from that of the Group. Contributions are charged in the consolidated statement of comprehensive income as incurred in line with a defined contribution scheme.

2.10 Share-based payment – transactions

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to share-based payment reserve.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium.

2.11 Inventory

Inventory relates to commodity contracts where delivery has been taken of the underlying commodity with the intention of resale within a short period after delivery.

Inventory is held at fair value less costs to sell. Any changes in fair value less costs to sell are recognised in the consolidated statement of comprehensive income in the period of the change.

2.12 Sale and repurchase agreements

Inventory may be sold subject to a commitment to repurchase it (a repo). Such inventory is retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Group. The transactions are treated as collateralised borrowing and the counterparty liability is presented separately on the balance sheet as short term liabilities under sale and repurchase agreements. The net of the repo transaction is recognised as a finance cost within cost of sales.

2.13 Equity

Called up share capital is determined using the nominal value of shares that have been issued.

Share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium account, net of any related income tax benefits.

Equity-settled share-based employee remuneration is credited to the share-based payment reserve until related stock options are exercised.

The cost of own shares purchased under the Employee Benefit Trust is debited to the reserve for Employee Benefit Trust and the proceeds of any sales of such shares are credited to this reserve.

The cost of Treasury shares purchased is debited to the reserve for Treasury shares.

The exchange reserve reflects the cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.

Retained earnings include all current and prior period results as disclosed in the consolidated statement of comprehensive income.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

2. Accounting policies – continued

2.14 Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group consolidated statement of comprehensive income.

2.15 Treasury shares

The costs of purchasing treasury shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated statement of comprehensive income.

2.16 Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

2.17 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which is the Executive Committee and the management team for the relevant business segment.

2.18 Disposal of assets

The gain or loss on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income. The gain or loss arising from the sale of fixed assets is included in “administrative expenses” in the consolidated statement of comprehensive income.

3 Segmental analysis

The Group has two reportable segments attributable to its operations and unallocated central revenues and costs:

- Physical metals and minerals trading
- Investment portfolio – comprises the Group’s investment portfolio
- Head office costs relate to overheads incurred in connection with operating the public limited company and providing support functions to the Group.

The measurement of the segmental revenue, profit before tax, capital expenditure, depreciation, total assets, total liabilities and net assets have been prepared using consistent accounting policies across the segments. These policies are disclosed in note 2.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

3 Segmental analysis – continued

	<i>Trading</i> 2014 <i>US \$ 000's</i>	<i>Investment</i> <i>Portfolio</i> 2014 <i>US \$ 000's</i>	<i>Head office</i> <i>costs</i> 2014 <i>US \$ 000's</i>	<i>Total</i> 2014 <i>US \$ 000's</i>
Turnover	2,884,979	—	90	2,885,069
Cost of Sales	(2,877,276)	—	—	(2,877,276)
Revenue	—	784	—	784
	<u>7,703</u>	<u>784</u>	<u>90</u>	<u>8,577</u>

	<i>Trading</i> 2013 <i>US \$ 000's</i>	<i>Investment</i> <i>Portfolio</i> 2013 <i>US \$ 000's</i>	<i>Head office</i> <i>costs</i> 2013 <i>US \$ 000's</i>	<i>Total</i> 2013 <i>US \$ 000's</i>
Turnover	2,565,463	—	231	2,565,694
Cost of Sales	(2,551,785)	—	—	(2,551,785)
Revenue	—	(1,476)	—	(1,476)
	<u>13,678</u>	<u>(1,476)</u>	<u>231</u>	<u>12,433</u>

	<i>Year to</i> <i>31 December</i> 2014 <i>US \$ 000's</i>	<i>Year to</i> <i>31 December</i> 2013 <i>US \$ 000's</i>
Profit/(loss) before tax		
Trading	2,542	7,949
Investment portfolio	784	(1,527)
Head office costs	(1,320)	(2,274)
Exceptional items	(904)	—
	<u>1,102</u>	<u>4,148</u>

Geographical split of Total income for the Group where > 10% per region

	<i>Year to</i> <i>31 December</i> 2014 <i>US \$ 000's</i> <i>Turnover</i>	<i>Year to</i> <i>31 December</i> 2013 <i>US \$ 000's</i> <i>Turnover</i>
Eastern Asia	2,042,216	949,307
Western Asia	286,480	1,000,621
Other	556,373	615,766

Major customers of the Group where individually >10% of Total income

	<i>Year to</i> <i>31 December</i> 2014 <i>US \$ 000's</i> <i>Customer</i>	<i>Year to</i> <i>31 December</i> 2013 <i>US \$ 000's</i> <i>Customer</i>
Customer A	432,878	282,226
Customer B*	144,293	307,883
Other	2,307,898	1,975,585

* Customer B is < 10% during for the year ended 2014

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

3 Segmental analysis – continued

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Investment portfolio gains and (losses) represent:		
Unrealised gains/(losses) on financial assets designated at fair value	766	(1,463)
Realised gains/(losses) on financial assets designated at fair value	18	(13)
	<u>784</u>	<u>(1,476)</u>
	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Total assets		
Trading	436,565	288,779
Investment portfolio	328	437
Head office	3,445	3,961
	<u>440,338</u>	<u>293,177</u>
Total liabilities		
Trading	410,951	262,281
Investment portfolio	1	1
Head office	239	1,930
	<u>411,191</u>	<u>264,212</u>

4 Profit before tax and Auditors' remuneration

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Relating to operations:		
Profit before tax, all of which arises from the Group's principal activities, is stated after charging/(crediting):		
- fees payable to the Group's auditor for the audit of the Group's annual financial statements	216	153
- other assurance services	—	17
Depreciation of property, plant and equipment	52	19
Operating lease rentals – land and buildings	363	397
Exceptional items – acquisition costs (note 26)	904	—
Finance cost (included in Cost of sales)	6,470	9,697
Loss on disposal of property, plant and equipment	49	—
Exchange (gains)	(533)	(375)
Interest income (included in Net revenue)	—	(3)
	<u>—</u>	<u>(3)</u>

Included in the auditors fees above are \$28,946 (31 December 2013: \$22,447) related to associate firms of BDO LLP.

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Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

5 Information regarding Directors and Employees

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
<i>Number of Employees</i>		
The average monthly number of employees (including Directors) during the year was:	32	32
<i>Employment costs</i>	US \$ 000's	US \$ 000's
Salaries and bonuses	3,288	4,174
Social security costs associated with salaries and bonuses	550	683
Defined contribution pension costs	72	53
Share-based payment charge	—	39
	<u>3,910</u>	<u>4,949</u>

<i>Directors' emoluments</i>	<i>Salary/Fees</i> US \$ 000's	<i>Other</i> US \$ 000's	<i>Pension</i> US \$ 000's	<i>2014 Total</i> US \$ 000's
J M Coles*	231	—	11	242
R F Clegg	26	—	1	27
K J Lyon	35	87	—	122
N F Rouveyre	42	82	—	124
E H Marlow	49	—	—	49
C A Crick	78	—	—	78
R N Ashley	10	—	—	10
Share-based payment charge**	—	—	—	—
	<u>471</u>	<u>169</u>	<u>12</u>	<u>652</u>

	<i>Salary/Fees</i> US \$ 000's	<i>Other</i> US \$ 000's	<i>Pension</i> US \$ 000's	<i>2013 Total</i> US \$ 000's
J M Coles*	219	—	11	230
R N Ashley	39	—	—	39
C A Crick	78	—	—	78
N F Rouveyre	39	94	—	133
Share-based payment charge**	16	—	—	16
	<u>391</u>	<u>94</u>	<u>11</u>	<u>496</u>

* Denotes the highest paid Director

** The share-based payment charge is a cost related to the Directors' emoluments but it is not apportioned individually to Directors.

Mr K J Lyon's other fees were derived from consulting services provided to Ambrian plc, relating to the transaction as specified in note 26.

Mr N F Rouveyre's fees were derived from consulting services provided to Ambrian Metals Ltd \$82,330 (2013: \$78,345 and fees as a director of Ambrian Resources AG, \$15,668).

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

6. Taxation

The tax provision for the period is higher than the standard rate of corporation tax in the UK of 21.50% (2013: 23.5%). The deferred tax charge resulting from the origination and reversal of temporary differences on losses brought forward includes adjustments reflecting the reduction in the rate of corporation tax. The differences are explained as follows:

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Profit before tax	1,102	4,148
UK corporation tax on profit for the year at 21.50% (2013: 23.25%)	237	965
Expenses not deductible for tax purposes	279	58
Other adjustments	36	15
Adjustments in respect of prior years	—	38
Exchange differences	84	74
Losses carried forward	(62)	—
Recognition of deferred tax	—	(350)
Utilisation of brought forward losses	—	(572)
	<u>574</u>	<u>228</u>
Comprising:		
Current tax expense	112	772
Overseas taxation	28	3
Deferred tax resulting from the origination and reversal of temporary differences:		
– on losses brought forward	350	(302)
– on deferred relief on bonuses	84	(245)
	<u>574</u>	<u>228</u>

7. Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust and Treasury shares.

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares through the share option schemes (note 17) on the assumed conversion of all dilutive options.

Reconciliations of the earnings and weighted average number of shares in the calculations are set out below.

The profit attributable to the owners of the Company used in the calculation below is that presented in the consolidated statement of comprehensive income.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

7. Earnings per ordinary share – continued

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Profit attributable to shareholders	518	3,915
Diluted profit attributable to shareholders	518	3,915
Weighted average number of shares	100,602,104	100,602,104
Dilutive effect of share options	—	916,300
Basic earnings per share US \$ cents	0.51	3.89
Diluted earnings per share US \$ cents	0.51	3.86

8. Property, plant and equipment

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Office equipment		
<i>Cost</i>		
At 1 January	165	165
Additions	488	—
Disposals	(165)	—
Balance at 31 December	<u>488</u>	<u>165</u>
<i>Depreciation</i>		
At 1 January	96	77
Charge for the year	52	19
Disposals	(102)	—
Balance at 31 December	<u>46</u>	<u>96</u>
<i>Net book value</i>		
At 31 December	<u>442</u>	<u>69</u>
At 1 January	<u>69</u>	<u>87</u>

9. Financial assets and liabilities at fair value through profit or loss

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Financial assets at fair value through profit and loss – derivatives	18,669	—
Investments:		
<i>Unlisted investments</i>	3,264	1,926
	<u>21,933</u>	<u>1,926</u>
Financial liabilities at fair value through profit and loss	<u>—</u>	<u>2,371</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

9. Financial assets and liabilities at fair value through profit or loss – continued

Included in the unlisted investment portfolio is the Company's stake in CGM valued at \$3.08 million. This valuation is based upon the value of the transaction with Ambrian plc, as noted in the post balance sheet event note 26.

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies and the most recent fund raise achieved by the investee company.

All financial assets/liabilities at fair value through profit or loss represent commodity futures. These are used to hedge inventory of metals, and purchases and sales of metals. Hedges take into account both contango and backwardation market conditions and are marked to market at the year-end closing price.

10. Inventory

	<i>Year to</i> <i>31 December</i> <i>2014</i> <i>US \$ 000's</i>	<i>Year to</i> <i>31 December</i> <i>2013</i> <i>US \$ 000's</i>
Physical metals	<u>329,545</u>	<u>208,872</u>

Inventory represents a combination of physical metals in warehouses and afloat. Metals inventory includes stock held under sale and repurchase agreements amounting to \$45,701,233 (2013: \$33,054,823). There were no write downs in inventory during the year.

11. Trade and other receivables

	<i>Year to</i> <i>31 December</i> <i>2014</i> <i>US \$ 000's</i>	<i>Year to</i> <i>31 December</i> <i>2013</i> <i>US \$ 000's</i>
Amounts falling due within one year		
Trade receivables	75,245	57,463
Other receivables	1,736	162
Prepayments and accrued income	1,015	1,001
Other taxes and social security	<u>510</u>	<u>1,007</u>
	<u>78,506</u>	<u>59,633</u>

The carrying value of trade receivables which is considered a reasonable approximation of fair value, includes amounts greater than three months' but not more than one year past due of \$nil (2013: \$nil). All amounts past due included in the carrying value are considered recoverable.

Accordingly, no provision is made for impairment of these trade receivables.

Prepayments and accrued income principally represent open sales and purchase contracts that had been contracted but not paid for at the reporting date and are held at fair value. At the reporting date, ownership of the metals had not transferred to the purchasing counterparty. The effect of measurement of these is presented net in prepayments and accrued income.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

12. Cash and cash equivalents

Within cash and cash equivalents there is restricted cash of \$5,009,818 (2013:\$ 1,559,526). \$2,000,000 (2013: \$nil) was held as security for a letter of credit granted in favour of CGM, a related party, as disclosed in note 22. The residual are deposits held on account for any potential adverse market price movements for any margin calls on commodity futures.

13. Short term financial liabilities

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Short term borrowings	<u>315,065</u>	<u>176,890</u>

Short term borrowings are secured upon inventory of \$283,843,574 (2013: \$175,817,414) and trade and other receivables of \$31,220,962 (2013: \$1,072,519).

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Short term liabilities under sale and repurchase agreements	<u>45,701</u>	<u>33,055</u>

14. Trade and other payables

Accruals and deferred income principally represent open purchases of metals that have been contracted for but not paid for at the reporting date, and are held at fair value. These are not classified as trade payables as the final price of the physical metals may not have been determined and ownership has not transferred to the Group.

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Amounts falling due within one year		
Trade payables	12,563	45,595
Other payables	340	416
Other taxation and social security	294	917
Accruals and deferred income	<u>37,012</u>	<u>4,168</u>
	<u>50,209</u>	<u>51,096</u>

15. Deferred taxation

Deferred tax assets represent temporary differences on:

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Losses carried forward	—	7
Deferred tax on forward loss utilisation	—	350
Deferred tax on bonus liability	<u>252</u>	<u>245</u>
	<u>252</u>	<u>602</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

15. Deferred taxation – continued

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Movement in the year		
Balance at 1 January	602	54
Origination and reversal of temporary differences		
– on release of deferred tax loss carried forward	(350)	—
– change to exchange rates	—	1
– provision for the year	—	547
Balance at 31 December	<u>252</u>	<u>602</u>

16. Share capital

	2014 Number	2014 US \$ 000's	2013 Number	2013 US \$ 000's
Authorised				
Ordinary shares of 10p each	<u>250,000,000</u>	<u>25,000</u>	<u>250,000,000</u>	<u>25,000</u>
Called up, allotted and fully paid				
Ordinary shares of 10p each	<u>111,361,208</u>	<u>17,665</u>	<u>111,361,208</u>	<u>17,665</u>

17. Share options

The Company has an unapproved share option scheme under which options to subscribe for the Company's shares have been granted to certain Directors and other persons. The vesting condition is the number of years' service. The share options currently in existence were granted and are exercisable as follows:

<i>Exercise date granted</i>	<i>Price</i>	<i>Number of shares</i>	<i>Period exercisable</i>
06-Apr-09	25p	1,075,000	Between 6 October 2009 and 5 April 2016
02-Jun-09	30p	800,000	Between 2 December 2009 and 1 June 2016
		<u>1,875,000</u>	

At the year-end the market value of the Company's shares was 8.75 pence (2013: 12.00 pence) per share. The highest price during the year was 12.00 pence (2013: 14.00 pence) and the lowest price was 6.00 pence (2013: 10.50 pence).

The number and weighted average exercise prices of share options are as follows:

	<i>Weighted average exercise price in pence 2014</i>	<i>Number of options 2014</i>	<i>Weighted average exercise price in pence 2013</i>	<i>Number of options 2013</i>
Outstanding at 1 January	21	2,799,444	21	2,799,444
Forfeited during the year	10	924,444	—	—
Outstanding at 31 December	<u>27</u>	<u>1,875,000</u>	<u>21</u>	<u>2,799,444</u>
Exercisable at 31 December	<u>27</u>	<u>1,875,000</u>	<u>21</u>	<u>2,799,444</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

17. Share options – continued

The options outstanding at 31 December 2014 have an exercise price in the range of 25 pence to 30 pence and a weighted average contractual remaining life of 3 years.

The Company also has an Employee Benefit Trust unapproved share option scheme under which options to subscribe for the Company's shares have been granted to staff. Directors of Ambrian plc are not eligible for awards under this scheme. Options are generally granted at 10 pence per ordinary share and the vesting condition is the number of years of service. The share options currently in existence were granted and are exercisable as follows:

<i>Exercise date granted</i>	<i>Price</i>	<i>Number of shares</i>	<i>Period exercisable</i>
29-May-06	10p	100,000	Between 12 January 2007 and 30 June 2015
31-May-06	10p	13,333	Between 29 June 2007 and 29 June 2016
31-Jan-07	10p	44,444	Between 31 January 2008 and 31 January 2017
23-May-07	10p	100,000	Between 23 May 2008 and 23 May 2017
18-Jan-08	10p	62,500	Between 18 January 2009 and 18 January 2018
07-Apr-08	10p	600,000	Between 2 January 2010 and 7 April 2015
01-Jul-09	10p	250,000	Between 1 July 2010 and 1 July 2016
		1,170,277	

	<i>Exercise price in pence 2014</i>	<i>Number of options 2014</i>	<i>Exercise price in pence 2013</i>	<i>Number of options 2013</i>
Outstanding at 1 January	10	1,170,277	10	1,170,277
Forfeited during the year	—	—	10	(100,000)
Granted during the year	—	—	10	100,000
Outstanding at 31 December	10	1,170,277	10	1,170,277
Exercisable at 31 December	10	1,170,277	10	1,170,277

The share-based payment charge relating to the share options granted to the EBT amounted to \$nil (2013: \$38,803).

18. Share-based payment reserve

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity settled share-based payments are recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to share-based payment reserve.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

19. Operating lease commitments

At 31 December 2014 the total of future minimum commitments is due as follows:

	<i>2014</i>	<i>2013</i>
	<i>US \$ 000's</i>	<i>US \$ 000's</i>
Commitments falling due:		
Within one year	222	419
Between one year and five years	886	330
	1,108	749
	1,108	749

Lease commitments relate to office premises.

20. Capital commitments

There were no capital commitments as at 31 December 2014 (2013: \$nil).

21. Contingent Liabilities

There were no contingent liabilities as at 31 December 2014 (2013: \$nil).

22. Transactions with related parties

Details of transactions with the Group's key management personnel, who comprise the Directors, are given in note 5. Intra-group transactions and balances are eliminated on consolidation.

A subsidiary of the Company, Ambrian Resources AG, received fees of \$473,456 (2013: \$448,839) from CGM for the year ended 2014. The only related party outstanding balance at year end was between Consolidated General Minerals and Ambrian Resources AG totaling \$177,969 (2013: \$nil).

On 17 November 2014, the Group's metals and minerals business entered into an agency agreement with Cimentos da Beira Limitada ("CDB") a subsidiary of CGM. Under this agreement, the metals and minerals business was exclusively appointed, for a period of eight years, as CDB's worldwide purchasing agent and/or supplier in connection with the purchase of raw materials for the purpose of producing cement products in its clinker grinding and cement packing operations in Beira, Mozambique.

In consideration for entering into the agreement, the metals and minerals business provided standby letters of credit and bank guarantees in favour of CDB and its suppliers, amounting to \$2 million for a duration to 30 November 2015.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management

Principal financial instruments

A summary of the financial instruments held by category is provided below:

	<i>Loans and Receivables at amortised cost 2014 US \$ 000's</i>	<i>At fair value through profit or loss 2014 US \$ 000's</i>	<i>Total 2014 US \$ 000's</i>
Financial assets			
Cash and cash equivalents	9,661	—	9,661
Trade receivables – current	75,245	—	75,245
Other receivables – current	222	—	222
Financial assets at fair value through profit or loss – equities	—	3,264	3,264
Financial assets at fair value through profit or loss – derivatives	—	18,669	18,669
Total	<u>85,128</u>	<u>21,933</u>	<u>107,061</u>
	<i>Loans and Receivables at amortised cost 2013 US \$ 000's</i>	<i>At fair value through profit or loss 2013 US \$ 000's</i>	<i>Total 2013 US \$ 000's</i>
Financial assets			
Cash and cash equivalents	22,075	—	22,075
Trade receivables – current	57,463	—	57,463
Other receivables – current	162	—	162
Financial assets at fair value through profit or loss – equities	—	1,926	1,926
Financial assets at fair value through profit or loss – derivatives	—	—	—
Total	<u>79,700</u>	<u>1,926</u>	<u>81,626</u>

A certain amount of the cash and cash equivalents is held as collateral by third party banks as disclosed in note 12. Trade receivables, current of \$76,333,944 (2013: \$58,169,671) were pledged as collateral against short term borrowings as disclosed in note 13.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management – continued

	<i>Trade and other payables at amortised cost 2014 US \$ 000's</i>	<i>At fair value through profit or loss 2014 US \$ 000's</i>	<i>Total 2014 US \$ 000's</i>
Financial liabilities			
Trade payables	12,563	—	12,563
Other payables – current	340	—	340
Short term borrowings	315,065	—	315,065
Accruals and deferred income	—	37,012	37,012
Short term liabilities under sale and repurchase agreements	45,701	—	45,701
Financial liabilities at fair value through profit or loss– derivatives	—	—	—
Total	<u>373,669</u>	<u>37,012</u>	<u>410,681</u>

	<i>Trade and other payables at amortised cost 2013 US \$ 000's</i>	<i>At fair value through profit or loss 2013 US \$ 000's</i>	<i>Total 2013 US \$ 000's</i>
Financial liabilities			
Trade payables	45,595	—	45,595
Other payables – current	416	—	416
Short term borrowings	176,890	—	176,890
Accruals and deferred income	—	4,168	4,168
Short term liabilities under sale and repurchase agreements	33,055	—	33,055
Financial liabilities at fair value through profit or loss– derivatives	—	2,371	2,371
Total	<u>255,956</u>	<u>6,539</u>	<u>262,495</u>

Financial instruments are measured at fair value as follows:

<i>As at 31 December</i>	<i>Level 1</i>		<i>Level 2</i>		<i>Level 3</i>	
	<i>2014 US \$ 000's</i>	<i>2013 US \$ 000's</i>	<i>2014 US \$ 000's</i>	<i>2013 US \$ 000's</i>	<i>2014 US \$ 000's</i>	<i>2013 US \$ 000's</i>
Financial assets						
Equity investments	—	1,707	3,075	—	189	219
Derivative financial assets	18,669	—	—	—	—	—
Total	<u>18,669</u>	<u>1,707</u>	<u>3,075</u>	<u>—</u>	<u>189</u>	<u>219</u>
	<i>US \$ 000's</i>	<i>US \$ 000's</i>	<i>US \$ 000's</i>	<i>US \$ 000's</i>	<i>US \$ 000's</i>	<i>US \$ 000's</i>
Financial liabilities						
Accruals and deferred income	37,012	4,168	—	—	—	—
Derivative financial liabilities	—	—	—	2,371	—	—
Total	<u>37,012</u>	<u>4,168</u>	<u>—</u>	<u>2,371</u>	<u>—</u>	<u>—</u>

Ambrian plc
Notes forming part of the consolidated financial statements
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23. Financial instruments – Risk management – continued

The valuation techniques used in assessing the categorisation level as disclosed above is detailed in note 2.3 of the accounting policy notes.

The impact of the level 3 adjustment is shown as part the current year investment portfolio gains and (losses) in the Consolidated statement of comprehensive income. The valuation technique used was the last fund raise made by the respective investment adjusted by the relevant liquidity of the investments. An increase/(decrease) in the underlying unobservable inputs, would not be reflected in other comprehensive income, but rather directly to the profit or loss of the Group. A 10% increase/(decrease) in the assumption would result in a change of \$18,916/(\$18,916) to the Group's profit before tax.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Equity risk

Equity risk arises from changes in the prices of the Group's equity investments arising through the normal course of its investing activities. An adverse movement in the fair value of the equity investments has a negative impact on the capital resources of the Group.

Equity risk exposures are primarily managed through the use of the individual stock position and overall portfolio limits.

A 10% increase or decrease in the underlying share price of listed financial assets of the Group at the year-end would have \$nil effect on pre-tax profit and net assets in the current financial year (2013: \$nil).

Market Risk

Effective risk management is a fundamental aspect of the Group's business operations. In the ordinary course of the Group's business it is exposed to a number of financial risks; market risk, credit risk and liquidity risk. The principal risks and the policies for managing them are summarised below.

The principal market risks that the Group is exposed to are interest rate risk, foreign currency risk, commodity price risk and equity risk.

Interest rate risk

The Group is exposed to interest rate risk on cash it holds and on trade finance credit facilities.

Interest rate risk is derived from interest bearing deposits in which the Group invests cash. Due to the Group's liquidity requirements, cash is generally deposited at interest rates set on a daily basis. Interest income included within revenue in the year was \$254 (2013: \$3,006). The Group's interest bearing assets are held as cash or cash equivalents at floating interest rates as follows:

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Sterling	340	347
Canadian Dollars	105	94
US Dollars	7,619	21,539
Euros	32	57
Swiss Francs	12	33
Other denominations	1,553	5
Cash or cash equivalents	<u>9,661</u>	<u>22,075</u>

Ambrian plc
Notes forming part of the consolidated financial statements
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23. Financial instruments – Risk management – continued

The Group is also exposed to interest rate risk in respect of the interest rate charged by trade finance providers for its physical metals activities. Interest rates charged by the banks are typically set at a margin over US\$ LIBOR calculated on the total US Dollar value of a shipment at the time of shipping. The Group has a policy of estimating its per tonne profit margin using interest rates that are above the prevailing interest rate.

The Group typically enters into arrangements to purchase and sell specific tonnages of metal up to 12 months in advance of shipment and estimates its profit margin per tonne of metal sold after all costs, including an estimate for the expected rate of interest. As the actual interest rate is not known until the time of shipping there is the risk if interest rates rise that the actual interest charge would adversely affect the profitability of the transaction.

A change of 100 basis points upwards or downwards in interest rates at the year-end would have (decreased)/increased pre-tax profit and net assets by (\$754,095)/ \$754,095 (2013: (\$1,626,364)/ \$1,626,364). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

The Group is exposed to currency risks from its operating and investing activities. The Group publishes its consolidated financial statements in US Dollars. The revenue generated by the metals and minerals business is for the most part denominated in US Dollars while the vast majority of their operating expenses are denominated in Pounds Sterling. Thus the impact arising from foreign currency risk on the Group's trading activities is potentially material.

The Group mitigates the risk of a loss as a result of transactions that occur in US Dollars by the purchase of forward foreign exchange contracts to sell a proportion of US Dollar income forward or through the purchase of options to sell US Dollars.

A 10% strengthening or weakening in the exchange rate between the Pound Sterling and the US Dollar at 31 December 2014 would have increased/(decreased) pre-tax profit from continuing operations and net assets by \$276,364/(\$276,364) (2013: \$291,736/(\$291,736)), assuming that all other variables, in particular interest rates, remain constant.

A summary of the financial instruments held by currency is provided below:

	<i>Sterling</i> 2014 US \$ 000's	<i>US Dollars</i> 2014 US \$ 000's	<i>Euros</i> 2014 US \$ 000's	<i>Other</i> 2014 US \$ 000's
Financial Assets				
Cash at bank	340	7,619	32	1,670
Trade and other receivables	101	75,142	—	2
Other receivables – current	—	222	—	—
Financial assets at fair value through profit or loss – equities	3,256	—	8	—
Financial assets at fair value through profit or loss – derivatives	—	18,669	—	—
Total	<u>3,697</u>	<u>101,652</u>	<u>40</u>	<u>1,672</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management – continued

	<i>Sterling</i> 2013 <i>US \$ 000's</i>	<i>US Dollars</i> 2013 <i>US \$ 000's</i>	<i>Euros</i> 2013 <i>US \$ 000's</i>	<i>Other</i> 2013 <i>US \$ 000's</i>
Financial Assets				
Cash at bank	347	21,539	56	133
Trade and other receivables	21	56,730	713	—
Other receivables – current	—	162	—	—
Financial assets at fair value through profit or loss – equities	1,899	—	27	—
Financial assets at fair value through profit or loss – derivatives	—	—	—	—
Total	<u>2,267</u>	<u>78,431</u>	<u>796</u>	<u>133</u>

	<i>Sterling</i> 2014 <i>US \$ 000's</i>	<i>US Dollars</i> 2014 <i>US \$ 000's</i>	<i>Euros</i> 2014 <i>US \$ 000's</i>	<i>Other</i> 2014 <i>US \$ 000's</i>
Financial Liabilities				
Trade and other payables	30	6,484	2	6,047
Short-term borrowings	—	315,065	—	—
Short term liabilities under sale and repurchase agreements	—	45,701	—	—
Financial liabilities at fair value through profit or loss – derivatives	—	—	—	—
Accruals and deferred income	1,739	35,061	12	199
Total	<u>1,769</u>	<u>402,311</u>	<u>14</u>	<u>6,246</u>

	<i>Sterling</i> 2013 <i>US \$ 000's</i>	<i>US Dollars</i> 2013 <i>US \$ 000's</i>	<i>Euros</i> 2013 <i>US \$ 000's</i>	<i>Other</i> 2013 <i>US \$ 000's</i>
Financial Liabilities				
Trade and other payables	51	41,931	2	3,611
Short-term borrowings	—	176,889	—	1
Short term liabilities under sale and repurchase agreements	—	33,055	—	—
Financial liabilities at fair value through profit or loss – derivatives	—	2,371	—	—
Accruals and deferred income	740	3,428	—	—
Total	<u>791</u>	<u>257,674</u>	<u>2</u>	<u>3,612</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management – *continued*

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of commodities.

The Group is exposed to commodity price risk arising from physical sales of base metals, primarily refined copper.

This risk is principally managed through contractual arrangements with customers and the use of futures. Any increase/decrease in the base metal market price on physical contracts will be offset by a corresponding decrease/increase on our futures position.

The Group is also exposed to commodity price risk in the event that commodity prices rise and the US Dollar value of total tonnages of commodities that it has contracted to purchase exceeds the total US Dollar amount of trade finance facilities available to the Group.

The Group mitigates this risk by entering into purchase contracts assuming commodity prices above prevailing levels. The Group also has the potential to finance metal purchases with trade finance providers by entering into sale and re-purchase agreements for the commodity.

Credit and non-performance risk

The Group is exposed to credit risk from its operating activities.

The Group's cash and cash equivalents are placed with major financial institutions.

Counterparty credit risk arises from our normal business operations including purchases and sales transactions, and thus receivables, as well as transactions which may involve a performance risk, for example associated with prepayments and accrued income. These risks are addressed by individual counterparty analysis and the creation of risk limits which are monitored on an ongoing basis. Given the global nature of our business operations, which involves a diverse counterparty base, the impact of individual risk exposure is reduced. Concentration risk is regularly monitored and assesses counterparty exposure, industry sector exposure and country exposure.

Trade receivables payment risk associated with the physical metals business is reduced as almost all the trade receivables are either backed by a letter of credit from a major financial institution or there is credit insurance for substantially all of the credit exposure or there is other protection through title retention arrangements.

The maximum exposure to credit risk before the consideration of collateral or other credit enhancements is represented by the carrying amounts of the financial assets that are shown on the consolidated statement of financial position, including derivatives with positive market value.

The Group is exposed to the potential risk of a supplier defaulting on delivery of a contracted shipment of metal. We mitigate this risk in our physical metals business, by keeping a quantity of stock in storage and, by the use of performance bonds or similar instruments. Further, as the physical metals business deals almost exclusively in readily convertible commodities, we expect to be able to source metals from alternative counterparties although this may impact the profitability of the transaction.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management – continued

As at 31 December 2014, the analysis of trade receivables outstanding was as follows:

	<i>Total</i> <i>US \$ 000's</i>	<i>< 30 days</i> <i>US \$ 000's</i>
2014	75,245	75,245
2013	57,463	57,463

At 31 December 2014 and at 31 December 2013 there were no trade receivables that were considered to be impaired.

Liquidity risk

The Group defines liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cashflow requirements.

The Group's liquidity risk management strategy includes (a) projecting cashflows from operations, (b) maintaining sufficient cash and (c) accessing a diverse number of uncommitted bi-lateral trade finance facilities.

The Group's liquidity is monitored daily within agreed procedures designed to ensure that the Group has sufficient liquidity to fully meet its obligations, including physical metal purchases and margin requirements at LME clearers and at third party brokers.

Excess liquidity is invested in cash deposits with financial institutions, typically, on an overnight basis.

As at 31 December 2014, the Group had cash and cash equivalents of \$9,661,027 (2013: \$22,074,881).

The metals and minerals business had as at 31 December 2014, bi-lateral bank facilities with eleven (2013: eight) banks totaling US\$425,000,000 (2013: \$365,000,000) under which the Group had access to cash borrowings and trade finance facilities. At 31 December 2013, \$315,064,536 of these facilities, were drawn down (2013: \$176,889,933). The Group's policy is to maintain strong relationships with a number of alternative major providers of trade finance. The Group's metals trading business is dependent upon the continued availability of these banking facilities. The withdrawal or a material reduction of these facilities would have a materially adverse effect on the Group. The future growth of the metals trading business depends upon the availability of appropriate bank facilities and trade finance to fund them.

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted payments.

<i>Up to 6 months</i>	<i>2014</i> <i>US \$ 000's</i>	<i>2013</i> <i>US \$ 000's</i>
Trade and other payables	12,903	46,011
Accruals and deferred income	37,012	4,168
Short term trade finance	315,065	176,890
Short term liabilities under sale and repurchase agreements	45,701	33,055
Financial liabilities at fair value through profit or loss	—	2,371
	<u>410,681</u>	<u>262,495</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

23. Financial instruments – Risk management – continued

Capital management

The primary objective of the Group's capital management is to ensure that it has sufficient capital to support its businesses and maximise shareholder value. Details of the Group's capital is disclosed in the Group's Consolidated statement of changes in equity at 31 December 2014. The Company's equity is disclosed on the Company's Statement of financial position at 31 December 2014.

For the purpose of capital management, capital is defined as share capital, share premium account, treasury shares and retained earnings.

To maintain or adjust the Group capital structure, the Group may return capital to shareholders or issue new shares.

The Group enters into short term borrowings secured upon inventory to finance trading activity. There are no long term borrowings within the Group.

24. Accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered below.

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Details of financial assets held at fair value through profit or loss are provided in note 9.

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date. This determination requires significant judgement in determining changes to fair value since the last valuation date. In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

Deferred tax asset

The Group determines the recoverability of deferred tax assets based on an assessment of the future financial performance of the business and the ability to offset or recover this under the tax legislation of the jurisdictions that the Group operates in. The extent to which estimates about future performance of the business or tax legislation are different from current assessments may impact the ultimate realisation of this asset.

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

25. Non-controlling interest

The non-controlling interest disclosed in the consolidated statement of comprehensive income and consolidated statement of financial position represents a 20% minority interest in Ambrian Resources AG held by shareholders other than Ambrian plc.

26. Post balance sheet events

During the financial year 2014, Ambrian plc entered into discussions with the board of directors of Consolidation General Minerals plc ("CGM"), about a possible acquisition of their CGM Schweiz operation, which owns a newly constructed cement manufacturing plant in Mozambique. On 17 February 2015 Ambrian announced that it had entered into a conditional agreement relating to the merger of Ambrian plc's Swiss subsidiary, Ambrian Metals Limited, with CGM Schweiz pursuant to a 'merger by absorption' process governed by Swiss law and a subsequent acquisition by Ambrian plc of CGM's shareholding in the resulting Swiss Merged Entity, together with all the indebtedness of the CGM Schweiz Group owed to CGM.

On 6 March 2015 the deal was approved by a majority shareholding of both entities. On 27 March 2015 the deal was declared unconditional with all conditions precedent having been met. At this point CGM had two directors appointed to the board of Ambrian plc, Robert Adair (as Chairman) and Jean-Pierre Conrad (as Chief Executive Officer).

The transaction serves a strategic purpose in diversifying Ambrian plc's revenue stream by bringing an operating asset into the Group, while giving it further exposure to the fast growing and developing market of Mozambique. Further it helps increase Ambrian plc's shareholder base, with the consequent prospects of additional liquidity in share trading and improving the Group's profile with institutional investors.

Details of the fair value of identifiable assets and liabilities acquired, and purchase consideration are as follows:

	<i>Fair value at 31 March 2015 (Provisional) US \$ 000's</i>
Property, plant and equipment	56,394
Land	610
Investment in associate	1,410
Trade and other receivables	2,659
Cash and cash equivalents	424
Loan and overdraft facilities	(25,151)
Trade and other payables	(1,391)
Deferred tax liability	(4,756)
Total net assets	<u>30,199</u>

Ambrian plc
Notes forming part of the consolidated financial statements
for the year ended 31 December 2014 (Continued)

26. Post balance sheet events – continued

Fair value of consideration payable

	Year to 31 March 2015 (Provisional) US \$ 000's
Contingently issuable convertible securities:	
Tranche 1	28,522
Tranche 2	—
Tranche 3	1,677
Total consideration	30,199
Goodwill	—

The value applied to the equity to be issued is based on Ambrian plc's closing price (11.62 pence) on the day the transaction completed (27 March 2015). The closing exchange rate on the day the transaction completed was USD 1.4874, and was applied to the Sterling share price above.

The convertible securities to be issued are made up of 3 tranches and will be issued once specific criteria have been met.

- Tranche 1: issued. The number of convertible securities issued in this tranche is 165,020,739
- Tranche 2: convertible securities will not convert to ordinary shares, as a specific condition has not been satisfied
- Tranche 3: issued

There has been no material change to the CGM Schweiz business with regard to income or expenses since the take on balances as shown above.

Ambrian plc
Company Balance Sheet
at 31 December 2014

	<i>Note</i>	<i>Year to 31 December 2014 US \$ 000's</i>	<i>Year to 31 December 2013 US \$ 000's</i>
Fixed assets			
Property, plant and equipment	3	—	63
Investment in Subsidiaries	4	21,941	20,081
		<u>21,941</u>	<u>20,144</u>
Current assets			
Investments	5	3,075	1,706
Trade and other receivables	6	5,591	7,706
Cash and cash equivalents		153	1,765
		<u>8,819</u>	<u>11,177</u>
Current liabilities			
Trade and other payables	7	(7,424)	(6,851)
Net current assets		<u>1,395</u>	<u>4,326</u>
Total assets less current liabilities		<u><u>23,336</u></u>	<u><u>24,470</u></u>
CAPITAL AND RESERVES			
Share capital	8	17,665	17,665
Share premium	9	18,044	18,044
Treasury shares	9	(1,986)	(1,986)
Retained earnings	9	(9,030)	(9,517)
Employee benefit trust	9	(11,446)	(11,446)
Share-based payments reserve	9	8,052	8,052
Exchange Reserve		2,037	3,658
Shareholders' funds		<u><u>23,336</u></u>	<u><u>24,470</u></u>

These financial statements were approved and authorised by the Board of Directors on 27 May 2015.

R F M Adair
Chairman

J M Coles
Finance Director

The accounting policies and notes set out on pages 51 to 56 form an integral part of these parent Company financial statements

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014

1. Accounting policies

The parent Company financial statements of Ambrian plc have been prepared in accordance with applicable UK accounting standards (UK GAAP). The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to present its individual profit and loss account and related notes. The accounting policies that have been used in the preparation of these financial statements are described below.

The Company has elected not to adopt the provisions of Financial Reporting Standard 26 "Financial Instruments: Recognition and Measurement".

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Foreign currencies

The financial statements have been presented in US Dollars which is the functional currency of the Company's principal trading business.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

1.3 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on all timing differences when the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

1.4 Pensions

The Company contributes to the private pension scheme of two Directors. The assets of the scheme are held separately from that of the Company. Contributions are charged in the accounts as incurred.

1.5 Share-based payment transactions

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are recognised as an expense in the profit and loss account with a corresponding credit to share-based payment reserves.

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014 (Continued)

1. Accounting policies – continued

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

1.6 Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Company's accounts. Any assets held by the EBT cease to be recognised on the Company balance sheet when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

1.7 Treasury shares

The costs of purchasing treasury shares are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account.

1.8 Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.9 Capital contributions

Where the Company makes a loan to a subsidiary company on a subordinated basis, this is treated as equity in the subsidiary and as a fixed asset investment in the Company.

2. Company profit

The Company has taken advantage of exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company's profit after tax was \$487,078 (2013: \$2,417,407).

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014 (Continued)

3. Property, plant and equipment

Year to 31 December 2014
US \$ 000's

Office equipment

Cost

At 1 January	159
Additions/ (disposals)	(159)
Balance at 31 December	—

Depreciation

At 1 January	75
Charge for the year	6
Disposals	(81)
Balance at 31 December	—

Net book value

At 31 December	—
At 1 January	63

4. Investments held as current assets

Year to 31 December 2014
US \$ 000's

Shares in subsidiary undertakings

Costs

At 1 January	20,081
Effect of foreign translation	1,860
At 31 December	21,941

Net book value

At 31 December 2014	21,941
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Details of the investments in subsidiary undertakings held by the Company at the year-end are as follows:

<i>Name of Company</i>	<i>Country of operation</i>	<i>Country of incorporation</i>	<i>Holdings</i>	<i>Proportion shares of voting rights held</i>	<i>Nature of business</i>
Ambrian Metals Limited	UK	Switzerland	Ordinary shares	100%	Physical metals merchant
Ambrian Trading (Shanghai) Limited	China	China	Ordinary shares	100%	Physical metals merchant
Ambrian Trading (Singapore) Pte Limited	Singapore	Singapore	Ordinary shares	100%	Physical metals merchant
Ambrian Trading (Taiwan) Limited	Taiwan	Taiwan	Ordinary shares	100%	Physical metals merchant
Ambrian Resources AG	Switzerland	Switzerland	Ordinary shares	80%	Consultancy
Ambrian Nominees Limited	UK	UK	Ordinary shares	100%	Nominee
Ambrian Principal Investments Limited	Jersey	Jersey	Ordinary shares	100%	Principal investments

All the other holdings have been held throughout the year and the proportion of shares and voting rights held is unchanged.

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014 (Continued)

5. Investments

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Listed	—	—
Unlisted	3,075	1,706
	<u>3,075</u>	<u>1,706</u>

6. Debtors

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	4,077	7,072
Deferred tax asset	—	357
Other taxes and social security	134	—
Prepayments and accrued income	1,380	277
	<u>5,591</u>	<u>7,706</u>

Amounts owed by subsidiary undertakings are shown after provisions of \$nil (2013: \$nil).

7. Creditors

	Year to 31 December 2014 US \$ 000's	Year to 31 December 2013 US \$ 000's
Amounts payable within one year		
Other creditors	6	7
Other taxation and social security creditors	24	873
Accruals and deferred income	1,398	671
Corporation tax	—	16
Amounts owed to subsidiary undertaking	5,996	5,284
	<u>7,424</u>	<u>6,851</u>

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014 (Continued)

8. Called up share capital

	2014	2013
Authorised		
Number of ordinary shares of 10p each	<u>250,000,000</u>	<u>250,000,000</u>
	£	£
Value of ordinary shares at 10p each	<u>25,000,000</u>	<u>25,000,000</u>
	2014	2013
Called up, allotted and fully paid		
Ordinary shares of 10p each	<u>111,361,208</u>	<u>111,361,208</u>
	US \$ 000's	US \$ 000's
Value of ordinary shares at 10p each	<u>17,665</u>	<u>17,665</u>

9. Statement of movement on reserves

	<i>Share Premium account US \$ 000's</i>	<i>Profit and loss account US \$ 000's</i>	<i>Other reserves US \$ 000's</i>
At 1 January 2014	18,044	(9,517)	(1,722)
Income for the financial year	—	487	—
Foreign currency adjustments	—	—	(1,621)
Balance at 31 December 2014	<u>18,044</u>	<u>(9,030)</u>	<u>(3,343)</u>
Balance at 31 December 2013	<u>18,044</u>	<u>(9,517)</u>	<u>(1,722)</u>

Analysis of other reserves

	<i>Share based payments reserve US \$ 000's</i>	<i>Employee benefit trust US \$ 000's</i>	<i>Treasury shares US \$ 000's</i>	<i>Exchange reserve US \$ 000's</i>	<i>Total US \$ 000's</i>
At 1 January 2014	8,052	(11,446)	(1,986)	3,658	(1,722)
Foreign currency adjustments	—	—	—	(1,621)	(1,621)
Balance at 31 December 2014	<u>8,052</u>	<u>(11,446)</u>	<u>(1,986)</u>	<u>2,037</u>	<u>(3,343)</u>

During the year the Company loaned \$nil (2013: \$nil) to the Employee Benefit Trust set up by the Group.

There are 4,500,058 (2013: 4,500,058) shares held in Treasury Shares, and 6,259,046 shares (2013: 6,259,046) are held by the Employee Benefit Trust.

Ambrian plc
Notes forming part of the Company financial statements
for the year ended 31 December 2014 (Continued)

10. Reconciliation of movements in shareholders' funds

	<i>Year to 31 December 2014 US \$ 000's</i>	<i>Year to 31 December 2013 US \$ 000's</i>
Income for the financial year	487	2,417
Movement in exchange reserves	(1,621)	705
FRS 20 share option charge	—	39
Net (reduction) to shareholders' funds	(1,134)	3,161
Opening shareholders' funds	24,470	21,309
Closing shareholders' funds	<u>23,336</u>	<u>24,470</u>

11. Share options

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to the Directors and other persons. Full details of the share options currently in existence are set out in note 17 to the consolidated financial statements.

12. Capital commitments

There were no capital commitments as at 31 December 2014 or at 31 December 2013.

13. Contingent liabilities

There were no contingent liabilities as at 31 December 2014 or at 31 December 2013.

14. Guarantees and other financial commitments

The Company has granted a \$10,000,000 guarantee (2013: \$10,000,000) to a consortium of banks that provide trade finance facilities to Ambrian Metals Limited.

15. Transactions with related parties

Details of transactions with Directors and Directors' remuneration are given in note 5 to the consolidated financial statements.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with its wholly owned subsidiaries.

There were no other related party transactions other than those disclosed in note 22 of the consolidated financial statements.

16. Post balance sheet event

Details of the post balance sheet event that affected the Company are provided in note 26 of the consolidated financial statements.

Ambrian plc

Directors

AMBRIAN PLC

Robert F Adair

Non-executive Chairman (appointed 27 March 2015)

After graduating in geology from Oxford University, Robert qualified as a chartered accountant. He is the Chairman of Petroceltic International plc and also Deputy Chairman of Urban & Civic plc and a number of other companies.

Jean-Pierre Conrad

Chief Executive Officer (appointed 27 March 2015)

Jean-Pierre started his career in the banking industry in Switzerland. In 1994 he joined Marc Rich which became Glencore International thereafter, responsible for corporate finance activities in the metals and minerals trading division in Switzerland. He was appointed chief financial officer of Xstrata in 1997 which transformed from an investment vehicle to a diversified natural resource group during his period in office. Since leaving Xstrata at the end of 2001, he has pursued private ventures including ventures in the natural resource sector. He is a director of Financière Mermod SA, a private asset management company in Switzerland.

John M Coles

Finance Director

John has over 25 years' experience in investment banking and asset management. After qualifying as a chartered accountant, he worked with Robert Fleming & Co. Limited in private equity, investment banking and stockbroking. Prior to joining the Group, John was Deputy Managing Director of JP Morgan Fleming Asset Management in France. John holds an honours degree in business and economics from Trinity College, Dublin, and is a member of the Institute of Chartered Accountants in England and Wales.

Roger F Clegg

Chief Operating Officer

Roger has served as Chief Operating Officer of Ambrian since 2012 and has 18 years' investment banking experience after four years as an exploration geologist with ACA Howe. He joined Ambrian in 2004 from the Mining & Metals Team at Barclays Capital where he was an Associate Director responsible for mining clients in Africa, Russia and Australasia. Roger previously worked in the Project Finance Division at Dresdner Kleinwort Benson and as a Mining Equity Analyst at Williams de Broë. Roger graduated from the Royal School of Mines in 1997 with a BSc and an MSc in Mineral Project Appraisal.

Kevin J Lyon

Non-executive Director

Kevin is a chartered accountant, with over 30 years of experience in private equity and in senior Director positions in a number of different companies. He spent approximately 17 years with the 3i Group, responsible for their core private equity business across the UK. Kevin was Chairman of Smart Metering Systems plc and Valiant Petroleum plc and Non-executive Director of Booker Group plc. He is currently Chairman of Mono Global Group, Cutis Developments and NextEnergy Solar Fund Limited and also serves as an independent Director of DCK Group. He is also a member of the Institute for Turnaround Professionals and won the Institute of Directors Scotland, Non-Executive Director of the Year Award in March 2013.

Ambrian plc

Directors (*Continued*)

Ed H Marlow

Non-executive Director

Ed is the CEO of AIM-listed African Potash Limited and prior to that was a Managing Director at Credit Suisse. Previously he was Global Head of Coverage for Principal Investments at HSBC. In September 2007, Ed founded HSBC's Principal Investments Africa team, having worked and travelled extensively in Africa for more than 20 years. He has over 12 years of specific investment and advisory experience in sub-Saharan Africa with a particular emphasis on natural resources. Ed also has considerable experience of the UK and Canadian resource markets and is currently a non-executive director of Sanatana Resources Inc (TSX), a non-executive director of Thor Exploration Ltd (TSX) and a nonexecutive director of Aldrin Resources Inc (TSX).

Nicolas F Rouveyre

Non-executive Director

Nicolas has worked in the minerals industry all of his professional life, starting his career with Transamine in Bolivia and Peru. Thereafter, he spent over 20 years with the Marc Rich Group and then with the Glencore International Group, where he was a senior partner and responsible for the zinc, lead, silver and gold trading department. He was instrumental in acquiring a significant portfolio of integrated zinc and lead operations worldwide which assisted Glencore to become the largest global player in these markets.

