

TITANIUM METALS CORP
Form SC 13D/A
September 06, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 30)*

Under the Securities Exchange Act of 1934

Titanium Metals Corporation
(Name of Issuer)

Common Stock, \$0.01 par value per share
(Title of Class of Securities)

888339 10 8
(CUSIP Number)

Steven L. Watson
Three Lincoln Centre
Suite 1700
5430 LBJ Freeway
Dallas, Texas 75240-2694
(972) 233-1700
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

August 8, 2011
(Date of Event which requires Filing
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

CUSIP No. 888339 20 7

1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)

Valhi Holding Company

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

Not applicable

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES		-0-
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		48,399,906
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	10	SHARED DISPOSITIVE POWER
WITH		48,399,906

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
48,399,906

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

27.4%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No. 888339 20 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)
Dixie Rice Agricultural Corporation, Inc.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
Not applicable
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Louisiana
- | | | |
|--------------|----|--------------------------|
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | -0- |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED BY | | 48,399,906 |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING | | -0- |
| PERSON | 10 | SHARED DISPOSITIVE POWER |
| WITH | | 48,399,906 |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
48,399,906
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
27.4%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO

CUSIP No. 888339 20 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)
Contran Corporation
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC and OO
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7		SOLE VOTING POWER -0-
	8		SHARED VOTING POWER 51,847,261
	9		SOLE DISPOSITIVE POWER -0-
	10		SHARED DISPOSITIVE POWER 51,847,261

- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
51,847,261
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
29.4%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO

CUSIP No. 888339 20 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)
The Combined Master Retirement Trust
 - 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
 - 3 SEC USE ONLY
 - 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC and OO
 - 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
 - 6 CITIZENSHIP OR PLACE OF ORGANIZATION
Texas

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7		SOLE VOTING POWER
			-0-
	8		SHARED VOTING POWER
			21,956,429
	9		SOLE DISPOSITIVE POWER
			-0-
	10		SHARED DISPOSITIVE POWER
			21,956,429

 - 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
21,956,429
 - 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
 - 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.5%
 - 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
EP
-

CUSIP No. 888339 20 7

- 1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS
(ENTITIES ONLY)
Annette C. Simmons
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
PF and OO
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
USA
- | | | |
|--------------|----|--------------------------|
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | -0- |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED BY | | 21,841,307 |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING | | -0- |
| PERSON | 10 | SHARED DISPOSITIVE POWER |
| WITH | | 21,841,307 |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
21,841,307
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.4%
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
IN
-

CUSIP No. 888339 20 7

1 NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)

Harold C. Simmons

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

PF and OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF
SHARES

7

SOLE VOTING POWER

5,629,787

BENEFICIALLY
OWNED BY

8

SHARED VOTING POWER

89,123,172

EACH
REPORTING

9

SOLE DISPOSITIVE POWER

5,629,787

PERSON
WITH

10

SHARED DISPOSITIVE POWER

89,123,172

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,629,787

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.2%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

AMENDMENT NO. 30
TO SCHEDULE 13D

This Schedule 13D, as amended (collectively, the “Schedule 13D”), relates to the common stock, par value \$0.01 per share (the “Shares”), of Titanium Metals Corporation, a Delaware corporation (the “Company”). The Reporting Persons (as defined below) are filing this Amendment No. 30 to this Schedule 13D (this “Amendment”) to report that on August 8, 2011 the aggregate beneficial ownership of the outstanding Shares by the Reporting Persons increased by more than one percent of the outstanding Shares from the aggregate ownership reported in Amendment No. 29 to the Schedule 13D. Such increase resulted from purchases of Shares attributable to the Reporting Persons and purchases of Shares by the Company or its wholly owned subsidiaries. Pursuant to Delaware law and Section 13(d)(4) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company treats the Shares that the Company’s wholly owned subsidiaries purchase as treasury stock. Accordingly for the purposes of this Schedule 13D each Share purchased by the Company or a subsidiary of the Company reduces by one Share the number of outstanding Shares.

Item 2. Identity and Background.

Item 2(a) is amended or supplemented as follows.

(a) The following entities or persons are filing this Amendment (collectively, the “Reporting Persons”):

- Valhi Holding Company (“VHC”), Annette C. Simmons and The Combined Master Retirement Trust (the “CMRT”) as direct holders of Shares;
- Dixie Rice Agricultural Corporation, Inc. (“Dixie Rice”) and Contran Corporation (“Contran”) by virtue of their direct or indirect ownership of VHC (as described below in this Amendment); and
- Harold C. Simmons by virtue of his positions with Contran and certain other related entities or his relationship with his wife (as described in this Amendment).

By signing this Amendment, each Reporting Person agrees that this Amendment is filed on its, his or her behalf.

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the 176,333,146 Shares outstanding as of the close of business on September 2, 2011, which outstanding share information is from the Company (the “Outstanding Shares”):

Valhi Holding Company (“VHC”)	23.7%
Annette C. Simmons	12.4%
CMRT	8.8%
Harold C. Simmons	3.2%
Kronos Worldwide, Inc. (“Kronos Worldwide”)	2.4%
Contran	2.0%
NL Industries, Inc. (“NL”)	0.5%
Valhi, Inc. (“Valhi”)	0.5%
NL Environmental Management Services, Inc. (“NL EMS”)	0.3%
The Annette Simmons Grandchildren’s Trust (the “Grandchildren’s Trust”)	Less than 0.1%

Together, VHC, Annette C. Simmons, Harold C. Simmons, Kronos Worldwide, Contran, NL, Valhi and NL EMS may be deemed to control the Company. NL is the holder of 100% of the outstanding shares of common stock of NL EMS and may be deemed to control NL EMS.

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of Kronos Worldwide common stock:

Valhi	50.0%
NL	30.4%
Harold C. Simmons	0.4%
TIMET Finance Management Company (“TFMC”)	0.3%
Annette C. Simmons	0.1%
Contran	Less than 0.1%

The Company is the holder of 100% of the outstanding shares of common stock of TFMC and may be deemed to control TFMC. Together, Valhi, NL, TFMC and Contran may be deemed to control Kronos Worldwide.

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of NL common stock:

Valhi	83.0%
Harold C. Simmons	2.2%
Annette C. Simmons	0.7%
TFMC	0.5%
Kronos Worldwide	Less than 0.1%

Together, Valhi, TFMC and Kronos Worldwide may be deemed to control NL.

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of Valhi common stock:

VHC	92.7%
TFMC	1.6%
Harold Simmons Foundation, Inc. (the “Foundation”)	0.8%
Contran Amended and Restated Deferred Compensation Trust (the “CDCT”)	0.3%
Harold C. Simmons	0.3%
Annette C. Simmons	0.2%
CMRT	0.1%
Grandchildren’s Trust	Less than 0.1%
Contran	Less than 0.1%

VHC, TFMC and Contran may be deemed to control Valhi.

Dixie Rice is the direct holder of 100% of the outstanding shares of common stock of VHC and may be deemed to control VHC. Contran is the beneficial holder of 100% of the outstanding shares of common stock of Dixie Rice and may be deemed to control Dixie Rice.

Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is the sole trustee, or held by Mr. Simmons or persons or other entities related to Mr. Simmons. As sole trustee of these trusts, Mr. Simmons has the power to vote and direct the disposition of the shares of Contran stock held by these trusts. Mr. Simmons, however, disclaims beneficial ownership of any Contran shares these trusts hold.

The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C. Simmons is the chairman of the board of the Foundation.

U.S. Bank National Association serves as the trustee of the CDCT. Contran established the CDCT as an irrevocable "rabbi trust" to assist Contran in meeting certain deferred compensation obligations that it owes to Harold C. Simmons. If the CDCT assets are insufficient to satisfy such obligations, Contran is obligated to satisfy the balance of such obligations as they come due. Pursuant to the terms of the CDCT, Contran retains the power to vote the shares held by the CDCT, retains dispositive power over such shares and may be deemed the indirect beneficial owner of such shares.

Contran sponsors the CMRT to permit the collective investment by master trusts that maintain assets of certain employee defined benefit plans Contran and related entities adopt. Contran selects the trustee and members of this trust's investment committee. Harold C. Simmons is the sole trustee of this trust and a member of the investment committee for this trust.

Harold C. Simmons is the chairman of the board and chief executive officer of NL and the chairman of the board of Kronos Worldwide, the Company, Valhi, VHC, Dixie Rice and Contran.

By virtue of the holding of the offices, the stock ownership and his services as trustee, all as described above, (a) Harold C. Simmons may be deemed to control certain of such entities and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of shares directly held by certain of such other entities. However, Mr. Simmons disclaims beneficial ownership of the shares beneficially owned, directly or indirectly, by any of such entities, except to the extent of his vested beneficial interest, if any, in shares held by the CDCT or CMRT. Mr. and Mrs. Simmons each disclaim beneficial ownership of all shares of TIMET common stock beneficially owned, directly or indirectly, by VHC, Kronos Worldwide, Contran, NL, Valhi, NL EMS and the Grandchildren's Trust.

All of TIMET's directors or executive officers who are also directors or executive officers of VHC, Kronos Worldwide, Contran, NL, Valhi, NL EMS or their affiliated entities disclaim beneficial ownership of the Shares that such entities directly or indirectly hold.

Annette C. Simmons is the wife of Harold C. Simmons. Mrs. Simmons disclaims beneficial ownership of all shares that she does not own directly. Mr. Simmons may be deemed to share indirect beneficial ownership of her shares. He disclaims all such beneficial ownership.

The Grandchildren's Trust is a trust of which Harold C. Simmons and Annette C. Simmons are co-trustees and the beneficiaries of which are the grandchildren of Annette C. Simmons. As co-trustees of this trust, each of Mr. and Mrs. Simmons has the power to vote and direct the disposition of the shares this trust directly holds. Each of them disclaims beneficial ownership of any shares that this trust holds.

NL, NL EMS and Kronos Worldwide directly hold 3,604,790 shares, 1,186,200 shares and 574,972 shares, respectively, of Valhi common stock. As already disclosed, Valhi is the direct holder of approximately 83.0% of the outstanding shares of NL common stock and 50.0% of the outstanding shares of Kronos Worldwide common stock. Pursuant to Delaware law, Valhi treats the shares of Valhi common stock that NL, NL EMS and Kronos Worldwide hold as treasury stock for voting purposes and for the purposes of this Schedule 13D such shares are not deemed outstanding.

Certain information concerning the directors and executive officers of the Reporting Persons, including offices held by Mr. Simmons, is set forth on Schedule B attached hereto and incorporated herein by reference.

The Reporting Persons understand that the funds required by each person named in Schedule B to this Amendment to acquire the Shares set forth on Schedule C to this Amendment were from such person's personal funds.

Item 4. Purpose of Transaction

Item 4 is amended or supplemented as follows.

Depending upon their evaluation of the Company's business and prospects, and upon future developments (including, but not limited to, performance of the Company's securities in the market, availability of funds, alternative uses of funds, the Reporting Persons' tax planning objectives and cash needs, stock market and general economic conditions), any of the Reporting Persons or other entities or persons that may be deemed to be affiliated with Contran may from time to time purchase Shares, and any of the Reporting Persons, or other entities or persons that may be deemed to be affiliated with Contran may from time to time dispose of all or a portion of Shares held by such entity or person, or cease buying or selling Shares. Any such additional purchases or sales of Shares may be in open market or privately negotiated transactions or otherwise.

As described under Item 2, Harold C. Simmons, through Contran, may be deemed to control the Company.

The Reporting Persons understand that prior purchases of Shares by each of the persons named in Schedule B to this Statement (other than Harold C. Simmons) were made for the purpose of each such person's personal investment.

Certain of the persons named in Schedule B to this Statement, namely Robert D. Graham, A. Andrew R. Louis, Kelly D. Luttmer, Bobby D. O'Brien, Glenn R. Simmons, Harold C. Simmons, John A. St. Wrba, Gregory M. Swalwell and Steven L. Watson are directors or officers of the Company and may acquire Shares from time to time pursuant to benefit plans that the Company sponsors or other compensation arrangements with the Company.

Except as described in this Item 4, none of the Reporting Persons nor, to the best knowledge of such persons, any other person named in Schedule B to this Statement has formulated any plans or proposals that relate to or would result in any matter required to be disclosed in response to paragraphs (a) through (j) of Item 4 of Schedule 13D.

The information included in Item 6 of this Statement is incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

Item 5 is amended or supplemented as follows.

(a) The following entities or persons directly hold the following Shares:

Reporting Persons	Shares Directly Held
VHC	41,878,081
Annette C. Simmons	21,825,875
CMRT	15,434,604
Harold C. Simmons	5,629,787
Kronos Worldwide	4,245,769
Contran	3,447,355
NL	882,568
Valhi	826,959
NL EMS	566,529
Grandchildren's Trust	15,432
Total	94,752,959

By virtue of the relationships described under Item 2 of this Amendment:

(1) VHC and Dixie Rice may each be deemed to be the beneficial owner of the 48,399,906 Shares (approximately 27.4% of the Outstanding Shares) that VHC, Kronos Worldwide, NL, Valhi and NL EMS hold directly in the aggregate;

(2) Contran may be deemed to be the beneficial owner of the 51,847,261 Shares (approximately 29.4% of the Outstanding Shares) that VHC, Kronos Worldwide, Contran, NL, Valhi and NL EMS hold directly in the aggregate;

(3) The CMRT may be deemed to be the beneficial owner of the 21,956,429 Shares (approximately 12.5% of the Outstanding Shares) that the CMRT, Kronos Worldwide, NL, Valhi and NL EMS hold directly in the aggregate;

(4) Annette C. Simmons may be deemed to be the beneficial owner of the 21,841,307 Shares (approximately 12.4% of the Outstanding Shares) she and the Grandchildren's Trust hold directly in the aggregate; and

(5) Harold C. Simmons may be deemed to be the beneficial owner of the 94,752,959 Shares (approximately 53.7% of the Outstanding Shares) that VHC, his wife, the CMRT, he, Kronos Worldwide, Contran, NL, Valhi, NL EMS and the Grandchildren's Trust hold directly in the aggregate.

Mr. Simmons disclaims beneficial ownership of any Shares that he does not hold directly. Mrs. Simmons disclaims beneficial ownership of any Shares that she does not hold directly.

(b) By virtue of the relationships described in Item 2:

(1) VHC and Dixie Rice may each be deemed to share the power to vote and direct the disposition of the 48,399,906 Shares (approximately 27.4% of the Outstanding Shares) that VHC, Kronos Worldwide, NL, Valhi and NL EMS hold directly in the aggregate;

(2) Contran may be deemed to share the power to vote and direct the disposition of the 51,847,261 Shares (approximately 29.4% of the Outstanding Shares) that VHC, Kronos Worldwide, Contran, NL, Valhi and NL EMS hold directly in the aggregate;

(3) The CMRT may be deemed to share the power to vote and direct the disposition of the 21,956,429 Shares (or approximately 12.5% of the Outstanding Shares) that the CMRT, Kronos Worldwide, NL, Valhi and NL EMS hold directly in the aggregate;

(4) Annette C. Simmons may be deemed to share the power to vote and direct the disposition of the 21,841,307 Shares (approximately 12.4% of the Outstanding Shares) she and the Grandchildren's Trust hold directly in the aggregate;

(5) Harold C. Simmons may be deemed to share the power to vote and direct the disposition of the 89,123,172 Shares (approximately 50.5% of the Outstanding Shares) that VHC, his wife, the CMRT, Kronos Worldwide, Contran, NL, Valhi, NL EMS and the Grandchildren's Trust hold directly in the aggregate; and

(6) Harold C. Simmons may be deemed to have the sole power to vote and direct the disposition of the 5,629,787 Shares (approximately 3.2% of the Outstanding Shares) he holds directly.

The Reporting Persons understand, based on ownership filings with the U.S. Securities and Exchange Commission or upon information provided by the persons listed on Schedule B to this Amendment, that such persons may be deemed to own personally and beneficially the Shares as indicated on Schedule C to this Amendment.

(c) Set forth below are all transactions by the Reporting Persons (or entities attributable to a Reporting Person) since June 9, 2011 (the 60th day prior to the date of the event that requires the filing of this Statement) through the close of business on September 2, 2011):

- on June 29, 2011, Contran made a charitable contribution of 110,000 Shares; and
- on July 12, 2011, the Foundation made a charitable contribution of 49,525 Shares.

Except as disclosed in this Item 5(c), no other Reporting Person and no other person named in Schedule B to this Amendment had any transactions in Shares during the period from June 9, 2011 through September 2, 2011.

(d) Each of VHC, Annette C. Simmons, the CMRT, Harold C. Simmons, Kronos Worldwide, Contran, NL, Valhi, NL EMS and the Grandchildren's Trust has the right to receive and the power to direct the receipt of dividends from, and proceeds from the sale of, Shares directly held by such entity or person.

(e) None

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 is amended or supplemented as follows.

Contran and PlainsCapital Bank entered into a First Amendment to Credit Agreement dated as of October 1, 2010 (the "First Amendment to the PlainsCapital Credit Agreement") whereby the parties extended to September 30, 2011 the maturity date of the Credit Agreement dated as of October 2, 2009 between Contran and PlainsCapital Bank (the "PlainsCapital Credit Agreement"). As previously disclosed, as a condition precedent to the PlainsCapital Credit Agreement, VHC, among other agreements, has pledged 12,820,769 Shares under the Pledge and Security Agreement with PlainsCapital Bank dated October 2, 2009 (the "Pledge Agreement") in order to secure Contran's obligations under the PlainsCapital Credit Agreement. The foregoing summaries of the First Amendment to the PlainsCapital Credit Agreement, the PlainsCapital Credit Agreement and the Pledge Agreement are qualified in their entirety by reference to the actual terms of such agreements and related agreements and instruments, which terms may be found as indicated in Exhibits 1 through 7 to this Amendment, all of which terms are incorporated herein by this reference.

Other than as set forth above, none of the Reporting Persons or, to the best knowledge of such persons, any person named in Schedule B to this Amendment has any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to Shares, including, but not limited to, transfer or voting of any such securities, finder's fees, joint ventures, loans or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits.

Item 7 is amended or supplemented as follows.

1 E x h i b i t Credit Agreement dated as of October 2, 2009 between Contran Corporation and PlainsCapital Bank (incorporated by reference to Exhibit 1 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

2 E x h i b i t First Amendment to the Credit Agreement dated as of October 1, 2010 between Contran Corporation and PlainsCapital Bank (incorporated by reference to Exhibit 99.B6 to Amendment No. 1 to the Schedule TO regarding the common stock of Keystone Consolidated Industries, Inc. (Securities Exchange Act File No. 1-3919) that was filed with the U.S. Securities and Exchange Commission on February 14, 2011 by Contran Corporation).

3 E x h i b i t Guaranty dated as of October 2, 2009 executed by Valhi Holding Company for the benefit of PlainsCapital Bank (incorporated by reference to Exhibit 2 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

4 E x h i b i t Pledge and Security Agreement dated October 2, 2009 between Valhi Holding Company and PlainsCapital Bank (incorporated by reference to as Exhibit 3 of Amendment No. 28 to Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

5 E x h i b i t Collateral Agreement dated October 2, 2009 between Contran Corporation and Valhi Holding Company (incorporated by reference to Exhibit 4 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The

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Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

Exhibit 6 Pledged Shares Addendum Agreement dated March 5, 2010 between Valhi Holding Company and PlainsCapital Bank (incorporated by reference to Exhibit 99.B5 to Amendment No. 1 to the Schedule TO regarding the common stock of Keystone Consolidated Industries, Inc. (Securities Exchange Act File No. 1-3919) that was filed with the U.S. Securities and Exchange Commission on February 14, 2011 by Contran Corporation).

Exhibit 7 Pledge Agreement dated as of April 1, 2007 between Contran Corporation and Valhi Holding Company for the Benefit of the Contran Deferred Compensation Trust No. 3 (incorporated by reference to as Exhibit 5 of Amendment No. 28 to Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

In the agreements or instruments, as applicable, filed as Exhibits 1 through 7, one party made certain representations and warranties to the other party to the agreement that have been negotiated by such parties. These representations and warranties are made only to and for the benefit of the respective other party in the context of a business contract, are subject to contractual materiality standards and should not be relied upon for any purposes, including without limitation the making of an investment decision regarding the purchase or sale of securities. Exceptions to such representations and warranties may be partially or fully waived by the party for whose benefit such representations and warranties are made, in its discretion.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: September 2, 2011

/s/ Harold C. Simmons

Harold C. Simmons

Signing in the capacities listed on Schedule "A" attached hereto and incorporated herein by reference.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: September 2, 2011

/s/ Steven L. Watson

Steven L. Watson

Signing in the capacities listed on Schedule "A" attached hereto and incorporated herein by reference.

SCHEDULE A

HAROLD C. SIMMONS, in his individual capacity, as trustee for THE COMBINED MASTER RETIREMENT TRUST and as attorney-in-fact for ANNETTE C. SIMMONS

STEVEN L. WATSON, as president or vice president of each of:

CONTRAN CORPORATION
DIXIE RICE AGRICULTURAL CORPORATION, INC.
VALHI HOLDING COMPANY

SCHEDULE B

Schedule B is hereby amended and restated as follows.

The names of the directors and executive officers of Contran Corporation (“Contran”), Dixie Rice Agricultural Corporation, Inc. (“Dixie Rice”) and Valhi Holding Company (“VHC”) and their present principal occupations are set forth below. Each such person is a citizen of the United States of America and the business address of each such person is 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240.

Name	Present Principal Occupation
L . A n d r e w Fleck	Vice president and a director of Dixie Rice and vice president-real estate for Contran.
R o b e r t D Graham	.Executive vice president of Titanium Metals Corporation (the “Company”); vice president of Contran, Dixie Rice, Valhi, Inc., a publicly held sister corporation of the Company (“Valhi”), and VHC; executive vice president and general counsel of Kronos Worldwide, Inc., a publicly held sister corporation of the Company (“Kronos Worldwide”); vice president and general counsel of NL Industries, Inc., a publicly held sister corporation of the Company (“NL”); and executive vice president of CompX International Inc., a publicly held sister corporation of the Company (“CompX”).
J . M a r k Hollingsworth	Vice president and general counsel of CompX, Contran, Dixie Rice, Valhi and VHC; trust counsel of The Combined Master Retirement Trust, a trust Contran sponsors that permits the collective investment by master trusts that maintain the assets of certain employee defined benefit plans Contran and related companies adopt (the “CMRT”); and vice president and general counsel of Keystone Consolidated Industries, Inc., a publicly held sister corporation of the Company (“Keystone”).
W i l l i a m J Lindquist	.Director and senior vice president of Contran, and VHC; senior vice president of Dixie Rice and Valhi; and chief executive officer of Waste Control Specialists LLC, a subsidiary of Valhi.

A . Louis	A n d r e w	R	.Vice president and secretary of CompX, Kronos Worldwide, NL and Valhi; and secretary of Contran, Dixie Rice and VHC.
K e Luttmer	l l y	D	.Vice president and global tax director of the Company, CompX, Kronos Worldwide, NL and Valhi; and vice president and tax director of Contran, Dixie Rice, Keystone and VHC.
B o O'Brien	b b y	D	.President and chief executive officer of the Company; vice president and chief financial officer of Contran, Dixie Rice and Valhi; and vice president and chief financial officer of VHC.
G l Simmons	e n n	R	.Chairman of the board of CompX and Keystone; vice chairman of the board of Contran, Dixie Rice, Valhi and VHC; and a director of the Company, Kronos Worldwide and NL.
H a Simmons	r o l d	C	.Chairman of the board of the Company, Contran, Dixie Rice, Kronos Worldwide, Valhi, and VHC; chairman of the board and chief executive officer of NL; and trustee and member of the investment committee of the CMRT.
J o h n Wrba	A .	S t	.Vice president and treasurer of the Company, Contran, Dixie Rice, Kronos Worldwide, NL, Valhi and VHC.
G r e Swalwell	g o r y	M	.Vice president and controller of Contran, Valhi and VHC; executive vice president and chief financial officer of Kronos Worldwide; vice president, finance and chief financial officer of NL; and vice president of the Company and Dixie Rice.
S t e Watson	v e n	L	.Vice chairman of the board of the Company; chief executive officer and vice chairman of the board of Kronos Worldwide; director and president of Contran, Dixie Rice and VHC; director, president and chief executive officer of Valhi; and a director of CompX, Keystone and NL.

SCHEDULE C

Schedule C is hereby amended and restated as follows.

Based upon ownership filings with the Securities and Exchange Commission or upon information provided by the persons listed on Schedule B to this Amendment, such persons may be deemed to personally beneficially own shares (“Shares”) of the common stock, par value \$0.01 per share, of Titanium Metals Corporation, a Delaware corporation (the “Company”), as outlined below.

Name	Shares Held	Total
L. Andrew Fleck (1)	40,276	40,276
Robert D. Graham	-0-	-0-
J. Mark Hollingsworth	-0-	-0-
William J. Lindquist	-0-	-0-
A. Andrew R. Louis	-0-	-0-
Kelly D. Luttmer	400	400
Bobby D. O’Brien	-0-	-0-
Glenn R. Simmons (2)	162,379	162,379
Harold C. Simmons (3)	27,471,094	27,471,094
John A. St. Wrba	-0-	-0-
Gregory M. Swalwell	556	556
Steven L. Watson	183,735	183,735

(1) Includes 3,615 Shares owned by his children and 2,840 Shares that Mr. Fleck’s wife holds in an individual retirement account.

(2) Includes 17,282 Shares that Glenn R. Simmons’ wife holds in an individual retirement account.

(3) Includes 21,825,875 Shares that Annette C. Simmons, Harold C. Simmons’ wife, owns directly and 15,432 Shares that The Annette Simmons Grandchildren’s Trust directly holds, of which Harold C. Simmons and Annette C. Simmons are trustees and the beneficiaries are the grandchildren of Mrs. Simmons. This table excludes other Shares of which Mr. Simmons may be deemed to possess indirect beneficial ownership as described in Item 5(a) of this Amendment. Mr. Simmons disclaims beneficial ownership of all Shares that he does not directly own.

EXHIBIT INDEX

- 1 E x h i b i t Credit Agreement dated as of October 2, 2009 between Contran Corporation and PlainsCapital Bank (incorporated by reference to Exhibit 1 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).
- 2 E x h i b i t First Amendment to the Credit Agreement dated as of October 1, 2010 between Contran Corporation and PlainsCapital Bank (incorporated by reference to Exhibit 99.B6 to Amendment No. 1 to the Schedule TO regarding the common stock of Keystone Consolidated Industries, Inc. (Securities Exchange Act File No. 1-3919) that was filed with the U.S. Securities and Exchange Commission on February 14, 2011 by Contran Corporation).
- 3 E x h i b i t Guaranty dated as of October 2, 2009 executed by Valhi Holding Company for the benefit of PlainsCapital Bank (incorporated by reference to Exhibit 2 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).
- 4 E x h i b i t Pledge and Security Agreement dated October 2, 2009 between Valhi Holding Company and PlainsCapital Bank (incorporated by reference to as Exhibit 3 of Amendment No. 28 to Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).
- 5 E x h i b i t Collateral Agreement dated October 2, 2009 between Contran Corporation and Valhi Holding Company (incorporated by reference to Exhibit 4 of Amendment No. 28 to a Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

Exhibit 6 Pledged Shares Addendum Agreement dated March 5, 2010 between Valhi Holding Company and PlainsCapital Bank (incorporated by reference to Exhibit 99.B5 to Amendment No. 1 to the Schedule TO regarding the common stock of Keystone Consolidated Industries, Inc. (Securities Exchange Act File No. 1-3919) that was filed with the U.S. Securities and Exchange Commission on February 14, 2011 by Contran Corporation).

Exhibit 7 Pledge Agreement dated as of April 1, 2007 between Contran Corporation and Valhi Holding Company for the Benefit of the Contran Deferred Compensation Trust No. 3 (incorporated by reference to as Exhibit 5 of Amendment No. 28 to Schedule 13D regarding the common stock of Titanium Metals Corporation (Securities Exchange Act File No. 1-14368) that was filed with the U.S. Securities and Exchange Commission on August 5, 2010 by Valhi Holding Company, Dixie Rice Agricultural Corporation, Inc., Contran Corporation, The Combined Master Retirement Trust, Annette C. Simmons and Harold C. Simmons).

In the agreements or instruments, as applicable, filed as Exhibits 1 through 7, one party made certain representations and warranties to the other party to the agreement that have been negotiated by such parties. These representations and warranties are made only to and for the benefit of the respective other party in the context of a business contract, are subject to contractual materiality standards and should not be relied upon for any purposes, including without limitation the making of an investment decision regarding the purchase or sale of securities. Exceptions to such representations and warranties may be partially or fully waived by the party for whose benefit such representations and warranties are made, in its discretion.

m>

Video cassettes

2,929

2,644

DVDs

2,464

3,086

Other

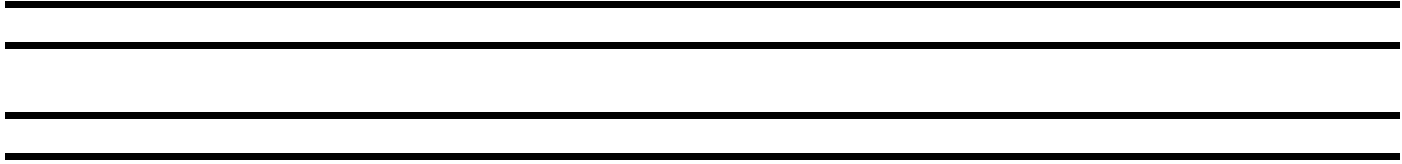
308

46

8,252

8,738

30



PRIVATE MEDIA GROUP, INC.
NOTES TO THE CONSOLIDATED INERIM FINANCIAL STATEMENTS
(UNAUDITED)

4. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	Three-months ended September 30,		Nine-months ended September 30,	
	2001	2002	2001	2002
Numerator: (EUR in thousands)				
Net income (numerator diluted EPS)	2,161	1,529	7,303	2,276
Less: Dividends on preferred stock	383	356	1,192	1,110
Income applicable to common shares (numerator basic EPS)	1,778	1,173	6,111	1,166
Denominator:				
Denominator for basic earnings per share Weighted average shares	28,186,067	28,493,537	28,177,496	28,437,859
Effect of dilutive securities:				
Preferred stock	21,000,000	21,000,000	21,000,000	N/A
Common stock warrants and options	463,533	4,083	347,625	N/A
Denominator for diluted earnings per share weighted average shares and assumed conversions	49,649,601	49,497,621	49,525,121	N/A
Earnings per share (EUR)				
Basic	0.06	0.04	0.22	0.04
Diluted	0.04	0.03	0.15	0.04

For the nine month period ended September 30, 2002 the impact of potentially dilutive securities (convertible preferred shares and outstanding options and warrants for common shares) is anti-dilutive therefore reported diluted and basic income per share are EUR 0.04.

5. New accounting standards

Effective January 1, 2002, the Company adopted the provisions of Statement No. 142, Goodwill and Other Intangible Assets, applicable to business combinations completed after June 30, 2001. Effective January 1, 2002, the Company adopted the additional provisions of Statement No. 142 relating to business combinations completed prior to June 30, 2001. Statement No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. Intangible assets with definite useful lives will continue to be amortized over their estimated useful lives. The Company has completed its initial impairment review and no impairment of goodwill is

currently anticipated. Total amortization expense for the nine months ended September 30, 2002 was EUR 38 thousand as compared to EUR 235 thousand for the nine months ended September 30, 2001. As a result of adoption of the non-amortization provision of Statement 142, the Company's reported net income increased by EUR 197 thousand in the first nine months of 2002 as compared to the same period in 2001. The Company's comparative basic and diluted earnings per share for the nine months ended September 30, 2001 would have been EUR 0.22 per share and EUR 0.15 per share, respectively had the non-amortization provisions of Statement No. 142 been adopted in 2001.

6. Contingent Liability

In December 1999 the Company received final notification from the Swedish Tax Authority assessing its subsidiary in Cyprus for the tax years 1995-1998 for a total amount of SEK 42,000,000 plus fines amounting to SEK 16,800,000 plus interest. The Company believes the assessment is without merit and has appealed the assessment to the Administrative Court in Stockholm. The Administrative Court has not yet decided any assessment but concluded that the Company has a permanent establishment in Sweden, giving Sweden a right to tax the Company. The decision has been appealed by the Company to the Administrative Court of Appeal. The final outcome of the appeal, including the final assessments, is expected to take several years. The Company has asked for a postponement of payment of the taxes and fees until the case is settled. No final decision has been given. Due to the early stages of this matter and the uncertainty regarding the ultimate resolution, no amounts have been provided in the Company's financial statements for this dispute.

7. Related Party Transaction

During 2002 the Company has loaned approximately EUR 2,196 thousand to a company controlled by the Company's principal shareholder in connection with the construction of certain commercial offices in Spain. At June 30, 2002, the Company's Spanish subsidiary, Milcap Media Group S.L. (Milcap) had issued a guarantee of indebtedness to Acomo S.L. an independent construction development company related to the financing of the construction. In October, 2002, the parties renegotiated the agreement with Acomo S.L. Under the terms of the new agreement the guarantee of indebtedness to Acomo S.L. was withdrawn.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

You should read this section together with the consolidated financial statements and the notes and the other financial data in this Report. The matters that we discuss in this section, with the exception of historical information, are forward-looking statements within the meaning of the Private Securities Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Potential risks and uncertainties relate to factors such as (1) the timing of the introduction of new products and services and the extent of their acceptance in the market; (2) our expectations of growth in demand for our products and services; (3) our ability to successfully implement expansion and acquisition plans; (4) the impact of expansion on our revenue, cost basis and margins; (5) our ability to respond to changing technology and market conditions; (6) the effects of regulatory developments and legal proceedings with respect to our business; (7) the impact of exchange rate fluctuations; and (8) our ability to obtain additional financing.

As previously reported in our Annual Report on Form 10-K for the year ended December 31, 2001, in connection with the preparation of our 2001 annual financial statements, our management determined that the previously issued 2001 interim consolidated financial statements, including the consolidated financial statements contained in our Form 10-Qs for the quarters ended March 31, June 30 and September 30, 2001 required restatement. Accordingly, the previously issued interim financial statements for the nine months ended September 30, 2001, have been restated in this Report as described in Note 2 to the accompanying Consolidated Financial Statements to reflect (i) decrease in previously reported income tax expense, and (ii) decreased revenues. All amounts and percentages in the following discussions reflect the effects of such restatements.

The following discussion should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Report.

Amortization of Goodwill and Other Intangible Assets

Amortization of goodwill and other intangible assets decreased to EUR 38 thousand in the first nine months of 2002 from EUR 235 thousand in the first nine months of 2001. The decrease in expense for the first nine months of 2002 is primarily a result of the Company's adoption on January 1, 2002 of Financial Accounting Standards Board (FASB) Statement No. 142, *Goodwill and Other Intangible Assets*. The Company is currently in the process of completing the initial impairment review, but does not believe any significant impairments will be recognized. As a result of adoption of Statement No. 142, the Company realized a pre-tax benefit of approximately EUR 197 thousand of annual depreciation reductions in the first nine months of 2002.

Critical Accounting Policies

General

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities revenues and expenses. On an ongoing basis, we evaluate our estimates, including those related to impairment of the library of photographs and videos and other long lived assets, allowances for bad debt, income taxes and contingencies and litigation. Accounts receivable and sales related to certain products are, in accordance with industry practice, subject to distributors right of return to unsold items. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Management periodically reviews such estimates. Actual results may differ from these estimates.

We believe the following critical accounting policies are significantly affected by judgments and estimates used in the preparation of our consolidated financial statements.

Recognition of Revenue

Revenues from the sale of magazines, videocassettes, DVD s and other related products where distributors are not granted rights-of-return are recognized upon transfer of title, which generally occurs upon delivery. Revenues from the sale of magazines under agreements that grant distributors rights-of-return are recognized upon transfer of title, which generally occurs on delivery, net of an allowance for returned magazines. Revenues from the sale of videocassette and DVD products under consignment agreements with distributors are recognized based upon reported sales by the Company s distributors. Revenues from the sale of subscriptions to the Company s internet website are deferred and recognized ratably over the subscription period. Revenues from licensing of broadcasting rights to the Company s video and film library are recognized upon delivery when the following conditions have been met (i) license period of the arrangement has begun and the customer can begin its exploitation, exhibition, or sale (ii) the arrangement fee is fixed or determinable and (iii) collection of the arrangement fee is reasonably assured.

Inventories

Inventories are valued at the lower of cost or market, with cost principally determined on an average basis. Inventories principally consist of DVD s, videocassettes and magazines held for sale or resale. The inventory is written down to the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional write-downs may be required.

Goodwill and Other Intangible Assets

On January 1, 2002 the Company adopted Financial Accounting Standards Board Statement (SFAS) No. 142, Goodwill and Other Intangible Assets. Under SFAS 142, goodwill and indefinite lived intangible assets will no longer be amortized but will be reviewed annually for impairment (or more frequently if indicators of impairment arise). The Company is currently in the process of completing the initial impairment review, but does not believe any significant impairments will be recognized. If the factors taken into account by Management for this purpose were to vary, or if additional factors were to arise, losses for impairment may occur in future periods.

Impairment of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets including its library of photographs and videos for potential impairment. Upon indication of impairment, the company will record a loss on its long-lived assets if the undiscounted cash flows that are estimated to be generated by those assets are less than the related carrying value of the assets. An impairment loss is then measured as the amount by which the carrying value of the asset exceeds the estimated discounted future cash flows. Management's estimated future revenues are based upon assumptions about future demand and market conditions and additional write downs may be required if actual conditions are less favorable than those assumed.

Accounts receivable

We are required to estimate the collectibility of our trade receivables and notes receivable. A considerable amount of judgment is required in assessing the ultimate realization of these receivables including the current credit-worthiness of each customer. Significant changes in required reserves have been recorded in recent periods and may occur in the future due to the current market environment.

Results of Operations

Three months ended September 30, 2002 compared to the three months ended September 30, 2001

Net sales. For the three months ended September 30, 2002, we had net sales of EUR 11,060 thousand compared to net sales of EUR 8,999 thousand for the three months ended September 30, 2001, an increase of EUR 2,061 thousand, or 23%. We attribute this change to an increase in Video and Magazine, and DVD and Broadcasting sales. Video and Magazine sales increased 39% to EUR 3,978 thousand, DVD sales increased 18% to EUR 4,401 thousand and Broadcasting sales increased 158% to EUR 1,351 thousand for the three months ended September 30, 2002. The increase in Video, Magazine, DVD and Broadcasting sales was offset by a decrease in Internet sales of 29% to EUR 1,329 thousand as a result of decreased license sales.

We attribute the growth in sales of DVDs to the increasing number of DVD players being sold in all of our markets. We believe that the growth in DVD and Broadcasting sales will continue through the remainder of 2002.

Net sales in general were affected by unfavorable changes in exchange rates.

Cost of Sales. Our cost of sales was EUR 5,575 thousand for the three months ended September 30, 2002 compared to EUR 2,521 thousand for the three months ended September 30, 2001, an increase of EUR 3,054 thousand, or 121%. Cost of sales as a percentage of sales was 50% for the three months ended September 30, 2002, compared to 28% for the three months ended September 30, 2001. The increase was primarily the result of sales mix with an increase in consumer ready products and a decrease in higher margin Internet sales. Unfavorable exchange rate changes also affected the cost of sales.

Gross Profit. In the three months ended September 30, 2002, we realized a gross profit of EUR 5,485 thousand, or 50% of net sales compared to EUR 6,478 thousand, or 72% of net sales for the three months ended September 30, 2001, a decrease of EUR 993 thousand, or 15%. The decrease was primarily the result of reduced margins as described above.

Selling, general and administrative expenses. Our selling, general and administrative expenses were EUR 4,018 thousand for the three months ended September 30, 2002 compared to EUR 4,059 thousand for the three months ended September 30, 2001, a decrease of EUR 41 thousand, or 1%. We attribute this change to our new program to reduce selling, general and administrative expenses offset by our continuing investment in development, marketing and promotion activities related to Internet, Broadband, DVD, broadcasting and emerging new media technologies, which we expect to continue through 2002.

Operating profit. We reported an operating profit of EUR 1,467 thousand for the three months ended September 30, 2002 compared to an operating profit of EUR 2,419 thousand for the three months ended September 30, 2001, a decrease of EUR 952 thousand, or 40%. We attribute this decrease in operating profit in 2002 to reduced gross profit.

Interest expense. We reported interest expense of EUR 81 thousand for the three months ended September 30, 2002, compared to no interest expense for the three months ended September 30, 2001, an increase of EUR 81 thousand in interest expense. We attribute this increase to higher short-term borrowings outstanding during the three months ended September 30, 2002, compared to the three months ended September 30, 2001.

Income tax expense/benefit. We reported income tax benefit of EUR 29 thousand for the three months ended September 30, 2002, compared to an income tax expense of EUR 313 thousand for the three months ended September 30, 2001.

Net income. We reported net income of EUR 1,529 thousand for the three months ended September 30, 2002, compared to net income of EUR 2,161 thousand for the three months ended September 30, 2001. We attribute this decrease in net income in 2002 of EUR 632 thousand, or 29%, to decreased operating profit.

Nine months ended September 30, 2002 compared to the nine months ended September 30, 2001

Net sales. For the nine months ended September 30, 2002, we had net sales of EUR 31,349 thousand compared to net sales of EUR 28,231 thousand for the nine months ended September 30, 2001, an increase of 11%, or EUR 3,118 thousand. We attribute the increase in sales to increases in Video and Magazine sales, and DVD and Broadcasting sales offset by a decrease in internet sales of 25% to EUR 4,504 thousand as a result of reduced Internet license sales and a non-recurring drop Internet subscription sales related to technical problems which have now been resolved. Video and Magazine sales increased 1%, to EUR 11,570 thousand. DVD sales increased 36% to EUR 11,703 thousand and Broadcasting sales increased 70% to EUR 3,571 thousand for the nine months ended September 30, 2002.

We attribute the growth in sales of DVDs to the increasing number of DVD players being sold in all of our markets. We believe that the growth in DVD and Broadcasting sales will continue through the remainder of 2002.

Net sales in general were affected by unfavorable changes in exchange rates.

Cost of Sales. Our cost of sales was EUR 13,684 thousand for the nine months ended September 30, 2002 compared to EUR 9,479 thousand for the nine months ended September 30, 2001, an increase of EUR 4,205 thousand, or 44%. Cost of sales as a percentage of sales was 44% for the nine months ended September 30, 2002, compared to 34% for the nine months ended September 30, 2001. The increase was primarily the result of sales mix with an increase in consumer ready products and a decrease in higher margin Internet sales. Unfavorable exchange rate changes also affected the cost of sales.

Gross Profit. In the nine months ended September 30, 2002, we realized a gross profit of EUR 17,665 thousand, or 56% of net sales compared to EUR 18,752 thousand, or 66% of net sales for the nine months ended September 30, 2001.

Selling, general and administrative expenses. Our selling, general and administrative expenses were EUR 14,244 thousand for the nine months ended September 30, 2002 compared to EUR 11,407 thousand for the nine months ended September 30, 2001, an increase of EUR 2,837 thousand, or 25%. We attribute this change to increased provisions for bad debts of EUR 686 thousand, increased selling, general and administrative expenses of EUR 576 thousand related to our expansion in the United States through our

new subsidiary Private North America which began operating last year and our continuing investment in marketing and promotion activities related to Internet, Broadband, DVD and broadcasting, which we expect to continue through 2002.

Offering expense. We reported offering expenses of EUR 1,401 thousand for the nine months ended September 30, 2002 for the activities related to the listing and secondary offering on the Frankfurt Stock Exchange, Neuer Markt in Germany. The offering was postponed in January, 2002 due to poor market conditions.

Operating profit. We reported an operating profit of EUR 2,020 thousand for the nine months ended September 30, 2002 compared to an operating profit of EUR 7,345 thousand for the nine months ended September 30, 2001, a decrease of EUR 5,325 thousand, or 72%. We attribute this change primarily to the increased selling, general and administrative expenses and the offering expense.

Interest expense. We reported interest expense of EUR 264 thousand for the nine months ended September 30, 2002, compared to EUR 157 thousand for the nine months ended September 30, 2001, an increase of EUR 107 thousand. We attribute this increase to higher long and short-term borrowings outstanding during the nine months ended September 30, 2002, compared to the nine months ended September 30, 2001.

Income tax expense/benefit. We reported income tax benefit of EUR 401 thousand for the nine months ended September 30, 2002, compared to an income tax expense of EUR 1,898 thousand for the nine months ended September 30, 2001. We attribute this change to decreased operating profit and a tax credit related to our offering expense.

Net income. We reported net income of EUR 2,276 thousand for the nine months ended September 30, 2002, compared to net income of EUR 7,303 thousand for the nine months ended September 30, 2001. We attribute this change in net income in 2002 of EUR 5,027 thousand, or 69%, to decreased operating profit and the absence of a non-recurring gain of EUR 1,889 thousand from the sale of subsidiary in 2001.

Liquidity and Capital Resources

We reported a working capital surplus of EUR 22,291 thousand at September 30, 2002, a decrease of EUR 69 thousand compared to the year ended December 31, 2001.

Operating Activities

Net cash provided by operating activities was EUR 2,253 thousand for the nine months ended September 30, 2002, and was primarily the result of cash flows from operating activities and adjustments to reconcile net income to net cash flows from operating activities. The net income of EUR 2,276 thousand

and adjustments to reconcile net income to net cash flows from operating activities, representing depreciation of EUR 453 thousand, bad debt provision of EUR 686 thousand, provision for offering expense of EUR 170 thousand, amortization of goodwill of EUR 38 thousand and amortization of photographs and videos of EUR 4,306 thousand provided a total of EUR 7,929 thousand. The total of EUR 7,929 thousand was then primarily reduced by the increases in related party receivable, inventories, prepaid expenses and other current assets and income taxes payable totaling EUR 6,915 thousand, offset by EUR 1,239 thousand from trade accounts receivable, accounts payable trade and accrued other liabilities. Net cash provided by operating activities was EUR 7,918 thousand for the nine months ended September 30, 2001. The decrease in cash provided by operating activities for the nine months ended September 30, 2002 compared to the same period last year is primarily the result cash flows from operating activities.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2002 was EUR 8,584 thousand. The investing activities were principally investment in library of photographs and videos of EUR 7,144 thousand, which are carried out in order to maintain the 2002/2003 release schedules for both magazines, video and DVD. In addition to investment in library of photographs and videos, EUR 1,438 thousand was invested in capital expenditures. The increase over the comparable nine-month 2001 period is principally due to increased investments in library of photographs and videos offset by the absence of cash from sale of controlled entity and cash from investment held for sale.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2002 was EUR 252 thousand, represented primarily by conversion of warrants. The increase over the comparable nine-month 2001 period is primarily due to the absence of repayments of long-term loan.

We expect that our available cash resources and cash generated from operations will be sufficient to meet our presently anticipated working capital and capital expenditure requirements for at least the next 12 months. However, we may need to raise additional funds to support more rapid expansion or respond to unanticipated requirements. If additional funds are raised through the issuance of equity securities, our shareholders' percentage ownership will be reduced, they may experience additional dilution, or these newly issued equity securities may have rights, preferences, or privileges senior to those of our current shareholders. Additional financing may not be available when needed on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could harm our business.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We transact our business in various foreign currencies and, accordingly, we are subject to exposure from adverse movements in foreign currency exchange rates. The principal currencies in which our revenues and expenses are incurred are Euro, U.S. dollar and Swedish Kronor. To date, the effect of changes in foreign currency exchange rates on revenues and operating expenses has not been material.

We do not use financial instruments or derivatives to hedge our operations in foreign currencies or for speculative trading purposes.

Item 4. Controls and Procedures.

Based upon an evaluation by our Chief Executive Officer and Chief Financial Officer within 90 days prior to the filing date of this Quarterly Report on Form 10-Q they have concluded that our disclosure controls and procedures as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, as amended, are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under such Act.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referred to above.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits:

Exhibit 99.1 Certification of CEO and CFO Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K:

A Current Report on Form 8-K dated September 16, 2002, as amended by Current Report on Form 8-K/A dated September 27, 2002, were filed during the quarter for which this Quarterly Report on Form 10-Q is filed. These Current Reports were filed under Item 4, Changes in Registrant's Certifying Accountants.

- 18 -

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

PRIVATE MEDIA GROUP, INC.
(Registrant)

Date: November 13, 2002

/s/ JOHAN GILLBORG

Johan Gillborg, Chief Financial Officer

- 19 -

CERTIFICATIONS PURSUANT TO RULE 13A-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Charles Prast, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Private Media Group, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 13, 2002

/s/ CHARLES PRAST

Charles Prast, Principal Executive Officer

- 20 -

CERTIFICATIONS PURSUANT TO RULE 13A-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Johan Gillborg, Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Private Media Group, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 13, 2002

/s/ JOHAN GILLBORG

Johan Gillborg, Principal Financial Officer