

**Ma San Resources Corporation and its subsidiaries**

Financial Statements  
for the six-month period ended 30 June 2015



**Ma San Resources Corporation  
Corporate Information**

**Business Registration  
Certificate No.**

0309966889

4 February 2015

The Company's Business Registration Certificate has been amended several times, the most recent of which was dated 4 February 2015. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.

**Investment Certificate No.**

41122000131

2 August 2013

The investment certificate was issued by the People's Committee of Ho Chi Minh City to the Company to implement the investment of "Ma San Resources Corporation". The project has a term of 10 years from the date of the investment certificate.

**Board of Directors**

Mr. Nguyen Dang Quang

Chairman

Mr. Nguyen Thieu Nam

Member

Mr. Chetan Prakash Baxi

Member

Mr. Jonathan David Fiorello

Member

**Board of Management**

Mr Dominic John Heaton

General Director

**Registered Office**

Suite 802, 8<sup>th</sup> Floor, Central Plaza  
17 Le Duan Street, District 1  
Ho Chi Minh City  
Vietnam

**Ma San Resources Corporation and its subsidiaries**  
**Balance sheets as at 30 June 2015**

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			30/6/2015 VND'000	1/1/2015 VND'000 Reclassified	30/6/2015 VND'000	1/1/2015 VND'000
<b>ASSETS</b>						
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>2,670,376,752</b>	<b>2,040,557,416</b>	<b>909,282</b>	<b>54,563,508</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>89,002,268</b>	<b>136,442,647</b>	<b>434,282</b>	<b>54,478,808</b>
Cash	111		88,002,268	81,442,647	434,282	478,808
Cash equivalents	112		1,000,000	55,000,000	-	54,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,124,883,116</b>	<b>982,814,499</b>	<b>475,000</b>	<b>84,700</b>
Accounts receivable from customers	131		728,443,032	594,764,354	-	-
Prepayments to suppliers	132		50,581,186	107,716,633	420,000	-
Other receivables	136	7	345,858,898	280,333,512	55,000	84,700
<b>Inventories</b>	<b>140</b>		<b>1,207,241,260</b>	<b>653,671,833</b>	<b>-</b>	<b>-</b>
Inventories	141	8	1,207,241,260	653,671,833	-	-
<b>Other current assets</b>	<b>150</b>		<b>249,250,108</b>	<b>267,628,437</b>	<b>-</b>	<b>-</b>
Short-term prepaid expenses	151		70,001,328	42,907,396	-	-
Deductible value added tax	152		179,248,780	224,721,041	-	-
<b>Long term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>23,347,583,483</b>	<b>23,065,736,511</b>	<b>11,100,060,302</b>	<b>11,087,179,134</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,403,444,246</b>	<b>1,421,346,690</b>	<b>5,959,724,729</b>	<b>5,946,843,561</b>
Other long-term receivables	216	7	1,403,444,246	1,421,346,690	5,959,724,729	5,946,843,561
<b>Fixed assets</b>	<b>220</b>		<b>16,238,602,294</b>	<b>17,347,633,391</b>	<b>-</b>	<b>-</b>
Tangible fixed assets	221	9	15,567,600,520	16,648,908,324	-	-
Cost	222		16,548,952,271	17,288,013,900	-	-
Accumulated depreciation	223		(981,351,751)	(639,105,576)	-	-
Finance lease tangible fixed assets	224	10	38,136,667	44,866,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(29,163,333)	(22,433,333)	-	-
Intangible fixed assets	227	11	632,865,107	653,858,400	-	-
Cost	228		675,161,792	675,161,792	137,950	137,950
Accumulated amortisation	229		(42,296,685)	(21,303,392)	(137,950)	(137,950)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,004,424,429</b>	<b>3,185,593,593</b>	<b>-</b>	<b>-</b>
Construction in progress	242	12	4,004,424,429	3,185,593,593	-	-
<b>Long-term financial investments</b>	<b>250</b>		<b>-</b>	<b>-</b>	<b>5,140,335,573</b>	<b>5,140,335,573</b>
Investment in subsidiaries	251	13	-	-	5,140,335,573	5,140,335,573
<b>Other long-term assets</b>	<b>260</b>		<b>1,701,112,514</b>	<b>1,111,162,837</b>	<b>-</b>	<b>-</b>
Long-term prepaid expenses	261	14	1,701,112,514	1,111,162,837	-	-
<b>TOTAL ASSETS</b> (270 = 100 + 200)	<b>270</b>		<b>26,017,960,235</b>	<b>25,106,293,927</b>	<b>11,100,969,584</b>	<b>11,141,742,642</b>

The accompanying notes are an integral part of these financial statements

**Ma San Resources Corporation and its subsidiaries**  
**Balance sheets as at 30 June 2015 (continued)**

**Form B 01 – DN/HN**

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			30/6/2015 VND'000	1/1/2015 VND'000 Reclassified	30/6/2015 VND'000	1/1/2015 VND'000
<b>RESOURCES</b>						
<b>LIABILITIES</b> (300 = 310 + 330)	<b>300</b>		<b>14,471,355,370</b>	<b>13,595,481,547</b>	<b>1,724,527,905</b>	<b>1,740,370,825</b>
<b>Current liabilities</b>	<b>310</b>		<b>3,333,637,346</b>	<b>2,653,866,107</b>	<b>65,697,310</b>	<b>381,818,469</b>
Accounts payable to suppliers	311	15	644,063,135	419,650,935	396,578	366,107
Advance from customers	312		95,769,915	11,016,118	-	-
Taxes payable to State Treasury	313	16	18,949,325	106,059,649	-	-
Payables to employees	314		199,344	-	-	-
Accrued expenses	315	17	738,387,329	683,665,697	423,346	504,530
Other short-term payables	319	18	55,072,705	91,429,382	64,877,386	127,193,202
Short-term borrowings	320	19	1,781,195,593	1,342,044,326	-	253,754,630
<b>Long-term liabilities</b>	<b>330</b>		<b>11,137,718,024</b>	<b>10,941,615,440</b>	<b>1,658,830,595</b>	<b>1,358,552,356</b>
Other long-term liabilities	337	18	2,156,516,905	2,251,402,102	1,097,267,241	1,053,474,188
Long-term borrowings and liabilities	338	19	7,632,442,057	7,352,306,206	561,563,354	305,078,168
Deferred tax liabilities	341	21	717,143,125	730,049,612	-	-
Provision – long-term	342	20	631,615,937	607,857,520	-	-
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>11,546,604,865</b>	<b>11,510,812,380</b>	<b>9,376,441,679</b>	<b>9,401,371,817</b>
<b>Equity</b>	<b>410</b>	<b>22</b>	<b>11,237,032,047</b>	<b>11,132,945,202</b>	<b>9,376,441,679</b>	<b>9,401,371,817</b>
Share capital	411	23	7,194,473,280	7,194,473,280	7,194,473,280	7,194,473,280
- Ordinary shares with voting rights	411a		7,035,448,980	7,035,448,980	7,035,448,980	7,035,448,980
- Preference shares	411b		159,024,300	159,024,300	159,024,300	159,024,300
Capital surplus	412	23	1,944,327,324	1,944,327,324	1,944,327,324	1,944,327,324
Other capital	420		(295,683,347)	(295,683,347)	-	-
Undistributed profits after tax	421		2,393,914,790	2,289,827,945	237,641,075	262,571,213
- Undistributed profits after tax brought forward	421a		2,289,827,945	2,243,151,737	262,571,213	299,922,284
- Undistributed profits/(loss) after tax for the current period/year	421b		104,086,845	46,676,208	(24,930,138)	(37,351,071)
Non-controlling interest	429		309,572,818	377,867,178	-	-
<b>TOTAL RESOURCES</b> (440 = 300 + 400)	<b>440</b>		<b>26,017,960,235</b>	<b>25,106,293,927</b>	<b>11,100,969,584</b>	<b>11,141,742,642</b>

Prepared by:



Nguyen Thi Hai Yen  
Chief Accountant

Approved by:



DOMINIC JOHN HEATON  
General Director

The accompanying notes are an integral part of these financial statements

**Ma San Resources Corporation and its subsidiaries**  
**Statements of income for the six-month period ended 30 June 2015**

Form B 02 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	<u>Group</u> From 1/1/2015 to 30/6/2015 VND'000	<u>Company</u> From 1/1/2015 to 30/6/2015 VND'000
Revenue from sales of goods	01	25	1,246,630,881	-
Revenue deductions	02		46,004,501	-
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>		<b>1,200,626,380</b>	<b>-</b>
Cost of sales	11		844,734,415	-
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>355,891,965</b>	<b>-</b>
Financial income	21	26	19,995,775	13,059,084
Financial expenses	22	27	449,995,153	37,457,242
Selling expense	24		78,800,389	-
General and administration expenses	25		176,114,916	531,980
<b>Net operating loss</b> <b>{30 = 20 + (21 - 22) - (24 + 25)}</b>			<b>(329,022,718)</b>	<b>(24,930,138)</b>
Other income	31	28	371,769,735	-
Other expenses	32		19,781,741	-
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>351,987,994</b>	<b>-</b>
<b>Accounting gain/(loss) before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>22,965,276</b>	<b>(24,930,138)</b>
Income tax expense	51	29	79,278	-
Income tax benefits – deferred	52	29	(12,906,487)	-
<b>Net gain/(loss) after tax</b> <b>(60 = 50 - 51 - 52)</b>	<b>60</b>		<b>35,792,485</b>	<b>(24,930,138)</b>

The accompanying notes are an integral part of these financial statements

**Ma San Resources Corporation and its subsidiaries**  
**Statements of income for the six-month period ended 30 June 2015 (continued)**

**Form B 02 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	<u>Group</u>	<u>Company</u>
			From 1/1/2015 to 30/6/2015 VND'000	From 1/1/2015 to 30/6/2015 VND'000
<b>Attributable to:</b>				
Equity holders of the Company	62		104,086,845	(24,930,138)
Non-controlling interest	61		(68,294,360)	-

Prepared by:



Nguyen Thi Hai Yen  
*Chief Accountant*

Approved by:



Dominic John Heaton  
*General Director*

*The accompanying notes are an integral part of these financial statements*

**Ma San Resources Corporation and its subsidiaries**  
**Statements of cash flows for the six-month period ended 30 June 2015**  
**(Indirect method)**

**Form B 03 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	<b>Code</b>	<b>Group From 1/1/2015 to 30/6/2015 VND'000</b>	<b>Company From 1/1/2015 to 30/6/2015 VND'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>	<b>01</b>	<b>22,965,276</b>	<b>(24,930,138)</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	402,190,690	-
Allowances and provisions	03	23,758,417	-
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	24,679,210	-
Profits from investing activities	05	(1,146,367)	(13,059,084)
Interest expense and borrowing fees	06	355,549,905	37,457,242
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>	<b>827,997,131</b>	<b>(531,980)</b>
Change in receivables and other current assets	09	(119,635,259)	(390,300)
Change in inventories	10	(553,569,427)	-
Change in payables and other liabilities	11	(29,595,222)	(27,050,714)
Change in prepaid expenses	12	68,747,576	-
		<b>193,944,799</b>	<b>(27,972,994)</b>
Interest paid	14	(359,856,403)	-
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(165,911,604)</b>	<b>(27,972,994)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(890,723,782)	-
Receipt of interest	27	1,177,045	177,916
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(889,546,737)</b>	<b>177,916</b>

*The accompanying notes are an integral part of these financial statements*

**Ma San Resources Corporation and its subsidiaries**  
**Statements of cash flows for the six-month period ended 30 June 2015**  
**(Indirect method - continued)**

**Form B 03 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	<b>Code</b>	<b>Group</b> From 1/1/2015 to 30/6/2015 VND'000	<b>Company</b> From 1/1/2015 to 30/6/2015 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	2,032,565,511	-
Payments to settle loan principals	34	(994,462,212)	-
Payments to settle financial lease	35	(4,980,612)	-
Payments of dividends	36	(26,249,450)	(26,249,448)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>1,006,873,237</b>	<b>(26,249,448)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(48,585,104)</b>	<b>(54,044,526)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>136,442,647</b>	<b>54,478,808</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>	<b>1,144,725</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61) (Note 5)	<b>70</b>	<b>89,002,268</b>	<b>434,282</b>

Prepared by:



Nguyen Thi Hai Yen  
Chief Accountant

Approved by:



Dominic John Heaton  
General Director

*The accompanying notes are an integral part of these financial statements*

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## **1. Reporting entity**

### **Ownership and group structure**

Ma San Resources Corporation (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activity of the Company is investment holding.

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as “the Group”).

The principal activities of the subsidiaries are described as follows:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at</b>	
		<b>30/6/2015</b>	<b>1/1/2015</b>
Ma San Thai Nguyen Resources Company Limited (“MRTN”)	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%	100%
Nui Phao Mining Co., Ltd (“NPM”)	Exploring and processing mineral	100%	100%
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Deep processing of nonferrous metals and precious metals (Tungsten)	51%	51%

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries.

All the subsidiaries are incorporated in Vietnam.

As at 30 June 2015, the Company had 2 employees (1/1/2015: 2 employees) and the Group had 1,470 employees (1/1/2015: 1,349 employees).

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
**(continued)**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**2. Basis of preparation**

**(a) Basis of financial statement preparation**

These financial statements have been prepared solely for the information of and use by the investors and management of the Company. For this purpose, corresponding statements of income and cash flows for the six-month period ended 30 June 2015 and certain disclosures as required by Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting were not presented. Accordingly, these financial statements may not be suitable for other purpose.

The financial statements have been prepared in accordance with the basis of accounting as described in Notes 2 to 4 to the financial statements which is based on the recognition and measurement principles of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Company and its subsidiaries are from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"). The financial statements are prepared and presented in VND rounded to the nearest thousand ("VND'000").

**3. Adoption of new guidance on accounting system for enterprises**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises ("Circular 200"). Circular 200 replaces previous guidance on Vietnamese Accounting System for enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

On the same date of 22 December 2014, the Ministry of Finance also issued Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202"). Circular 202 replaces previous guidance on preparation and presentation of consolidated financial statements provided in Part XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance. Circular 202 is also effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
**(continued)**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

The Group and the Company have adopted the applicable requirements of Circular 200 and Circular 202 effective from 1 January 2015. The significant changes to the Group and the Company's accounting policies and the effects on the financial statements, if any, are disclosed in the following notes to the financial statements:

- Recognition of foreign exchange differences (Note 4(b));

#### **4. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Group and the Company in the preparation of these financial statements.

##### **(a) Basis of consolidation**

###### **(i) Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration the potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of acquisition consists of the aggregate fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognized as an expense when incurred.

###### **(ii) Subsidiaries**

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

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
**(continued)**

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*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**(iii) Non-controlling interests**

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition. Changes in the Group’s ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners. The difference between the cost of acquisition or proceeds on disposal of the interest and the proportionate carrying amount of net assets acquired or disposed at the date of exchange is recorded directly in retained profits under equity.

**(iv) Transactions eliminated on consolidation**

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

**(b) Foreign currency**

Transactions in currencies other than VND during the period have been translated into VND at actual rates of exchange ruling at the transaction dates. The actual rates of exchange applied to account for foreign currency transaction are determined as follows:

- Exchange rate applied to buying or selling foreign currency is the exchange rate stipulated in the currency exchange contract between the Company or its subsidiaries and the bank.
- Exchange rate applied to capital contribution transaction is the foreign currency buying rate at the transaction date quoted by the bank through which the investor transfers funds for the capital contribution.
- Exchange rate applied to recognize trade and other receivables is the foreign currency buying rate at the transaction date quoted by the bank through which the Company or its subsidiaries receive money from the customer or counterparty.
- Exchange rate applied to recognize trade and other payables is the foreign currency selling rate at the transaction date quoted by the bank through which the Company or its subsidiaries intend to make payment for the liability.
- For asset acquisitions or expenses that are settled with immediate payment, the exchange rate applied is the foreign currency buying rate at the transaction date quoted by the bank through which the Company or its subsidiaries make payment.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash on hand and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions. Cash at bank and bank deposits are retranslated using the foreign currency buying rate of the bank where the Company or its subsidiaries deposit the money or maintain those bank accounts.

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
**(continued)**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

Prior to 1 January 2015, all foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the subsidiary's pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the subsidiary commences operations. Once the subsidiary commences operations and the tangible fixed assets are put into use, the net related foreign exchange gain or loss is transferred to Unearned Revenue Account or Long-term Prepayment Account respectively. The net gain or loss is then amortised on a straight line basis over five years.

Effective from 1 January 2015, as a result of Circular 200 adoption, all foreign exchange differences including those incurred during pre-operating stage are recorded in the statement of income. The unamortized balance of foreign exchange differences previously recorded in Long-term Prepayment Account as at 31 December 2014 has been transferred to the statement of income for the period ended 30 June 2015.

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Investments**

Investment in term deposits and investments in subsidiaries in the separate financial statements are stated at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

**(e) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

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**Notes to the financial statements for the six-month period ended 30 June 2015**  
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**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable mining and manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Upon completion of the mine construction phase, the assets are transferred into “building and structures”, “machinery and equipment” or “other mining assets” in tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price or construction cost, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

Other mining assets comprise mine rehabilitation assets; and fair value of mineral reserves and mineral resources from business combination.

**(ii) Depreciation**

*Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities*

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group’s mining properties.

*Others*

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 20 years
▪ machinery and equipment	5 – 15 years
▪ office equipment	3 – 10 years
▪ motor vehicles	3 – 6 years
▪ other mining assets	15 - 20 years

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**(h) Finance lease tangible fixed assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets which is five (5) years.

**(i) Intangible fixed assets**

**(i) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software costs are amortised on a straight-line basis over 3 to 8 years.

**(ii) Mining rights**

The mining rights fees is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalised and treated as an intangible asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of the economic life of the mineral reserves.

**(j) Construction in progress**

Construction in progress represents mineral assets under development and cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises mineral reserves, mineral resources and related development costs acquired in a business combination and subsequent development expenditure. These assets qualify for capitalisation when the mineral reserves to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair values as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development defined as the time when saleable materials begin to be extracted from mine, all assets are reclassified to tangible fixed assets as either “buildings and structures”, “machinery and equipment” or “other mining assets”; or long-term prepaid expenses as “other mining assets”.

No depreciation is provided for construction in progress during the period of development, construction, installation and commissioning stages.

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**(k) Long-term prepaid expenses**

**(i) Pre-operating expenses**

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over 3 years starting from the date of commercial operation.

**(ii) Land compensation costs**

Land compensation costs comprise costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 20 years.

**(iii) Other mining assets**

Other mining assets comprise:

- Capitalised exploration, evaluation and development expenditure (including development stripping); and
- Capitalised production stripping (as described below in ‘Deferred stripping costs’).

*Deferred stripping costs*

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are capitalised as part of the cost of mine under construction. All capitalised development stripping included in assets under construction is transferred to other mining assets.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between the inventory produced and the production stripping asset with reference to the average life of mine strip ratio.

The average life of mine strip ratio represents the ratio of the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are capitalised to the production stripping assets where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortized over the life of the proven and probable reserves of the relevant components on a systematic basis. Stripping costs are classified as “other mining assets”.

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**(iv) Other prepaid expenses**

Other prepayments include service fees which are initially stated at cost and amortised on a straight-line basis over the term of the contracts.

**(l) Trade and other payables**

Trade and other payables are stated at their cost.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Mine rehabilitation***

The mining, extraction and processing activities of the Group give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report. The timing of the actual closure and rehabilitation expenditure is dependent on the life of the mine.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in other mining assets and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the income statement.

**(n) Equity**

**(i) Share capital and capital surplus**

Ordinary share capital is classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as capital surplus. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from capital surplus.

**(ii) Other reserves**

Equity movements resulting from acquisition of or disposal to non-controlling interest are recorded in Other Reserves in equity.

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**(o) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's and the Group's separate and consolidated financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group and the Company classify their financial instruments as follows:

**(i) *Financial assets***

*Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the management as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group and the Company as at fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity, other than:

- those that the Group and the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Group and the Company designate as available-for-sale; and
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group and the Company intend to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group and the Company upon initial recognition designates as available-for-sale; or
- for which the Group and the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the management as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group and the Company as at fair value through profit or loss.

*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**(p) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to 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 at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

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A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(q) Revenue and other incomes**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

For sales of minerals, the sales price is usually determined on a provisional basis at the date revenue recognition and adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sales recognition is based on the most recently determined product specifications agreed by parties.

**(ii) Financial income**

Financial income comprises interest income from deposits and loans and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

**(r) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(s) Borrowing costs**

Borrowings costs comprise interest expenses on borrowings, facility fees, financing costs and transaction costs. Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

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**(t) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

**(u) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**(v) Share-based payments**

Shares issued to employees and key management personnel are recorded at the par value in share capital account. The differences between the par value of the shares and share price as subscribed by the employees and key management personnel are recorded as an incremental or deduction to capital surplus account.

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**5. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Cash on hand	213,791	205,175	-	-
Cash in banks	87,788,477	81,237,472	434,282	478,808
Cash equivalents	1,000,000	55,000,000	-	54,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	89,002,268	136,442,647	434,282	54,478,808
	<hr/>	<hr/>	<hr/>	<hr/>

**6. Accounts receivable from customers**

**Accounts receivable from significant customers detailed by geographic areas:**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Foreign customers	446,330,489	369,336,279	-	-
Local customers	281,381,978	224,923,633	-	-
Other customers	730,565	504,442	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	728,443,032	594,764,354	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Ma San Resources Corporation and its subsidiaries**  
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**7. Other short-term and long-term receivables**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
<b>Short-term receivables</b>				
Interest receivable	-	30,678	-	-
Sale of claims receivable	256,200,000	256,200,000	-	-
VAT portion of foreign contractor tax	4,018,485	-	-	-
Others	85,640,413	24,102,834	55,000	84,700
	<hr/>	<hr/>	<hr/>	<hr/>
	345,858,898	280,333,512	55,000	84,700
<hr/>				
<b>Long-term receivables</b>				
Loans - MRTN	-	-	4,941,518,101	4,941,518,100
Borrowing cost - MRTN	-	-	1,018,206,628	1,005,325,461
Land compensation receivable from Thai Nguyen People's Committee (a)	1,383,085,565	1,383,085,565	-	-
Others - MRTN	20,358,681	38,261,125	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,403,444,246	1,421,346,690	5,959,724,729	5,946,843,561
	<hr/>	<hr/>	<hr/>	<hr/>

- (a) Long-term receivables represents receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project which was paid to the affected residents at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount could be net off with annual land rental fee.

**8. Inventories**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Goods in transit	-	18,406,161	-	-
Raw materials	58,286,046	25,030,031	-	-
Tools and supplies	476,591,956	452,518,607	-	-
Work in progress	122,099,854	16,176,270	-	-
Finished goods	494,507,101	141,540,764	-	-
Merchandise inventories	55,756,303	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,207,241,260	653,671,833	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015 (continued)**

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**9. Tangible fixed assets**

**Group:**

	<b>Buildings and structures VND'000</b>	<b>Machinery and equipment VND'000</b>	<b>Office equipment VND'000</b>	<b>Motor vehicles VND'000</b>	<b>Other mining assets VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>						
Opening balance	2,014,688,557	9,363,681,452	32,199,893	23,866,764	5,853,577,234	17,288,013,900
Transfer from construction in progress (Note 12)	21,944,845	66,279,476	-	-	-	88,224,321
Reclassification to long-term prepaid expenses (Note 14)	-	-	-	-	(827,285,950)	(827,285,950)
Reclassification	29,144,846	(29,144,846)	-	-	-	-
Closing balance	2,065,778,248	9,400,816,082	32,199,893	23,866,764	5,026,291,284	16,548,952,271
<b>Accumulated depreciation</b>						
Opening balance	82,586,749	350,951,950	20,113,441	11,804,082	173,649,354	639,105,576
Charge for the period	53,157,031	231,801,867	2,734,437	1,827,473	86,567,550	376,088,358
Reclassification to long-term prepaid expenses (Note 14)	-	-	-	-	(33,842,183)	(33,842,183)
Reclassification	2,152,269	(2,152,269)	-	-	-	-
Closing balance	137,896,049	580,601,548	22,847,878	13,631,555	226,374,721	981,351,751
<b>Net book value</b>						
Opening balance	1,932,101,808	9,012,729,502	12,086,452	12,062,682	5,679,927,880	16,648,908,324
Closing balance	1,927,882,199	8,820,214,534	9,352,015	10,235,209	4,799,916,563	15,567,600,520

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NPM has reclassified certain mining related costs to long-term prepaid expenses. (Note 14).

Included in the cost of tangible fixed assets were assets costing VND23,730 million which were fully depreciated as at 30 June 2015 (1/1/2015: VND18,750 million), but which are still in active-use.

At 30 June 2015, tangible fixed assets with a carrying value of VND10,702 billion were pledged with banks as security for long-term bonds issued by the Group (1/1/2015: VND11,698 billion).

**10. Finance lease tangible fixed assets**

**Group:**

	<b>Plant and equipment VND'000</b>
<b>Cost</b>	
Opening and closing balance	67,300,000
<b>Accumulated amortisation</b>	
Opening balance	22,433,333
Charge for the period	6,730,000
Closing balance	<u>29,163,333</u>
<b>Net book value</b>	
Opening balance	44,866,667
Closing balance	<u>38,136,667</u>

The Company's subsidiary - NPM leases laboratory equipment for assay testing. These laboratory equipment are considered as financial lease as lease obligations are secured (Note 19(b)).

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**11. Intangible fixed assets**

**Group:**

	<b>Software VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>			
Opening and closing balance	86,790,974	588,370,818	675,161,792
<b>Accumulated amortisation</b>			
Opening balance	15,934,675	5,368,717	21,303,392
Charge for the period	5,718,129	15,275,164	20,993,293
Closing balance	21,652,804	20,643,881	42,296,685
<b>Net book value</b>			
Opening balance	70,856,299	583,002,101	653,858,400
Closing balance	65,138,170	567,726,937	632,865,107

Included in the cost of intangible fixed assets were assets costing VND9,249 million which were fully amortised as at 30 June 2015 (1/1/2015: VND4,934 million), but which are still in use.

At 30 June 2015, intangible fixed assets with a carrying value of VND631 billion were pledged with banks as security for long-term bonds issued by the Group (1/1/2015: VND652 billion).

**12. Construction in progress**

	<b>From 1/1/2015 to 30/6/2015 VND'000</b>
Opening balance	3,185,593,593
Additions during the year	885,324,547
Transfer to tangible fixed assets (Note 9)	(88,224,321)
Transfer from long-term prepaid expenses (Note 14)	21,730,610
Closing balance	4,004,424,429

During the year, borrowing costs capitalised into construction in progress amounted to VND168 billion (2014: VND553 billion). Construction in progress represents the mine development cost, construction of the plant and other capitalised costs, which have been pledged with banks as security for long-term bonds issued by the Group.

**Ma San Resources Corporation and its subsidiaries**  
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**13. Long-term investments**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
<b>Investment in a subsidiary</b>				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

The following are the details of the consolidated subsidiaries (see Note 1) as at 30 June 2015:

<b>Name</b>	<b>Address</b>
Ma San Thai Nguyen Resources Co., Ltd (“MRTN”)	Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Co., Ltd (“TNTI”)	Ho Chi Minh City, Vietnam
Nui Phao Mining Co., Ltd (“NPM”)	Thai Nguyen Province, Vietnam
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Thai Nguyen Province, Vietnam

NPHCS is a subsidiary of NPM. TNTI and NPM are subsidiaries of MRTN. MRTN is a subsidiary of MR.

**Ma San Resources Corporation and its subsidiaries**  
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**14. Long-term prepaid expenses**

**Group:**

	Pre-operating expenses VND'000	Land compensation costs VND'000	Contribution to the People's Committee of Thai Nguyen Province VND'000	Borrowing fee VND'000	Foreign exchange differences VND'000	Other mining assets VND'000	Others VND'000	Total VND'000
Opening balance	226,188,216	632,993,433	58,796,000	150,633,930	35,927,461	-	6,623,797	1,111,162,837
Additions	-	-	-	-	-	57,309,166	6,779,337	64,088,503
Transfer from construction in progress (Note 12)	-	-	-	-	(43,366,253)	21,635,643	-	(21,730,610)
Transfer from tangible fixed assets (Note 9)	-	-	-	-	-	793,443,767	-	793,443,767
Transfer to long-term bonds issued (Note 19(b)(ii))	-	-	-	(150,633,930)	-	-	-	(150,633,930)
Reclassifications	(14,837,432)	-	-	-	10,967,116	-	3,870,316	-
Amortisation for the period	(52,197,280)	(16,512,872)	(9,466,000)	-	(3,528,324)	(12,712,248)	(801,329)	(95,218,053)
Closing balance	159,153,504	616,480,561	49,330,000	-	-	859,676,328	16,472,121	1,701,112,514

**Contribution to the People's Committee of Thai Nguyen Province**

On 20 July 2010, NPM had entered into an agreement with the People's Committee of Thai Nguyen Province whereby it committed to contribute USD1 million annually to the Provincial Treasury of Thai Nguyen throughout the whole life of the Nui Phao Mining Project starting from 2015. The amount of contribution would be reviewed and revised after every 5 years but not subject to an increase of more than 15%.

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**15. Accounts payable to suppliers**

**Accounts payable to suppliers detailed by geographic areas:**

**Group:**

	30/6/2015		1/1/2015	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
	VND'000	VND'000	VND'000	VND'000
Local trade credit	440,516,933	440,516,933	320,234,882	320,234,882
Foreign trade credit	159,843,279	159,843,279	73,464,784	73,464,784
Others	43,702,923	43,702,923	25,951,269	25,951,269
	644,063,135	644,063,135	419,650,935	419,650,935

**16. Taxes payable to State Treasury**

**Group:**

	1/1/2015	30/6/2015
	VND'000	VND'000
Value added tax	-	-
Import tax	-	-
Personal income tax	28,294,286	14,847,902
Corporate income tax	-	79,278
Natural resource taxes	70,461,365	-
Other taxes	7,303,998	4,022,145
	106,059,649	18,949,325

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**17. Accrued expenses**

	<u>Group</u>		<u>Company</u>	
	<b>30/6/2015</b>	<b>1/1/2015</b>	<b>30/6/2015</b>	<b>1/1/2015</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Bonus	18,669,769	20,049,207	-	-
Accrued interest payable	228,068,010	240,683,978	-	-
Foreign contractor tax	1,907,433	1,907,433	-	-
Natural resource taxes and fees	129,258,749	77,125,358	-	-
Accrual for construction work	153,236,367	179,968,710	-	-
Consultant fee	7,927,742	11,261,110	-	-
Operating costs	128,991,997	117,309,318	-	-
Others	70,327,262	35,360,583	423,346	504,530
	<b>738,387,329</b>	<b>683,665,697</b>	<b>423,346</b>	<b>504,530</b>

**18. Other short-term and long-term payables**

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	<b>30/6/2015</b>	<b>1/1/2015</b>	<b>30/6/2015</b>	<b>1/1/2015</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Amounts due to Masan Group Corporation (MSN)</b>				
Financial expenses – long-term	2,104,303,328	2,172,939,075	1,045,053,664	975,011,161
Financial expenses – short-term	-	35,315,815	-	35,315,815
<b>Amounts due to immediate holding company</b>				
Non-trade – short-term	2,511,785	2,511,785	2,511,785	2,511,785
<b>Amount due to NPM</b>				
Non-trade – short-term	-	-	10,294,685	37,294,686
<b>Other payable to third parties</b>				
Other payables – short-term	490,004	1,530,866	-	-
Dividend payables - short-term	52,070,916	52,070,916	52,070,916	52,070,916
Dividend payables – long-term	52,213,577	78,463,027	52,213,577	78,463,027

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**19. Borrowings, bonds and finance lease liabilities**

**(a) Short-term borrowings**

**Group:**

	1/1/2015		Movement during the period		30/6/2015	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Addition VND'000	Decrease VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	1,305,713,481	1,305,713,481	1,694,294,419	1,234,399,387	1,765,608,513	1,765,608,513
Current portion of long-term borrowings (Note (b)(i))	36,330,845	36,330,845	9,722,034	30,465,799	15,587,080	15,587,080
	1,342,044,326	1,342,044,326	1,704,016,453	1,264,865,186	1,781,195,593	1,781,195,593

**Company:**

	1/1/2015		Movement during the period		30/6/2015	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Addition VND'000	Decrease VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	231,000,000	231,000,000	-	231,000,000	-	-
Current portion of long-term borrowings (Note (b)(i))	22,754,630	22,754,630	2,730,556	25,485,186	-	-
	253,754,630	253,754,630	2,730,556	256,485,186	-	-

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Terms and conditions of outstanding short-term borrowings at respective reporting dates were as follows:

	Currency	<u>Group</u>		<u>Company</u>	
		30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Unsecured loans from ultimate parent company (i)	VND	-	231,000,000	-	231,000,000
Secured bank loan (ii)	USD	1,313,734,475	1,035,382,342	-	-
Secured bank loan (iii)	VND	63,680,000	-	-	-
Loan from other third party (iv)	USD	24,155,628	39,331,139	-	-
Loan from an investor in one of the subsidiary (v)	USD	364,038,410	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,765,608,513	1,305,713,481	-	231,000,000

- (i) The loan amounts due to ultimate parent company were unsecured and bore interest at negotiated basis.
- (ii) The USD dominated loan amounting to VND1,313,734 million (1/1/2015: VND1,035,382 million) from syndicated local bank is secured by inventories and short-term receivable of NPM. The loans are also secured by 65 million shares of MR and bore interest from 5.3% to 5.5% per annum.
- (iii) The VND dominated loan amounting to VND63,680 million from a local bank represents the LC discount, is secured by LC documents, revenue receipt for the LC and bore interest from 7.45% to 7.65% per annum.
- (iv) The USD dominated loan amounting to VND24,156 million from NPM's customer under its offtake agreement. The loans are for NPM construction activities, repayable within 12 months and bore interest at 8.5% per annum.
- (v) The USD dominated loan amounting to VND364,038 million from an investor in one of the subsidiary is unsecured, repayable in 2015 and bore interest at 6% per annum.

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**(b) Long-term borrowings, bonds and financial lease liabilities**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Long-term borrowings (i)	934,763,354	537,832,798	561,563,354	327,832,798
Long-term bonds issued (ii)	6,667,442,142	6,800,000,000	-	-
Finance lease liabilities (iii)	45,823,641	50,804,253	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,648,029,137	7,388,637,051	561,563,354	327,832,798
Repayable within twelve months (Note (a))	(15,587,080)	(36,330,845)	-	(22,754,630)
Repayable after twelve months	<hr/>	<hr/>	<hr/>	<hr/>
	7,632,442,057	7,352,306,206	561,563,354	305,078,168

**(i) Long-term borrowings**

Terms and conditions of outstanding long-term borrowings were as follows:

	Year of Currency maturity	<u>Group</u>		<u>Company</u>	
		30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Unsecured loans from ultimate parent company (*)	VND 2017	25,485,186	22,754,630	25,485,186	22,754,630
Unsecured loans from ultimate parent company (*)	VND 2017	305,078,168	305,078,168	305,078,168	305,078,168
Unsecured loans from ultimate parent company (*)	VND (**)	-	210,000,000	-	-
Unsecured loans from ultimate parent company (*)	VND 2017	231,000,000	-	231,000,000	-
Secured bank loan (***)	VND 2018	373,200,000	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		934,763,354	537,832,798	561,563,354	327,832,798

- (\*) The loan amounts due to parent company were unsecured and bore interest at negotiated basis.
- (\*\*) The loan amount due to parent company was settled in the period.
- (\*\*\*) The secured bank loans are payable in 2017 and bore interest at 9.45% per annum.

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**(ii) Long-term bonds**

Terms and conditions of outstanding long-term bonds are as follows:

	Currency	Interest rate per annum	Year of maturity	Group	
				30/6/2015 VND'000	1/1/2015 VND'000 Reclassified
Secured bond issuance (*)	VND	10%	2019	6,667,442,142	6,800,000,000

(\*) The balance as at 30 June 2015 was offset against bond arrangement fees following guidance of Circular 200/2014/TT/BTC.

The VND denominated bonds issued by TNTI to syndicated local banks with 5 year term, bore interest at 11% for first twelve months. The interest will be adjusted every six months after the first twelve months and the interest rate will be calculated by the average interest rate of 12 months saving deposit interest of related reference banks plus 4%. The bonds proceeds were used by NPM and secured by certain long-term assets of NPM.

**(iii) Finance lease liabilities**

The future minimum lease payments under non-cancellable finance leases are:

	30/6/2015			1/1/2015		
	Payments VND'000	Interest VND'000	Principal VND'000	Payments VND'000	Interest VND'000	Principal VND'000
Within one year	21,930,692	6,343,612	15,587,080	20,364,222	6,788,007	13,576,215
Within 2 to 5 years	34,462,524	4,225,963	30,236,561	43,861,390	6,633,352	37,228,038
	56,393,216	10,569,575	45,823,641	64,225,612	13,421,359	50,804,253

**20. Provisions – long-term**

Movement of long-term provisions during the period were as follows:

<b>Group:</b>	<b>Mine rehabilitation VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
Opening balance	19,486,702	588,370,818	607,857,520
Provision made during the period	750,239	23,008,178	23,758,417
Closing balance	20,236,941	611,378,996	631,615,937

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**21. Deferred tax liabilities and unrecognised deferred tax assets**

**(i) Recognised deferred tax liabilities**

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Deferred tax liabilities				
Mineral reserves and mineral resources	717,143,125	730,049,612	-	-

**(ii) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following past years' tax losses of the Group, which could be carried forward up to 5 years:

	<b>Tax losses available</b>	
	<b>Group VND'000</b>	<b>Company VND'000</b>
Accumulated five year tax losses	811,932,915	70,960,690
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review	807,738,152	70,960,690
	811,932,915	70,960,690

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**22. Changes in equity**

**Group:**

	Share capital VND'000	Capital surplus VND'000	Foreign exchange differences VND'000	Other reserves VND'000	Retained profits VND'000	Equity attributable to equity holders of the Company VND'000	Non-controlling interest VND'000	Total equity VND'000
<b>Balance at 1 January 2014</b>	6,985,808,990	2,097,724,074	(60,006,826)	(295,683,347)	2,243,151,737	10,970,994,628	-	10,970,994,628
Share capital issued	208,664,290	(153,396,750)	-	-	-	55,267,540	388,889,872	444,157,412
Foreign exchange differences in a subsidiary	-	-	60,006,826	-	-	60,006,826	-	60,006,826
Net profit/(loss) for the year	-	-	-	-	46,676,208	46,676,208	(11,022,694)	35,653,514
<b>Balance at 1 January 2015</b>	7,194,473,280	1,944,327,324	-	(295,683,347)	2,289,827,945	11,132,945,202	377,867,178	11,510,812,380
Net profit/(loss) for the period	-	-	-	-	104,086,845	104,086,845	(68,294,360)	35,792,485
<b>Balance at 30 June 2015</b>	7,194,473,280	1,944,327,324	-	(295,683,347)	2,393,914,790	11,237,032,047	309,572,818	11,546,604,865

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**Company:**

	<b>Share capital VND'000</b>	<b>Capital surplus VND'000</b>	<b>Retained profit: VND'000</b>	<b>Total VND'000</b>
<b>Balance at 1 January 2014</b>	6,985,808,990	2,097,724,074	299,922,284	9,383,455,348
Share capital issued	208,664,290	(153,396,750)	-	55,267,540
Net loss for the year	-	-	(37,351,071)	(37,351,071)
<b>Balance at 1 January 2015</b>	7,194,473,280	1,944,327,324	262,571,213	9,401,371,817
Net loss for the period	-	-	(24,930,138)	(24,930,138)
<b>Balance at 30 June 2015</b>	7,194,473,280	1,944,327,324	237,641,075	9,376,441,679

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**23. Share capital**

The Company's authorised and issued share capital comprised:

	30/6/2015		1/1/2015	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised share capital</b>	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Issued share capital</b>				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Shares in circulation</b>				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
<b>Capital surplus</b>	-	1,944,327,324	-	1,944,327,324

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

The preference shares have a par value of VND10,000, being mandatorily converted into a fixed number of ordinary shares either at the end of preference shares agreement or on the occurrence of triggering events as stipulated in the agreement. The preference shares also confer onto the holder the right to receive dividends declared to ordinary shareholders in proportion to their shareholding in addition to its fixed cash dividends which is 3% per annum on the subscription price for the first year and 10% per annum on the subscription price for the remaining period until the conversion date.

Capital surplus represents the excess of the proceeds on issuance of shares over the par value.

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**24. Off balance sheet items**

**(a) Lease**

The future minimum lease payments under non-cancellable operating leases were:

	<u>Group</u>		<u>Company</u>	
	<b>30/6/2015</b>	<b>1/1/2015</b>	<b>30/6/2015</b>	<b>1/1/2015</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Within one year	14,796,322	11,507,008	-	-
Within 2 to 5 years	10,067,553	4,488,648	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	24,863,875	15,995,656	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**(b) Foreign currencies**

**Group:**

	<b>30/6/2015</b>		<b>1/1/2015</b>	
	<b>Original</b>	<b>VND'000</b>	<b>Original</b>	<b>VND'000</b>
	<b>currency</b>	<b>equivalent</b>	<b>currency</b>	<b>equivalent</b>
USD	2,812,592	61,258,247	3,271,781	69,927,775
	<hr/>	<hr/>	<hr/>	<hr/>

**(c) Bad debts written off**

**Group:**

	<b>30/6/2015</b>	<b>1/1/2015</b>
	<b>VND'000</b>	<b>VND'000</b>
Bad debts written off	9,577,438	9,577,438
	<hr/>	<hr/>

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**(d) Capital expenditure commitments**

As at the reporting dates, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	30/6/2015 VND'000	1/1/2015 VND'000	30/6/2015 VND'000	1/1/2015 VND'000
Approved and contracted	34,130,305	198,490,894	-	-

**25. Revenue from sales of goods**

Total revenue represents the gross value of goods sold exclusive of value added tax.

Net revenue comprised:

<u>Group:</u>	<b>From 1/1/2015 to 30/6/2015 VND'000</b>
Total revenue	
▪ Sales	1,246,630,881
Less sales deductions	
▪ Export duties	(46,004,501)
Net revenue	<u>1,200,626,380</u>

**26. Financial income**

	<u>Group</u> <b>From 1/1/2015 to 30/6/2015 VND'000</b>	<u>Company</u> <b>From 1/1/2015 to 30/6/2015 VND'000</b>
Interest income from deposits	1,146,367	13,059,084
Foreign exchange gains	18,849,408	-
	<u>19,995,775</u>	<u>13,059,084</u>

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**27. Financial expenses**

	<b><u>Group</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>	<b><u>Company</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>
Interest expense	355,549,905	37,457,242
Foreign exchange losses	70,686,831	-
Other financial expenses	23,758,417	-
	449,995,153	37,457,242
	449,995,153	37,457,242

**28. Other income**

	<b><u>Group</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>	<b><u>Company</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>
Others	371,769,735	-
	371,769,735	-
	371,769,735	-

**29. Income tax**

**(a) Recognised in the statement of income**

	<b><u>Group</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>	<b><u>Company</u></b> <b>From 1/1/2015</b> <b>to 30/6/2015</b> <b>VND'000</b>
<b>Current tax expense</b>		
Current period	79,277	-
<b>Deferred tax income</b>		
Reversal of temporary differences	(12,906,487)	-
	(12,827,210)	-
<b>Income tax (benefit)</b>	(12,827,210)	-

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**(b) Reconciliation of effective tax rate**

	<b>Group</b>	<b>Company</b>
	<b>From 1/1/2015</b>	<b>From 1/1/2015</b>
	<b>to 30/6/2015</b>	<b>to 30/6/2015</b>
	<b>VND'000</b>	<b>VND'000</b>
Profit/(loss) before tax	22,965,274	(24,930,138)
Tax at the Company tax rate	5,052,360	(5,484,630)
Non-deductible expenses	2,795,956	-
Effect of different tax rate applied to other income	24,640,337	-
Effect of different tax rate in subsidiaries	(14,954,398)	-
Tax losses utilised	(76,171,533)	-
Effect of consolidation	271,524	-
Deferred tax asset not recognised	45,538,544	5,484,630
	(12,827,210)	-

**(c) Applicable tax rates**

The Company has an obligation to pay the government corporate income tax at the rate of 22% of taxable profits. The Company's subsidiaries have obligation to pay the government income tax in accordance with the prevailing regulations. The standard income tax rate applicable to enterprises before any incentives is 22% for 2015, and will be reduced to 20% from 2016 (2014: 22%).

**(d) Tax contingencies**

The taxation laws and their application in Vietnam were subject to interpretation and may change over time. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are more significant than in other countries. Management believes that it had adequately provided for tax liabilities based on its interpretation of tax and legislation, including on transfer pricing requirements and computation of corporate income tax and deferred tax liabilities. However, the relevant authorities may have differing interpretations.

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
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**30. Significant transactions with related parties**

In addition to related party balances and transactions disclosed in other notes to these financial statements, the Group and the Company have the following transactions with related parties during the year:

**Group:**

<b>Related Party</b>	<b>Nature of transaction</b>	<b>From 1/1/2015 to 30/6/2015 VND'000</b>	<b>From 1/1/2014 to 30/6/2014 VND'000</b>
<b>Ultimate holding company</b>			
Masan Group Corporation	Loan received	-	210,000,000
	Conversion of interest payable into loan principal	28,665,556	-
	Debts had been cleared	360,000,000	-
	Interest expense and borrowing fees	48,778,991	215,999,208
<b>Ultimate holding company's associate</b>			
Local bank	Loan received	1,614,606,270	-
	Loan paid	918,893,942	-
	Interest expense and borrowing fees	40,500,117	-
<b>Key management personnel</b>			
	Salary, bonus and other benefits	6,668,376	15,456,146

**Ma San Resources Corporation and its subsidiaries**  
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**Company:**

<b>Related Party</b>	<b>Nature of transaction</b>	<b>From 1/1/2015 to 30/6/2015 VND'000</b>	<b>From 1/1/2014 to 30/6/2014 VND'000</b>
<b>Ultimate holding company</b>			
Masan Group Corporation	Conversion of interest payable into loan	2,730,556	-
	Interest expense and borrowing fees	37,457,242	105,410,288
<b>Other related companies</b>			
Ma San Thai Nguyen Resources Company Limited	Loan provided to a subsidiary	-	22,208,000
	Financial income from loan provided to a subsidiary	12,881,168	11,207,781
Nui Phao Mining Company Ltd	Financial income from loan provided to a subsidiary	-	72,994,670
	Other payable paid	27,000,000	-

**31. Non-cash investing and financing activities**

	<b><u>Group</u> From 1/1/2015 to 30/6/2015 VND'000</b>	<b><u>Company</u> From 1/1/2015 to 30/6/2015 VND'000</b>
Conversion of interest payable into loan principal	28,665,556	2,730,556
Depreciation capitalised into construction in progress	1,620,958	-
Borrowing costs capitalised into construction in progress	124,329,183	-

**32. Post balance sheet event**

As part of Masan Resources' preparation to have its shares listed and traded on a securities exchange, on 29 July 2015, Masan Resources received from the State Securities Commission an approval of its application dossier to register as a public company. Masan Resources has also submitted the application dossier to register its shares with Vietnam Securities Depository Center and expects to receive approval on the shares depository during in the third quarter of 2015.

**Ma San Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the six-month period ended 30 June 2015**  
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**33. Corresponding figures**

As described in Note 3, the Group and the Company adopted Circular 200 and Circular 202 effective from 1 January 2015. As a result, the presentation of certain financial statement captions has been changed. Certain corresponding figures for the year ended 31 December 2014 have been reclassified to conform to the requirements of Circular 200 and Circular 202 in respect of financial statement presentation. A comparison of the amounts previously reported and as reclassified is as follows:

**Consolidated and separate balance sheets**

	<u>Group</u>		<u>Company</u>	
	1/1/2015 (as reclassified) VND'000	1/1/2015 (as previously reported) VND'000	1/1/2015 (as reclassified) VND'000	1/1/2015 (as previously reported) VND'000
Other current assets	-	13,278,989	-	-
Other short-term receivables	280,333,512	267,054,523	-	-
Other long-term assets	-	38,261,125	-	-
Other long-term receivables	1,421,346,690	1,383,085,565	-	-
	1,701,680,202	1,701,680,202	-	-

Prepared by:



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Approved by:



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