

**Ma San Resources Corporation and
its subsidiaries**

Financial Statements for the year ended
31 December 2014



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. Madhur Maini	Member (<i>until 25 June 2014</i>)
Mr. Nguyen Thieu Nam	Member
Mr. Jason Maynard	Member (<i>until 30 September 2014</i>)
Mr. Chetan Prakash Baxi	Member
Mr. Jonathan David Fiorello	Member (<i>from 6 November 2014</i>)

Board of Management

Mr Dominic John Heaton	General Director
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Registered Office

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

Auditors

KPMG Limited
Vietnam

Ma San Resources Corporation Statement of the Board of Management

The Board of Management of Ma San Resources Corporation (“the Company”) is responsible for the preparation and presentation of the separate and consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

- (a) the separate and consolidated financial statements set out on pages 5 to 52 give a true and fair view of the financial position of the Company and of the Group as at 31 December 2014, and of the results of their operations and their cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company and the Group will not be able to pay their debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised these separate and consolidated financial statements for issue.

On behalf of the Board of Management



Dominic John Heaton
General Director

Ho Chi Minh City, **22 APR 2015**

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**KPMG Limited**

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INDEPENDENT AUDITORS' REPORT

To the Shareholders Ma San Resources Corporation

We have audited the accompanying separate and consolidated financial statements of Ma San Resources Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the separate and consolidated balance sheets as at 31 December 2014, the separate and consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 22 April 2015, as set out on pages 5 to 52.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

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Auditor's Opinion

In our opinion, the separate and consolidated financial statements give a true and fair view, in all material respects, of the financial positions of the Company and the Group as of 31 December 2014 and of their results of operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited

Vietnam

Investment Certificate No.: 011043000345

Audit Report No.: 14-02-374



Wang Toon Kim
Practicing Auditor Registration
Certificate No.: 0557-2013-007-1
Deputy General Director

Nguyen Hoang Duy
Practicing Auditor Registration
Certificate No.: 3055-2014-007-1

Hanoi, 22 April 2015

Ma San Resources Corporation and its subsidiaries
Balance sheets as at 31 December 2014

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
ASSETS						
Current assets (100 = 110 + 130 + 140 + 150)	100		2,040,557,416	861,205,719	54,563,508	952,041,506
Cash and cash equivalents	110	4	136,442,647	150,739,223	54,478,808	44,525,551
Cash	111		81,442,647	150,739,223	478,808	44,525,551
Cash equivalents	112		55,000,000	-	54,000,000	-
Accounts receivable – short-term	130		969,535,510	221,132,049	84,700	901,962,274
Accounts receivable – trade	131		594,764,354	89,571,492	-	-
Prepayments to suppliers	132		107,716,633	107,959,498	-	-
Other short-term receivables	135	5	267,054,523	23,601,059	84,700	901,962,274
Inventories	140	6	653,671,833	432,028,659	-	-
Inventories	141		653,671,833	432,028,659	-	-
Other current assets	150		280,907,426	57,305,788	-	5,553,681
Short-term prepayments	151		42,907,396	4,970,476	-	-
Deductible value added tax	152		224,721,041	51,979,109	-	5,553,681
Other current assets	158		13,278,989	356,203	-	-
Long term assets (200 = 210 + 220 + 250 + 260)	200		23,065,736,511	20,336,762,594	11,087,179,134	10,084,113,199
Accounts receivable – long-term	210		1,383,085,565	-	5,946,843,561	4,943,735,474
Other long-term receivables	218	5	1,383,085,565	-	5,946,843,561	4,943,735,474
Fixed assets	220		20,533,226,984	20,255,732,981	-	42,152
Tangible fixed assets	221	7	16,648,908,324	32,888,671	-	-
Cost	222		17,288,013,900	57,387,199	-	-
Accumulated depreciation	223		(639,105,576)	(24,498,528)	-	-
Finance lease tangible fixed assets	224	8	44,866,667	58,326,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(22,433,333)	(8,973,333)	-	-
Intangible fixed assets	227	9	653,858,400	5,923,329	-	42,152
Cost	228		675,161,792	12,154,049	137,950	137,950
Accumulated amortisation	229		(21,303,392)	(6,230,720)	(137,950)	(95,798)
Construction in progress	230	10	3,185,593,593	20,158,594,314	-	-
Long-term investments	250		-	-	5,140,335,573	5,140,335,573
Investments in subsidiaries	251	11	-	-	5,140,335,573	5,140,335,573
Other long-term assets	260		1,149,423,962	81,029,613	-	-
Long-term prepayments	261	12	1,111,162,837	66,692,577	-	-
Other long-term assets	268		38,261,125	14,337,036	-	-
TOTAL ASSETS (270 = 100 + 200)	270		25,106,293,927	21,197,968,313	11,141,742,642	11,036,154,705

The accompanying notes are an integral part of these financial statements

Ma San Resources Corporation and its subsidiaries
Balance sheets as at 31 December 2014 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
RESOURCES						
LIABILITIES						
(300 = 310 + 330)	300		13,595,481,547	10,226,973,685	1,740,370,825	1,652,699,357
Current liabilities	310		2,653,866,107	5,573,021,588	381,818,469	1,305,321,260
Short term borrowings	311	13	1,342,044,326	3,628,866,177	253,754,630	255,651,401
Accounts payable – trade	312		419,650,935	337,490,124	366,107	1,396,297
Advance from customers	313		11,016,118	505,461	-	-
Taxes payable to State Treasury	314	14	106,059,649	41,608,788	-	-
Payables to employees	315		-	19,714	-	-
Accrued expenses	316	15	683,665,697	573,169,333	504,530	19,632,689
Other short-term payables	319	16	91,429,382	991,361,991	127,193,202	1,028,640,873
Long-term liabilities	330		10,941,615,440	4,653,952,097	1,358,552,356	347,378,097
Other long-term liabilities	333	16	2,251,402,102	1,204,798,854	1,053,474,188	130,533,942
Long-term borrowings and liabilities	334	18	7,352,306,206	2,698,132,556	305,078,168	216,844,155
Deferred tax liabilities	335	19	730,049,612	751,020,687	-	-
Provisions - long-term	337	17	607,857,520	-	-	-
EQUITY (400 = 410)	400		11,132,945,202	10,970,994,628	9,401,371,817	9,383,455,348
Owners' equity	410	20	11,132,945,202	10,970,994,628	9,401,371,817	9,383,455,348
Share capital	411	21	7,194,473,280	6,985,808,990	7,194,473,280	6,985,808,990
Capital surplus	412	21	1,944,327,324	2,097,724,074	1,944,327,324	2,097,724,074
Foreign exchange differences	416		-	(60,006,826)	-	-
Other reserves	419		(295,683,347)	(295,683,347)	-	-
Retained profits	420		2,289,827,945	2,243,151,737	262,571,213	299,922,284
MINORITY INTEREST	439		377,867,178	-	-	-
TOTAL RESOURCES	440		25,106,293,927	21,197,968,313	11,141,742,642	11,036,154,705
(440 = 300 + 400 + 439)						

The accompanying notes are an integral part of these financial statements

**Ma San Resources Corporation and its subsidiaries
Balance sheets as at 31 December 2014 (continued)**

Form B 01 – DN

OFF BALANCE SHEET ITEMS

<u>Group:</u>	31/12/2014	31/12/2013
Bad debts written off (VND'000)	9,577,438	9,577,438
Foreign currency - USD	3,271,781	1,645,219

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Approved by:



Dominic John Heaton
General Director

22 APR 2015

Ma San Resources Corporation and its subsidiaries
Statements of income for the year ended 31 December 2014

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Total revenue	01	22	2,946,229,025	-	-	-
Less revenue deduction	02	22	120,497,217	-	-	-
Net revenue (10 = 01 - 02)	10	22	2,825,731,808	-	-	-
Cost of sales	11		2,086,313,265	-	-	-
Gross profit (20 = 10 - 11)	20		739,418,543	-	-	-
Financial income	21	23	28,075,634	3,135,296	96,906,522	442,402,093
Financial expenses	22	24	614,292,329	451,984	141,526,121	441,602,771
Selling expense	24		91,853,389	-	-	-
General and administration expenses	25		280,525,013	33,334,554	735,109	2,176,284
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(219,176,554)	(30,651,242)	(45,354,708)	(1,376,962)
Other income	31	25	268,333,674	97,174,968	-	48,219,449
Other expenses	32	26	41,435,209	43,554,570	498,348	-
Results of other activities (40 = 31 - 32)	40		226,898,465	53,620,398	(498,348)	48,219,449

The accompanying notes are an integral part of these financial statements

Ma San Resources Corporation and its subsidiaries
Statements of income for the year ended 31 December 2014 (continued)

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Profit/(loss) before tax (50 = 30 + 40)	50		7,721,911	22,969,156	(45,853,056)	46,842,487
Income tax (credit)/expense	51	27	(6,953,138)	12,197,112	(8,501,985)	12,054,862
Income tax benefits – deferred	52	27	(20,978,465)	-	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		35,653,514	10,772,044	(37,351,071)	34,787,625
Attributable to:						
Minority interest	61		(11,022,694)	-		
Equity holders of the Company	62		46,676,208	10,772,044		

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Approved by:



Dominic John Heaton
General Director

22 APR 2015

The accompanying notes are an integral part of these financial statements

Ma San Resources Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2014 (Indirect method)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		7,721,911	22,969,156	(45,853,056)	46,842,487
Adjustments for						
Depreciation and amortisation	02		597,005,484	4,696,144	42,151	45,983
Profits from investing activities	05		(3,644,215)	(3,100,642)	(96,906,522)	(442,402,093)
Interest expense and borrowing fees	06		589,036,786	441,585	141,526,121	441,592,373
Operating profit/(loss) before changes in working capital	08		1,190,119,966	25,006,243	(1,191,306)	46,078,750
Change in receivables and other current assets	09		(854,397,624)	64,405,761	32,428,519	(2,069,576)
Change in inventories	10		(177,418,124)	(432,028,658)	-	-
Change in payables and other liabilities	11		(155,196,023)	178,344,213	(26,363,309)	(47,830,081)
Change in prepayments	12		147,836,215	(26,908,561)	-	-
			150,944,410	(191,181,002)	4,873,904	(3,820,907)
Interest paid	13		(651,146,434)	(542,550,095)	-	(2,242,192)
Income tax paid	14		(1,579,340)	(52,427,290)	-	(52,321,985)
Other receipts from operating activities	15		66,917	7,508,200	-	-
Other payments for operating activities	16		(36,773,092)	(2,022,771)	-	-
Net cash flows from operating activities	20		(538,487,539)	(780,672,958)	4,873,904	(58,385,084)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(1,932,755,579)	(3,921,846,905)	-	-
Loans provided to a subsidiary	23		-	-	(23,408,000)	(2,859,771,447)
Receipt of interest	27		4,502,683	3,187,059	711,156	1,287,880
Net cash flows from investing activities	30		(1,928,252,896)	(3,918,659,846)	(22,696,844)	(2,858,483,567)

The accompanying notes are an integral part of these financial statements

Ma San Resources Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2014 (Indirect method - continued)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from equity issued	31		61,472,500	2,711,663,747	61,472,500	2,711,663,747
Proceeds from minority interest capital contribution to a subsidiary	31		388,889,872	-	-	-
Proceeds from borrowings	33		8,257,995,390	3,140,204,240	-	1,140,000,000
Payments to settle loan principals	34		(5,979,493,537)	(1,162,890,924)	-	(930,000,000)
Payments of transaction costs related to borrowings	34		(232,767,449)	-	-	-
Payments to settle financial lease	35		(10,837,282)	(5,658,465)	-	-
Payments of dividends	36		(33,696,303)	(7,746,440)	(33,696,303)	(7,746,440)
Net cash flows from financing activities	40		2,451,563,191	4,675,572,158	27,776,197	2,913,917,307
Net cash flows during the year (50 = 20 + 30 + 40)	50		(15,177,244)	(23,760,646)	9,953,257	(2,951,344)
Cash and cash equivalents at the beginning of the year	60		150,739,223	174,779,362	44,525,551	47,476,895
Effect of exchange rate fluctuation on cash and cash equivalents	61		880,668	(279,493)	-	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	4	136,442,647	150,739,223	54,478,808	44,525,551

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Approved by:



Dominic John Heaton
General Director

22 APR 2015

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 year ended 31 December 2014

Form B 09 – DN

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

1. Reporting Entity

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:

Name	Principal activity	Percentage of economic interests at	
		31/12/2014	31/12/2013
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%	(*)

(*) NPHCS was incorporated on 15 January 2014.

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 31 December 2014, the Company had 2 employees (31/12/2013: 2 employees) and the Group had 1,349 employees (31/12/2013: 1,253 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with 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 except for NPHCS which was incorporated on 15 January 2014. Succeeding annual periods will be from 1 January to 31 December.

(d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong (“VND”) rounded to the nearest thousand (“VND’000”).

3. 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 is 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.

(iii) *Minority interest*

For changes in the Group's ownership interest in a subsidiary that do not result in change in control, 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 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*

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates of exchange ruling at the transaction dates.

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 pre-operating stage, in which case they are recorded in the Foreign Exchange Difference account in equity until the entity commences operations and the tangible fixed assets are put into use. Once the entity commences operations and the tangible fixed assets are put into use, the related foreign exchange gains are transferred to the Unearned Revenue account and foreign exchange losses are transferred to the Long-term Prepayment account respectively. The gains and losses are then amortised on a straight line basis over five years.

(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. Allowance is made for reductions in investment values which in the opinion of the management is not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. 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.

(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. 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

Other mining assets comprise:

- Capitalised exploration, evaluation and development expenditure (including development stripping);
- Capitalised production stripping (as described below in ‘Deferred stripping costs’);
- Mine rehabilitation assets; and
- Fair value of mineral reserves and mineral resources from business combination.

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.

Ma San Resources Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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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 assets are depreciated using a straight-line basis over the life of the proven and probable reserves of the relevant components. Stripping assets are classified as “other mining assets”.

(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	10 - 20 years

(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.

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(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”.

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

(k) Long-term prepayments

(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) Foreign exchange differences

Foreign exchange differences relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the Company’s subsidiaries’ pre-operating stage. The net gain or loss is amortised on a straight line basis over five (5) years.

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(iv) Borrowing fees

Loan origination costs are incurred in conjunction with the arrangement of long-term bonds and are amortised on a straight-line basis over the tenure of the bonds.

(v) 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) 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 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.

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.

(o) 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.

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.

(p) 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/disposal to minority interest are recorded in Other Reserves in equity.

(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) 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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(s) 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.

(t) 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.

(u) 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.

4. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
Cash on hand	205,175	109,074	-	-
Cash in banks	81,237,472	150,630,149	478,808	44,525,551
Cash equivalents	55,000,000	-	54,000,000	-
	<u>136,442,647</u>	<u>150,739,223</u>	<u>54,478,808</u>	<u>44,525,551</u>

5. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Short-term receivables				
Loans	-	-	-	55,000
Interest receivable	30,678	3,013	-	883,534,422
Sale of claims receivable	256,200,000	-	-	-
VAT portion of foreign contractor tax	-	5,110,149	-	-
Others	10,823,845	18,487,897	84,700	18,372,852
	<u>267,054,523</u>	<u>23,601,059</u>	<u>84,700</u>	<u>901,962,274</u>
Long-term receivables				
Loans - MRTN	-	-	4,941,518,100	4,915,598,316
Borrowing cost - MRTN	-	-	1,005,325,461	25,625,373
Land compensation receivable from Thai Nguyen People's Committee (Note 10) (a)	1,383,085,565	-	-	-
Others - MRTN	-	-	-	2,511,785
	<u>1,383,085,565</u>	<u>-</u>	<u>5,946,843,561</u>	<u>4,943,735,474</u>

- (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.

6. Inventories

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Goods in transit	18,406,161	-	-	-
Raw materials	25,030,031	39,423,185	-	-
Tools and supplies	452,518,607	263,685,495	-	-
Work in progress	16,176,270	23,472,044	-	-
Finished goods	141,540,764	105,447,935	-	-
	<u>653,671,833</u>	<u>432,028,659</u>	<u>-</u>	<u>-</u>

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7. Tangible fixed assets

Group:

	Buildings and structures VND'000	Machinery and equipment VND'000	Office equipment VND'000	Motor vehicles VND'000	Other mining assets VND'000	Total VND'000
Cost						
Opening balance	-	6,035,781	28,287,850	23,063,568	-	57,387,199
Additions	-	2,351,277	219,578	76,788	101,467,824	104,115,467
Transfer from construction in progress	2,014,688,557	9,355,336,972	6,478,460	945,983	5,752,109,410	17,129,559,382
Written off	-	(42,578)	(2,785,995)	(219,575)	-	(3,048,148)
Closing balance	2,014,688,557	9,363,681,452	32,199,893	23,866,764	5,853,577,234	17,288,013,900
Accumulated depreciation						
Opening balance	-	1,722,502	14,533,177	8,242,849	-	24,498,528
Charge for the year	82,586,749	349,272,026	8,366,259	3,780,808	173,649,354	617,655,196
Written off	-	(42,578)	(2,785,995)	(219,575)	-	(3,048,148)
Closing balance	82,586,749	350,951,950	20,113,441	11,804,082	173,649,354	639,105,576
Net book value						
Opening balance	-	4,313,279	13,754,673	14,820,719	-	32,888,671
Closing balance	1,932,101,808	9,012,729,502	12,086,452	12,062,682	5,679,927,880	16,648,908,324

Included in the cost of tangible fixed assets were assets costing VND18,750 million which were fully depreciated as at 31 December 2014 (31/12/2013: VND12,015 million), but which are still in active use. At 31 December 2014, tangible fixed assets with a carrying value of VND11,698 billion were pledged with banks as security for long-term bonds issued by the Group.

8. Finance lease tangible fixed assets

Group:

	Plant and equipment VND'000
Cost	
Opening and closing balance	67,300,000
Accumulated amortisation	
Opening balance	8,973,333
Charge for the year	13,460,000
Closing balance	<u>22,433,333</u>
Net book value	
Opening balance	58,326,667
Closing balance	<u>44,866,667</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 18(c)).

9. Intangible fixed assets

Group:

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening balance	12,154,049	-	12,154,049
Additions (Note 17)	2,907,062	588,370,818	591,277,880
Transfer from construction in progress	71,752,127	-	71,752,127
Written off	(22,264)	-	(22,264)
Closing balance	86,790,974	588,370,818	675,161,792
Accumulated amortisation			
Opening balance	6,230,720	-	6,230,720
Charge for the year	9,726,219	5,368,717	15,094,936
Written off	(22,264)	-	(22,264)
Closing balance	15,934,675	5,368,717	21,303,392
Net book value			
Opening balance	5,923,329	-	5,923,329
Closing balance	70,856,299	583,002,101	653,858,400

Included in the cost of intangible fixed assets were assets costing VND4,934 million which were fully amortised as at 31 December 2014 (31/12/2013: VND2,481 million), but which are still in use.

At 31 December 2014, intangible fixed assets with a carrying value of VND652 billion were pledged with banks as security for long-term bonds issued by the Group.

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Company:

	Software VND'000
Cost	
Opening and closing balance	137,950
Accumulated amortisation	
Opening balance	95,798
Amortisation for the year	42,152
Closing balance	137,950
Net book value	
Opening balance	42,152
Closing balance	-

10. Construction in progress

Group:

	2014 VND'000	2013 VND'000
Opening balance	20,158,594,314	14,828,448,735
Additions during the year	2,585,094,922	5,330,145,579
Transfer to tangible fixed assets (Note 7)	(17,129,559,382)	-
Transfer to intangible fixed assets (Note 9)	(71,752,127)	-
Transfer to long-term prepayments (Note 12)	(973,698,569)	-
Reclassification to other receivables (Note 5)	(1,383,085,565)	-
Closing balance	3,185,593,593	20,158,594,314

During the year, borrowing costs capitalised into construction in progress amounted to VND553 billion (2013: VND1,688 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.

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11. Long-term investments

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Investment in a subsidiary				
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 31 December 2014:

Name	Address
Ma San Thai Nguyen Resources Co., Ltd (“MRTN”)	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Thai Nguyen Trading and Investment Co., Ltd (“TNTI”)	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Nui Phao Mining Co., Ltd (“NPM”)	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Viet Nam
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam

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

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12. Long-term prepayments

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	Others VND'000	Total VND'000
Opening balance	-	-	58,796,000	-	-	7,896,577	66,692,577
Additions	-	-	-	180,760,716	-	12,435,288	193,196,004
Transfer from foreign exchange difference account	-	-	-	-	43,190,421	-	43,190,421
Transfer from construction in progress (Note 10)	313,183,682	660,514,887	-	-	-	-	973,698,569
Reclassifications	-	-	-	-	-	(117,757)	(117,757)
Written off	-	-	-	-	-	(8,287,788)	(8,287,788)
Amortisation for the year	(86,995,466)	(27,521,454)	-	(30,126,786)	(7,262,960)	(5,302,523)	(157,209,189)
Closing balance	226,188,216	632,993,433	58,796,000	150,633,930	35,927,461	6,623,797	1,111,162,837

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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13. Short term borrowings

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND'000	VND'000	VND'000	VND'000
Short-term borrowings	1,305,713,481	1,562,866,932	231,000,000	210,000,000
Current portion of long-term borrowings (Note 18)	36,330,845	2,065,999,245	22,754,630	45,651,401
	1,342,044,326	3,628,866,177	253,754,630	255,651,401

Terms and conditions of outstanding short-term borrowings as at 31 December 2014 were as follows:

	Currency	<u>Group</u>	<u>Company</u>
		31/12/2014	31/12/2014
		VND'000	VND'000
Unsecured loans from parent company (a)	VND	231,000,000	231,000,000
Secured bank loan (b)	USD	1,035,382,342	-
Loan from other third party (c)	USD	39,331,139	-
		1,305,713,481	231,000,000

- (a) The loan amounts due to parent company were unsecured and bore interest at negotiated basis.
- (b) The USD denominated loan amounting to VND1,035,382 million from syndicated local banks are secured by inventories and short term receivable of NPM. The loans are also secured by 45 million shares of MR and bore interest at 5.5% per annum.
- (c) The USD denominated loan amounting to VND39,331 million from NPM's customer under its offtake agreement. The loans are for NPM construction activities, repayable in 2015 and bore interest at 8.5% per annum.

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Terms and conditions of outstanding short-term borrowings as at 31 December 2013 were as follows:

	Currency	<u>Group</u> 31/12/2013 VND'000	<u>Company</u> 31/12/2013 VND'000
Secured bank loan (a)	VND	383,025,627	-
Secured bank loan (a)	USD	125,561,589	-
Secured bank loan (a)	EUR	1,079,716	-
Secured bank loan (a)	USD	843,200,000	-
Unsecured loans from parent company (b)	VND	210,000,000	210,000,000
		<hr/>	
		1,562,866,932	210,000,000
		<hr/>	

(a) The secured bank loans were repaid during 2014 and bore interest ranging from 4.5% to 10.5% per annum.

(b) The loan amounts due to parent company were unsecured and bore interest at negotiated basis.

14. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Value added tax	-	60,000	-	-
Foreign contractor tax	-	8,215,685	-	-
Personal income tax	28,294,286	16,129,913	-	-
Corporate income tax	-	36,945	-	-
Natural resources taxes	70,461,365	-	-	-
Other taxes	7,303,998	17,166,245	-	-
	<hr/>			
	106,059,649	41,608,788	-	-
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15. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Bonus	20,049,207	132,481,328	-	-
Accrued interest payable	240,683,978	110,605,250	-	-
Foreign contractor tax	1,907,433	28,150,984	-	625,339
Natural resource taxes and fees	77,125,358	18,232,009	-	-
Accrual for construction work	179,968,710	60,450,173	-	-
Consultant fee	11,261,110	60,302,784	-	19,007,350
Operating costs	117,309,318	122,219,330	-	-
Others	35,360,583	40,727,475	504,530	-
	683,665,697	573,169,333	504,530	19,632,689

16. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Amounts due to Ma San Group Corporation (MSN)				
Financial expenses – short-term	-	883,534,421	-	883,534,421
Financial expenses – long-term	2,134,490,175	1,074,264,912	956,529,090	-
Interest – short-term	35,315,815	71,603,680	35,315,815	71,603,680
Interest – long-term	38,448,900	-	18,482,071	-
Amounts due to parent company				
Non-trade – short-term	2,511,785	2,511,785	2,511,785	2,511,785
Amount due to NPM				
Non-trade – short-term	-	-	37,294,686	-
Other payable to third parties				
Other payables – short-term	1,530,866	15,802	-	37,294,684
Dividend payables - short-term	52,070,916	33,696,303	52,070,916	33,696,303
Dividend payables – long-term	78,463,027	130,533,942	78,463,027	130,533,942

Other short-term payables due to related companies were unsecured and payable within 2015.

Other long-term payables due to related companies comprise of borrowing costs, which were unsecured and payable on maturity.

17. Provisions – long-term

Movement of provisions during the year were as follows:

<u>Group:</u>	Mine rehabilitation VND'000	Mining rights VND'000	Total VND'000
Opening balance	-	-	-
Provision made during the year	19,486,702	588,370,818	607,857,520
Closing balance	19,486,702	588,370,818	607,857,520

18. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Long-term borrowings (a)	537,832,798	4,702,490,266	327,832,798	262,495,556
Long-term bonds issued (b)	6,800,000,000	-	-	-
Finance lease liabilities (c)	50,804,253	61,641,535	-	-
	7,388,637,051	4,764,131,801	327,832,798	262,495,556
Repayable within twelve months (Note 13)	(36,330,845)	(2,065,999,245)	(22,754,630)	(45,651,401)
Repayable after twelve months	7,352,306,206	2,698,132,556	305,078,168	216,844,155

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a. Terms and conditions of outstanding long-term borrowings are as follows:

	Currency	Year of maturity	Group		Company	
			31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Unsecured loans from parent company (i)	VND	2015	22,754,630	-	22,754,630	-
Unsecured loans from parent company (i)	VND	2019	305,078,168	262,495,556	305,078,168	262,495,556
Unsecured loans from parent company (i)	VND	2018	210,000,000	-	-	-
Secured bank loan (ii)	VND	2014	-	4,439,994,710	-	-
			537,832,798	4,702,490,266	327,832,798	262,495,556

- (i) The loan amounts due to parent company were unsecured and bore interest at negotiated basis.
- (ii) The secured bank loans were repaid during the year and bore interest ranging from 8% to 14.4% per annum.

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

	Currency	Interest rate per annum	Year of maturity	Group	
				31/12/2014 VND'000	31/12/2013 VND'000
Secured bond issuance	VND	11%	2019	6,800,000,000	-

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.

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

	31/12/2014			31/12/2013		
	Payments	Interest VND'000	Principal	Payments	Interest VND'000	Principal
Within one year	20,364,222	6,788,007	13,576,215	20,364,222	8,553,808	11,810,414
Within 2 to 5 years	43,861,390	6,633,352	37,228,038	62,659,119	12,827,998	49,831,121
	64,225,612	13,421,359	50,804,253	83,023,341	21,381,806	61,641,535

19. Deferred tax liabilities and unrecognised deferred tax assets

(i) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Deferred tax liabilities				
Construction in progress	-	751,020,687	-	-
Mineral reserves and mineral resources	730,049,612	-	-	-
	730,049,612	751,020,687	-	-

(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:

	Tax losses available	
	Group VND'000	Company VND'000
Accumulated five year tax losses	647,587,319	46,030,552
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	643,392,556	46,030,552
	647,587,319	46,030,552

(*) This amount may change subsequent to the tax authorities' review.

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20. Changes in owners' 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	Minority interest VND'000	Total VND'000
Balance at 1 January 2013	5,406,826,290	1,191,796,435	(19,519,282)	(295,683,347)	2,232,379,693	8,515,799,789	-	8,515,799,789
Share capital issued	1,578,982,700	905,927,639	-	-	-	2,484,910,339	-	2,484,910,339
Foreign exchange differences in a subsidiary	-	-	(40,487,544)	-	-	(40,487,544)	-	(40,487,544)
Net profit for the year	-	-	-	-	10,772,044	10,772,044	-	10,772,044
Balance at 1 January 2014	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
Balance at 31 December 2014	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

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Company

	Share capital VND'000	Capital surplus VND'000	Retained profits VND'000	Total VND'000
Balance at 1 January 2013	5,406,826,290	1,191,796,435	265,134,659	6,863,757,384
Share capital issued	1,578,982,700	905,927,639	-	2,484,910,339
Net profit for the year	-	-	34,787,625	34,787,625
Balance at 1 January 2014	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)
Balance at 31 December 2014	7,194,473,280	1,944,327,324	262,571,213	9,401,371,817

21. Share capital

The Company's authorised and issued share capital comprised:

	31/12/2014		31/12/2013	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	719,447,328	7,194,473,280	698,580,899	6,985,808,990
Issued share capital				
Ordinary shares	703,544,898	7,035,448,980	682,678,469	6,826,784,690
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	698,580,899	6,985,808,990
Shares in circulation				
Ordinary shares	703,544,898	7,035,448,980	682,678,469	6,826,784,690
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	698,580,899	6,985,808,990
Capital surplus	-	1,944,327,324	-	2,097,724,074

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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.

22. Total revenue

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

Net revenue comprised:

<u>Group:</u>	2014 VND'000	2013 VND'000
Total revenue		
▪ Sales	2,946,229,025	-
Less sales deductions		
▪ Export duties	(92,572,370)	-
▪ Sales discounts	(267,088)	-
▪ Sales rebates	(8,305,779)	-
▪ Sales returns	(19,351,980)	-
Net sales	2,825,731,808	-

23. Financial income

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Interest income from deposits and loans	3,644,215	3,100,642	96,906,522	442,402,093
Foreign exchange gains	24,419,544	34,654	-	-
Others	11,875	-	-	-
	28,075,634	3,135,296	96,906,522	442,402,093

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24. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Interest expense and borrowing fee	589,036,786	441,585	141,526,121	441,592,373
Foreign exchange losses	25,255,543	10,399	-	10,398
	614,292,329	451,984	141,526,121	441,602,771

25. Other income

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Income from expenses claimed to contractors	-	38,715,670	-	-
Income from sale of claims	256,200,000	-	-	-
Income from scrap sales	8,094,226	-	-	-
Income from handover of relocation infrastructure to local community	-	4,643,566	-	-
Write off of short term liabilities	-	48,219,449	-	48,219,449
Others	4,039,448	5,596,283	-	-
	268,333,674	97,174,968	-	48,219,449

26. Other expenses

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Expenses incurred to build relocation infrastructure for local community	-	4,643,566	-	-
Expenses incurred by contractors	-	38,679,732	-	-
Expense relating to sale of claims	34,296,778	-	-	-
Expenses relating to scrap sales	4,578,768	-	-	-
Others	2,559,663	231,272	498,348	-
	41,435,209	43,554,570	498,348	-

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27. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Current tax (credit)/expense				
Current year	199,999	12,164,545	-	12,054,862
(Over)/under provision in prior years	(7,153,137)	32,567	(8,501,985)	-
Deferred tax income				
Origination and reversal of temporary differences	(20,978,465)	-	-	-
Income tax (benefit)/expense	(27,931,603)	12,197,112	(8,501,985)	12,054,862

(b) Reconciliation of effective tax rate

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Profit/(loss) before tax	7,721,911	22,969,156	(45,853,056)	46,842,487
Tax at the Company tax rate	1,698,820	5,742,289	(10,087,672)	11,710,622
Non-deductible expenses	3,252,266	462,694	109,636	344,240
Effect of different tax rate applied to other income	15,002,265	-	-	-
Effect of different tax rate in subsidiaries	(4,721,003)	2,462,038	-	-
Tax losses utilised	(47,895,897)	-	-	-
Effect of consolidation	-	(77,080)	-	-
(Over)/under provision in prior years	(7,153,137)	32,567	(8,501,985)	-
Deferred tax asset not recognised	11,885,083	3,574,604	9,978,036	-
	(27,931,603)	12,197,112	(8,501,985)	12,054,862

(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 2014 and 2015, and will be reduced to 20% from 2016 (2013: 25%).

(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.

28. Share-based payment

In 2013, the Company has introduced an employee share-based payment plan ("ESOP") which rewards high performing employees of the Group with shares as approved by the Shareholders' Meeting Resolution dated 18 February 2013. A total of 13,392,857 of the Company's shares were issued to the key management personnel of the Group in 2013. The remaining 20,866,429 shares were issued in 2014.

The ESOP price is determined by the Company's Chairman of the Board of Management ("BOM") as authorized by the BOM.

29. Financial instruments

(a) Financial risk management

(i) Overview

The Group and the Company have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group and the Company's exposure to each of the above risks, the Group and the Company's objectives, policies and processes for measuring and managing risk.

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(ii) Risk management framework

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

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

(b) Credit risk

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

Exposure to credit risk

The total carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Cash in bank and cash equivalents	(i)	136,237,472	150,630,149	54,478,808	44,525,551
Trade and other receivables	(ii)	859,583,380	108,062,402	5,946,928,261	5,845,697,748
		<u>995,820,852</u>	<u>258,692,551</u>	<u>6,001,407,069</u>	<u>5,890,223,299</u>

(i) Cash in bank and cash equivalents

These represent deposits placed with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group and the Company.

(ii) Trade and other receivables

The carrying amount of trade and other receivables represents the maximum credit exposure.

Based on historic default rates, the Group and the Company believe that no allowance for doubtful debts is necessary in respect of the outstanding receivables as of 31 December 2014 and 2013.

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(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group and the Company's approach to manage liquidity is to ensure, as far as possible, that they will always have sufficient liquidity and banking facilities to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

At year end, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

Group:

31/12/2014	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000	More than 5 years VND'000
Short-term borrowings	1,305,713,481	1,364,600,624	1,364,600,624	-	-	-
Trade and other payables	511,080,317	511,080,317	511,080,317	-	-	-
Accrued expenses	584,583,698	584,583,698	584,583,698	-	-	-
Other long-term liabilities	2,251,402,102	2,251,402,102	-	2,186,703,757	64,698,345	-
Long-term borrowings and liabilities	7,388,637,051	10,843,345,006	562,112,409	1,053,731,741	9,227,500,856	-
	12,041,416,649	15,555,011,747	3,022,377,048	3,240,435,498	9,292,199,201	-
31/12/2013	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000	More than 5 years VND'000
Short-term borrowings	1,562,866,932	1,626,017,862	1,626,017,862	-	-	-
Trade and other payables	1,328,852,115	1,610,965,231	1,610,965,231	-	-	-
Accrued expenses	394,305,012	394,305,012	394,305,012	-	-	-
Other long-term liabilities	1,204,798,854	1,847,723,280	-	1,743,438,786	104,284,494	-
Long-term borrowings and liabilities	4,764,131,801	5,932,242,418	2,423,554,098	1,572,180,491	1,368,270,991	568,236,838
	9,254,954,714	11,411,253,803	6,054,842,203	3,315,619,277	1,472,555,485	568,236,838

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Company:

31/12/2014	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Short-term borrowings	231,000,000	252,922,850	252,922,850	-	-
Trade and other payables	127,559,309	127,559,309	127,559,309	-	-
Accrued expenses	504,530	504,530	504,530	-	-
Other long-term liabilities	1,053,474,188	1,053,474,193	-	1,008,742,672	44,731,521
Long-term borrowings and liabilities	327,832,798	491,462,977	25,756,639	273,430,338	192,276,000
	1,740,370,825	1,925,923,859	406,743,328	1,282,173,010	237,007,521

31/12/2013	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Short-term borrowings	210,000,000	229,366,027	229,366,027	-	-
Trade and other payables	1,030,037,170	1,610,949,431	1,610,949,431	-	-
Accrued expenses	19,007,350	19,007,350	19,007,350	-	-
Other long-term liabilities	130,533,942	164,230,245	-	59,945,751	104,284,494
Long-term borrowings and liabilities	262,495,556	386,652,150	80,868,921	149,381,529	156,401,700
	1,652,074,018	2,410,205,203	1,940,191,729	209,327,280	260,686,194

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group and the Company's results of operations or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than VND, the accounting currency of the Group. The currencies in which these transactions primarily are denominated are the United States dollar ("USD"), Australian dollar ("AUD"), Euro ("EUR"), Singapore dollar ("SGD"), Chinese Yuan Renminbi ("CNY") and Thai Baht ("THB").

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

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Exposure to currency risk

Group and Company:

At the year end, the Group and the Company had the following net monetary liability position exposed to currency risk:

31/12/2014	USD	AUD	<u>Group</u>			
			EUR	THB	SGD	CNY
Cash and cash equivalents	3,271,781	-	-	-	-	-
Accounts receivable	17,328,556	-	-	-	75,831	-
Accounts payable	(1,391,498)	(1,301,324)	(6,547)	(3,429,499)	(138,555)	(1,955,251)
Short-term borrowings	(50,283,698)	-	-	-	-	-
Other monetary liabilities	(53,628)	-	-	-	-	-
	(31,128,487)	(1,301,324)	(6,547)	(3,429,499)	(62,724)	(1,955,251)

31/12/2013	USD	AUD	<u>Group</u>			<u>Company</u>	
			EUR	THB	USD	AUD	
Cash and cash equivalents	1,645,219	-	-	-	-	-	
Accounts receivable	4,248,618	-	-	-	-	-	
Accounts payable	(1,779,107)	(2,203,117)	-	(13,733,722)	(51,009)	(16,090)	
Short-term borrowings	(45,955,726)	-	(37,345)	-	-	-	
Long-term borrowings and liabilities	(102,281,875)	-	-	-	-	-	
Other monetary liabilities	(4,651,267)	-	(31)	-	-	-	
	(148,774,138)	(2,203,117)	(37,376)	(13,733,722)	(51,009)	(16,090)	

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The followings are the significant exchange rates applied by the Group and the Company:

	Exchange rate as at	
	31/12/2014	31/12/2013
USD/VND	21,373	21,080
AUD/VND	17,252	18,657
EUR/VND	25,622	28,912
THB/VND	631	630
SGD/VND	15,910	16,467
CNY/VND	3,395	3,426

Below is an analysis of the possible impact on the net profit of the Group and the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

31/12/2014	Group	Company
	Effect to net profit VND'000	Effect to net loss VND'000
USD (1% strengthening against VND)	(5,189,411)	-
AUD (5% weakening against VND)	875,568	-
EUR (5% weakening against VND)	6,542	-
THB (1% weakening against VND)	16,879	-
SGD (2% weakening against VND)	15,568	-
CNY (2% weakening against VND)	103,554	-

31/12/2013	Group	Company
	Effect to net profit VND'000	Effect to net loss VND'000
USD (5% strengthening against VND)	(117,605,956)	(40,323)
AUD (5% weakening against VND)	1,541,383	11,257
EUR (5% strengthening against VND)	(40,523)	-
THB (1% weakening against VND)	64,892	-

The opposite movement of the currencies would have the equal but opposite effect to the net profit or loss of the Group and the Company.

In 2014, the Company is not exposed to currency risk at year end as there are no monetary assets and liabilities denominated in foreign currency.

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(ii) Interest rate risk

At the reporting date, the interest rate profile of the Group and the Company's interest-bearing financial instruments was:

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND'000	31/12/2013 VND'000	31/12/2014 VND'000	31/12/2013 VND'000
Fixed rate instruments				
Cash equivalents	55,000,000	-	54,000,000	-
Other long-term receivables	-	-	48,796,370	4,915,598,315
Short term borrowings	(1,305,713,481)	(719,666,932)	(231,000,000)	(210,000,000)
Long-term borrowings	(588,637,051)	(1,194,693,375)	(327,832,798)	(262,495,556)
Other short term liabilities	(55,510,177)	(957,649,886)	(55,510,177)	(957,649,886)
Other long-term liabilities	(116,911,926)	(1,074,264,912)	(96,945,097)	-
	(2,011,772,635)	(3,946,275,105)	(608,491,702)	3,485,452,873
Variable rate instruments				
Cash in banks	81,237,472	150,630,149	478,808	44,525,551
Short-term borrowings	-	(843,200,000)	-	-
Long-term borrowings	(6,800,000,000)	(3,569,438,426)	-	-
	(6,718,762,528)	(4,262,008,277)	478,808	44,525,551

A change of 100 basis points in interest rates would have increased or decreased the net profit of the Group by VND52,406 million (31/12/2013: VND31,965 million) and of the Company by VND4 million (31/12/2013: VND334 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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(e) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Group:

	31/12/2014		31/12/2013	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Categorised as loans and receivables:				
- Cash and cash equivalents	136,442,647	(*)	150,739,223	(*)
- Trade and other receivables	859,583,380	(*)	108,062,402	(*)
Categorised as financial liabilities at amortised cost:				
- Short term borrowings	(1,305,713,481)	(*)	(1,562,866,932)	(*)
- Trade and other payables	(511,080,317)	(*)	(1,328,852,115)	(*)
- Accrued expenses	(584,583,698)	(*)	(394,305,012)	(*)
- Other long-term liabilities	(2,251,402,102)	(*)	(1,204,798,854)	(*)
- Long-term borrowings and liabilities	(7,388,637,051)	(*)	(4,764,131,801)	(*)
	(11,045,390,622)	(*)	(8,996,153,089)	(*)

Company:

	31/12/2014		31/12/2013	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Categorised as loans and receivables:				
- Cash and cash equivalents	54,478,808	(*)	44,525,551	(*)
- Other receivables	5,946,928,261	(*)	5,845,697,748	(*)
Categorised as financial liabilities at amortised cost:				
- Trade and other payables	(127,559,309)	(*)	(1,030,037,170)	(*)
- Accrued expenses	(504,530)	(*)	(19,007,350)	(*)
- Short term borrowings	(231,000,000)	(*)	(210,000,000)	(*)
- Long-term borrowings and liabilities	(327,832,798)	(*)	(262,495,556)	(*)
- Other long-term liabilities	(1,053,474,188)	(*)	(130,533,942)	(*)
	4,261,036,244	(*)	4,238,149,281	(*)

(ii) *Basis for determining fair values*

(*) The Group and the Company have not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

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

	<u>Group</u>		<u>Company</u>	
	2014 VND'000	2013 VND'000	2014 VND'000	2013 VND'000
Additions of fixed assets from increase in provisions	607,857,520	-	-	-
Conversion of interest payable into loan principal	86,337,242	-	86,337,242	-
Depreciation and amortisation capitalised into construction in progress	4,979,597	51,563,022	-	-
Short-term liability written-off	-	48,219,449	-	48,219,449

31. **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:

Related Party	Nature of transaction	2014 VND'000	2013 VND'000
Ultimate parent company			
Ma San Group Corporation	Loan received	210,000,000	1,140,000,000
	Loan paid	-	930,000,000
	Conversion of interest payable into loan principal	86,337,242	-
	Interest expense and borrowing fees	265,189,123	1,091,550,619
Ultimate parent company's associate			
Local bank	Loan received	1,035,382,342	-
	Interest expense and borrowing fees	20,042,149	-
Key management personnel			
	Salary, bonus and other benefits	15,456,146	26,094,500

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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Company:

Related Party	Nature of transaction	2014 VND'000	2013 VND'000
Ultimate parent company			
Ma San Group Corporation	Conversion of interest payable into loan	86,337,242	-
	Short-term liability written-off	-	48,219,449
	Loan received	-	1,140,000,000
	Loan repaid	-	930,000,000
	Interest expense and borrowing fees	141,526,121	441,592,373
Parent company			
Ma San Horizon Corporation	Capital injection	-	1,698,666,803
Other related companies			
Ma San Thai Nguyen Resources Company Limited	Loan provided to a subsidiary	23,408,000	2,859,771,447
	Financial income from loan provided to a subsidiary	23,170,997	25,625,373
	Conversion of borrowings into contributed capital to a subsidiary	-	52,500,000
Nui Phao Mining Company Ltd	Financial income from loan provided to a subsidiary	72,994,670	415,525,414
Key management personnel	Shares issued under ESOP	61,472,500	39,455,357

32. Commitments

(a) Capital expenditure

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>	
	<u>31/12/2014</u> <u>VND'000</u>	<u>31/12/2013</u> <u>VND'000</u>	<u>31/12/2014</u> <u>VND'000</u>	<u>31/12/2013</u> <u>VND'000</u>
Approved and contracted	198,490,894	446,889,269	-	-

(b) Leases

The future minimum lease payments under operating leases were:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2014</u> <u>VND'000</u>	<u>31/12/2013</u> <u>VND'000</u>	<u>31/12/2014</u> <u>VND'000</u>	<u>31/12/2013</u> <u>VND'000</u>
Within one year	11,507,008	13,638,085	-	-
Within 2 to 5 years	4,488,648	7,259,936	-	-
	15,995,656	20,898,021	-	-

33. Production and business costs by element

Group:

	2014 VND'000	2013 VND'000
Raw material costs included in production costs	947,937,627	-
Labour costs and staff costs	376,121,251	19,748,435
Depreciation and amortisation	597,005,484	4,650,160
Outside services	348,206,787	5,411,550
Other expenses	198,879,600	3,524,407

Prepared by:



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Approved by:




Dominic John Heaton
 General Director

22 APR 2015

