KPMG

Nui Phao Mining Company Ltd

Interim Separate Financial Statements
for the six-month period ended 30 June 2022

Nui Phao Mining Company Ltd
Corporate Information

Enterprise Registration Certificate No.	4600864513	5 July 2010

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 3 June 2022. The Certificate and its amendments were issued by the Department of Planning and Investment of Thai Nguyen Province. The first Business Registration Certificate No. 4600864513 was issued on 5 July 2010.

Investment Certificate No.	17121000026	21 July 2010
	17121000026 - 1st revision	23 February 2011
	17121000026 - 2nd revision	6 February 2013
	17121000026 - 3rd revision	23 July 2015

The Investment Certificate and its revisions were issued by the People's Committee of Thai Nguyen Province to the Company to implement the investment of "Nui Phao Mining Project". Term of the Project is 30 years as from 3 February 2004.

Members' Council	Mr. Nguyen Thieu Nam	Chairman
	Mr. Nguyen Van Thang	Vice Chairman
	Mr. Craig Richard Bradshaw	Member
	Mr. Danny Le	Member
Board of Management	Mr. Craig Richard Bradshaw	General Director
	Mr. Nguyen Huy Tuan	Acting Chief Financial Officer *(from 1 July 2022)*
	Mr. Stuart James Wells	Chief Financial Officer *(until 30 June 2022)*
Registered Office	Suoi Cat Hamlet, Ha Thuong Commune Dai Tu District Thai Nguyen Province Vietnam	
Hanoi Representative Office	106 Hoang Quoc Viet Street Nghia Do Ward, Cau Giay District, Hanoi, Vietnam	
Auditor	KPMG Limited Vietnam	

Nui Phao Mining Company Ltd
Statement of the Board of Management

The Board of Management of Nui Phao Mining Company Ltd ("the Company") presents this statement and the accompanying separate interim financial statements of the Company as of and for the six-month period ended 30 June 2022.

The Board of Management is responsible for the preparation and fair presentation of the separate interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Management:

(a) the separate interim financial statements set out on pages 5 to 45 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2022, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the Company will not be able to restructure its debts or to pay its debts as and when they fall due. The interim separate financial statements have included adequate disclosure of matters relevant to the Board of Management assessment of the validity of the going concern assumption in Note 2(c).

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

On behalf of the Board of Management

Craig Richard Bradshaw
General Director

Hanoi, 25 August 2022

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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Investors
Nui Phao Mining Company Ltd

We have reviewed the accompanying separate interim financial statements of Nui Phao Mining Company Ltd ("the Company"), which comprise the separate balance sheets as at 30 June 2022, the related separate statements of income and separate cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 25 August 2022, as set out on pages 5 to 45.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Limited, a Vietnamese one member limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of the Company as at 30 June 2022 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

Emphasis of Matter

We draw attention to Note 37 to the separate interim financial statements, which describes that, in 2021, the Ministry of Natural Resources and Environment ("MONRE") has issued Decision 1640/QD/BTNMT ("Decision 1640") to determine the price used to calculate the charge for granting mining rights ("G-price") and the Mining right fee ("MRF") of Nui Phao Mine replacing the G-price and temporary MRF calculation in Decision 500/QD-BTNMT issued by MONRE on 4 March 2015 despite that the taxable price applicable to the Company's industrial products has not yet been determined. The G-price according to Decision 1640 is VND1,831,085 per ton whereas the temporary G-price is VND775,026 per ton. Accordingly, the additional MRF due to different G-price being used for calculation during the period from 2015 to 2021 is VND394.5 billion. The Company's management has requested relevant authorities for delaying the implementation of Decision 1640 and for determining the G-prices applicable to the Company's industrial products. The ultimate outcome of the matter is presently not determined and may be subject to the determination of the applicable G-price for the Company's industrial products and whether MONRE agrees to recalculate the MRF in Decision 1640 using that G-price when it is determined. Accordingly, the Company has not recognised the additional MRF stated in Decision 1640 as a liability in the separate interim financial statements. This matter represents an uncertainty that could have a material effect on the separate interim financial statements. Our auditor's conclusion is not modified in respect of this matter.

KPMG Limited
Vietnam
Review Report No.: 22-02-00131-22-1

CÔNG TY TRÁCH NHIỆM HỮU HẠN KPMG

Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1
Deputy General Director

Phan My Linh
Practicing Auditor Registration
Certificate No. 3064-2019-007-1

Hanoi, 25 August 2022

Nui Phao Mining Company Ltd
Separate balance sheet as at 30 June 2022

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2022 VND'000	1/1/2022 VND'000
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	**100**		**4,770,455,217**	**4,735,712,295**
Cash and cash equivalents	**110**	**8**	**274,322,077**	**33,299,677**
Cash	111		194,322,077	33,299,677
Cash equivalent	112		80,000,000	-
Short-term financial investments	**120**		**8,110,000**	**7,400,000**
Held-to-maturity investments	123	9(a)	8,110,000	7,400,000
Accounts receivable – short-term	**130**		**1,609,341,722**	**2,081,559,775**
Accounts receivable from customers	131	10	1,081,859,704	1,488,441,289
Prepayments to suppliers	132		107,872,035	47,250,170
Loans receivable	135	11	17,000,000	17,000,000
Other receivables	136	12	402,609,983	528,868,316
Inventories	**140**	**13**	**2,473,735,867**	**2,246,082,881**
Inventories	141		2,473,735,867	2,246,082,881
Other current assets	**150**		**404,945,551**	**367,369,962**
Short-term prepaid expenses	151		60,201,395	38,073,042
Deductible value added tax	152		344,744,156	329,296,920

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2022 VND'000	1/1/2022 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	**200**		**20,058,320,727**	**20,124,172,843**
Accounts receivable – long-term	**210**		**1,309,366,194**	**1,300,955,017**
Other long-term receivables	216	12	1,309,366,194	1,300,955,017
Fixed assets	**220**		**10,483,160,813**	**10,893,898,756**
Tangible fixed assets	221	14	9,939,763,543	10,323,038,940
Cost	*222*		*16,262,785,961*	*16,273,755,287*
Accumulated depreciation	*223*		*(6,323,022,418)*	*(5,950,716,347)*
Finance lease tangible fixed assets	224		-	-
Cost	*225*		*67,300,000*	*67,300,000*
Accumulated depreciation	*226*		*(67,300,000)*	*(67,300,000)*
Intangible fixed assets	227	15	543,397,270	570,859,816
Cost	*228*		*900,463,898*	*900,463,898*
Accumulated amortisation	*229*		*(357,066,628)*	*(329,604,082)*
Long-term work in progress	**240**		**1,385,947,017**	**1,010,929,090**
Construction in progress	242	16	1,385,947,017	1,010,929,090
Long-term financial investments	**250**		**3,458,093,500**	**3,458,093,500**
Investments in a subsidiary	251	9(b)	3,458,093,500	3,458,093,500
Other long-term assets	**260**		**3,421,753,203**	**3,460,296,480**
Long-term prepaid expenses	261	17	3,421,753,203	3,460,296,480
TOTAL ASSETS (270 = 100 + 200)	**270**		**24,828,775,944**	**24,859,885,138**

The accompanying notes are an integral part of these separate interim financial statements

Form B 01a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	30/6/2022 VND'000	1/1/2022 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	**300**		**14,424,676,170**	**14,169,983,479**
Current liabilities	**310**		**7,609,086,765**	**5,233,113,161**
Accounts payable to suppliers	311	19	1,091,084,804	942,056,298
Advances from customers	312		1,857,514	11,728,594
Taxes payable to State Treasury	313	20	10,404,020	13,405,779
Payables to employees	314		105,986	110,932
Accrued expenses	315	21	688,968,110	779,043,160
Other short-term payables	319	22	279,390,392	72,775,136
Short-term borrowings and bonds	320	23(a)	5,537,275,939	3,413,993,262
Long-term liabilities	**330**		**6,815,589,405**	**8,936,870,318**
Other long-term payables	337	22	2,000,000,000	2,000,000,000
Long-term borrowings and bonds	338	23(b)	4,187,625,274	6,261,141,910
Deferred tax liabilities	341	18	51,551,415	33,910,034
Provisions – long-term	342	24	576,412,716	641,818,374
EQUITY (400 = 410)	**400**		**10,404,099,774**	**10,689,901,659**
Owners' equity	**410**	**25**	**10,404,099,774**	**10,689,901,659**
Contributed capital	411	26	10,792,915,155	10,792,915,155
Accumulated losses	421		(388,815,381)	(103,013,496)
- (Accumulated losses)/Retained profits brought forward	*421a*		*(103,013,496)*	*139,322,361*
- Net loss for the current period/year	*421b*		*(285,801,885)*	*(242,335,857)*
TOTAL RESOURCES (440 = 300 + 400)	**440**		**24,828,775,944**	**24,859,885,138**

25 August 2022

Prepared by:	Reviewed by:	Approved by:
Nguyen Thi Thanh Mai	Nguyen Huy Tuan	Craig Richard Bradshaw
Chief Accountant	*Acting Chief Financial Officer*	*General Director*

The accompanying notes are an integral part of these separate interim financial statements

Nui Phao Mining Company Ltd
Separate statement of income for the six-month period ended 30 June 2022

Form B 02a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Revenue from sales of goods and provision of services	**01**	**28**	**1,983,498,123**	**1,780,175,415**
Revenue deductions	**02**	**28**	**-**	**-**
Net revenue (10 = 01 - 02)	**10**	**28**	**1,983,498,123**	**1,780,175,415**
Cost of sales	**11**		**1,664,002,914**	**1,393,684,151**
Gross profit (20 = 10 - 11)	**20**		**319,495,209**	**386,491,264**
Financial income	21	29	32,928,295	45,537,905
Financial expenses	22	30	516,706,782	547,880,823
Selling expenses	25	31	69,709,618	64,284,913
General and administration expenses	26	32	81,192,164	56,415,327
Net operating loss (30 = 20 + 21 - 22 - 25 - 26)	**30**		**(315,185,060)**	**(236,551,894)**
Other income	31	33	118,105,309	73,465,103
Other expenses	32	34	71,080,754	73,468,103
Results of other activities (40 = 31 - 32)	**40**		**47,024,555**	**(3,000)**
Accounting loss before tax (50 = 30 + 40)	**50**		**(268,160,505)**	**(236,554,894)**
Income tax expense – current	**51**	**35**	**-**	**-**
Income tax expense – deferred	**52**	**35**	**17,641,380**	**-**
Net loss after tax (60 = 50 - 51 - 52)	**60**		**(285,801,885)**	**(236,554,894)**

25 August 2022

Prepared by:	Reviewed by:	Approved by:
Nguyen Thi Thanh Mai	Nguyen Huy Tuan	Craig Richard Bradshaw
Chief Accountant	*Acting Chief Financial Officer*	*General Director*

The accompanying notes are an integral part of these separate interim financial statements

Nui Phao Mining Company Ltd
Separate statement of cash flows for the six-month period ended 30 June 2022
(Indirect method)

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	**01**	**(268,160,505)**	**(236,554,894)**
Adjustments for			
Depreciation and amortisation	02	399,768,617	397,647,725
Allowances and provisions	03	7,739,993	8,315,282
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(2,972,579)	1,443,129
Profits from investing activities	05	(1,110,520)	(21,195,249)
Interest expense and borrowing fees	06	493,636,903	514,835,785
Operating profit before changes in working capital	**08**	**628,901,909**	**664,491,778**
Change in receivables and other assets	09	483,637,723	(752,992,662)
Change in inventories	10	(227,652,986)	(242,555,582)
Change in payables and other liabilities	11	220,133,072	(146,252,602)
Change in prepaid expenses	12	(303,138)	(61,586,101)
		1,104,716,580	**(538,895,169)**
Interest and borrowing fees paid	14	(481,066,230)	(737,131,090)
Net cash flows from operating activities	**20**	**623,650,350**	**(1,276,026,259)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(409,482,653)	(288,570,323)
Payment for term deposit and granting loan to other parties	23	(8,110,000)	(159,000,000)
Receipts of term deposits from banks and collecting loans granting to other parties	24	7,400,000	1,469,479,452
Receipt of interests and dividends	27	1,067,068	61,095,252
Net cash flows from investing activities	**30**	**(409,125,585)**	**1,083,004,381**

Form B 03a – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and bonds	33	2,250,328,403	1,656,867,534
Payments to settle loan principals and bonds issuance related cost	34	(2,222,824,656)	(1,564,387,218)
Net cash flows from financing activities	**40**	**27,503,747**	**92,480,316**
Net cash flows during the period (50 = 20 + 30 + 40)	**50**	**242,028,512**	**(100,541,562)**
Cash and cash equivalents at the beginning of the period	**60**	**33,299,677**	**210,946,976**
Effect of exchange rate fluctuation on cash and cash equivalents	**61**	**(1,006,112)**	**(401,957)**
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 8)	**70**	**274,322,077**	**110,003,457**

25 August 2022

Prepared by:	Reviewed by:	Approved by:
Nguyen Thi Thanh Mai	Nguyen Huy Tuan	Craig Richard Bradshaw
Chief Accountant	*Acting Chief Financial Officer*	*General Director*

The accompanying notes are an integral part of these separate interim financial statements

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

1. Reporting entity

Nui Phao Mining Company Ltd ("the Company" or "NPM") is incorporated as a limited liability company in Vietnam. The principal activities of the Company are to explore, exploit, mine and process tungsten, fluorspar, bismuth, copper in Ha Thuong Commune, Dai Tu District in Thai Nguyen Province for export and domestic sales.

As at 30 June 2022, the Company had 1,141 employees (1/1/2022: 1,158 employees).

The normal operating cycle of the Company is generally within 12 months.

2. Basis of preparation

(a) Statement of compliance

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

The Company prepares and issues its consolidated interim financial statements separately. For a comprehensive understanding of the consolidated financial position of the Company and its subsidiaries, and their consolidated results of operations and consolidated cash flows, these separate interim financial statements should be read in conjunction with the consolidated interim financial statements of the Company.

(b) Basis of measurement

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

(c) Going concern assumption

The financial statements have been prepared on a going concern basis. At the balance sheet date, the Company's current liabilities exceeded its current assets by VND2,839 billion (1/1/2022: VND497 billion). Furthermore, the Company has significant loans that will require refinancing within the next 12 months (Note 23). The validity of the going concern assumption fundamentally depends on the Group's ability to restructure the outstanding payables with its related parties and to obtain additional financing resources as are necessary to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

At the time of this report, there is no reason for the management to believe that the Company will not be able to do so.

(d) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(e) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement preparation and presentation purpose. All amounts have been rounded to the nearest thousand ("VND'000"), unless otherwise indicated.

3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest annual separate financial statements, unless otherwise indicated.

(a) Foreign currency transactions

Transactions in currencies other than VND during the period have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate for assets and account transfer selling rate for liabilities at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

All foreign exchange differences are recorded in the separate statement of income.

(b) 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.

(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at cost less allowance for doubtful debts.

(ii) Investment in a subsidiary

For the purpose of these separate financial statements, investments in a subsidiary are initially recognised 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 which may cause the Company to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. 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 would have been determined if no allowance had been recognised.

(d) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

(e) 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 estimated costs to sell.

The Company applies the perpetual method of accounting for inventories.

(f) 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 separate 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.

If the self-constructed tangible assets have been completed and are put into used but their cost is not finalised, their historical cost will be recorded at a temporarily estimated value and they shall be adjusted with the difference after the finalised cost are approved.

Other mining assets comprise mine rehabilitation assets.

(ii) Depreciation

Machinery and equipment directly related to production and mining activities

Machinery and equipment ("M&E") which are directly related to mineral processing activities are depreciated on a unit-of-production method. Under this method, the depreciation bases are derived from proved and probable mineral reserves, which are estimates of the volume of ore (in tons) that can be economically and legally extracted from the Company's mining properties, and a portion of mineral resources expected to be converted into reserves. Specifically, the depreciation bases for mining related assets are calculated using:

a. Mineral reserves and the amount of mineral resources expected to be converted into reserves under mining specialist's technical assessments within Nui Phao project area; and

b. Further mineral resources that can be reprocessed from the Company's oxide tails cell ("OTC").

Application of depreciation base to each mining asset class is as follows:

	Depreciation base
M&E relating to only mineral processing activities;	(a)
M&E relating to mineral processing activities, and being used in OTC retreatment	(a) and (b)

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 – 40 years
▪ machinery and equipment	3 – 22 years
▪ office equipment	3 – 10 years
▪ motor vehicles	3 – 25 years
▪ other mining assets	26 years

Construction asset which are completed and put into use before construction costs being finalised, are stated at provisional cost. On the date the construction costs are finalised and approved, provisional cost shall be adjusted to finalised cost and accumulated depreciation shall not be adjusted. The subsequent depreciation charge is determined as the approved value minus the accumulated depreciation made for the period up to the approval of finalisation of fixed asset divided by the remaining depreciation period of the fixed asset according to relevant regulations.

(g) 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. Acquired software costs are amortised on a straight-line basis over three (3) to eight (8) years.

(ii) Mining rights

The mining rights are calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 67/2019/ND-CP dated 31 July 2019 ("Decree 67") which became effective from 15 September 2019, replacing Decree 203/2013/ND/CP dated 28 November 2013. Cost of mining rights was stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible asset. Amortisation of mining rights is computed on a straight-line basis over the economic life of the proved and probable mineral reserve and a portion of resources expected to be converted into reserves.

(h) Construction in progress

Construction in progress mainly represents mineral assets under development and cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises land compensation, mineral reserves, mineral resources and related 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 capitalised net of proceeds from the sale of commissioning products during the development phase. On completion of construction defined as the time when the assets are brought into the condition of its intended use, 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 costs".

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

(i) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing laws and regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the separate statement of income on a straight-line basis over the term of the leases from 35 to 50 years.

(ii) Land compensation costs

Land compensation costs comprise prepaid land lease rentals, compensation, resettlement, and other costs incurred in conjunction with securing the use of leased land for its mining activities. These costs are recognised in the separate statement of income on a straight-line basis over the term of the related lease contracts.

(iii) Other mining costs

Other mining costs comprise:

- Exploration, evaluation, and development expenditure (including development stripping); and
- 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 recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.

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 Company;

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 inventory and long-term prepaid expenses in accordance with the life of mine strip ratio of the identified components of the ore bodies.

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of mine of the identified components of the ore bodies. These costs are recognised as long-term prepaid expenses where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortised systematically based on the mineral reserves and mineral resources expected to be converted to mineral reserves of the relevant components as disclosed in Note 3(f)(ii)a.

(iv) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that the Company would not have incurred if the contract had not been obtained. The Company shall capitalize incremental costs of obtaining a contract if such costs meet the following criteria:

- Only the incremental costs incurred as a result of obtaining a contract should be capitalized;
- The cost must be recoverable.

The recognised asset shall be amortised on a systematic basis consistent with the transfer of the goods or services to the customer to which the asset relates.

(v) Other prepaid expenses

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

(j) Accounts payable and other payables

Accounts payable to suppliers and other payables are stated at their cost.

(k) Business cooperation contract

Business Cooperation Contracts ("BCC") are those under which contracting parties agree to carry out specific business activities that do not require an establishment of legal entity. The Company account for each BCC according to their substance and their rights and obligations under the contract. Where the Company receives contributions in the form of financial assets from the other parties and as a result assuming a contractual obligation to deliver cash or other financial assets to those parties under the BCC, the Company recognises a financial liability. Where distributions of profits to the other BCC parties have the substance of finance costs, they are recognised as financial expenses based on the rate of returns as agreed by contracting parties. Distributions which are contingent on the ultimate operating results of the BCC are recognised as an expense when such contingent distributions become probable.

(l) Provisions

A provision is recognised if, as a result of a past event, 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.

(i) Mining rights

In accordance with the Law on Minerals 2010, the Company has an obligation to pay the government fees for mining rights grant. Mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty, which is Decree 67, at the time of determining the charge for granting mining rights officially.

The prices to calculate the resource royalty is the price applicable for the Company's industrial products which is determined by the provincial People's Committee. The conversion method is based on various parameters of the conversion coefficient under guidelines of Decree 67.

(ii) Mine rehabilitation

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling and site and land rehabilitation. The extent of work required, and the associated costs are dependent on the requirements of Ministry of Natural Resources and Environment ("MONRE") and the Company's environmental policies based on the Environment Impact Report.

Provisions for the cost of each closure and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation proportional to the degree of influence on the environment existing at the end of the accounting period.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting dates and the cost is charged to the separate statement of income. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent on the life of the mine. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset if the related obligations for closure and rehabilitation are unavoidable to the construction of the asset. 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 will also be adjusted for changes in estimates. These adjustments will be 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 separate statement of income. Changes to the capitalised cost result in an adjustment to future depreciation. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

(m) Bonds issued

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

(n) Contributed capital

Contributed capital is recognised on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(o) Taxation

Income tax on the profit or loss for the period 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 period, using tax rates enacted at the end of the accounting period, 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 the tax rates enacted or substantively enacted at end of the accounting period. Deferred tax is recognised in the statement of income except to the extent relating to items recognised directly in equity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference 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) Revenue

Goods sold

Revenue from the sale of goods is recognised in the statement of income when 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. Revenue on sales of goods is recognised at the net amount after deducting sales discounts.

For sales of minerals, the sales price is usually determined on a provisional basis at the date of 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 to 180 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.

(q) Financial income and financial expenses

(i) 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.

Income from distributed profits from a subsidiary is recognized when the right to receive profit distribution is established. Distributed profits received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings, bonds, facility fees, financing costs, transaction costs and foreign exchange losses.

(r) Leases

(i) Leased assets

Leases in terms of which the Company, as lessee, 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 shorter of the lease term and the estimated useful lives of the leased assets unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(f)(ii).

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet.

(ii) Lease payments

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

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(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.

(t) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or to 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. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party. Related parties that are individuals refer to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company. Related companies refer to the investors and their ultimate parent companies and their subsidiaries and associates.

(u) Comparative information

Comparative information in these separate interim financial statements is presented as corresponding figures. Under this method, comparative information for the prior period is included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current period. Accordingly, the comparative information included in these separate financial statements is not intended to present the Company's unconsolidated financial position, unconsolidated results of operation or unconsolidated cash flows for the prior period.

4. Seasonality of operations

The Company do not have any seasonal operations which may affect the Company's operating results for the six-month period ended 30 June 2022.

5. Changes in accounting estimates

In preparing these separate interim financial statements, the management has made several accounting estimates. Actual results may differ from these estimates. There was no significant change in the accounting estimates made at the end of the previous annual accounting period.

6. Unusual items

The Company do not have any unusual items which may affect the Company's separate interim financial statements for the six-month period ended 30 June 2022.

7. Changes in the composition of the Company

There was no change in the Company's structure for the six-month period ended 30 June 2022.

8. Cash and cash equivalents

	30/6/2022 VND'000	1/1/2022 VND'000
Cash on hand	123,732	197,262
Cash in banks	194,198,345	33,102,415
Cash equivalents	80,000,000	-
	274,322,077	33,299,677

9. Financial investments

(a) Held-to-maturity investments

	30/6/2022 VND'000	1/1/2022 VND'000
Held-to-maturity investments - short-term		
Term deposit	8,110,000	7,400,000

As at 30 June 2022, held-to-maturity investments include bank deposits denominated in VND with original terms of 12 months and bore interest rate of 4.9% per annum (1/1/2022: 6.5% to 6.8% per annum).

(b) Investment in a subsidiary

	30/6/2022 VND'000	1/1/2022 VND'000
Investment in a subsidiary		
Masan Tungsten Limited Liability Company ("MTC") (*)	3,458,093,500	3,458,093,500

(*) The Company has not determined the fair value of the investments for disclosure in the financial statements because there were no quoted market prices for the investment. There is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of the investments may differ from their costs.

10. Accounts receivable from customers

Accounts receivable from customers detailed by significant customers

	30/6/2022 VND'000	1/1/2022 VND'000
Related companies		
Masan Tungsten Limited Liability Company ("MTC") – a subsidiary	395,344,448	584,097,003
H.C. Starck Canada Inc. – a subsidiary of MTC	42,748,488	285,322,068
H.C. Starck Tungsten GmbH – a subsidiary of MTC	-	112,683,916
Other parties		
Fluorspar customers	533,256,670	217,890,096
Copper customers	-	112,652,650
Bismuth customers	108,883,976	174,109,673
Other customers	1,626,122	1,685,883
	1,081,859,704	1,488,441,289

The trade related amounts due from the related companies are unsecured, interest-free and are receivable on demand.

11. Loans receivables – short-term

	30/6/2022 VND'000	1/1/2022 VND'000
Loans receivable from a subsidiary	17,000,000	17,000,000

Loans receivables – short-term from a subsidiary are unsecured, receivable in 12 months after each drawn down date and have the interest rate agreed in the agreements at the transaction dates.

12. Other short-term and long-term receivables

	30/6/2022 VND'000	1/1/2022 VND'000
Other short-term receivables		
Amounts due from an intermediate parent company		
Non-trade amounts (a)	10,294,685	10,294,685
Charge back costs to develop ERP systems	7,398,595	22,011,726
Amounts due from a subsidiary		
Non-trade amounts (a)	52,154,549	92,342,140
Interest receivables	1,290,882	599,611
Other	693,000	693,000
Other receivables from other parties		
Receivable for mining rights fee (b)	241,979,433	241,979,433
Receivable for insurance claim (c)	13,001,301	74,794,500
Interest receivables	245,198	893,017
Others	75,552,340	85,260,204
	402,609,983	528,868,316
Other long-term receivables		
Land compensation receivable from Thai Nguyen People's Committee (d)	1,230,754,171	1,230,754,171
Deposit paid to Environment Protection Fund (e)	78,049,195	69,638,018
Others	562,828	562,828
	1,309,366,194	1,300,955,017

(a) Non-trade receivables represent amount paid on behalf of an intermediate parent company and a subsidiary, which are interest free, unsecured and receivable based on agreed payment terms.

(b) Receivable for mining rights fee ("MRF") represents additional mining rights fee of the Company for the year 2018 and 2019 and relevant administrative charges that the Company paid to the authorities based on temporary calculation by the General Department of Geology and Minerals ("GDGM") under the Official Letter No.3724/DCKS-KTDCKS dated 28 December 2018 ("the Official Letter 3724").

The Company does not agree with the amount and basis of the Official Letter 3724 as the Company's management is of the opinion that it is unreasonable and does not comply with current regulations because the price used to calculate the charge for granting mining rights (or mining right fee) ("G-price") under this letter is based on the royalty taxable prices for mineral resource products. In accordance with regulations of the Government's Decree No. 12/2015/ND-CP dated 12 February 2015 and guidance of the Ministry of Finance's Circular No. 152/2015/TT-BTC dated 2 October 2015 on Royalties, if resources that have to be processed before being sold, taxable price equals selling price of the industrial products minus processing cost but not lower than the taxable price imposed by the People's Committee of the province. The Company's products are industrial products, for which the taxable price for resource royalty is determined on the basis of the higher of selling

price minus (-) processing cost and the taxable price imposed by the Provincial People's Committee. GDGM did not use the taxable price for mineral resource products applied for industrial products, instead they used the taxable price applied for tungsten ore (0.1%< WO3<0.3%).

The Company has made payment for MRF in accordance with Decision 500/QD-BTNMT ("Decision 500") issued by the Ministry of Natural Resources and Environment ("MONRE") on 4 March 2015, which used estimated taxable price for resource royalty for industrial products.

The Company has also sent letters to different levels of authorities to highlight the issues and sought for proper resolutions of the Company's MRF. In 2021, as instructed by the Prime Minister under letter 978/VPCP-KTTH dated 8 February 2021 and letter 5987/VPCP-KTTH dated 28 August 2021, the case is under review by MOF, MONRE, Thai Nguyen PPC and Thai Nguyen Department of Finance, subject to report to the Prime Minister and National Assembly Committee on Economy. By reporting date, MONRE and Thai Nguyen PPC are still working together to determine the taxable price applied to the Company's industrial products.

On 23 August 2021, MONRE has issued Decision 1640/QD/BTNMT ("Decision 1640") to determine the MRF of Nui Phao Mine, replacing the temporary MRF calculation in Decision 500 and Official Letter 3724 despite that the taxable price applicable to the Company's industrial products has not yet been determined. In issuing this Decision 1640, MONRE continued using the taxable price for mineral resource products applied to tungsten ore (0.1%<WO3<0.3%), instead of taxable price applied to industrial products. This issue was highlighted by the Company before. According to Decree 67, Article 15 Point 3, in case MRF is paid on a temporary basis, if the prices for calculating resource royalties announced by provincial People's Committees are valid and compliant with regulations on prices of minerals for determining mining right fee, those prices shall be officially applied and replace the prices used in the previous temporary payments. The management assessed that, because the taxable prices applicable to the Company's industrial products have not yet been determined by MONRE and Thai Nguyen PPC, the G-price that serves as the basis for computation of MRF under Decision 1640 is not in accordance with the prevailing laws and regulations.

As such, after the issuance of Decision 1640, the Company submitted several petition letters to the Prime Minister and MONRE to request for delaying the implementation of Decision 1640 and determining the MRF price.

Management believes that it had adequately provided for its liabilities for MRF and that above amount paid is entitled to be refunded of off-set against future MRF liabilities, based on its interpretation of relevant legislation, including regulations on the charge for granting mining rights and regulations on natural resources tax, i.e., using the royalty taxable price to calculate MRF according to Decision 500. Accordingly, the Company accounted for the additional MRF payments in 2019 as other receivables and has not recognised the additional MRF stated in Decision 1640 as liabilities. The Company's management expects that it will be able to claim back this receivable when the taxable price applicable to the Company's industrial products is officially determined.

(c) This amount represents claim due from insurers for loss of profit arising from business interruption of the Company from July to October 2021. The amount of claim was finalized by the lead insurers and was also partially received in 2022.

(d) These represented 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 can be netted off against annual land rental fee of future years.

(e) The Company has obligation to deposit to Environment Protection Fund for mine closure and environment rehabilitation. In accordance with Decision 1536/QD-BTMMT issued by MONRE dated on 20 June 2019, the mine rehabilitation plan requires deposit amount to be increased to VND123,460 million. On this date, the remaining deposit of VND87,692 million are approved for annual instalment over 10 years from 2019. The future deposit instalment will be based on the annual CPI fluctuation in accordance with Circular 38/2015/TT-BTNMT dated 30 June 2015.

13. Inventories

	30/6/2022		1/1/2022	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	27,297,145	-	66,972,063	-
Raw materials	108,737,471	-	71,656,074	-
Tools and supplies	500,520,676	-	486,920,047	-
Work in progress	11,978,598	-	10,658,715	-
Finished goods	1,825,201,977	-	1,609,875,982	-
	2,473,735,867	-	2,246,082,881	-

14. Tangible fixed assets

	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	5,031,527,542	11,092,790,190	37,610,500	22,705,501	89,121,554	16,273,755,287
Other movements	(10,969,326)	-	-	-	-	(10,969,326)
Closing balance	5,020,558,216	11,092,790,190	37,610,500	22,705,501	89,121,554	16,262,785,961
Accumulated depreciation						
Opening balance	1,491,920,528	4,388,943,090	35,632,175	16,709,810	17,510,744	5,950,716,347
Charge for the period	123,962,228	245,022,597	377,229	1,042,845	1,901,172	372,306,071
Closing balance	1,615,882,756	4,633,965,687	36,009,404	17,752,655	19,411,916	6,323,022,418
Net book value						
Opening balance	3,539,607,014	6,703,847,100	1,978,325	5,995,691	71,610,810	10,323,038,940
Closing balance	3,404,675,460	6,458,824,503	1,601,096	4,952,846	69,709,638	9,939,763,543

Included in the cost of tangible fixed assets of the Company were assets costing VND92 billion which were fully depreciated as at 30 June 2022 (1/1/2022: VND80 billion), but which are still in active use.

At 30 June 2022, tangible fixed assets of the Company with carrying value of VND9,940 billion were pledged with banks as security for long-term bonds issued by the Company (1/1/2022: VND10,323 billion) (Note 23(b)).

15. Intangible fixed assets

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening and closing balances	107,808,687	792,655,211	900,463,898
Accumulated amortization			
Opening balance	93,869,665	235,734,417	329,604,082
Charge for the period	3,930,680	23,531,866	27,462,546
Closing balance	97,800,345	259,266,283	357,066,628
Net book value			
Opening balance	13,939,022	556,920,794	570,859,816
Closing balance	10,008,342	533,388,928	543,397,270

Included in intangible fixed asset of the Company were assets costing VND70 billion which were fully amortised as at 30 June 2022 (1/1/2022: VND12 billion), but which are still in use.

At 30 June 2022, intangible fixed assets of the Company with carrying value of VND543 billion were pledged with banks as security for long-term bonds issued by the Company (1/1/2022: VND571 billion) (Note 23(b)).

16. Construction in progress

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Opening balance	1,010,929,090	1,249,744,128
Additions during the period	364,048,601	256,343,475
Transfer to tangible fixed assets	-	(23,876,611)
Other movements	10,969,326	-
Closing balance	1,385,947,017	1,482,210,992

During the period, borrowing costs capitalised into construction in progress of the Company amounted to VND19 billion (six-month period ended 30/6/2021: VND12 billion).

As at the reporting date, construction in progress of the Company, which mainly represented land compensation, mine and plant development costs and other construction cost and other capitalized costs pertaining to tailing dams have been pledged with banks as security for long-term bonds issued by the Company (Note 23(b)).

Major constructions in progress were as follows:

	30/6/2022 VND'000	1/1/2022 VND'000
Land compensation	359,728,738	337,970,015
Site clearance, relocation infrastructure and others	200,792,960	194,478,207
Plant, machinery, and equipment	739,917,859	477,823,887
Tailing dams	73,867,395	-
Other assets	11,640,065	656,981
	1,385,947,017	1,010,929,090

17. Long-term prepaid expenses

	Prepaid land cost and land compensation costs VND'000	Other mining costs VND'000	Incremental costs of obtaining contract (*) VND'000	Others VND'000	Total VND'000
Opening balance	1,379,226,941	1,666,307,883	157,032,274	257,729,382	3,460,296,480
Additions	-	131,457,526	-	10,395,882	141,853,408
Amortisation for the period	(40,662,447)	(86,429,629)	(12,285,847)	(41,018,762)	(180,396,685)
Closing balance	1,338,564,494	1,711,335,780	144,746,427	227,106,502	3,421,753,203

(*) In September 2020, the Company incurred costs to terminate its long-term offtake agreement with an existing customer in order to obtain a more favourable contract with another customer. This cost is incremental costs of obtaining contract, thus was capitalised and amortised on a systematic basis consistent with the transfer of the goods under the new contract.

18. Deferred tax liabilities

Deferred tax (assets) and liabilities were recognised for following items:

	Tax rate	30/6/2022 VND'000	1/1/2022 VND'000
Temporary differences from depreciation	7.5%-20%	42,349,379	26,775,596
Temporary differences from Long-term prepayment	7.5%-20%	22,069,988	22,416,520
Temporary differences from Bill and hold sales	7.5%	13,152,048	8,394,854
Unrealized foreign exchange loss	7.5%	331,836	367,343
Accruals and provisions	7.5%-20%	(13,119,790)	(18,288,974)
Tax losses carry-forwards	7.5%	(13,232,046)	(5,755,305)
Total deferred tax liabilities		51,551,415	33,910,034

19. Accounts payable to suppliers

Accounts payable to suppliers detailed by significant suppliers

	Cost and amount within payment capacity (*)	
	30/6/2022 VND'000	1/1/2022 VND'000
Related company		
A subsidiary	587,497,070	602,693,350
Other parties		
Mining contractor	105,836,538	79,113,396
Other suppliers	397,751,196	260,249,552
	1,091,084,804	942,056,298

The trade related amounts due to the related company were unsecured, interest free and payable on demand.

(*) Refer to Note 2(c) for information about the going concern conditions which may impact payment capacity.

20. Taxes payable to State Treasury

	1/1/2022 VND'000	Incurred VND'000	Paid/Offset VND'000	30/6/2022 VND'000
Value added tax	-	129,639,674	(129,639,674)	-
Import/export tax	-	100,342,521	(100,342,521)	-
Environment protection tax	-	22,958,925	(22,958,925)	-
Personal income tax	9,076,216	81,500,692	(82,577,329)	7,999,579
Natural resource taxes	-	307,893,205	(307,893,205)	-
Other taxes	4,329,563	11,576,467	(13,501,589)	2,404,441
	13,405,779	653,911,484	(656,913,243)	10,404,020

21. Accrued expenses

	30/6/2022 VND'000	1/1/2022 VND'000
Operating costs	405,230,017	349,178,144
Accrued interest payable	158,663,059	161,544,528
Natural resource taxes and fees	74,000,736	159,686,751
Bonus	24,434,077	103,800,798
Accruals for construction work	25,720,892	3,913,610
Other financing costs	919,329	919,329
	688,968,110	779,043,160

22. Other short-term and long-term payables

Other payables included the following amounts:

	30/6/2022 VND'000	1/1/2022 VND'000
Short-term		
Amounts due to the ultimate parent company		
Financial expenses – short-term	-	9,781,016
Amounts due to an intermediate parent company		
Share of profit from Business Cooperation Contract (a)	35,309,176	39,840,942
Bond fee back charge	22,799,957	22,799,957
Other parties		
Usance LC payable at sight (UPAS LC) – short-term (b)	220,379,134	-
Other payables – short-term	902,125	353,221
	279,390,392	72,775,136
Long-term		
Amounts due to an intermediate parent company		
Business Cooperation Contract (c)	2,000,000,000	2,000,000,000

(a) The share of profit from Business Cooperation Contract payable to an intermediate parent company was unsecured, interest-free and payable based on agreed terms.

(b) Amounts due to local banks that issued UPAS LC to the Company. The outstanding balances bear fixed rates over the deferred payment period from 6 to 9 months and a portion of the balance was secured by 60 million shares of the intermediate parent company held by the related company (Note 23(a)).

Movement of these UPAS LC during the period are as follow:

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Opening balance	-	-
Addition	220,379,134	-
Closing balance	220,379,134	-

(c) These represent contributions from an intermediate parent company under Business Cooperation Contracts ("BCCs") dated 21 September 2018 and amended several times thereafter according to which this intermediate parent company used the bond proceeds of VND1,000 billion, VND500 billion and VND500 billion respectively for business cooperation activities with the Company. The BCCs have cooperation terms of sixty (60) months from the payment date of last contribution (i.e VND500 billion) on 28 May 2019.

23. Borrowings and bonds

(a) Short-term borrowings and bonds

	1/1/2022 Carrying amount and amount within repayment capacity VND'000	Movements during the period				30/6/2022 Carrying amount and amount within repayment capacity VND'000
		Additions VND'000	Payments VND'000	Bond fee amortization VND'000	Unrealised foreign exchange differences VND'000	
Short-term borrowings	2,415,530,475	1,750,328,403	(1,722,824,656)	-	7,532,779	2,450,567,001
Current portion of long-term bonds (Note 23(b))	998,462,787	2,584,400,000	(500,000,000)	3,846,151	-	3,086,708,938
	3,413,993,262	4,334,728,403	(2,222,824,656)	3,846,151	7,532,779	5,537,275,939

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

	Currency	30/6/2022 Annual interest %	30/6/2022 VND'000	1/1/2022 Annual interest %	1/1/2022 VND'000
Secured bank loan (*) (**)	VND	4.10 - 8.87%	916,079,270	3.34 - 4.07%	908,780,000
Secured bank loan (*)	VND	6.20 - 7.30%	837,526,815	6.20 - 7.30%	966,211,032
Secured bank loan (*)	VND	5.80 - 9.00%	16,904,739	7.20 - 7.25%	8,895,279
Secured bank loan (*) (**)	USD	3.92 - 4.20%	361,652,859	3.34 - 4.46%	349,968,164
Secured bank loan (*)	USD	4.50 - 4.70%	50,730,812	-	-
Secured bank loan (*)	USD	5.00 - 5.10%	70,432,506	-	-
Unsecured loan from related party	VND	5.00%	197,240,000	7.00%	181,676,000
			2,450,567,001		2,415,530,475

(*) As at 30 June 2022, these short-term loans are secured by the following collaterals:
- part of short-term receivables of the Company; and/or
- a number of shares issued by the intermediate parent company held by a related company.

(**) These are loans from local bank which is an associate company of the ultimate parent company.

(b) Long-term bonds

	30/6/2022 VND'000	1/1/2022 VND'000
Long-term bonds issued	7,274,334,212	7,259,604,697
Repayable within twelve months (Note 23(a))	(3,086,708,938)	(998,462,787)
Repayable after twelve months	4,187,625,274	6,261,141,910

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

		Year of maturity	30/6/2022 VND'000	1/1/2022 VND'000
Secured bond issued (*)	(i)	2023	1,592,000,000	1,587,200,000
Secured bond issued (*)	(i)	2023	997,333,333	996,000,000
Secured bond issued (*)	(i)	2023	996,949,489	995,541,563
Secured bond issued (*)	(i)	2023	995,000,000	992,000,000
Secured bond issued (*)	(i)	2023	695,800,000	693,700,000
Secured bond issued	(i)	2027	500,000,000	-
Secured bond issued (*)	(i)	2023	499,089,762	498,669,652
Secured bond issued (*)	(i)	2024	498,452,690	498,030,696
Secured bond issued (*)	(i)	2022	209,857,193	209,571,578
Secured bond issued (*)	(i)	2022	189,902,867	189,611,468
Secured bond issued (*)	(i)	2022	99,948,878	99,795,510
Secured bond issued (*)	(i)	2022	-	299,718,671
Secured bond issued (*)	(i)	2022	-	199,765,559
			7,274,334,212	7,259,604,697

(i) These are non-convertible bonds issued by the Company, which have interest rate to be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.1% to 3.3%.

As at 30 June 2022, these VND denominated non-convertible bonds are secured by the following collaterals:

- a part of certain long-term assets of the Company (Note 14, Note 15 and Note 16); and/or
- a number of shares issued by the intermediate parent company owed by a related company; and/or
- guaranteed by the ultimate parent company.

These secured bonds were reported net of bond arrangement fees.

(*) The representatives of the bondholders of bonds in above disclosed notes above are the ultimate parent company's associate.

24. Provisions – long-term

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

	Mine rehabilitation VND'000	Mining rights VND'000	Total VND'000
Opening balance	108,699,880	533,118,494	641,818,374
Provisions made during the period	2,565,317	5,174,676	7,739,993
Provisions used during the period	-	(73,145,651)	(73,145,651)
Closing balance	111,265,197	465,147,519	576,412,716

25. Changes in equity

	Contributed capital VND'000	Retained profits/ (accumulated losses) after tax VND'000	Total equity VND'000
Balance at 1 January 2021	10,792,915,155	139,322,361	10,932,237,516
Net loss for the period	-	(236,554,894)	(236,554,894)
Balance at 30 June 2021	10,792,915,155	(97,232,533)	10,695,682,622
Balance at 1 January 2022	10,792,915,155	(103,013,496)	10,689,901,659
Net loss for the period	-	(285,801,885)	(285,801,885)
Balance at 30 June 2022	10,792,915,155	(388,815,381)	10,404,099,774

26. Contributed capital

The Company's authorised and contributed legal capital are:

	Authorised and contributed 30/6/2022 and 1/1/2022	
	VND'000	%
Thai Nguyen Trading and Investment Co., Ltd ("TNTI")	2,158,583,031	20%
Masan Thai Nguyen Resources Co., Ltd ("MRTN")	8,634,332,124	80%
	10,792,915,155	100%

Thai Nguyen Trading and Investment Co., Ltd and Masan Thai Nguyen Resources Co., Ltd are both incorporated in the Socialist Republic of Vietnam. The ultimate parent company, Masan Group Corporation, is also incorporated in the Socialist Republic of Vietnam.

27. Off balance sheet items

(a) Lease

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

	30/6/2022 VND'000	1/1/2022 VND'000
Within one year	10,954,864	11,961,622
Within two to five years	9,785,849	14,864,212
	20,740,713	26,825,834

(b) Foreign currencies

	30/6/2022		1/1/2022	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	5,807,561	134,346,296	967,424	21,912,133

(c) Bad debts written off

	30/6/2022 VND'000	1/1/2022 VND'000
Bad debts written off	16,216,387	16,216,387

(d) Capital expenditure commitments

As at the balance sheet date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	30/6/2022 VND'000	1/1/2022 VND'000
Approved but not contracted	3,171,092,210	3,054,019,543
Approved and contracted	376,989,424	40,338,813
	3,548,081,634	3,094,358,356

28. Revenue from sales of goods and provision of services

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

29. Financial income

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Interest income from deposits and loans	1,110,520	21,195,249
Foreign exchange gains	31,817,775	24,342,656
	32,928,295	45,537,905

30. Financial expenses

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Interest expense	367,890,627	391,058,345
Financial expense under BCC	93,298,699	91,603,443
Borrowing fees	32,447,578	32,173,997
Foreign exchange losses	11,994,418	8,629,546
Others	11,075,460	24,415,492
	516,706,782	547,880,823

31. Selling expenses

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Freight charges	51,300,280	42,056,621
Outside services	16,038,141	17,795,877
Salary expenses	2,340,994	1,601,363
Others	30,203	2,831,052
	69,709,618	64,284,913

32. General and administration expenses

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Outside services	20,405,894	40,320,807
Depreciation expenses	2,721,613	4,935,129
Salary expenses	29,791,952	10,542,978
Others	28,272,705	616,413
	81,192,164	56,415,327

33. Other income

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Income from amount charged to a subsidiary	71,074,606	73,456,103
Income from scrap sales	6,203,550	-
Insurance claims	40,349,530	-
Others	477,623	9,000
	118,105,309	73,465,103

34. Other expenses

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Expense incurred in relation to amount charged to a subsidiary	71,074,606	73,456,103
Others	6,148	12,000
	71,080,754	73,468,103

35. Income tax

(a) Recognised in the separate statement of income

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Current tax expense		
Current period	-	-
Deferred tax expense		
Origination and reversal of temporary differences	17,641,380	-
Income tax expense	17,641,380	-

(b) Reconciliation of effective tax rate

	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Accounting loss before tax	(268,160,505)	(236,554,894)
Tax at the Company's tax rate	(40,224,076)	(35,483,234)
Non-deductible expenses	2,459,264	9,892
Effect of different tax rate applied to other income	10,659,885	1,683,757
Tax losses utilised	-	(2,118,397)
Changes in temporary differences	44,746,307	35,907,982
	17,641,380	-

(c) Applicable tax rates

Under the terms of its Investment Certificate the Company has an obligation to pay the government income tax rate at the rate of 15% of taxable profits from mining and processing activities for mineral products other than gold for 12 years from the date of commencement of commercial production (2014-2025) and at the standard income tax rate in line with the Investment Certificate and prevailing tax regulations thereafter. The applicable tax regulations allow the Company to be exempt from income tax for 3 years starting from the first year it generates a taxable profit (2014-2016) and entitled to a 50% reduction in income tax for the 8 succeeding years (2017-2024). All of the above tax exemption and reduction are not applicable to other income which is taxed at the standard income tax rate applicable to enterprises before any incentives of 20%.

(d) Tax contingencies

The Vietnamese tax laws and their application are 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 for the Company. 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 different interpretations.

36. Significant transactions with related parties

In addition to related party balances and transactions disclosed in other notes to these separate financial statements, the Company had the following significant transactions with related parties during the period.

(a) Related party balances

As at and for the six-month period ended 30 June 2022, the Company have current deposit accounts, term deposit accounts and agency transactions at Vietnam Technological and Commercial Joint Stock Bank ("TCB") at normal commercial terms.

As at 30 June 2022, associates and subsidiaries of the ultimate parent company, and the ultimate parent company held VND630,822 million (1/1/2022: VND290,644 million) of the issued bonds.

(b) Related party transactions

Related party	Nature of transactions	From 1/1/2022 to 30/6/2022 VND'000	From 1/1/2021 to 30/6/2021 VND'000
Ultimate parent company			
Masan Group Corporation	Borrowings received	197,240,000	241,676,000
	Borrowings paid	181,676,000	60,000,000
	Interest expense	5,783,767	3,439,134
	Loan collected	-	1,143,479,452
	Interest income from loan granted	-	4,270,122
Intermediary parent company			
Masan High-Tech Materials Corporation	Shared profit from BCC	93,298,699	91,603,443
Ultimate parent company's subsidiaries			
Masan Consumer Corporation	Purchase of goods	938,799	819,538
	Purchase of services	605,753	605,753
Ultimate parent company's associate			
TCB and its subsidiaries	Interest expense and borrowing fees	30,417,784	29,987,434
	Borrowings received	972,723,930	675,334,825
	Repayment of borrowing principal	960,795,429	598,433,726
	Bond repayment	500,000,000	-
Subsidiary			
Masan Tungsten Limited Liability Company	Sale of Tungsten concentrate	912,152,958	944,350,415
	Purchase of merchandise	1,883,704	3,053,619
	Income from amount charge	71,074,606	73,456,103
	Interest income from loan granted	691,271	16,267,003
H.C. Starck Tungsten GmBH	Sale of Tungsten concentrate	-	524,309,486
Key management personnel			
General Director	Salary, bonus, and other benefit (i)	11,568,310	11,170,948

(i) No board fees were paid to Members' Council members for the six-month period ended 30 June 2022 and 30 June 2021.

37. Contingent liabilities

As disclosed in Note 12(b), on 23 August 2021, MONRE has issued Decision 1640/QD/BTNMT ("Decision 1640") to determine the MRF of Nui Phao Mine, replacing the temporary MRF calculation in Decision 500 and Official Letter 3724 despite that the taxable price applicable to the Company's industrial products has not yet been determined. In issuing this Decision 1640, MONRE continued using the taxable price for mineral resource products applicable to tungsten ore (0.1%< WO3<0.3%) instead of the taxable price applicable to industrial products, an issue which had been highlighted by the Company before. The official G-price according to Decision 1640 is VND1,831,085 per ton whereas the temporary G-price according to Decision 500 is VND775,026 per ton. Accordingly, the additional MRF due to different G-price being used for calculation of MRF during the period from 2015 to 2021 is VND394.5 billion.

After the issuance of Decision 1640, the Company submitted several petition letters to the Prime Minister, MONRE to request for delaying the implementation of Decision 1640 and determining the MRF price, which is applicable to the Company's industrial products.

On 6 October 2021, the Company received Notification on payment of MRF issued by the Thai Nguyen Tax Department ("TNTD") to inform the MRF following Decision 1640. On 8 December 2021, TNTD issued Official Letter No 4883/CTTNG-QLN requesting the Company to make payment of MRF of VND125.8 billion equivalent to the shortage of MRF payment for the period from 2018 to 2021, together with interest on late payment of VND4.1 billion.

Management believes that it had adequately provided for its liabilities for MRF based on its interpretation of relevant legislation relating to mining rights and natural resources tax. The Company's management has, therefore, also sent letters to different level of authorities to highlight the issues and seek for proper resolutions of the Company's MRF issue.

In 2021, as instructed by the Prime Minister under letter 978/VPCP-KTTH dated 8 February 2021 and letter 5987/VPCP-KTTH dated 28 August 2021, the case is under review by MOF, MONRE, Thai Nguyen PPC and Thai Nguyen Department of Finance ("TN DOF"), subject to report to the Prime Minster and National Assembly Committee on Economy. By the date of these separate interim financial statements, MONRE, Thai Nguyen PPC and other authorities are working together to determine the taxable price applied to the Company's industrial products. In 2022, TN DOF is nominating competent independent party to determine selling and processing fee of the Company's industrial products. Thai Nguyen Department of Industrial and Trade ("TN DOIT") and National Institute of Mining – Metallurgy Science and Technology are preparing outline and budget for the calculation.

The management assessed that because the taxable price applicable to the Company's industrial products has not yet been determined by MONRE and Thai Nguyen PPC, the G price which serves as the basis for computation of MRF under Decision 1640 is not in accordance with the prevailing laws and regulations. It, therefore, believes that once the taxable price applicable to its industrial products are determined, the official MRF for Nui Phao mine from 2015 onwards will be determined, replacing MRF as stated in Decision 1640.

The ultimate outcome of this matter is presently not determined and may be subject to the determination of the applicable G-price for the Company's industrial products and whether MONRE agrees to recalculate the MRF in Decision 1640 using that G-price when it is determined. Accordingly, the Company has not recognised the additional MRF as stated in Decision 1640 as liability in the separate interim financial statements. This matter represents an uncertainty that could have a material effect on the separate interim financial statements.

38. Comparative information

Comparative information as at 1 January 2022 were derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2021, and comparative figures in the statement of income and statement of cash flows were derived from the Company's separate interim financial statements for the six-month period ended 30 June 2021.

25 August 2022

Prepared by:	Reviewed by:	Approved by:
Nguyen Thi Thanh Mai	Nguyen Huy Tuan	Craig Richard Bradshaw
Chief Accountant	*Acting Chief Financial Officer*	*General Director*