

**VIAGOLD CAPITAL LIMITED**  
**(Incorporated in Bermuda with limited liability)**  
**(ARBN: 070 352 500)**

**Interim Financial Report**  
**For the Half -Year Ended 30 September 2017**  
**ASX Appendix 4D**

VIAGOLD CAPITAL LIMITED

INTERIM FINANCIAL REPORT  
FOR THE HALF -YEAR ENDED 30 SEPTEMBER 2017

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# VIAGOLD CAPITAL LIMITED

## Appendix 4D

### Interim Financial Report For The Half-Year Ended 30 September 2017

1. Name of entity:	VIAGOLD CAPITAL LIMITED ("VCL")
ARBN	070 352 500
Half-year ended (reporting period)	30 September 2017
Half-year ended (previous corresponding period)	30 September 2016

#### 2. Results for announcement to the market

*(Amount and percentage change up or down from the previous corresponding period)*

	Six months to 30 September		Change	Change
	2017	2016		
	A\$'000	A\$'000	A\$'000	%
2.1 Revenue from ordinary activities	19,813	17,962	1,851	10%
2.2 Loss from ordinary activities after tax attributable to members	(162)	(733)	571	-78%
2.3 Loss for the reporting period attributable to members	(162)	(770)	608	-79%

#### 2.4 Dividend

	Amount per security	Franked amount per security
Final dividend	Nil	N/A
Interim dividend	Nil	N/A
Previous corresponding period	Nil	N/A
2.5 Record date for determining entitlements to the dividend	Nil	N/A

#### 3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible assets backing per ordinary security	A\$1.02	A\$1.03

#### 4. Dividend

There was no dividend paid during the current period.

#### 5. Details of any dividend or distribution reinvestment plans in operation from and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

## VIAGOLD CAPITAL LIMITED

### Appendix 4D

#### Interim Financial Report For The Half-Year Ended 30 September 2017

##### **6. Details of associates and joint venture entities**

There were no joint venture entity holdings in the current period.

Detail of the associate is as follow:

Name of the associate:	Maoming Jinsheng Minerals Company Limited
Effective percentage holding:	25.5%
Aggregate share of losses:	A\$49,000 (Previous corresponding period: A\$13,000)
Contributions to net losses:	3% (Previous corresponding period: 2%)

##### **7. Basis of preparations**

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual financial report for the year ended 31 March 2017 and any public announcements made by ViaGOLD Capital Limited during the half-year in accordance with the continuous disclosure requirements under the Listing Rules of the Australian Securities Exchange Limited ("ASX").

##### **Compliance Statement**

8. The information provided in this report has been prepared in accordance with the International Financial Reporting Standards which is acceptable to the ASX for foreign reporting entities.
9. The Interim Financial Report of ViaGOLD Capital Limited for the half-year ended 30 September 2017 has been subject to review. A copy of the independent review report to the members of ViaGOLD Capital Limited is attached.

## VIAGOLD CAPITAL LIMITED

### DIRECTORS' REPORT

The Directors present their interim financial report together with the condensed consolidated financial statements of ViaGOLD Capital Limited (the "Company") and its controlled entities (collectively the "Group") for the half-year ended 30 September 2017.

#### DIRECTORS

The Directors of the Company during the period and up to the date of this report were:

##### Executive directors:

Ms. Mulei SHI (Chief Executive Officer)  
Mr. King Choi LEUNG  
Mr. Libin SUN (Resigned on 29 September 2017)  
Mr. Changyuan LIAO (Appointed on 29 September 2017)

##### Non-executive directors:

Dr. Longguang SHI (Chairman)

##### Independent non-executive directors:

Mr. Yan WANG  
Mr. Cong OUYANG (Resigned on 29 September 2017)  
Mr. Fuchuan GUO (Appointed on 29 September 2017)  
Mr. Xunchang HU (Appointed on 10 November 2017)

#### PRINCIPAL ACTIVITIES OF THE GROUP

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in rare earth refining and separation, leasing and capital financing, mineral trading business as well as consultancy and management services to educational institutions.

#### DIVIDEND

The Directors do not recommend the payment of a dividend. No dividend has been declared or paid since the end of the previous financial year.

## VIAGOLD CAPITAL LIMITED

### CONSOLIDATED RESULTS AND REVIEW OF OPERATIONS

Favorable policies have continued to be introduced in China. The Chinese government has allocated more resources to the education sector in general. The main education development goal of the “Thirteenth Five-Year Plan” period includes, among others, enrolling 38.5 million students in institutions of higher education by 2020. The group’s education team has been working diligently. During the period under review, the segment of management and consulting services in education achieved a stable growth in revenue and profit. The education segment recorded revenue of A\$174,000 (2016: A\$158,000) and generated a moderate gross profit of A\$43,000 compared to a recorded profit of A\$8,000 for same period in 2016.

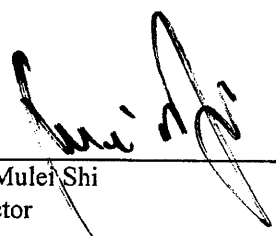
During the review period, the Group worked hard to enhance the sales of refined rare earth and recorded revenue of A\$19,559,000 (2016: A\$17,578,000) and generated a moderate gross profit of A\$254,000 (2016: A\$1,049,000). The increase in marketing expenses and administration expenses contributed to a recorded loss of A\$688,000 as compared to the recorded profit before tax of A\$154,000 in same period of 2016.

For the Leasing and Capital Financing segment, taking the opportunity that all the long term contracts had expired in Nov 2016, May and July 2017 respectively. All the vehicles for rental had been disposed of, and the lessening of maintenance cost together with the gain on disposal of the vehicles contributed to a reduced loss before tax of A\$43,000 compared to a recorded loss of A\$75,000 for same period in 2016. New contract was entered on 7 November 2017 for renting 21 vehicles for 3 years effective from 1 December 2017 and the Group has accordingly purchased 21 new vehicles on 10 November 2017 to sustain the leasing business on a stable status.

As a combined effect of the above, during the period under review, the Group has a combined revenue of A\$19,813,000 (2016: A\$17,962,000), a mild increase of 10.3% and recorded a loss of A\$713,000 (2016: A\$642,000 ).

Looking forward, the Group will continue to enhance the profit of all its business sectors and will continue to adopt and maintain a conservative but proactive investment strategy with a view to optimizing returns for our shareholders.

On behalf of the Board, I would like to express my sincere thanks to all our shareholders, investors, bankers, business associates and clients for their continuing support to the Group, and to my fellow directors and all the dedicated staff members of the VCL Group for their hard work and contribution during the period under review. I would also like to welcome our three new directors Mr. Changyang LIAO (appointed on 29 September 2017), Mr. Fuchuan GUO (appointed on 29 September 2017) and Mr. Xunchang HU (appointed on 10 November 2017) respectively to our Board.



Ms. Mulei Shi  
Director

29 November 2017

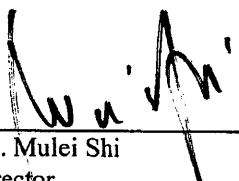
VIAGOLD CAPITAL LIMITED

DIRECTORS' DECLARATION

The Directors of the Company declare that, for the half-year ended 30 September 2017:

1. The attached financial statements and notes thereto as set out on pages 6 to 21:
  - (a) comply with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting"; and
  - (b) give a true and fair view of the Group's financial position as at 30 September 2017 and of its performance for the half-year then ended;
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of and in accordance with a resolution of the Board of Directors.

  
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Ms. Mulei Shi  
Director

29 November 2017

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

		Six months ended 30 September	
	Note	2017	2016
		A\$'000	A\$'000
Turnover	4	19,813	17,962
Cost of services and sales		(19,481)	(16,842)
Gross profit		332	1,120
Other income		188	399
Administrative expenses		(1,471)	(1,271)
Other operating expenses		-	(335)
Share of loss of an associate		(19)	(25)
Finance cost		(31)	(410)
Loss before income tax		(1,001)	(522)
Income tax credit/(expense)	4	288	(120)
Loss for the period		(713)	(642)
Attributable to:			
Equity holders of the Company		(162)	(770)
Non-controlling interests		(551)	128
		(713)	(642)
Loss per share attributable to the equity holders of the Company			
- basic		A\$(0.004)	A\$(0.021)
- diluted		A\$(0.004)	A\$(0.021)

The notes on pages 11 to 21 form an integral part of this condensed consolidated interim financial report.



VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017	2016
	A\$'000	A\$'000
Loss for the period	(713)	(642)
Other comprehensive loss, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(161)	(3,956)
Share of exchange differences of an associate	-	(50)
Total comprehensive loss for the period	<u>(874)</u>	<u>(4,648)</u>
Attributable to:		
Equity holders of the Company	(758)	(1,671)
Non-controlling interests	<u>(116)</u>	<u>(2,977)</u>
	<u>(874)</u>	<u>(4,648)</u>

The notes on pages 11 to 21 form an integral part of this condensed consolidated interim financial report.

# VIAGOLD CAPITAL LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Investment property	5	518	525
- Property, plant and equipment	5	7,704	8,265
Land use rights	7	4,162	4,206
Interests in an associate		452	465
Goodwill	8	2,778	2,778
Available-for-sale financial assets	9	2,106	1,614
		<u>17,720</u>	<u>17,853</u>
<b>Current assets</b>			
Inventories	10	61,739	65,005
Trade and other receivables and prepayments	11	24,617	19,988
Pledged bank deposits	12	860	562
Cash and cash equivalents		1,131	1,374
		<u>88,347</u>	<u>86,929</u>
<b>Total assets</b>		<u><u>106,067</u></u>	<u><u>104,782</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	13	8,031	8,031
Reserves		7,658	8,416
		<u>15,689</u>	<u>16,447</u>
Non-controlling interests		32,227	32,343
<b>Total equity</b>		<u><u>47,916</u></u>	<u><u>48,790</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	<u>11,099</u>	<u>11,578</u>
<b>Current liabilities</b>			
Trade and other payables	16	45,097	44,383
Tax payable		36	31
Bank loan	15	<u>1,919</u>	<u>-</u>
		<u>47,052</u>	<u>44,414</u>
<b>Total equity and liabilities</b>		<u><u>106,067</u></u>	<u><u>104,782</u></u>

The notes on pages 11 to 21 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	Attributable to equity holders of the Company									
	Reserves									
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant Reserve A\$'000	Share-based compensation reserve A\$'000	Accumulated losses A\$'000	Total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April 2016	6,231	29,315	(28,348)	47,645	1,440	2,949	(58,165)	1,067	510	1,577
Total comprehensive loss	-	-	(901)	-	-	-	(770)	(1,671)	(2,977)	(4,648)
	6,231	29,315	(29,249)	47,645	1,440	2,949	(58,935)	(604)	(2,467)	(3,071)
Transactions with owners in their capacity										
- issuance by new shares	1,800	14,130	-	-	-	-	-	15,930	-	15,930
- increase in non-controlling interests as a result of acquisition	-	-	-	-	-	-	-	-	35,608	35,608
As at 30 September 2016	8,031	43,445	(29,249)	47,645	1,440	2,949	(58,935)	15,326	33,141	48,467

	Attributable to equity holders of the Company									
	Reserves									
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant Reserve A\$'000	Share-based compensation reserve A\$'000	Accumulated losses A\$'000	Total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April, 2017	8,031	43,445	(27,786)	47,645	1,440	2,949	(59,277)	16,447	32,343	48,790
Total comprehensive loss	-	-	(596)	-	-	-	(162)	(758)	(116)	(874)
	8,031	43,445	(28,382)	47,645	1,440	2,949	(59,439)	15,689	32,227	47,916
Lapse of share options	-	-	-	-	-	(486)	486	-	-	-
As at 30 September 2017	8,031	43,445	(28,382)	47,645	1,440	2,463	(58,953)	15,689	32,227	47,916

The notes on pages 11 to 21 form an integral part of this condensed consolidated interim financial report.

VIAGOLD CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017	2016
	A\$'000	A\$'000
Net cash (used in)/generated from operating activities	(542)	6,179
Net cash used in investing activities	(665)	(1,051)
Net cash generated from/(used in) financing activities	1,919	(2,016)
Net increase in cash and cash equivalents	712	3,112
Cash and cash equivalents at the beginning of the period	1,374	1,109
Exchange losses on cash and cash equivalents	(955)	(3,302)
Cash and cash equivalents at the end of the period	1,131	919

The notes on pages 11 to 21 form an integral part of this condensed consolidated interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**1. GENERAL INFORMATION**

ViaGOLD Capital Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Australian Securities Exchange Limited (the "ASX"). The address of its registered office is Unit 2/36 Winfield Road, Balwyn North, Victoria 3104, Australia.

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in rare earth refining and separation, leasing and capital financing, mineral trading business and consultancy and management services to educational institutions.

This interim financial report is presented in units of Australian dollars (A\$), unless otherwise stated.

**2. BASIS OF PREPARATION**

This condensed consolidated interim financial report for the half-year ended 30 September 2017 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Group for the year ended 31 March 2017 and any public announcements made by the Group during the half-year.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial report for the year ended 31 March 2017, except for the accounting policy changes that are expected to be reflected in the annual financial report for the year ending 31 March 2018.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since annual financial report for the year ended 31 March 2017. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by CHENG & CHENG LIMITED ("C&C") in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". C&C's independent review report to the members of the Company is included on page 22.

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**3. ACCOUNTING POLICIES**

International Accounting Standard Board ("IASB") has issued new and revised IFRSs and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

In the current interim period, the Group has applied, for the first time, the new or revised IFRSs and amendments issued by the IASB, which are effective for the Group's current financial year beginning on 1 April 2017. The adoption of the new and revised IFRSs and amendments does not have any significant impact on the Group interim financial report.

Up to the date of issue of this unaudited condensed consolidated interim financial report, the IASB has issued a number of amendments, new standards and interpretation which are not yet effective for the year ending 31 March 2017 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, revised standards and new interpretation is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

**4. SEGMENT REPORTING**

The Group manages its business by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments.

- Investment holdings and administration
- Trading of minerals
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions
- Rare earth refining and separation

Geographically, the Group's businesses are divided into Hong Kong and the People's Republic of China (the "PRC"). The main business in Hong Kong is investment holdings. The businesses in the PRC are segregated into rare earth refining and separation, leasing and capital financing services, and consultancy and management services to educational institutions.

100% of the Group's customers are located in Mainland China and revenue of the Group is derived from operations in Mainland China.

The management assesses the performance of the operating segments based on the profit/loss for the period. This measurement basis excludes intra-group transactions and gain/loss of disposal of subsidiaries.

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**4. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2017 is as follows:

	Investment holdings and administration A\$'000	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
Segment revenue	-	-	80	174	19,559	19,813
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	-	-	80	174	19,559	19,813
Reportable segment gross profit	-	-	35	43	254	332
Reportable segment loss before income tax	(176)	(7)	(43)	(87)	(688)	(1,001)
Income tax credit						288
Loss for the period						(713)
As at 30 September 2017						
Reportable segment assets	1,733	4	1,906	121	102,303	106,067
Reportable segment liabilities	(1,312)	(13)	(41)	(843)	(55,942)	(58,151)

VIAGOLD CAPITAL LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**4. SEGMENT REPORTING (Continued)**

The segment information for the reporting segments for the half-year ended 30 September 2016 is as follows:

	Investment holdings and administration A\$'000	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	Rare earth refining and separation A\$'000	Consolidated A\$'000
Revenue from external customers	-	-	226	158	17,578	17,962
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	-	-	226	158	17,578	17,962
Reportable segment gross profit	-	-	63	8	1,049	1,120
Reportable segment (loss)/profit before income tax	(421)	(10)	(75)	(170)	154	(522)
Income tax expenses						(120)
Loss for the period						(642)
As at 30 September 2016						
Reportable segment assets	1,061	86	2,057	463	103,617	107,284
Reportable segment liabilities	(1,373)	(7)	(135)	(924)	(56,378)	(58,817)



NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**5. FIXED ASSETS**

	Furniture and equipment A\$'000	Motor vehicles A\$'000	Plant and machinery A\$'000	Leasehold improvement A\$'000	Land and buildings A\$'000	Sub-total A\$'000	Investment property A\$'000	Total A\$'000
<u>Cost</u>								
As at 31 March 2017	85	1,227	2,790	1,955	3,555	9,612	749	10,361
Additions	2	34	45	-	-	81	-	81
Disposal	-	(409)	-	-	-	(409)	-	(409)
Exchange realignment	1	29	37	27	48	142	12	154
As at 30 September 2017	88	881	2,872	1,982	3,603	9,426	761	10,187
<u>Accumulated depreciation</u>								
As at 31 March 2017	30	535	475	128	179	1,347	224	1,571
Charge for the period	13	157	237	60	99	566	15	581
Elimination on disposal	-	(226)	-	-	-	(226)	-	(226)
Exchange realignment	-	15	10	5	5	35	4	39
As at 30 September 2017	43	481	722	193	283	1,722	243	1,965
<u>Carrying amount</u>								
As at 30 September 2017	45	400	2,150	1,789	3,320	7,704	518	8,222
As at 31 March 2017	55	692	2,315	1,827	3,376	8,265	525	8,790

There are a portion of the motor vehicles are leased by the Group to third parties under operating leases.

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**6. SEASONALITY OF OPERATIONS**

Since the rare earth refining and separation, leasing and capital financing, and consultancy and management service business segments do not have any seasonal trend, no analysis of operation is presented.

**7. LAND USE RIGHTS**

	A\$'000
<u>Cost</u>	
At 1 April 2017	4,266
Exchange realignment	(15)
At 30 September 2017	<u>4,251</u>
<u>Accumulated amortization and impairment losses</u>	
At 1 April 2017	60
Charged for the period	29
As at 30 September 2017	<u>89</u>
<u>Net book value</u>	
At 30 September 2017	<u>4,162</u>
At 31 March 2017	<u>4,206</u>

Lands related to the land use rights are located in the PRC.

**8. GOODWILL**

	A\$'000
At 1 April 2016	-
Arising from acquisition of subsidiaries	2,939
Exchange realignment	(161)
At 31 March 2017 and at 30 September 2017	<u>2,778</u>

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the segment, rare earth refining and separation.

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

#### 9. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Available-for-sales financial assets		
- unlisted equity shares	2,106	1,614

Available-for-sales financial assets represents 3,861,776 (31 March 2017: 2,989,917) ordinary shares in Jiangsu Jiangnan Rural Commercial Bank Co., Ltd.

The assets are accounted for at cost less accumulated impairment losses as the range of reasonable fair value estimated is so significant that the management of the opinion that their fair values cannot be reliably measured.

#### 10. INVENTORIES

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Raw materials	16,634	18,528
Work-in-progress	37,933	40,433
Finished goods	7,172	6,044
	61,739	65,005

#### 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Trade receivables	1,606	6,741
Bill receivables	218	225
Other receivables, deposits and prepayments	19,931	9,955
Amounts due from related companies	2,862	3,067
	24,617	19,988

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

#### **12. PLEDGED BANK DEPOSITS**

As at 30 September 2017, the Group pledged approximately A\$860,000 bank deposits (31 March 2017: A\$562,000), which is denominated in RMB, to bankers of the Group to secure the bill payables due within six months. The pledged bank deposits will be released upon the settlement of relevant bill payables.

#### **13. SHARE CAPITAL**

	Number of shares '000	Ordinary shares A\$'000
<u>Issued and fully paid</u>		
As at 31 March 2017 and 30 September 2017	40,156	8,031

#### **14. DEFERRED TAX LIABILITIES**

The following are the major deferred income tax liabilities recognized and movements thereon during the current and prior periods:

	A\$'000
As at 31 March 2017	11,578
Credit to profit and loss during the period	(226)
Exchange realignment	(253)
As at 30 September 2017	11,099

#### **15. BORROWINGS**

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Bank borrowings		
- Secured	-	-
- Unsecured	1,919	-
	1,919	-

The bank borrowings are repayable within 1 year.

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

#### **15. BORROWINGS (Continued)**

Movements in borrowings are analyzed as follows:

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Arising from acquisition of subsidiaries	-	18,234
Additions during the period	1,931	14,562
Repayments of borrowings	-	(32,796)
Exchange realignment	(12)	-
	<u>1,919</u>	<u>-</u>

The interest rates of the borrowings are ranging from 5.92% per annum during the period (As at 31 March 2017: 6.90%).

#### **16. TRADE AND OTHER PAYABLES**

	As at 30 September 2017 A\$'000	As at 31 March 2017 A\$'000
Trade payables and bill payables	16,867	8,123
Other payables and accrued charges	1,807	1,905
Receipt in advance	2,263	501
Amounts due to key management personnel	2,427	10,680
Amounts due to related companies	21,733	23,174
	<u>45,097</u>	<u>44,383</u>

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

#### 17. MATERIAL RELATED PARTY TRANSACTIONS

<u>Related party</u>	<u>Nature of transactions</u>	Six months ended 30 September	
		2017	2016
		<u>A\$'000</u>	<u>A\$'000</u>
Related companies	Consultancy and management services income	174	158
	Trade receivables	-	331
	Amounts due from related companies	2,862	4,780
	Amounts due to related companies	(21,733)	(2,157)
	Amounts due to key management personnel	(2,427)	(11,242)
Directors of the Company	Key management compensation	<u>160</u>	<u>152</u>

#### 18. DIVIDEND

No dividend was paid for both periods. The directors do not recommend the payment of an interim dividend.

#### 19. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 September 2016, the Group acquired 51% equity interest in Polygoal Capital Limited which indirectly hold a 60% equity interest in Jintan Hailin Rare Earth Co., Ltd. for a consideration of approximately A\$15.93 million by issuance of 9,000,000 shares of the Company.

NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2017

**19. ACQUISITION OF SUBSIDIARIES (Continued)**

Summary of net assets acquired in the transactions, and the goodwill arising, are as follows:

	As at 27 May 2016 Fair value
<u>Net assets acquired</u>	
Property, plant and equipment	9,068
Intangible assets	4,694
Interests in an associate	550
Inventories	72,931
Trade and other receivables and prepayments	19,113
Pledged bank deposits	1,931
Cash and cash equivalents	1,025
Borrowings	(18,234)
Trade and other payables	(29,832)
Tax payables	(56)
Deferred tax liabilities	(12,591)
Net assets	48,599
Non-controlling interests	(35,608)
Goodwill	2,939
Total consideration	15,930

The goodwill mainly arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, the PRC and the synergies in consolidating the Group's rare earth refining and separation segment. These benefits are not recognized separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the revenue and profit for the period ended 30 September 2016 are approximately A\$17.6 million and A\$34,000 respectively attributable to the additional business generated by newly acquired rare earth refining and separation companies.

The fair value of the trade and other receivables acquired with a fair value of A\$8.4 million. The gross amount due under the contracts is A\$8.4 million and is expected to be collectible. The amount of prepayment is A\$10.8 million.

The non-controlling interests is measured by its proportionate share of the acquiree's identifiable net assets.



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF VIAGOLD CAPITAL LIMITED**

### **Introduction**

We have reviewed the interim condensed consolidated financial information set out on pages 6 to 21 which comprises the condensed consolidated statement of financial position of ViaGOLD Capital Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 September 2017 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for half-year period then ended and explanatory notes. The directors of the Company are responsible for the preparation and presentation of condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

Our responsibility is to express a conclusion, based on our review, on the interim condensed consolidated financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial statements 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 International 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

CHENG & CHENG LIMITED  
Certified Public Accountants

Hong Kong, 29 November 2017

Chan Shek Chi  
Practising Certificate Number P05540