

Masan Resources Corporation
(formerly known as Ma San Resources Corporation)
and its subsidiaries

Quarterly Financial Statements
for the period ended 31 March 2017

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
General information**

**Enterprise Registration
Certificate No.**

0309966889

6 May 2016

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 6 May 2016. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.

Investment Certificate No.

41122000131

2 August 2013

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

Board of Directors

Mr. Chetan Prakash Baxi	Chairman
Dr. Nguyen Dang Quang	Member
Mr. Nguyen Thieu Nam	Member
Mr. Jonathan David Fiorello	Member (resigned on 17 Apr 2017)
Mr. Dominic John Heaton	Member
Mr. Nguyen Van Thang	Member

Board of Management

Mr. Dominic John Heaton	General Director
Mr. Nikhil Kamran	Chief Financial Officer

Registered Office

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

The accompanying notes are an integral part of these financial statements

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Balance sheets as at 31 March 2017**

Form B 01 – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Group		Company	
			31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
ASSETS						
Current assets (100 = 110 + 120+ 130 + 140 + 150)	100		2,593,228,749	2,496,130,991	739,079	951,931
Cash and cash equivalents	110	5	324,224,767	603,345,037	293,853	896,931
Cash	111		282,594,767	536,715,037	293,853	896,931
Cash equivalents	112		41,630,000	66,630,000	-	-
Short-term financial investments	120		-	-	-	-
Held-to-maturity investments	123		-	-	-	-
Accounts receivable – short-term	130		763,414,933	583,833,584	445,226	55,000
Accounts receivable from customers	131		391,154,543	271,197,824	-	-
Prepayments to suppliers	132		51,069,977	42,094,159	390,226	-
Other receivables	136	6	328,045,977	277,397,165	55,000	55,000
Allowance for doubtful debts	137		(6,855,564)	(6,855,564)	-	-
Inventories	140	7	1,263,810,489	1,112,385,216	-	-
Inventories	141		1,263,810,489	1,112,385,216	-	-
Other current assets	150		241,778,560	196,567,154	-	-
Short-term prepaid expenses	151		68,889,756	61,782,483	-	-
Deductible value added tax	152		172,888,804	134,784,671	-	-

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**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
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Balance sheets as at 31 March 2017 (continued)**

Form B 01 – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		23,864,424,141	24,039,367,458	9,997,844,636	10,024,094,084
Accounts receivable – long-term	210		1,383,983,370	1,379,457,775	4,857,509,063	4,883,758,511
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,383,983,370	1,379,457,775	911,990,963	938,240,411
Fixed assets	220		18,386,555,976	18,629,319,036	-	-
Tangible fixed assets	221	9	17,801,103,239	18,037,642,308	-	-
Cost	222		20,412,761,780	20,374,332,304	-	-
Accumulated depreciation	223		(2,611,658,541)	(2,336,689,996)	-	-
Finance lease tangible fixed assets	224	10	14,581,667	17,946,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(52,718,333)	(49,353,333)	-	-
Intangible fixed assets	227	11	570,871,070	573,730,061	-	-
Cost	228		685,601,971	677,940,788	137,950	137,950
Accumulated amortisation	229		(114,730,901)	(104,210,727)	(137,950)	(137,950)
Long-term work in progress	240		1,753,803,764	1,681,618,571	-	-
Construction in progress	242	12	1,753,803,764	1,681,618,571	-	-
Long-term financial investments	250		-	-	5,140,335,573	5,140,335,573
Investment in a subsidiary	251	13	-	-	5,140,335,573	5,140,335,573
Other long-term assets	260		2,340,081,031	2,348,972,076	-	-
Long-term prepaid expenses	261	14	2,340,081,031	2,348,972,076	-	-
TOTAL ASSETS (270 = 100 + 200)	270		26,457,652,890	26,535,498,449	9,998,583,715	10,025,046,015

The accompanying notes are an integral part of these financial statements

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Balance sheets as at 31 March 2017 (continued)**

Form B 01 – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

RESOURCES	Code	Note	Group		Company	
			31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
LIABILITIES (300 = 310 + 330)	300		14,704,440,134	14,825,018,166	554,815,323	581,264,773
Current liabilities	310		3,459,750,930	3,518,587,636	13,741,148	40,190,598
Accounts payable to suppliers	311		380,858,036	385,674,737	442,759	33
Advances from customers	312		155,249,407	37,027,125	-	-
Taxes payable to State Treasury	313	15	10,821,115	43,470,903	-	-
Payables to employees	314		15,855	14,359	-	-
Accrued expenses	315	16	399,737,352	794,222,535	491,919	934,647
Other short-term payables	319	17	4,316,913	31,175,245	12,806,470	39,255,918
Short-term borrowings	320	18(a)	2,508,752,252	2,227,002,732	-	-
Long-term liabilities	330		11,244,689,204	11,306,430,530	541,074,175	541,074,175
Other long-term payables	337	17	1,124,123,839	1,124,123,839	541,074,175	541,074,175
Long-term borrowings and liabilities	338	18(b)	8,931,131,938	8,922,889,456	-	-
Deferred tax liabilities	341	20	667,366,998	675,071,953	-	-
Provisions – long-term	342	19	522,066,429	584,345,282	-	-
EQUITY (400 = 410)	400		11,753,212,756	11,710,480,283	9,443,768,392	9,443,781,242
Equity	410	21	11,753,212,756	11,710,480,283	9,443,768,392	9,443,781,242
Share capital	411	22	7,194,473,280	7,194,473,280	7,194,473,280	7,194,473,280
- Ordinary shares with voting rights	411a		7,035,448,980	7,035,448,980	7,035,448,980	7,035,448,980
- Preference shares	411b		159,024,300	159,024,300	159,024,300	159,024,300
Share premium	412	22	1,944,327,324	1,944,327,324	1,944,327,324	1,944,327,324
Other capital	414		(295,683,347)	(295,683,347)	-	-
Undistributed profit after tax	421		2,595,430,957	2,551,804,716	304,967,788	304,980,638
- Undistributed profit brought forward	421a		2,551,804,716	2,441,963,692	304,980,638	222,688,093
- Undistributed profit/(losses) for the current period	421b		43,626,241	109,841,024	(12,850)	82,292,545
Non-controlling interest	429		314,664,542	315,558,310	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		26,457,652,890	26,535,498,449	9,998,583,715	10,025,046,015

28 April 2017

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



DOMINIC JOHN HEATON
General Director

The accompanying notes are an integral part of these financial statements

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Statements of income for the three-month period ended 31 March 2017 (continued)

Form B 02 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000	From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000
Revenue from sales of goods	01	24	1,175,890,543	806,182,898	-	-
Revenue deductions	02		-	-	-	-
Net revenue (10 = 01 - 02)	10		1,175,890,543	806,182,898	-	-
Cost of sales	11		813,173,251	550,543,500	-	-
Gross profit (20 = 10 - 11)	20		362,717,292	255,639,398	-	-
Financial income	21	25	10,670,800	8,171,919	482	871
Financial expenses	22	26	276,380,150	210,896,709	-	-
Selling expenses	25		37,066,961	29,589,383	-	-
General and administration expenses	26		21,571,987	18,772,465	13,332	37,279
Net operating profit/(loss) {30 = 20 + (21 - 22) - (25 + 26)}	30		38,368,994	4,552,760	(12,850)	(36,408)
Other income	31		1,888,217	246,680	-	-
Other expenses	32		5,206,738	5,199,886	-	2,942
Results of other activities (40 = 31 - 32)	40		(3,318,521)	(4,953,206)	-	(2,942)

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**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Statements of income for the three-month period ended 31 March 2017 (continued)**

Form B 02 – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000	From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000
Accounting profit/(loss) before tax (50 = 30 + 40)	50		35,050,473	(400,446)	(12,850)	(39,350)
Income tax expense – current	51		22,955	-	-	-
Income tax benefits – deferred	52		(7,704,955)	(6,511,681)	-	-
Net profit/(loss) after tax (60 = 50 – 51 - 52)	60		42,732,473	6,111,235	(12,850)	(39,350)
			VND'000	VND'000		
Net profit/(loss) attributable to:						
Equity holders of the Company	61		43,626,241	11,206,823		
Non-controlling interest	62		(893,768)	(5,095,588)		
			VND	VND		
Earnings per share						
Basic earnings per share	70	27	61	16		

28 April 2017

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



Dominic John Heaton
General Director

The accompanying notes are an integral part of these financial statements

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Statements of cash flows for three-month ended 31 March 2017 (Indirect method)**

Form B 03 – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	<u>Group</u>		<u>Company</u>	
		From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000	From 1/1/2017 to 31/3/2017 VND'000	From 1/1/2016 to 31/3/2016 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	01	35,050,473	(400,446)	(12,850)	(39,350)
Adjustments for					
Depreciation and amortisation	02	290,945,159	214,296,845	-	-
Allowances and provisions	03	10,836,823	11,377,647	-	-
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	5,552,593	351,215	-	-
Profits from investing activities	05	(1,694,496)	14,132,425	(482)	(871)
Interest expense and borrowing fees	06	249,789,004	177,523,186	-	-
Operating profit/(loss) before changes in working capital	08	590,479,556	417,280,872	(13,332)	(40,221)
Change in receivables and other current assets	09	(224,091,987)	(97,018,320)	-	-
Change in inventories	10	(151,425,272)	116,108,001	-	-
Change in payables and other liabilities	11	(132,713,754)	(229,439,117)	(590,229)	(56,116)
Change in prepaid expenses	12	11,713,769	(78,101,048)	-	-
		93,962,312	128,830,388	(603,561)	(96,337)
Interest paid	14	(442,668,801)	(265,250,457)	-	-
Income tax paid	15	(13,961,299)	-	-	-
Net cash flows from operating activities	20	(362,667,788)	(136,420,069)	(603,561)	(96,337)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(169,161,353)	(435,321,794)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	1,056,182	-	-	-
Receipts of term deposits from banks	24	-	2,100,000	-	-
Receipt of interest	27	1,043,557	763,046	26,249,931	28,000,871
Net cash flows from investing activities	30	(167,061,614)	(432,458,748)	26,249,931	28,000,871

The accompanying notes are an integral part of these financial statements

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**

Notes to the financial statements for the period ended 31 March 2017

Form B 09 – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

Ownership and group structure

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/3/2017	1/1/2017
Masan Thai Nguyen Resources Co., Ltd (formerly known as Ma San Thai Nguyen Resources Company Limited) (“MRTN”)	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%	100%
Nui Phao Mining Co., Ltd (“NPM”)	Exploring and processing mineral	100%	100%
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Deep processing of nonferrous metals and precious metals (Tungsten)	51%	51%

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

All the subsidiaries are incorporated in Vietnam.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**

Notes to the financial statements for the period ended 31 March 2017 (continued)

Form B 09 – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Business combinations

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

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**

Notes to the financial statements for the period ended 31 March 2017 (continued)

Form B 09 – DN/HN

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

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

(ii) Subsidiaries

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

(iii) Non-controlling interests

Non-controlling interests ("NCI") are measured by their proportionate economic interest in the acquiree's identifiable net assets at date of acquisition.

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

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

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

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

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**

Notes to the financial statements for the period ended 31 March 2017 (continued)

Form B 09 – DN/HN

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(c) Cash and cash equivalents

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

(d) Investments

(i) Held to maturity investments

Held-to-maturity investments are those that the Group's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds and receivables on lending loans held to maturity. These investments are stated at costs less allowance for doubtful debts.

(ii) Investments in subsidiaries

For the purpose of separate financial statements, investments in subsidiaries 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, except where such a loss was anticipated by the Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
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Notes to the financial statements for the period ended 31 March 2017 (continued)

Form B 09 – DN/HN

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(g) Tangible fixed assets

(i) Cost

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

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

(ii) Depreciation

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

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

Machinery and equipment of a subsidiary directly related to production activities

Tangible fixed assets of a subsidiary which are directly related to the deep processing of tungsten products are depreciated over its estimated useful lives on a units of production basis. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis over are as follows:

- | | |
|-------------|---------------------------|
| ▪ ST plant | 91,000 tonnes of tungsten |
| ▪ APT plant | 86,215 tonnes of tungsten |

Others

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

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

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
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Notes to the financial statements for the period ended 31 March 2017 (continued)

Form B 09 – DN/HN

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(h) Finance lease tangible fixed assets

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

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

(i) Intangible fixed assets

(i) Software

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

(ii) Mining rights

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

(j) Construction in progress

Construction in progress represents cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises mineral reserves, mineral resources and related development costs acquired in a business combination and subsequent development expenditure. These assets qualify for capitalisation when the mineral reserves to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair values as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of 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.

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(k) Long-term prepaid expenses

(i) Pre-operating expenses

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

(ii) Land compensation costs

Land compensation costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land for its mining activities. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of twenty (20) years.

(iii) Other mining costs

In accordance with the letter No. 12727/BTC-TCDN dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognised as long-term prepaid expenses under non-current assets.

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 Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between inventory and long-term prepaid expenses in accordance with the life of mine strip ratio.

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 the mine. 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 over the life of the proven and probable reserves of the relevant components on a systematic basis.

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(iv) 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.

(l) Accounts payable

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

(m) Provisions

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

(i) Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fees is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Mining rights fees are recognised as intangible fixed assets.

(ii) Mine rehabilitation

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

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 reporting date.

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 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.

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

Closure and rehabilitation provisions 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 consolidated statement of income. Changes to the capitalized 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.

(n) Bonds issued

At initial recognition, 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.

(o) Equity

(i) Ordinary shares

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

(ii) Preference shares

Mandatorily convertible preference shares are classified as equity, because they are entitled to fixed dividends and any discretionary dividends declared to ordinary shareholders and it participate equally in the residual assets on dissolution. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the preference shares are recognised as a deduction from share premium.

(iii) Other capital

Equity movements resulting from acquisition or disposal to non-controlling interests and transactions involving equity instruments were recorded in "Other capital".

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(p) 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 periods.

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

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.

(q) Revenue from the sale of goods

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 stated on the invoice.

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

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

(r) 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.

(ii) Financial expenses

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

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(s) Operating lease payments

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

(t) 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.

(u) Earnings per share

The Group presents basic and diluted, if any, earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. To determine the profit or loss attributable to ordinary equity holders, profit or loss for the period is allocated to the ordinary shares and participating equity instruments. This allocation is made in accordance with the rights of the other class of shares to participate in distributions if the entire profit or loss were distributed.

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares does not include convertible instruments that are mandatorily convertible.

(v) Segment reporting

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

(w) Related parties

Parties are considered to be related to the Group 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 holding companies and their subsidiaries and associates.

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4. Segment reporting

Business segments

The Group comprises the following main business segments:

For the period ended 31 March 2017	Copper VND'000	Bismuth VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	178,136,936	78,372,688	286,394,509	631,240,644	1,745,766	1,175,890,543
Segment Gross profit	103,443,564	13,632,732	207,940,385	37,435,479	265,132	362,717,292
Unallocated expenses						58,638,948
Financial income						10,670,800
Financial expenses						276,380,150
Results from operating activities						<u>38,368,994</u>
Other income						1,888,217
Other expenses						5,206,738
Income tax benefits – deferred						(7,682,000)
Net profit after tax						<u>42,732,473</u>

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For the period ended 31 March 2016	Copper	Bismuth	Fluorspar	Tungsten	Others	Total
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
Segment revenue	175,786,969	50,501,530	128,827,067	450,359,563	707,769	806,182,898
Segment Gross profit	128,304,780	6,691,098	54,324,172	65,611,579	707,769	255,639,398
Unallocated expenses						48,361,848
Financial income						8,171,919
Financial expenses						210,896,709
Results from operating activities						4,552,760
Other income						246,680
Other expenses						5,199,886
Income tax benefit						(6,511,681)
Net profit after tax						6,111,235

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As at 31 March 2017	Copper VND'000	Bismuth VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	211,518,693	1,441,567,973	1,101,179,170	2,178,634,162	-	4,932,899,998
Unallocated assets						21,524,752,892
Total assets						26,457,652,890
Total liabilities						14,704,440,134
As at 31 March 2016						
Segment assets	250,342,616	400,779,154	1,287,081,155	2,027,749,237	-	3,965,952,162
Unallocated assets						22,656,599,787
Total assets						26,622,551,949
Total liabilities						15,021,306,305

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For the period ended 31 March 2017	Copper VND'000	Bismuth VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	1,668,745	-	27,238,719	-	28,907,464
Unallocated capital expenditure						140,253,889
Depreciation	3,576,151	24,391,377	18,619,371	39,577,255	-	86,164,154
Unallocated depreciation						194,260,833
Unallocated amortisation						49,067,284
<hr/>						
For the period ended 31 March 2016	Copper VND'000	Bismuth VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	-	-	71,743,196	-	71,743,196
Unallocated capital expenditure						363,578,598
Depreciation	3,022,589	4,967,236	15,735,776	28,991,280	-	52,716,881
Unallocated depreciation						165,039,459
Unallocated amortisation						26,930,459



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5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Cash on hand	140,902	180,691	-	-
Cash in banks	282,453,865	536,534,346	293,853	896,931
Cash equivalents	41,630,000	66,630,000	-	-
	<u>324,224,767</u>	<u>603,345,037</u>	<u>293,853</u>	<u>896,931</u>

6. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Short-term receivables				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Others	318,045,977	267,397,165	55,000	55,000
	<u>328,045,977</u>	<u>277,397,165</u>	<u>55,000</u>	<u>55,000</u>
Long-term receivables				
Borrowing cost – MRTN (b)	-	-	911,990,963	938,240,411
Land compensation receivable from Thai Nguyen People's Committee (c)	1,356,982,821	1,356,982,821	-	-
Others	27,000,549	22,474,954	-	-
	<u>1,383,983,370</u>	<u>1,379,457,775</u>	<u>911,990,963</u>	<u>938,240,411</u>

- (a) The amount receivables from the intermediate holding company are unsecured, interest free and receivable based on agreed term.
- (b) Long-term receivables from a subsidiary are unsecured, receivable on maturity and interest free.
- (c) Long-term receivables 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.

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7. Inventories

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Goods in transit	2,107,369	16,836,476	-	-
Raw materials	193,842,161	211,759,203	-	-
Tools and supplies	496,862,724	508,128,264	-	-
Work in progress	91,710,760	85,477,090	-	-
Finished goods	272,642,114	244,848,741	-	-
Goods on consignment	206,645,361	45,335,442	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,263,810,489	1,112,385,216	-	-

8. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Long-term lending loans receivables from a related party	-	-	3,945,518,100	3,945,518,100

The loan receivables from a related party were unsecured, due on 31 December 2020 and bore interest based on agreement between the parties.

As defined in the convertible contract, the Company has the rights to convert the loans into contributed capital prior to or on maturity date of the borrowings.

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9. Tangible fixed assets

Group:

	Buildings and structures VND'000	Machinery and equipment VND'000	Office equipment VND'000	Motor vehicles VND'000	Other mining assets VND'000	Total VND'000
Cost						
Opening balance	3,427,736,017	11,857,410,700	40,610,882	22,283,421	5,026,291,284	20,374,332,304
Additions	366,400	854,124	-	-	-	1,220,524
Transfer from construction in progress (Note 12)	32,230,123	7,226,929	248,136	-	-	39,705,188
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	(2,496,236)	-	(2,496,236)
Written off	-	-	-	-	-	-
Closing balance	3,460,332,540	11,865,491,753	40,859,018	19,787,185	5,026,291,284	20,412,761,780
Accumulated depreciation						
Opening balance	350,570,521	1,432,742,415	30,110,570	14,844,371	508,422,119	2,336,689,996
Charge for the period	47,812,989	175,887,332	909,401	821,767	51,628,496	277,059,985
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	(2,091,440)	-	(2,091,440)
Written off	-	-	-	-	-	-
Closing balance	398,383,510	1,608,629,747	31,019,971	13,574,698	560,050,615	2,611,658,541
Net book value						
Opening balance	3,077,165,496	10,424,668,285	10,500,312	7,439,050	4,517,869,165	18,037,642,308
Closing balance	3,061,949,030	10,256,862,006	9,839,047	6,212,487	4,466,240,669	17,801,103,239

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At 31 March 2017, tangible fixed assets with a carrying value of VND11,927 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2017: VND12,088 billion) (Note 18(b)(i)).

10. Finance lease tangible fixed assets

Group:

	Machinery and equipment VND'000
Cost	
Opening and closing balances	67,300,000
Accumulated depreciation	
Opening balance	49,353,333
Charge for the period	3,365,000
Closing balance	52,718,333
Net book value	
Opening balance	17,946,667
Closing balance	14,581,667

The Company's subsidiary - NPM leases laboratory equipment for assay testing. This laboratory equipment is considered to be a financial lease as lease obligations are secured (Note 18(b)(ii)).

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11. Intangible fixed assets

Group:

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening balance	89,569,970	588,370,818	677,940,788
Additions	7,661,183	-	7,661,183
Closing balance	97,231,153	588,370,818	685,601,971
Accumulated amortisation			
Opening balance	37,741,353	66,469,374	104,210,727
Charge for the period	2,882,592	7,637,582	10,520,174
Closing balance	40,623,945	74,106,956	114,730,901
Net book value			
Opening balance	51,828,617	521,901,444	573,730,061
Closing balance	56,607,208	514,263,862	570,871,070

At 31 March 2017, intangible fixed assets with a carrying value of VND568 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2017: VND571 billion) (Note 18(b)(i)).

12. Construction in progress

Group:

	2017 VND'000	2016 VND'000
Opening balance	1,681,618,571	3,994,917,610
Additions during the period	119,551,564	986,327,607
Transfer to tangible fixed assets (Note 9)	(39,705,188)	(2,745,331,271)
Transfer to intangible fixed assets (Note 11)	(7,661,183)	-
Transfer (to)/from long-term prepaid expenses (Note 14)	-	(554,295,375)
Closing balance	1,753,803,764	1,681,618,571

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During the period, borrowing costs capitalised into construction in progress amounted to VND23 billion (quarter 1/2016: VND64 billion). As at the reporting dates, construction in progress of NPM, which mainly represents the mine development cost, construction of the plant and other capitalised costs pertaining to tailing dams, have been pledged with banks as security for long-term bonds issued by NPM.

13. Long-term investments

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Investment in a subsidiary				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

The following are the details of the consolidated subsidiaries (see Note 1) as at 31 March 2017:

Name	Address
Masan Thai Nguyen Resources Co., Ltd (formerly known as Ma San Thai Nguyen Resources Co., Limited) ("MRTN")	Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Co., Ltd ("TNTI")	Ho Chi Minh City, Vietnam
Nui Phao Mining Co., Ltd ("NPM")	Thai Nguyen Province, Vietnam
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC ("NPHCS")	Thai Nguyen Province, Vietnam

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

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14. Long-term prepaid expenses

Group:

	Pre-operating expenses VND'000	Land compensation costs VND'000	Contribution to the People's Committee of Thai Nguyen Province VND'000	Other mining costs VND'000	Others VND'000	Total VND'000
Opening balance	4,885,879	1,120,616,803	20,932,000	1,202,320,437	216,957	2,348,972,076
Additions	-	-	-	26,928,792	2,727,273	29,656,065
Amortisation for the period	(697,983)	(16,349,251)	(4,733,000)	(16,382,576)	(384,300)	(38,547,110)
Closing balance	4,187,896	1,104,267,552	16,199,000	1,212,866,653	2,559,930	2,340,081,031

Contribution to the People's Committee of Thai Nguyen Province

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

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15. Taxes payable to State Treasury

Group:

	1/1/2017	Incurred	Paid/Offset	31/3/2017
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	94,651,076	(94,651,076)	-
Import-export tax	-	45,626,956	(45,626,956)	-
Corporate income tax	13,961,299	22,955	(13,961,299)	22,955
Environment protection tax	-	4,944,595	(4,944,595)	-
Personal income tax	25,565,985	16,892,987	(34,293,349)	8,165,623
Natural resource tax	-	294,973,875	(294,973,875)	-
Other taxes	3,943,619	8,067,629	(9,378,711)	2,632,537
	43,470,903	465,180,073	(497,829,861)	10,821,115

16. Accrued expenses

	Group		Company	
	31/3/2017	1/1/2017	31/3/2017	1/1/2017
	VND'000	VND'000	VND'000	VND'000
Bonus	8,732,119	17,555,938	-	-
Accrued interest payable	149,438,760	312,366,388	-	-
Foreign contractor tax	1,736,128	1,736,128	-	-
Natural resource taxes and fees	39,286,507	230,260,525	-	-
Accrual for construction work	61,708,007	102,639,226	-	-
Consultant fee	4,254,443	9,032,311	-	-
Operating costs	133,200,559	119,251,190	-	-
Others	1,380,829	1,380,829	491,919	934,647
	399,737,352	794,222,535	491,919	934,647

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17. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	<u>31/3/2017</u>	<u>1/1/2017</u>	<u>31/3/2017</u>	<u>1/1/2017</u>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
Long term:				
Amounts due to Masan Group Corporation (MSN)				
Financial expenses – long-term (a)	1,124,123,839	1,124,123,839	541,074,175	541,074,175
	<u>1,124,123,839</u>	<u>1,124,123,839</u>	<u>541,074,175</u>	<u>541,074,175</u>
Short-term:				
Amounts due to Masan Horizon Corporation (MH)				
Non-trade – short-term (b)	2,511,785	2,511,785	2,511,785	2,511,785
Amount due to NPM				
Non-trade – short-term (b)	-	-	10,294,685	10,294,685
Other payable to third parties				
Other payables – short-term	1,805,128	28,663,460	-	26,449,448
	<u>4,316,913</u>	<u>31,175,245</u>	<u>12,806,470</u>	<u>39,255,918</u>

- (a) Amounts due to ultimate holding company were unsecured, interest-free and repayable based on agreement between the parties.
- (b) Amounts due to related parties were unsecured, interest-free and repayable based on agreement between the parties.

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18. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings

Group:

	1/1/2017		Movement during the period			31/3/2017		
	Carrying amount VND'000	Amount within repayment capacity VND'000	Additions VND'000	Payment VND'000	Unrealised foreign exchange loss VND'000	Reclassifications from long-term borrowings VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	2,207,792,371	2,207,792,371	713,459,044	(431,540,807)	(849,693)	-	2,488,860,915	2,488,860,915
Current portion of long-term borrowings (Note(b))	19,210,361	19,210,361	-	(3,857,777)	-	4,538,753	19,891,337	19,891,337
	2,227,002,732	2,227,002,732	713,459,044	(435,398,584)	(849,693)	4,538,753	2,508,752,252	2,508,752,252

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

	Currency	<u>Group</u>		<u>Company</u>	
		31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Secured bank loan (i)	USD	817,046,664	702,018,134	-	-
Secured bank loan (ii)	USD	154,236,318	129,399,631	-	-
Secured bank loan (ii)	VND	947,146,842	805,693,327	-	-
Loan from an investor in one of the subsidiary (iii)	USD	570,431,091	570,681,279	-	-
		2,488,860,915	2,207,792,371	-	-

- (i) The USD denominated syndicated loan from a local bank bore interest within range from 3.5% to 4.51% per annum. The loan is secured by part of short-term receivables of NPM and 120 million shares of the Company held by Masan Horizon Corporation.
- (ii) The denominated loans from a local bank are secured by inventories and part of short-term receivables of NPM. Specific loans drawdown in USD bear interest within range from 4.5% to 5.5% per annum, loans drawdown in VND bear interest within range from 6.8% to 8% .
- (iii) The USD denominated loan is from an investor in one of the subsidiary. The loan is unsecured and bore interest of 6% per annum.

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

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Long-term bonds issued (i)	8,929,583,538	8,916,802,303	-	-
Finance lease liabilities (ii)	21,439,738	25,297,514	-	-
	8,951,023,276	8,942,099,817	-	-
Repayable within twelve months (Note (a))	(19,891,338)	(19,210,361)	-	-
Repayable after twelve months	8,931,131,938	8,922,889,456	-	-

(i) Long-term bonds

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

	Currency	Interest rate per annum	Year of maturity	<u>Group</u>	
				31/3/2017 VND'000	1/1/2017 VND'000
Secured bond issuance	VND	(*)	2018	1,000,000,000	1,000,000,000
Secured bond issuance	VND	(**)	2020	7,929,583,538	7,916,802,303
				8,929,583,538	8,916,802,303

(*) The VND denominated bonds were issued by TNTI to a local bank with a two-year term and bore interest at 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of reference banks plus 2%. The bond proceeds were used by NPM under a business cooperation agreement with TNTI and secured by 21.64% of the issued shares of the Company held by Masan Horizon Corporation.

(**) The VND denominated bonds were issued by NPM with a five-year term bore interest of 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every three months and calculated as the average twelve-month saving deposit rate of reference banks plus 3%. The bond proceeds were used by NPM and secured by certain long-term assets of NPM. This secured bond issuance was reported net of bond arrangement fees.

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(ii) Finance lease liabilities

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

	31/3/2017			1/1/2017		
	Payments VND'000	Interest VND'000	Principal VND'000	Payments VND'000	Interest VND'000	Principal VND'000
Within one year	21,930,692	2,039,354	19,891,338	21,930,692	2,720,331	19,210,361
Within 2 to 5 years	1,566,484	18,084	1,548,400	6,265,918	178,765	6,087,153
	23,497,176	2,057,438	21,439,738	28,196,610	2,899,096	25,297,514

19. Provisions – long-term

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

<u>Group:</u>	Mine rehabilitation VND'000	Mining rights VND'000	Total VND'000
Opening balance	22,603,191	561,742,091	584,345,282
Provision made during the period	435,111	10,401,712	10,836,823
Provision used during the period	-	(73,115,676)	(73,115,676)
Closing balance	23,038,302	499,028,127	522,066,429

20. Deferred tax liabilities and unrecognised deferred tax assets

(a) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	31/3/2017 VND'000	1/1/2017 VND'000	31/3/2017 VND'000	1/1/2017 VND'000
Deferred tax liabilities Mineral reserves and mineral resources	667,366,998	675,071,953	-	-

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(b) Unrecognised deferred tax assets

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

	Tax losses available	
	Group VND'000	Company VND'000
Accumulated five year tax losses	151,239,394	3,628,236
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	147,044,631	3,628,236
	<u>151,239,394</u>	<u>3,628,236</u>

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

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21. Changes in equity

Group:

	Share capital VND'000	Share premium VND'000	Other capital VND'000	Undistributed profit after tax VND'000	Equity attributable to equity holders of the Company VND'000	Non- controlling interest VND'000	Total equity VND'000
Balance at 1 January 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,441,963,692	11,285,080,949	310,053,460	11,595,134,409
Net profit/(loss) for the period	-	-	-	11,206,823	11,206,823	(5,095,588)	6,111,235
Balance at 31 March 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,453,170,515	11,296,287,772	304,957,872	11,601,245,644
Balance at 1 January 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,551,804,716	11,394,921,973	315,558,310	11,710,480,283
Net profit/(loss) for the period	-	-	-	43,626,241	43,626,241	(893,768)	42,732,473
Balance at 31 March 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,595,430,957	11,438,548,214	314,664,542	11,753,212,756

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Company:

	Share capital VND'000	Share premium VND'000	Undistributed profit after tax VND'000	Total VND'000
Balance at 1 January 2016	7,194,473,280	1,944,327,324	222,688,093	9,361,488,697
Net loss for the period	-	-	(39,350)	(39,350)
Balance at 31 March 2016	7,194,473,280	1,944,327,324	222,648,743	9,361,449,347
Balance at 1 January 2017	7,194,473,280	1,944,327,324	304,980,638	9,443,781,242
Net loss for the period	-	-	(12,850)	(12,850)
Balance at 31 March 2017	7,194,473,280	1,944,327,324	304,967,788	9,443,768,392

22. Share capital

The Company's authorised and issued share capital comprised:

	31/3/2017		1/1/2017	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	719,447,328	7,194,473,280	719,447,328	7,194,473,280
Issued share capital				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
Shares in circulation				
Ordinary shares	703,544,898	7,035,448,980	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300	15,902,430	159,024,300
	719,447,328	7,194,473,280	719,447,328	7,194,473,280
Share premium	-	1,944,327,324	-	1,944,327,324

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

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

Share premium represents the excess of the proceeds on issuance of shares over the par value.

23. Off balance sheet items

(a) Foreign currencies

Group:

	31/3/2017		1/1/2017	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	10,926,195	247,915,362	22,288,147	506,386,696

(b) Bad debts written off

Group:

	31/3/2017 VND'000	1/1/2017 VND'000
Bad debts written off	9,577,438	9,577,438

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(c) Capital expenditure commitments

As at 31 March 2017 the Group had the following outstanding capital commitments approved but not provided for in the balance sheet:

<u>Group:</u>	31/3/2017 VND'000	1/1/2017 VND'000
Approved but not contracted	81,606,479	135,029,650
Approved and contracted	138,509,821	52,252,650
	220,116,300	187,282,300

24. Revenue from sales of goods

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

Net revenue comprised:

<u>Group:</u>	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Total revenue	1,175,890,543	806,182,898
Net revenue	1,175,890,543	806,182,898

25. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Interest income	1,043,110	763,046	482	871
Foreign exchange gains	9,627,690	7,408,873	-	-
	10,670,800	8,171,919	482	871

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26. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Interest expense and borrowing fee	249,789,004	177,523,186	-	-
Foreign exchange losses	13,216,325	7,100,404	-	-
Others	13,374,821	26,273,119	-	-
	276,380,150	210,896,709	-	-

27. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 31 March 2017 was based on the profit attributable to ordinary shareholders of VND42,662 million (31 Mar 2016: VND10,959 million) and a weighted average number of ordinary shares outstanding of 703,544,898 shares (31 Mar 2016: 703,544,898 shares), calculated as follows:

(a) Net profit attributable to shareholders

	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	964,300	247,712
Ordinary shareholders	42,661,941	10,959,111
	43,626,241	11,206,823

(b) Weighted average number of shares

	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Issued shares at the beginning and closing of the period	719,447,328	719,447,328
Of which:		
Mandatorily convertible preference shares	15,902,430	15,902,430
Ordinary shares	703,544,898	703,544,898

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28. Significant transactions with related parties

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

Group:

Related Party	Nature of transactions	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Ultimate holding company's associate			
Local bank	Interest expense and borrowing fees	9,135,351	17,933,141
	Loan received	245,378,260	525,809,104
	Loan paid	129,613,036	792,001,338
Key management personnel			
	Salary, bonus and other benefits	5,046,110	2,642,469

(*) No board fees were paid to Board of Directors members for the period ended 31 March 2017 and 31 March 2016.

Company:

Related Party	Nature of transactions	From 1/1/2017 To 31/3/2017 VND'000	From 1/1/2016 To 31/3/2016 VND'000
Other related parties			
Masan Thai Nguyen Resources Company Limited	Financial income received	-	28,000,000
Nui Phao Mining Company Ltd	Financial income received	26,249,448	-

28 April 2017

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



Dominic John Heaton
General Director