

**Masan Resources Corporation
and its subsidiaries**

Quarterly financial statements
for the period ended 30 June 2017



Masan Resources Corporation Corporate 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 (until 17 April 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 Building
No. 17 Le Duan, Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2017

Form B 01a – 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>	
			30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
ASSETS						
Current assets (100 = 110 + 130 + 140 + 150)	100		2,703,641,216	2,496,130,991	1,081,285	951,931
Cash and cash equivalents	110	9	537,021,667	603,345,037	1,026,285	896,931
Cash	111		344,220,693	536,715,037	1,026,285	896,931
Cash equivalents	112		192,800,974	66,630,000	-	-
Accounts receivable – short-term	130		695,433,566	583,833,584	55,000	55,000
Accounts receivable from customers	131		260,650,397	271,197,824	-	-
Prepayments to suppliers	132		63,485,802	42,094,159	-	-
Other receivables	136	10	378,152,931	277,397,165	55,000	55,000
Allowance for doubtful debts	137		(6,855,564)	(6,855,564)	-	-
Inventories	140	11	1,153,826,379	1,112,385,216	-	-
Inventories	141		1,153,826,379	1,112,385,216	-	-
Other current assets	150		317,359,604	196,567,154	-	-
Short-term prepaid expenses	151		92,527,228	61,782,483	-	-
Deductible value added tax	152		224,832,376	134,784,671	-	-

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2017 (continued)

Form B 01a – 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>	
			30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		23,931,927,881	24,039,367,458	9,995,844,635	10,024,094,084
Accounts receivable – long-term	210		1,345,949,229	1,379,457,775	4,855,509,062	4,883,758,511
Receivables on long-term lending loans	215	12	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	10	1,345,949,229	1,379,457,775	909,990,962	938,240,411
Fixed assets	220		18,129,438,440	18,629,319,036	-	-
Tangible fixed assets	221	13	17,557,870,877	18,037,642,308	-	-
Cost	222		20,429,387,622	20,374,332,304	-	-
Accumulated depreciation	223		(2,871,516,745)	(2,336,689,996)	-	-
Finance lease tangible fixed assets	224	14	11,216,667	17,946,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(56,083,333)	(49,353,333)	-	-
Intangible fixed assets	227	15	560,350,896	573,730,061	-	-
Cost	228		685,601,970	677,940,788	137,950	137,950
Accumulated amortisation	229		(125,251,074)	(104,210,727)	(137,950)	(137,950)
Long-term work in progress	240		2,058,753,171	1,681,618,571	-	-
Construction in progress	242	16	2,058,753,171	1,681,618,571	-	-
Long-term financial investments	250		-	-	5,140,335,573	5,140,335,573
Investment in a subsidiary	251	17	-	-	5,140,335,573	5,140,335,573
Other long-term assets	260		2,397,787,041	2,348,972,076	-	-
Long-term prepaid expenses	261	18	2,397,787,041	2,348,972,076	-	-
TOTAL ASSETS (270 = 100 + 200)	270		26,635,569,097	26,535,498,449	9,996,925,920	10,025,046,015

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2017 (continued)

Form B 01a – 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	
			30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		14,839,402,828	14,825,018,166	554,798,582	581,264,773
Current liabilities	310		3,581,984,102	3,518,587,636	13,724,407	40,190,598
Accounts payable to suppliers	311		527,109,909	385,674,737	33	33
Advances from customers	312		56,499,502	37,027,125	-	-
Taxes payable to State Treasury	313	19	39,290,487	43,470,903	-	-
Payables to employees	314		50,616	14,359	-	-
Accrued expenses	315	20	563,602,450	794,222,535	917,904	934,647
Other short-term payables	319	21	3,185,285	31,175,245	12,806,470	39,255,918
Short-term borrowings and financial lease liabilities	320	22(a)	2,392,245,853	2,227,002,732	-	-
Long-term liabilities	330		11,257,418,726	11,306,430,530	541,074,175	541,074,175
Other long-term payables	337	21	1,124,123,839	1,124,123,839	541,074,175	541,074,175
Long-term borrowings, bonds and financial lease liabilities	338	22(b)	8,940,319,318	8,922,889,456	-	-
Deferred tax liabilities	341	23	660,072,317	675,071,953	-	-
Provisions – long-term	342	24	532,903,252	584,345,282	-	-
EQUITY (400 = 410)	400		11,796,166,269	11,710,480,283	9,442,127,338	9,443,781,242
Equity	410	25	11,796,166,269	11,710,480,283	9,442,127,338	9,443,781,242
Share capital	411	26	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	26	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		2,614,679,843	2,551,804,716	303,326,734	304,980,638
- Undistributed profit brought forward	421a		2,551,804,716	2,441,963,692	304,980,638	222,688,093
- Undistributed profit/(loss) for the current period	421b		62,875,127	109,841,024	(1,653,904)	82,292,545
Non-controlling interest	429		338,369,169	315,558,310	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		26,635,569,097	26,535,498,449	9,996,925,920	10,025,046,015

27 July 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 and its subsidiaries
Statements of income for the period ended 30 June 2017

Form B 02a – 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)*

<u>Group</u>	Code	Note	From 1/4/2017 to 30/6/2017 VND'000	From 1/4/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Revenue from sales of goods	01	28	1,382,671,823	939,282,628	2,558,562,366	1,745,465,526
Cost of sales	11		991,453,288	724,130,310	1,804,626,539	1,274,673,810
Gross profit (20 = 01 - 11)	20		391,218,535	215,152,318	753,935,827	470,791,716
Financial income	21	29	13,848,503	105,952,804	24,519,303	114,124,723
Financial expenses	22	30	270,417,323	188,803,082	546,797,473	399,699,791
Selling expenses	25		33,966,628	29,691,665	71,033,589	59,281,048
General and administration expenses	26		36,562,171	28,715,163	58,134,158	47,487,628
Net operating profit (30 = 20 + 21 - 22 - 25 - 26)	30		64,120,916	73,895,212	102,489,910	78,447,972
Other income	31		183,107	1,859,345	2,071,324	2,106,025
Other expenses	32		7,165,648	17,838,864	12,372,386	23,038,750
Results of other activities (40 = 31 - 32)	40		(6,982,541)	(15,979,519)	(10,301,062)	(20,932,725)

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Masan Resources Corporation and its subsidiaries
Statements of income for the period ended 30 June 2017 (continued)

Form B 02a – 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)

Group

	Code	Note	From 1/4/2017 to 30/6/2017 VND'000	From 1/4/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Accounting profit before tax (50 = 30 + 40)	50		57,138,375	57,915,693	92,188,848	57,515,247
Income tax expense – current	51		21,479,543	7,086	21,502,498	7,086
Income tax benefit – deferred	52		(7,294,681)	(7,329,144)	(14,999,636)	(13,840,825)
Net profit after tax (60 = 50 - 51 - 52)	60		42,953,513	65,237,751	85,685,986	71,348,986
			VND'000	VND'000	VND'000	VND'000
Net profit attributable to:						
Equity holders of the Company	61		19,248,886	58,700,918	62,875,127	69,907,741
Non-controlling interest	62		23,704,627	6,536,833	22,810,859	1,441,245
			VND	VND	VND	VND
Earnings per share						
Basic earnings per share	70	31	26	81	87	97

27 July 2017

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



Dominic John Heaton
General Director

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Masan Resources Corporation and its subsidiaries
Statements of income for the period ended 30 June 2017

Form B 02a – 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)

Company	Code	Note	From 1/4/2017 to 30/6/2017 VND'000	From 1/4/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Financial income	21	29	252	85,000,805	734	85,001,676
Financial expenses	22	30	-	-	-	-
Selling expenses	25		-	-	-	-
General and administration expenses	26		1,641,306	1,616,070	1,654,638	1,653,349
Net operating profit/(loss) (30 = 21 - 22 - 25 - 26)	30		(1,641,054)	83,384,735	(1,653,904)	83,348,327
Other income	31		-	-	-	-
Other expenses	32		-	-	-	2,942
Results of other activities (40 = 31 - 32)	40		-	-	-	(2,942)
Accounting profit/(loss) before tax (50 = 30 + 40)	50		(1,641,054)	83,384,735	(1,653,904)	83,345,385
Income tax expense – current	51		-	-	-	-
Income tax benefit – deferred	52		-	-	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		(1,641,054)	83,384,735	(1,653,904)	83,345,385

27 July 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 and its subsidiaries
Statements of cash flows for the period ended 30 June 2017 (Indirect method)

Form B 03a – 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 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	01	92,188,848	57,515,247	(1,653,904)	83,345,385
Adjustments for					
Depreciation and amortisation	02	564,688,536	454,580,396	-	-
Allowances and provisions	03	21,673,647	22,755,293	-	-
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04	(4,236,100)	(3,065,574)	-	-
Profits from investing activities	05	(2,508,245)	(87,890,258)	(734)	(85,001,676)
Interest expense and borrowing fees	06	499,265,686	354,495,112	-	-
Operating profit/(loss) before changes in working capital	08	1,171,072,372	798,390,216	(1,654,638)	(1,656,291)
Change in receivables and other current assets	09	(211,875,401)	55,075,200	-	-
Change in inventories	10	(41,441,163)	122,048,103	-	-
Change in payables and other liabilities	11	(52,846,547)	(427,498,565)	(216,743)	(371,752)
Change in prepaid expenses	12	(40,986,247)	(5,811,161)	-	-
		823,923,014	542,203,793	(1,871,381)	(2,028,043)
Interest paid	14	(461,501,249)	(288,604,159)	-	-
Income tax paid	15	(13,984,254)	(7,146)	-	-
Net cash flows from operating activities	20	348,437,511	253,592,488	(1,871,381)	(2,028,043)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(560,026,295)	(686,895,050)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	1,056,182	2,650,000	-	-
Term deposit received	24	-	2,100,000	-	-
Receipt of interest	27	1,857,514	916,656	28,250,183	28,001,676
Net cash flows from investing activities	30	(557,112,599)	(681,228,394)	28,250,183	28,001,676

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Statements of cash flows for the period ended 30 June 2017
(Indirect method - continued)

Form B 03a – DN/HN

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	Code	<u>Group</u>		<u>Company</u>	
		From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	33	1,349,957,114	2,034,201,524	-	-
Payments to settle loan principals and bond issuance related costs	34	(1,171,973,643)	(1,636,783,452)	-	-
Payments to settle financial lease	35	(7,852,305)	(6,830,985)	-	-
Payments of dividends	36	(26,249,448)	(26,249,448)	(26,249,448)	(26,249,448)
Net cash flows from financing activities	40	143,881,718	364,337,639	(26,249,448)	(26,249,448)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(64,793,370)	(63,298,267)	129,354	(275,815)
Cash and cash equivalents at the beginning of the period	60	603,345,037	372,014,377	896,931	497,795
Effect of exchange rate fluctuation on cash and cash equivalents	61	(1,530,000)	1,091,300	-	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 9)	70	537,021,667	309,807,410	1,026,285	221,980

27 July 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 and its subsidiaries
Notes to the financial statements for the period ended 30 June 2017

Form B 09a – DN/HN
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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 (“the Company” or “MSR”) is incorporated as a joint stock company in Vietnam. The principal activity of the Company is investment holding.

The consolidated quarterly 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	
		30/6/2017	1/1/2017
Masan Thai Nguyen Resources Co., Ltd (“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.

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.

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 June 2017 (continued)

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(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.

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.

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 June 2017 (continued)

Form B 09a – DN/HN

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(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.

(v) *Goodwill*

Goodwill arises on the acquisition of subsidiary and is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount when management determines that it is not fully recoverable.

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 June 2017 (continued)

Form B 09a – DN/HN
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(b) Foreign currency

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate 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.

(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 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 and its subsidiaries
Notes to the financial statements for the period ended 30 June 2017 (continued)

Form B 09a – 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:	125,140 tons of tungsten
• APT plant:	120,265 tons of tungsten

In the current year, a subsidiary of the Group conducted an operational production efficiency rate review of its tangible fixed assets which resulted in a change in the estimated total production quantity output for ST and APT plants.

The effect on the depreciation charge for the current period was to decrease the depreciation charge by VND17,114 million.

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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

(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.

In accordance with Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The Ministry of Natural Resources and Environment (“MONRE”) shall provide guidelines for conversion method to determine charges for granting mineral extraction right in accordance with Decree 158/2016. Up to date, “MONRE” has yet to provide guidelines for the new calculation method for prospective changes in estimates to be made.

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(j) Construction in progress

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

(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*

Other mining costs comprise:

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

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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.

(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 for services fees.

(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.

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In accordance with Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The Ministry of Natural Resources and Environment (“MONRE”) shall provide guidelines for conversion method to determine charges for granting mineral extraction right in accordance with Decree 158/2016. Up to date, MONRE has not yet to provide guidelines for the new calculation method for prospective changes in estimates to be made.

(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 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.

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.

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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 income statement. 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 of revenue recognition and adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 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.

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(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.

(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.

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(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.

4. Seasonality of operations

The Group and the Company do not have any operations, the seasonality of which may affect the Group and the Company's operating results for the period ended 30 June 2017.

5. Changes in accounting estimates

In preparing the annual and consolidated and separate financial statements, the management has made several accounting estimates. Actual results may differ from these estimates. During the period ended 30 June 2017, there was no significant change in the accounting estimates made at the end of the previous annual accounting period except for the change in accounting estimate described in Note 3(g)(ii) Depreciation of machinery and equipment of a subsidiary directly related to production activities.

6. Unusual items

The Group and the Company do not have any unusual items which may affect the Group's and the Company's consolidated and separate financial statements for the period ended 30 June 2017.

7. Changes in the composition of the Company.

There is no change in Group and Company's structure for the period ended 30 June 2017.

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8. Segment reporting

Business segments

The Group comprises the following main business segments:

From 1/1/2017 to 30/6/2017

	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	354,362,484	581,683,718	1,475,199,351	147,316,813	2,558,562,366
Segment gross profit	209,511,362	363,346,833	165,879,587	15,198,045	753,935,827
Unallocated expenses					129,167,747
Financial income					24,519,303
Financial expenses					546,797,473
Results from operating activities					102,489,910
Other income					2,071,324
Other expenses					12,372,386
Income tax					6,502,862
Net profit after tax					85,685,986

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From 1/1/2016 to 30/6/2016

	Copper	Fluorspar	Tungsten	Others	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Segment revenue	327,278,614	320,755,569	1,019,330,550	78,100,793	1,745,465,526
Segment gross profit	203,517,161	163,183,603	69,431,316	34,659,636	470,791,716
Unallocated expenses					
Financial income					106,768,676
Financial expenses					114,124,723
					399,699,791
Results from operating activities					78,447,972
Other income					2,106,025
Other expenses					23,038,750
Income tax benefit					(13,833,739)
Net profit after tax					71,348,986

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As at 30 June 2017	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	208,132,837	1,083,551,236	2,159,124,917	1,418,474,407	4,869,283,397
Unallocated assets					21,766,285,700
Total assets					26,635,569,097
Total liabilities					14,839,402,828
As at 1 January 2017	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	215,094,844	1,119,798,540	2,216,085,945	1,476,715,921	5,027,695,250
Unallocated assets					21,507,803,199
Total assets					26,535,498,449
Total liabilities					14,825,018,166

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	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
From 1/1/2017 to 30/6/2017					
Capital expenditure	-	-	151,835,792	3,608,234	155,444,026
Unallocated capital expenditure					404,582,269
Depreciation	6,962,007	36,247,304	71,827,668	47,484,944	162,521,923
Unallocated depreciation					402,166,613
Unallocated amortisation					85,268,834
From 1/1/2016 to 30/6/2016					
Capital expenditure	-	-	141,782,488	-	141,782,488
Unallocated capital expenditure					545,112,562
Depreciation	6,424,340	33,446,991	63,940,969	5,839,518	109,651,818
Unallocated depreciation					344,928,578
Unallocated amortisation					58,333,628

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9. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Cash on hand	281,451	180,691	-	-
Cash in banks	343,939,242	536,534,346	1,026,285	896,931
Cash equivalents	192,800,974	66,630,000	-	-
	537,021,667	603,345,037	1,026,285	896,931

10. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Short-term receivables				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Others (b)	368,152,931	267,397,165	55,000	55,000
	378,152,931	277,397,165	55,000	55,000
Long-term receivables				
Borrowing cost – MRTN (c)	-	-	909,990,962	938,240,411
Land compensation receivable from Thai Nguyen People's Committee (d)	1,318,948,681	1,356,982,821	-	-
Others	27,000,548	22,474,954	-	-
	1,345,949,229	1,379,457,775	909,990,962	938,240,411

- (a) Sales of claims receivable are due from the intermediate holding company and are unsecured, receivable based on agreed terms and interest free.
- (b) A portion of other receivables pertains to amounts paid on behalf of an intermediate holding company which are unsecured, receivable based on agreed terms and interest free.
- (c) Long-term receivables from a subsidiary are unsecured, receivable on maturity and interest free.

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- (d) 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.

11. Inventories

	<u>Group</u>		<u>Company</u>	
	30/6/2017	1/1/2017	30/6/2017	1/1/2017
	VND'000	VND'000	VND'000	VND'000
Goods in transit	4,581,040	16,836,476	-	-
Raw materials	192,142,745	211,759,203	-	-
Tools and supplies	510,789,751	508,128,264	-	-
Work in progress	85,378,935	85,477,090	-	-
Finished goods	275,318,263	244,848,741	-	-
Goods on consignment	85,615,645	45,335,442	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,153,826,379	1,112,385,216	-	-

12. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	30/6/2017	1/1/2017	30/6/2017	1/1/2017
	VND'000	VND'000	VND'000	VND'000
Long-term lending loans receivables from a related party	-	-	3,945,518,100	3,945,518,100
	<hr/>	<hr/>	<hr/>	<hr/>

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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13. 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	-	1,278,624	-	-	-	1,278,624
Transfer from construction in progress (Note 16)	37,250,659	18,418,670	603,602	-	-	56,272,931
Disposals	-	-	-	(2,496,237)	-	(2,496,237)
Closing balance	3,464,986,676	11,877,107,994	41,214,484	19,787,184	5,026,291,284	20,429,387,622
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	95,831,733	337,133,842	1,848,760	1,581,998	100,521,856	536,918,189
Disposals	-	-	-	(2,091,440)	-	(2,091,440)
Closing balance	446,402,254	1,769,876,257	31,959,330	14,334,929	608,943,975	2,871,516,745
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	3,018,584,422	10,107,231,737	9,255,154	5,452,255	4,417,347,309	17,557,870,877

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Included in the cost of tangible fixed assets of the Group were assets costing VND28,866 million which were fully depreciated as at 30 June 2017 (1/1/2017: VND28,494 million), but which are still in active use.

At 30 June 2017, tangible fixed assets with a carrying value of VND11,740 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2017: VND12,088 billion) (Note 22(b)(i)).

14. 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	6,730,000
	56,083,333
Net book value	
Opening balance	17,946,667
Closing balance	11,216,667

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 22(b)(ii)).

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15. 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
Transfer from construction in progress (Note 16)	7,661,182	-	7,661,182
Closing balance	97,231,152	588,370,818	685,601,970
Accumulated amortisation			
Opening balance	37,741,353	66,469,374	104,210,727
Charge for the period	5,765,184	15,275,163	21,040,347
Closing balance	43,506,537	81,744,537	125,251,074
Net book value			
Opening balance	51,828,617	521,901,444	573,730,061
Closing balance	53,724,615	506,626,281	560,350,896

Included in the cost of intangible fixed assets were assets costing VND10,127 million which were fully amortised as at 30 June 2017 (1/1/2017: VND10,127 million), but which are still in use.

At 30 June 2017, intangible fixed assets with a carrying value of VND558 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2017: VND571 billion) (Note 22(b)(i)).

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16. Construction in progress

<u>Group:</u>	From 1/1/2017 to 30/6/2017 VND'000
Opening balance	1,681,618,571
Additions during the period	441,068,713
Transfer to tangible fixed assets (Note 13)	(56,272,931)
Transfer to intangible fixed assets (Note 15)	(7,661,182)
	2,058,753,171
Closing balance	2,058,753,171

During the period, borrowing costs capitalised into construction in progress amounted to VND52 billion (for the six-month period ended 30 June 2016: VND129 billion). As at the reporting date, 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.

17. Long-term investments

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 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 30 June 2017:

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

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

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18. 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	-	-	-	74,205,781	21,843,878	96,049,659
Transfer from long-term receivables	-	38,034,140	-	-	-	38,034,140
Amortisation for the period	(1,395,965)	(34,335,924)	(9,466,000)	(33,430,998)	(6,639,947)	(85,268,834)
Closing balance	3,489,914	1,124,315,019	11,466,000	1,243,095,220	15,420,888	2,397,787,041

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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19. Taxes payable to State Treasury

Group:

	1/1/2017	Incurred	Paid/Offset	30/6/2017
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	224,602,752	(224,602,752)	-
Import-export tax	-	87,718,893	(87,718,893)	-
Corporate income tax	13,961,299	21,502,498	(13,984,254)	21,479,543
Environment protection tax	-	4,988,580	(4,988,580)	-
Personal income tax	25,565,985	27,535,224	(37,396,803)	15,704,406
Natural resource tax	-	454,665,284	(454,665,284)	-
Other taxes	3,943,619	16,248,623	(18,085,704)	2,106,538
	43,470,903	837,261,854	(841,442,270)	39,290,487

20. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/6/2017	1/1/2017	30/6/2017	1/1/2017
	VND'000	VND'000	VND'000	VND'000
Bonus	10,106,545	17,555,938	-	-
Accrued interest payable	323,780,178	313,650,461	-	-
Other financing costs	987,791	452,055	-	-
Natural resource taxes and fees	25,585,479	230,260,525	-	-
Accrual for construction work	120,665,242	102,639,226	-	-
Consultant fee	5,342,081	9,032,311	-	-
Operating costs	75,754,305	119,251,190	-	-
Others	1,380,829	1,380,829	917,904	934,647
	563,602,450	794,222,535	917,904	934,647

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21. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Short-term:				
Amounts due to Masan Horizon Corporation (MH)				
Non-trade – short-term (a)	2,511,785	2,511,785	2,511,785	2,511,785
Amount due to NPM				
Non-trade – short-term (a)	-	-	10,294,685	10,294,685
Other payable to third parties				
Other payables – short-term	673,500	28,663,460	-	26,449,448
	3,185,285	31,175,245	12,806,470	39,255,918
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

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

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22. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

	1/1/2017		Movements during the period				30/6/2017	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Reclassification from long-term borrowings VND'000	Payments VND'000	Unrealised foreign exchange gain VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000	
Short-term borrowings	2,207,792,371	2,207,792,371	-	(1,169,246,371)	(13,702,470)	2,374,800,644	2,374,800,644	
Current portion of long-term borrowings (Note(b))	19,210,361	19,210,361	6,087,153	(7,852,305)	-	17,445,209	17,445,209	
	2,227,002,732	2,227,002,732	6,087,153	(1,177,098,676)	(13,702,470)	2,392,245,853	2,392,245,853	

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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>	
		30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Secured bank loan (i)	USD	758,907,841	702,018,134	-	-
Secured bank loan (ii)	USD	175,651,849	129,399,631	-	-
Secured bank loan (ii)	VND	870,310,243	805,693,327	-	-
Loan from an investor in one of the subsidiary (iii)	USD	569,930,711	570,681,279	-	-
		2,374,800,644	2,207,792,371		

- (i) The USD denominated loan from a local bank bore interest within range from 3.5% to 4.67% per annum. The loan is securitised by part of short-term receivables of NPM. As at reporting date, these loans are secured by 120 million shares of the Company held by Masan Horizon Corporation.
- (ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. Specific loans drawdown in USD bore interest ranging from 4.5% to 5.5% per annum, loans drawdown in VND bore interest ranging from 6.8% to 8% per annum respectively.
- (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.

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

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Long-term bonds issued (i)	8,940,319,318	8,916,802,303	-	-
Finance lease liabilities (ii)	17,445,209	25,297,514	-	-
	8,957,764,527	8,942,099,817	-	-
Repayable within twelve months (Note (a))	(17,445,209)	(19,210,361)	-	-
	8,940,319,318	8,922,889,456	-	-

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(i) Long-term bonds

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

	Currency	Interest rate per annum	Year of maturity	Group	
				30/6/2017 VND'000	1/1/2017 VND'000
Secured bond issuance	VND	(*)	2018	997,954,545	1,000,000,000
Secured bond issuance	VND	(**)	2020	7,942,364,773	7,916,802,303
				8,940,319,318	8,916,802,303

(*) The VND denominated non-convertible bonds were issued by TNTI with a two-year term and bore interest rate of 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 related reference banks plus 2.0%. 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. This secured bond issuance was reported net of bond arrangement fees.

(**) The VND denominated non-convertible bonds were issued by NPM with a five-year term bore interest rate 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 related 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.

(ii) Finance lease liabilities

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

	30/6/2017			1/1/2017		
	Payments VND'000	Interest VND'000	Principal VND'000	Payments VND'000	Interest VND'000	Principal VND'000
Within one year	18,797,742	1,352,533	17,445,209	21,930,692	2,720,331	19,210,361
Within 2 to 5 years	-	-	-	6,265,918	178,765	6,087,153
	18,797,742	1,352,533	17,445,209	28,196,610	2,899,096	25,297,514

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23. Deferred tax liabilities and unrecognised deferred tax assets

(i) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2017 VND'000	1/1/2017 VND'000	30/6/2017 VND'000	1/1/2017 VND'000
Mineral reserves and mineral resources	660,072,317	675,071,953	-	-

(ii) 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	102,950,473	5,269,289
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	98,755,710	5,269,289
	<u>102,950,473</u>	<u>5,269,289</u>

24. 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	870,223	20,803,424	21,673,647
Provision used during the period	-	(73,115,677)	(73,115,677)
Closing balance	<u>23,473,414</u>	<u>509,429,838</u>	<u>532,903,252</u>

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25. 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 for the period	-	-	-	69,907,741	69,907,741	1,441,245	71,348,986
Balance at 30 June 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,511,871,433	11,354,988,690	311,494,705	11,666,483,395
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 for the period	-	-	-	62,875,127	62,875,127	22,810,859	85,685,986
Balance at 30 June 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,614,679,843	11,457,797,100	338,369,169	11,796,166,269

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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 profit for the period	-	-	83,345,385	83,345,385
Balance at 30 June 2016	7,194,473,280	1,944,327,324	306,033,478	9,444,834,082
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	-	-	(1,653,904)	(1,653,904)
Balance at 30 June 2017	7,194,473,280	1,944,327,324	303,326,734	9,442,127,338

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26. Share capital

The Company's authorised and issued share capital comprised:

	1/1/2017 and 30/6/2017	
	Number of shares	VND'000
Authorised share capital	719,447,328	7,194,473,280
Issued share capital		
Ordinary shares	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300
	719,447,328	7,194,473,280
Shares in circulation		
Ordinary shares	703,544,898	7,035,448,980
Preference shares	15,902,430	159,024,300
	719,447,328	7,194,473,280
Share premium	-	1,944,327,324

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

The preference shares have a par value of VND10,000, being mandatorily converted into a fixed number of ordinary shares either at the end of 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.

The mandatory conversion date has occurred during the current period and as per agreement between the Company and the preference shares holder, the rights to convert into ordinary shares has been conferred. As of the date of issuance of these financial statements, reclassification of the shares has yet to be recorded and preference shares holder do not have voting rights and the right to receive fixed cash dividends in the current transition period as the Company is waiting for corporate and regulatory authorities' approval on the conversion.

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

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27. Off balance sheet items

(a) Foreign currencies

Group:

	30/6/2017		1/1/2017	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	11,769,232	266,808,481	22,288,147	506,386,696

(b) Bad debts written off

Group:

	30/6/2017 VND'000	1/1/2017 VND'000
Bad debts written off	9,577,438	9,577,438

28. Revenue from sales of goods

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

29. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Interest income	1,856,860	916,390	734	1,676
Foreign exchange gains	21,413,132	13,208,333	-	-
Offsetting of amounts due to a related party	-	100,000,000	-	85,000,000
Others	1,249,311	-	-	-
	24,519,303	114,124,723	734	85,001,676

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30. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Interest expense & borrowing fees	499,265,686	354,495,112	-	-
Foreign exchange losses	23,320,158	6,659,922	-	-
Others	24,211,629	38,544,757	-	-
	546,797,473	399,699,791	-	-

31. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of VND61,485 million (for the six-month period ended 30 June 2016: VND68,363 million) and a weighted average number of ordinary shares outstanding of 703,544,898 shares (for the six-month period ended 30 June 2016: 703,544,898 shares), calculated as follows:

(a) Net profit attributable to shareholders

	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	1,389,771	1,545,218
Ordinary shareholders	61,485,356	68,362,523
	62,875,127	69,907,741

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(b) Weighted average number of shares

	From 1/1/2017 to 30/6/2017	From 1/1/2016 to 30/6/2016
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

32. 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 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Ultimate holding company			
Masan Group Corporation	Offsetting of debts due from NPM	-	15,000,000
	Offsetting of debts due from MSR	-	85,000,000
Intermediary holding Company			
Masan Horizon Corporation	Mortgage fee paid on behalf of TNTI	499,827	-
	Mortgage fee paid on behalf of NPM	322,481	-
	Fees paid on behalf by NPM	102,984,444	-
Ultimate holding company's associate			
Local bank	Interest expense and borrowing fees	57,665,119	74,591,993
	Loan received	713,652,667	1,054,201,524
	Loan paid	645,131,368	1,635,336,150
Key management personnel			
	Salary, bonus and other benefits (*)	10,399,282	8,988,027

As at 30 June 2017, the Company and its subsidiaries have current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

(*) No board fees were paid to Board of Directors members for the six-month periods ended 30 June 2017 and 30 June 2016.

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Company:

Related Party	Nature of transactions	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Ultimate holding company			
Masan Group Corporation	Offsetting of debts	-	85,000,000
Subsidiaries			
Masan Thai Nguyen Resources Co., Ltd	Financial income received	-	28,000,000
Nui Phao Mining Co., Ltd	Financial income received	28,249,448	-

33. Non-cash investing and financing activities

	<u>Group</u>		<u>Company</u>	
	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2016 to 30/6/2016 VND'000
Depreciation and amortisation capitalised into construction in progress	-	4,716,241	-	-

27 July 2017

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:




Dominic John Heaton
General Director