

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

Quarterly financial statements
for the period ended 30 September 2016

Masan Resources Corporation (formerly known as Ma San Resources Corporation) Corporate Information

Business Registration

Certificate No.

0309966889

6 May 2016

The Company's Business 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 (from 22 April 2016)
Dr. Nguyen Dang Quang	Chairman (until 21 April 2016)
Dr. Nguyen Dang Quang	Member (from 22 April 2016)
Mr. Nguyen Thieu Nam	Member
Mr. Chetan Prakash Baxi	Member (until 21 April 2016)
Mr. Jonathan David Fiorello	Member
Mr. Dominic John Heaton	Member (from 22 April 2016)
Mr. Nguyen Van Thang	Member (from 22 April 2016)

Board of Management

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

Registered Office

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

Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Balance sheets as at 30 September 2016

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>	
			30/9/2016 VND'000	1/1/2016 VND'000	30/9/2016 VND'000	1/1/2016 VND'000
ASSETS						
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		2,192,829,110	2,490,177,582	971,441	552,795
Cash and cash equivalents	110	5	483,813,914	372,014,377	916,441	497,795
Cash	111		362,183,914	370,384,377	916,441	497,795
Cash equivalents	112		121,630,000	1,630,000	-	-
Short-term financial investments	120		-	2,100,000	-	-
Held-to-maturity investments	123		-	2,100,000	-	-
Accounts receivable – short-term	130		549,535,173	747,080,504	55,000	55,000
Accounts receivable from customers	131		291,822,796	241,247,245	-	-
Prepayments to suppliers	132		36,851,039	75,767,652	-	-
Other receivables	136	6	223,146,526	432,350,795	55,000	55,000
Allowance for doubtful debts	137		(2,285,188)	(2,285,188)	-	-
Inventories	140	7	967,822,078	1,084,398,392	-	-
Inventories	141		967,822,078	1,084,398,392	-	-
Other current assets	150		191,657,945	284,584,309	-	-
Short-term prepaid expenses	151		72,635,035	42,783,827	-	-
Deductible value added tax	152		119,022,910	241,800,482	-	-

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 30 September 2016 (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>		
			30/9/2016 VND'000	1/1/2016 VND'000	30/9/2016 VND'000	1/1/2016 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		24,170,469,849	24,117,529,315	10,024,094,084	10,079,094,084
Accounts receivable – long-term	210		1,379,457,775	1,401,308,413	4,883,758,511	4,938,758,511
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,379,457,775	1,401,308,413	938,240,411	993,240,411
Fixed assets	220		18,496,379,394	16,902,122,433	-	-
Tangible fixed assets	221	9	17,891,056,904	16,256,577,694	-	-
Cost	222		19,952,761,309	17,617,933,108	-	-
Accumulated depreciation	223		(2,061,704,405)	(1,361,355,414)	-	-
Finance lease tangible fixed assets	224	10	21,311,667	31,406,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(45,988,333)	(35,893,333)	-	-
Intangible fixed assets	227	11	584,010,823	614,138,072	-	-
Cost	228		677,940,788	677,181,458	137,950	137,950
Accumulated amortisation	229		(93,929,965)	(63,043,386)	(137,950)	(137,950)
Long-term work in progress	240		2,024,953,206	3,994,917,610	-	-
Construction in progress	242	12	2,024,953,206	3,994,917,610	-	-
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		2,269,679,474	1,819,180,859	-	-
Long-term prepaid expenses	261	14	2,269,679,474	1,819,180,859	-	-
TOTAL ASSETS (270 = 100 + 200)	270		26,363,298,959	26,607,706,897	10,025,065,525	10,079,646,879

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 30 September 2016 (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> 30/9/2016 VND'000	1/1/2016 VND'000	<u>Company</u> 30/9/2016 VND'000	1/1/2016 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		14,657,609,975	15,012,572,488	580,572,853	718,158,182
Current liabilities	310		3,868,344,179	3,971,178,995	39,498,678	65,834,559
Accounts payable to suppliers	311		373,173,907	527,850,896	33	36,416
Advances from customers	312		51,878,451	5,011,136	-	-
Taxes payable to State Treasury	313	15	25,765,420	29,966,819	-	-
Payables to employees	314		107,789	11,626	-	-
Accrued expenses	315	16	403,536,502	798,272,246	442,727	778,096
Other short-term payables	319	17	30,017,136	79,848,379	39,055,918	65,020,047
Short-term borrowings	320	18(a)	2,983,864,974	2,530,217,893	-	-
Long-term liabilities	330		10,789,265,796	11,041,393,493	541,074,175	652,323,623
Other long-term payables	337	17	1,124,123,839	1,581,573,288	541,074,175	652,323,623
Long-term borrowings and liabilities	338	18(b)	8,366,091,592	8,173,417,989	-	-
Deferred tax liabilities	341	20	682,688,723	704,173,514	-	-
Provisions – long-term	342	19	616,361,642	582,228,702	-	-
EQUITY (400 = 410)	400		11,705,688,984	11,595,134,409	9,444,492,672	9,361,488,697
Equity	410	21	11,705,688,984	11,595,134,409	9,444,492,672	9,361,488,697
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		2,548,096,281	2,441,963,692	305,692,068	222,688,093
- Undistributed profit brought forward	421a		2,441,963,692	2,289,827,945	222,688,093	262,571,213
- Undistributed profit/(losses) for the current period/year	421b		106,132,589	152,135,747	83,003,975	(39,883,120)
Non-controlling interest	429		314,475,446	310,053,460	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		26,363,298,959	26,607,706,897	10,025,065,525	10,079,646,879

28 October 2016

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Acting 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 period ended 30 September 2016

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 1/7/2016 to 30/9/2016 VND'000	From 1/7/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Revenue from sales of goods	01	24	1,062,041,146	372,500,768	2,807,506,672	1,573,127,148
Cost of sales	11		806,010,444	223,558,836	2,080,684,254	1,068,293,251
Gross profit (20 = 01 - 11)	20		256,030,702	148,941,932	726,822,418	504,833,897
Financial income	21	25	88,091,955	165,668,485	202,216,678	545,664,260
Financial expenses	22	26	253,765,492	178,592,879	653,465,283	628,588,032
Selling expenses	25		33,446,770	38,062,542	92,727,818	116,862,931
General and administration expenses	26		15,597,144	63,092,136	63,084,772	239,207,052
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		41,313,251	34,862,860	119,761,223	65,840,142
Other income	31		-	-	2,106,025	11,769,735
Other expenses	32		4,967,644	4,829,162	28,006,394	24,610,903
Results of other activities (40 = 31 - 32)	40		(4,967,644)	(4,829,162)	(25,900,369)	(12,841,168)

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**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Statements of income for the period ended 30 September 2016 (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 1/7/2016 to 30/9/2016 VND'000	From 1/7/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Accounting profit before tax (50 = 30 + 40)	50		36,345,607	30,033,698	93,860,854	52,998,974
Income tax expense – current	51	27	4,783,984	30,243	4,791,070	109,521
Income tax benefit – deferred	52	27	(7,643,966)	(6,603,811)	(21,484,791)	(19,510,298)
Net profit after tax (60 = 50 - 51 - 52)	60		39,205,589	36,607,266	110,554,575	72,399,751
			VND'000	VND'000	VND'000	VND'000
Net profit/(loss) attributable to:						
Equity holders of the Company	61		36,224,848	39,520,150	106,132,589	143,606,995
Non-controlling interest	62		2,980,741	(2,912,884)	4,421,986	(71,207,244)
			VND	VND	VND	VND
Earnings per share						
Basic and diluted earnings per share	70	28	50	55	148	200

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**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Statements of income for the period ended 30 September 2016 (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)*

Company

	Code	Note	From 1/7/2016 to 30/9/2016 VND'000	From 1/7/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Financial income	21	25	375	5,035,372	85,002,051	18,094,456
Financial expenses	22	26	-	15,457,157	-	52,914,399
Selling expenses	25		-	-	-	-
General and administration expenses	26		341,785	111,862	1,995,134	643,842
Net operating profit/(loss) {30 = (21 - 22) - (25 + 26)}	30		(341,410)	(10,533,647)	83,006,917	(35,463,785)
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		(341,410)	(10,533,647)	83,003,975	(35,463,785)
Income tax expense – current	51	27	-	-	-	-
Income tax benefit – deferred	52	27	-	-	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		(341,410)	(10,533,647)	83,003,975	(35,463,785)

28 October 2016

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Acting 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 the period ended 30 September 2016 (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)*

		Group		Company	
	Code	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	01	93,860,854	52,998,974	83,003,975	(35,463,785)
Adjustments for					
Depreciation and amortisation	02	736,369,913	607,075,827	-	-
Allowances and provisions	03	34,132,940	25,646,823	-	-
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	82,837	23,073,299	-	-
Profits from investing activities	05	(173,408,666)	(494,106,092)	(85,002,051)	(18,094,456)
Interest expense and borrowing fees	06	594,670,685	518,849,684	-	52,914,399
Operating profit/(loss) before changes in working capital	08	1,285,708,563	733,538,515	(1,998,076)	(643,842)
Change in receivables and other current assets	09	88,792,897	379,053,851	-	-
Change in inventories	10	116,576,314	(501,482,564)	-	-
Change in payables and other liabilities	11	(292,317,516)	(327,880,381)	(371,752)	(28,278,054)
Change in prepaid expenses	12	(28,783,241)	200,069,437	-	-
		1,169,977,017	483,298,858	(2,369,828)	(28,921,896)
Interest paid	14	(617,929,588)	(970,034,897)	-	(384,946,188)
Income tax paid	15	(362,405)	(78,340)	-	-
Net cash flows from operating activities	20	551,685,024	(486,814,379)	(2,369,828)	(413,868,084)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(1,002,961,190)	(1,571,580,125)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	2,650,000	-	-	-
Term deposit received	24	2,100,000	-	-	-
Collection of loan to related parties	24	-	-	-	996,000,000
Receipt of interest	27	1,336,061	4,133,957	55,002,051	30,179,506
Net cash flows from investing activities	30	(996,875,129)	(1,567,446,168)	55,002,051	1,026,179,506

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 the period ended 30 September 2016
(Indirect method - continued)

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)*

		<u>Group</u>		<u>Company</u>	
	Code	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	33	2,729,755,137	11,051,347,311	-	-
Payments to settle loan principals	34	(2,108,056,604)	(8,691,874,028)	-	(611,053,812)
Payments to settle financial lease	35	(10,429,137)	(9,178,624)	-	-
Payments of dividends	36	(52,213,577)	(52,070,917)	(52,213,577)	(52,070,917)
Net cash flows from financing activities	40	559,055,819	2,298,223,742	(52,213,577)	(663,124,729)
Net cash flows during the period (50 = 20 + 30 + 40)	50	113,865,714	243,963,195	418,646	(50,813,307)
Cash and cash equivalents at the beginning of the period	60	372,014,377	136,442,647	497,795	54,478,808
Effect of exchange rate fluctuation on cash and cash equivalents	61	(2,066,177)	8,164,007	-	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)	70	483,813,914	388,569,849	916,441	3,665,501

28 October 2016

Prepared by:



Nguyen Thi Hai Yen
Chief Accountant

Reviewed by:



Nikhil Kamran
Acting 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**

Notes to the financial statements for the period ended 30 September 2016

Form B 09a – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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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 (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	
		30/9/2016	1/1/2016
Masan Thai Nguyen Resources Company Limited (formerly known as Ma San Thai Nguyen Resources Company Limited) (“MRTN”)	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Limited (“TNTI”)	Investment holding	100%	100%
Nui Phao Mining Company Limited (“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)
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Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – DN/HN

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2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements, except for the statements of cash flows, are prepared on the accrual basis using the historical cost concept. The statements of cash flows are 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 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 financial statements.

The accounting policies that have been adopted by the Group and the Company in the preparation of these financial statements are consistent with those adopted in the preparation of the latest annual 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 30 September 2016 (continued)

Form B 09a – 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 recognized as an expense when incurred.

(ii) Subsidiaries

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

(iii) 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. The actual rates of exchange applied to account for foreign currency transaction are determined as follows:

- Exchange rate applied to buying or selling foreign currency is the exchange rate stipulated in the currency exchange contract between the Company or its subsidiaries and the bank.
- Exchange rate applied to capital contribution transaction is the foreign currency buying rate at the transaction date quoted by the bank through which the investor transfers funds for the capital contribution.
- Exchange rate applied to recognize trade and other receivables is the foreign currency buying rate at the transaction date quoted by the bank through which the Company or its subsidiaries receive money from the customer or counterparty.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
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Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – DN/HN

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- Exchange rate applied to recognize trade and other payables is the foreign currency selling rate at the transaction date quoted by the bank through which the Company or its subsidiaries intend to make payment for the liability.
- For asset acquisitions or expenses that are settled with immediate payment, the exchange rate applied is the foreign currency buying rate at the transaction date quoted by the bank through which the Company or its subsidiaries make payment.
- In addition to the actual exchange rate as set forth, the Company or its subsidiaries may use the exchange rate that approximates the average account transfer buying and selling exchange rate quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash on hand and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions. Cash at bank and bank deposits are retranslated using the foreign currency buying rate of the bank where the Company or its subsidiaries deposit the money or maintain those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Company or its subsidiaries most frequently conduct 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

(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 and receivables on lending loans held to maturity. These investments are stated at costs less allowance for doubtful debts.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

(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.

(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.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

(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

(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.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

(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 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

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 recognized as long-term prepaid expenses under non-current assets.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

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 amortized 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.

(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.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

(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.

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.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

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 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 amortized 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".

(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 the tax rates enacted or substantively enacted at the end of the accounting period.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

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 150 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.

(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.

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

Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

(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.

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

4. Segment reporting

Business segments

The Group comprises the following main business segments:

From 1/1/2016 to 30/9/2016	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	469,093,124	548,706,607	1,654,846,057	134,860,884	2,807,506,672
Segment gross profit	290,595,989	301,095,513	112,889,445	22,241,471	726,822,418
Unallocated expenses					155,812,590
Financial income					202,216,678
Financial expenses					653,465,283
Results from operating activities					119,761,223
Other income					2,106,025
Other expenses					28,006,394
Income tax benefit					(16,693,721)
Net profit after tax					110,554,575

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

From 1/1/2015 to 30/9/2015	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	385,326,392	579,502,082	558,394,932	49,903,743	1,573,127,148
Segment gross profit	117,095,722	271,650,397	109,869,532	6,218,246	504,833,897
Unallocated expenses					356,069,983
Financial income					545,664,260
Financial expenses					628,588,032
Results from operating activities					65,840,142
Other income					11,769,735
Other expenses					24,610,903
Income tax benefit					(19,400,777)
Net profit after tax					72,399,751

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

As at 30 September 2016	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	250,342,616	1,287,081,155	2,045,160,838	409,371,776	3,991,956,385
Unallocated assets	-	-	-	-	22,371,342,574
Total assets					26,363,298,959
Total liabilities					14,657,609,975
As at 1 January 2016					
Segment assets	228,602,892	1,190,123,806	1,926,105,078	374,493,881	3,719,325,657
Unallocated assets	-	-	-	-	22,888,381,240
Total assets					26,607,706,897
Total liabilities					15,012,572,488

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

From 1/1/2016 to 30/9/2016	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	-	252,619,534	-	252,619,534
Unallocated capital expenditure	-	-	-	-	750,341,656
Depreciation	9,972,116	51,918,988	96,375,532	16,520,770	174,787,406
Unallocated depreciation	-	-	-	-	566,313,780
Unallocated amortisation	-	-	-	-	88,867,302

From 1/1/2015 to 30/9/2015	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	-	521,209,397	-	521,209,397
Unallocated capital expenditure	-	-	-	-	1,050,370,728
Depreciation	9,056,289	46,782,690	45,773,390	14,882,904	116,495,273
Unallocated depreciation	-	-	-	-	493,064,038
Unallocated amortisation	-	-	-	-	138,242,553

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

Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Cash on hand	441,069	120,699	-	-
Cash in banks	361,742,845	370,263,678	916,441	497,795
Cash equivalents	121,630,000	1,630,000	-	-
	483,813,914	372,014,377	916,441	497,795

6. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Short-term receivables				
Sale of claims receivable	10,000,000	256,200,000	-	-
Others	213,146,526	176,150,795	55,000	55,000
	223,146,526	432,350,795	55,000	55,000
Long-term receivables				
Borrowing cost – MRTN (a)	-	-	938,240,411	993,240,411
Land compensation receivable from Thai Nguyen People's Committee (b)	1,356,982,821	1,383,085,565	-	-
Others	22,474,954	18,222,848	-	-
	1,379,457,775	1,401,308,413	938,240,411	993,240,411

- (a) Long-term receivables from a subsidiary are unsecured and receivable on maturity.
- (b) Long-term receivables represent 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.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

7. Inventories

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Goods in transit	9,028,010	65,652,476	-	-
Raw materials	122,424,198	152,374,069	-	-
Tools and supplies	533,552,991	548,806,632	-	-
Work in progress	102,222,032	104,308,694	-	-
Finished goods	150,870,398	213,256,521	-	-
Goods on consignment	49,724,449	-	-	-
	967,822,078	1,084,398,392	-	-

8. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	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

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.

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

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	2,289,020,664	10,243,499,553	35,852,590	23,269,017	5,026,291,284	17,617,933,108
Additions	-	1,396,871	1,452,276	4,098,778	-	6,947,925
Transfer from construction in progress (Note 12)	1,139,177,270	1,187,714,794	1,549,482	-	-	2,328,441,546
Reclassification	(5,162,585)	4,148,968	3,842,190	2,743,595	-	5,572,168
Disposals	-	-	-	(6,133,438)	-	(6,133,438)
Closing balance	3,423,035,349	11,436,760,186	42,696,538	23,977,952	5,026,291,284	19,952,761,309
Accumulated depreciation						
Opening balance	193,155,654	815,232,772	24,769,221	14,834,669	313,363,098	1,361,355,414
Charge for the period	110,502,019	439,972,520	2,750,741	2,875,929	144,018,398	700,119,607
Reclassification	(516,259)	(497,358)	3,842,190	2,743,595	-	5,572,168
Disposals	-	-	-	(5,342,784)	-	(5,342,784)
Closing balance	303,141,414	1,254,707,934	31,362,152	15,111,409	457,381,496	2,061,704,405
Net book value						
Opening balance	2,095,865,010	9,428,266,781	11,083,369	8,434,348	4,712,928,186	16,256,577,694
Closing balance	3,119,893,935	10,182,052,252	11,334,386	8,866,543	4,568,909,788	17,891,056,904

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

At 30 September 2016, tangible fixed assets with a carrying value of VND12,271 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2016: VND10,440 billion) (Note 18(b)(ii)).

10. Finance lease tangible fixed assets

Group:

	Machinery and equipment VND'000
Cost	
Opening and closing balances	67,300,000
Accumulated depreciation	
Opening balance	35,893,333
Charge for the period	10,095,000
Closing balance	45,988,333
Net book value	
Opening balance	31,406,667
Closing balance	21,311,667

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)(iii)).

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

11. Intangible fixed assets

Group:

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening balance	88,810,640	588,370,818	677,181,458
Additions	759,330	-	759,330
Closing balance	89,569,970	588,370,818	677,940,788
Accumulated amortisation			
Opening balance	27,124,341	35,919,045	63,043,386
Charge for the period	7,973,833	22,912,746	30,886,579
Closing balance	35,098,174	58,831,791	93,929,965
Net book value			
Opening balance	61,686,299	552,451,773	614,138,072
Closing balance	54,471,796	529,539,027	584,010,823

At 30 September 2016, intangible fixed assets with a carrying value of VND581 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2016: VND611 billion) (Note 18(b)(ii)).

12. Construction in progress

	From 1/1/2016 to 30/9/2016 VND'000
<u>Group:</u>	
Opening balance	3,994,917,610
Additions during the period	791,305,370
Transfer to tangible fixed assets (Note 9)	(2,328,441,546)
Transfer to long-term prepaid expenses (Note 14)	(432,828,228)
Closing balance	2,024,953,206

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

During the period, borrowing costs capitalised into construction in progress amounted to VND147 billion (for the year ended 31 December 2015: VND299 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.

13. Long-term investments

	<u>Group</u>		<u>Company</u>	
	30/9/2016 VND'000	1/1/2016 VND'000	30/9/2016 VND'000	1/1/2016 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 September 2016:

Name	Address
Masan Thai Nguyen Resources Co., Ltd (formerly known as Ma San Thai Nguyen Resources Company 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.

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

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	7,677,810	606,226,331	39,864,000	1,159,914,274	5,498,444	1,819,180,859
Additions	-	-	-	84,613,152	-	84,613,152
Transfer from construction in progress (Note 12)	-	432,828,228	-	-	-	432,828,228
Transfer from other long-term receivable	-	26,102,744	-	-	-	26,102,744
Reclassifications	-	5,107,922	-	-	(5,107,922)	-
Refund of land cost	-	(4,178,207)	-	-	-	(4,178,207)
Amortisation for the period	(2,093,948)	(27,598,905)	(14,199,000)	(44,845,275)	(130,174)	(88,867,302)
Closing balance	5,583,862	1,038,488,113	25,665,000	1,199,682,151	260,348	2,269,679,474

Contribution to the People's Committee of Thai Nguyen Province

On 20 July 2010, NPM 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%.

Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

15. Taxes payable to State Treasury

Group:

	1/1/2016	Incurred	Paid/Offset	30/9/2016
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	291,139,847	(291,139,847)	-
Import-export tax	-	85,486,105	(85,486,105)	-
Corporate income tax	4,005	4,791,070	(362,405)	4,432,670
Environment protection tax	-	11,927,784	(11,927,784)	-
Personal income tax	25,513,474	30,731,953	(39,053,437)	17,191,990
Natural resource taxes	-	313,450,342	(313,450,342)	-
Other taxes	4,449,340	35,155,090	(35,463,670)	4,140,760
	29,966,819	772,682,191	(776,883,590)	25,765,420

16. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Bonus	5,086,772	5,792,711	-	-
Accrued interest payable	134,970,327	251,034,100	-	-
Foreign contractor tax	-	1,907,433	-	-
Natural resource taxes and fees	57,666,908	286,165,753	-	-
Accrual for construction work	90,341,272	139,122,810	-	-
Consultant fee	8,627,680	14,990,638	-	-
Operating costs	103,935,353	96,350,608	-	-
Others	2,908,193	2,908,193	442,727	778,096
	403,536,502	798,272,246	442,727	778,096

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

17. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Amounts due to Masan Group Corporation (MSN)				
Financial expenses – long-term (a)	1,124,123,839	1,555,323,840	541,074,175	626,074,175
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	27,505,351	77,336,594	26,249,448	52,213,577
Other payables – long-term	-	26,249,448	-	26,249,448

-
- (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.

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

18. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings

Group:

	1/1/2016	Movement during the period				30/9/2016
	Carrying amount and amount within repayment capacity VND'000	Additions VND'000	Payments VND'000	Unrealised foreign exchange gain VND'000	Reclassifications from long-term borrowings VND'000	Carrying amount and amount within repayment capacity VND'000
Short-term borrowings	2,418,506,153	2,329,755,137	(2,060,556,604)	(3,292,409)	-	2,684,412,277
Current portion of long-term borrowings (Note (b))	111,711,740	-	(57,929,137)	-	245,670,094	299,452,697
	2,530,217,893	2,329,755,137	(2,118,485,741)	(3,292,409)	245,670,094	2,983,864,974

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

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

	Currency	<u>Group</u>		<u>Company</u>	
		30/9/2016 VND'000	1/1/2016 VND'000	30/9/2016 VND'000	1/1/2016 VND'000
Secured bank loan (i)	USD	1,176,773,350	1,732,671,150	-	-
Secured bank loan (ii)	VND	861,055,344	120,000,000	-	-
Secured bank loan (ii)	USD	86,704,972	-	-	-
Loan from other third party	USD	-	1,447,303	-	-
Loan from an investor in one of the subsidiary (iii)	USD	559,878,611	564,387,700	-	-
		<hr/> 2,684,412,277	<hr/> 2,418,506,153	<hr/> -	<hr/> -

- (i) The USD denominated syndicated loan from a local bank bore interest within range from 3.5% to 5.05% per annum and is securitized by part of short-term receivables of NPM. Part of the loan was swapped to a VND denominated loan with swap interest rate of 4.5% per annum. In conjunction with the long-term secured bank loan, these loans are also secured by 158 million shares of the Company held by Masan Horizon Corporation.
- (ii) The denominated loan from a local bank is secured by inventories and part of short-term receivables of NPM. The loan drawdown in VND bear interest of 8% per annum and 4.5% per annum for the loan drawdown in USD respectively.
- (iii) The USD denominated loan is from an investor in one of the subsidiaries. The loan is unsecured and bore interest of 6% per annum.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

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

	<u>Group</u>		<u>Company</u>	
	30/9/2016	1/1/2016	30/9/2016	1/1/2016
	VND'000	VND'000	VND'000	VND'000
Long-term borrowings (i)	732,500,000	380,000,000	-	-
Long-term bonds issued (ii)	7,904,021,068	7,865,677,365	-	-
Finance lease liabilities (iii)	29,023,221	39,452,364	-	-
	8,665,544,289	8,285,129,729	-	-
Repayable within twelve months (Note (a))	(299,452,697)	(111,711,740)	-	-
Repayable after twelve months	8,366,091,592	8,173,417,989	-	-

(i) Long-term borrowings

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

			<u>Group</u>		<u>Company</u>	
	Currency	Year of maturity	30/9/2016	1/1/2016	30/9/2016	1/1/2016
			VND'000	VND'000	VND'000	VND'000
Secured bank loan (*)	VND	2018	332,500,000	380,000,000	-	-
Secured bank loan (**)	VND	2019	400,000,000	-	-	-
			732,500,000	380,000,000	-	-

(*) The medium term loans from a local bank are secured and bore interest within range from 9.3% to 9.9% per annum. In conjunction with the USD denominated short-term secured bank loans, these loans are also secured by 158 million shares of the Company held by Masan Horizon Corporation.

(**) The medium term loans from a local bank bore interest at 8% per annum and are secured by 33.5 million shares of the Company held by Masan Horizon Corporation.

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

(ii) Long-term bonds

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

	Currency	Year of maturity	Group	
			30/9/2016 VND'000	1/1/2016 VND'000
Secured bond issuance	VND	2020	7,904,021,068	7,865,677,365

The VND denominated bonds 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 related reference banks plus 3%. The bond proceeds were used by NPM and secured by certain long-term assets of NPM.

The balance as at 30 September 2016 was reported net of bond arrangement fees.

(iii) Finance lease liabilities

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

	Payments VND'000	30/9/2016 Interest VND'000	Principal VND'000	Payments VND'000	1/1/2016 Interest VND'000	Principal VND'000
Within one year	21,930,692	3,377,994	18,552,698	21,930,692	5,218,952	16,711,740
Within 2 to 5 years	10,965,351	494,828	10,470,523	25,063,649	2,323,025	22,740,624
	32,896,043	3,872,822	29,023,221	46,994,341	7,541,977	39,452,364

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

19. Provisions – long-term

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

<u>Group:</u>	Mine rehabilitation VND'000	Mining rights VND'000	Total VND'000
Opening balance	20,987,178	561,241,524	582,228,702
Provision made during the period	1,212,010	32,920,930	34,132,940
Closing balance	22,199,188	594,162,454	616,361,642

20. Deferred tax liabilities and unrecognised deferred tax assets

(a) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	30/9/2016 VND'000	1/1/2016 VND'000	30/9/2016 VND'000	1/1/2016 VND'000
Deferred tax liabilities				
Mineral reserves and mineral resources	682,688,723	704,173,514	-	-

(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	148,829,260	2,903,954
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	144,634,497	2,903,954
	148,829,260	2,903,954

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

Masan Resources Corporation (formerly known as Ma San Resources Corporation) and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

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 2015	7,194,473,280	1,944,327,324	(295,683,347)	2,289,827,945	11,132,945,202	377,867,178	11,510,812,380
Net profit/(loss) for the period	-	-	-	143,606,995	143,606,995	(71,207,244)	72,399,751
Balance at 30 September 2015	7,194,473,280	1,944,327,324	(295,683,347)	2,433,434,940	11,276,552,197	306,659,934	11,583,212,131
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	-	-	-	106,132,589	106,132,589	4,421,986	110,554,575
Balance at 30 September 2016	7,194,473,280	1,944,327,324	(295,683,347)	2,548,096,281	11,391,213,538	314,475,446	11,705,688,984

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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:

	Share capital VND'000	Share premium VND'000	Undistributed profit after tax VND'000	Total VND'000
Balance at 1 January 2015	7,194,473,280	1,944,327,324	262,571,213	9,401,371,817
Net loss for the period	-	-	(35,463,785)	(35,463,785)
Balance at 30 September 2015	7,194,473,280	1,944,327,324	227,107,428	9,365,908,032
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	-	-	83,003,975	83,003,975
Balance at 30 September 2016	7,194,473,280	1,944,327,324	305,692,068	9,444,492,672

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

22. Share capital

The Company's authorised and issued share capital comprised:

	30/9/2016		1/1/2016	
	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

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 represented the excess of the proceeds on issuance of shares over the par value.

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

Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

23. Off balance sheet items

(a) Foreign currencies

Group:

	30/9/2016		1/1/2016	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	14,758,409	328,522,176	5,630,416	126,121,285

(b) Bad debts written off

Group:

	30/9/2016 VND'000	1/1/2016 VND'000
Bad debts written off	9,577,438	9,577,438

24. Revenue from sales of goods

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

25. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Interest income	1,335,732	4,106,092	2,051	179,506
Offsetting of amounts due to a related party	185,000,000	490,000,000	85,000,000	-
Foreign exchange gains & others	15,880,946	51,558,168	-	17,914,950
	202,216,678	545,664,260	85,002,051	18,094,456

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

26. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Interest expense and borrowing fee	594,670,685	518,849,684	-	52,914,399
Foreign exchange losses	9,776,181	84,091,525	-	-
Others	49,018,417	25,646,823	-	-
	653,465,283	628,588,032	-	52,914,399

27. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Current tax expense				
Current period	4,791,070	109,521	-	-
Deferred tax benefit				
Reversal of temporary differences	(21,484,791)	(19,510,298)	-	-
Income tax benefit	(16,693,721)	(19,400,777)	-	-

(b) Applicable tax rates

The Company has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits (2015: 22%). The Company's subsidiaries have obligation to pay the government income tax in accordance with the prevailing regulations.

The standard income tax rate applicable to enterprises before any incentives is 20% (2015: 22%).

**Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries**
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the nine month period ended 30 September 2016 was based on the profit attributable to ordinary shareholders of VND 103,787 million (for the period ended 30 September 2015: VND140,433 million) and a weighted average number of ordinary shares outstanding of 703,544,898 shares during the period (for the period ended 30 September 2015: 703,544,898 shares), calculated as follows:

(a) Net profit attributable to shareholders

	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	2,345,920	3,174,242
Ordinary shareholders	103,786,669	140,432,753
	<hr/> 106,132,589	<hr/> 143,606,995 <hr/>

(b) Weighted average number of shares

	From 1/1/2016 to 30/9/2016	From 1/1/2015 to 30/9/2015
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
	<hr/>	<hr/>

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

Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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)*

29. 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 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Ultimate holding company			
Masan Group Corporation	Loan repaid	-	611,053,812
	Conversion of interest payable into loan principal	-	78,156,014
	Offsetting of debts due from NPM	324,000,000	490,000,000
	Offsetting of debts due from MSR	85,000,000	-
	Interest expense and borrowing fees	-	64,236,148
	Interest expense and borrowing fees paid	22,200,000	384,946,188
Masan Horison Corporation	Sale of claim received	22,200,000	-
	Sale of claim through offsetting of debts	224,000,000	-
Ultimate holding company's associate			
Local bank	Interest expense and borrowing fees	101,659,382	76,165,720
	Loan received	1,575,789,479	2,442,424,470
	Loan paid	1,780,171,150	1,202,501,236
Key management personnel			
	Salary, bonus and other benefits (*)	14,197,511	10,907,041

(*) No board fees were paid to Board of Directors members in the period ended 30 September 2016 and 30 September 2015.

Masan Resources Corporation (formerly known as Ma San Resources Corporation)
and its subsidiaries
Notes to the financial statements for the period ended 30 September 2016 (continued)

Form B 09a – 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:

Related Party	Nature of transactions	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Ultimate holding company			
Masan Group Corporation	Conversion of interest payable into loan principle	-	52,221,014
	Offsetting of debts	85,000,000	-
	Interest expense and borrowing fees	-	52,914,399
	Interest expense and borrowing fees paid	-	384,946,188
	Loan paid	-	611,053,812
Other related parties			
Masan Thai Nguyen Resources Company Limited	Financial income from loan provided to a subsidiary	-	17,914,950
	Financial income received	36,711,320	30,000,000
	Collection on loans provided	-	996,000,000
Nui Phao Mining Company Ltd	Financial income received	18,288,680	-
	Other payable paid	-	27,000,000

30. Non-cash investing and financing activities

	Group		Company	
	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000	From 1/1/2016 to 30/9/2016 VND'000	From 1/1/2015 to 30/9/2015 VND'000
Conversion of interest payable into loan principal	-	78,156,014	-	52,221,014
Depreciation and amortisation capitalised into construction in progress	4,731,273	2,483,484	-	-

28 October 2016

Prepared by:



Nguyen Thi Hai Yen
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Approved by:



Dominic John Heaton
General Director