

**Masan Resources Corporation
and its subsidiaries**

Quarterly financial statements
for the period ended 31 March 2019



Masan Resources Corporation Corporate Information

Enterprise Registration

Certificate No. 0309966889 3 October 2018

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 3 October 2018. 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 <i>(resigned on 16 April 2019 and approved by General Meeting of Shareholders on 19 April 2019)</i>
	Mr. Danny Le	Chairman <i>(appointed and approved by General Meeting of Shareholders on 19 April 2019)</i>
	Dr. Nguyen Dang Quang	Member
	Mr. Nguyen Thieu Nam	First Vice Chairman <i>(appointed and approved by General Meeting of Shareholders on 19 April 2019)</i>
	Mr. Dominic John Heaton	Member <i>(resigned on 26 July 2018 and approved by General Meeting of Shareholders on 19 April 2019)</i>
	Mr. Nguyen Van Thang	Member

Board of Management	Mr. Craig Richard Bradshaw	General Director
	Mr. Stuart James Wells	Chief Financial Officer <i>(appointed from 7 March 2019)</i>
	Ms. Nguyen Thi Thanh Mai	Chief Accountant

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 31 March 2019

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>	
			31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
ASSETS						
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,700,418,693	4,333,718,245	61,124,044	47,959,283
Cash and cash equivalents	110	5	121,183,060	467,220,260	3,725,431	3,288,566
Cash	111		90,090,566	263,449,041	1,025,431	234,588
Cash equivalents	112		31,092,494	203,771,219	2,700,000	3,053,978
Accounts receivable – short-term	130		1,067,900,642	1,612,852,955	57,398,613	44,670,717
Accounts receivable from customers	131		491,572,338	960,321,689	-	-
Prepayments to suppliers	132		131,863,002	175,750,070	337,537	-
Other receivables	136	6	444,465,302	476,781,196	57,061,076	44,670,717
Inventories	140	7	2,696,068,419	1,646,014,138	-	-
Inventories	141		2,696,068,419	1,646,014,138	-	-
Other current assets	150		815,266,572	607,630,892	-	-
Short-term prepaid expenses	151		89,435,525	45,996,377	-	-
Deductible value added tax	152		725,831,047	561,634,515	-	-

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 31 March 2019 (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	
			31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		23,516,400,601	23,615,407,322	12,495,844,635	12,495,844,635
Accounts receivable – long-term	210		1,335,391,743	1,335,307,630	7,355,509,062	7,355,509,062
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,335,391,743	1,335,307,630	3,409,990,962	3,409,990,962
Fixed assets	220		17,973,942,976	18,267,296,514	-	-
Tangible fixed assets	221	9	17,485,132,340	17,767,943,281	-	-
Cost	222		22,409,307,465	22,411,038,516	-	-
Accumulated depreciation	223		(4,924,175,125)	(4,643,095,235)	-	-
Finance lease tangible fixed assets	224	10	-	-	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(67,300,000)	(67,300,000)	-	-
Intangible fixed assets	227	11	488,810,636	499,353,233	-	-
Cost	228		688,278,032	688,278,032	137,950	137,950
Accumulated amortisation	229		(199,467,396)	(188,924,799)	(137,950)	(137,950)
Long-term work in progress	240		1,613,933,012	1,429,178,901	-	-
Construction in progress	242	12	1,613,933,012	1,429,178,901	-	-
Long-term financial investments	250		5,900,000	5,900,000	5,140,335,573	5,140,335,573
Investment in a subsidiary	251	13	-	-	5,140,335,573	5,140,335,573
Held to maturity investments	255		5,900,000	5,900,000	-	-
Other long-term assets	260		2,587,232,870	2,577,724,277	-	-
Long-term prepaid expenses	261	14	2,587,232,870	2,576,441,928	-	-
Deferred tax assets	262	19	-	1,282,349	-	-
TOTAL ASSETS (270 = 100 + 200)	270		28,216,819,294	27,949,125,567	12,556,968,679	12,543,803,918

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 31 March 2019 (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	
			31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		16,094,297,721	15,823,171,322	3,110,670,266	3,098,253,712
Current liabilities	310		4,420,686,651	4,101,944,806	69,596,091	57,179,537
Accounts payable to suppliers	311		517,629,850	526,342,610	-	-
Advances from customers	312		257,056,169	238,767,158	-	-
Taxes payable to State Treasury	313	15	44,152,292	66,770,503	-	136,840
Payables to employees	314		63,784	-	-	-
Accrued expenses	315	16	451,344,214	734,808,645	56,789,621	41,014,278
Other short-term payables	319	17	2,966,482	67,894,855	12,806,470	16,028,419
Short-term borrowings and financial lease liabilities	320	18(a)	3,147,473,860	2,467,361,035	-	-
Long-term liabilities	330		11,673,611,070	11,721,226,516	3,041,074,175	3,041,074,175
Other long-term payables	337	17	1,124,123,839	1,124,123,839	541,074,175	541,074,175
Long-term borrowings, bonds and financial lease liabilities	338	18(b)	9,506,255,637	9,491,007,736	2,500,000,000	2,500,000,000
Deferred tax liabilities	341	19	614,088,105	613,430,657	-	-
Provisions – long-term	342	20	429,143,489	492,664,284	-	-
EQUITY (400 = 410)	400		12,122,521,573	12,125,954,245	9,446,298,413	9,445,550,206
Equity	410	21	12,122,521,573	12,125,954,245	9,446,298,413	9,445,550,206
Share capital	411	22	8,993,091,220	8,993,091,220	8,993,091,220	8,993,091,220
- Ordinary shares with voting rights	411a		8,993,091,220	8,993,091,220	8,993,091,220	8,993,091,220
Share premium	412	22	145,709,384	145,709,384	145,709,384	145,709,384
Other capital	414		(295,683,347)	(295,683,347)	-	-
Undistributed profit after tax	421		3,279,404,316	3,282,836,988	307,497,809	306,749,602
- Undistributed profit brought forward	421a		3,277,935,320	2,757,718,772	306,749,602	304,991,903
- Undistributed profit for the current period	421b		1,468,996	525,118,216	748,207	1,757,699
Non-controlling interest	429		-	-	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		28,216,819,294	27,949,125,567	12,556,968,679	12,543,803,918

23 April 2019

Prepared by:

Reviewed by:

Approved by:


 Nguyen Thi Thanh Mai
 Chief Accountant


 Stuart James Wells
 Chief Financial Officer


 Craig Richard Bradshaw
 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 31 March 2019

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)*

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Revenue from sales of goods	01	28	1,188,212,681	1,487,044,395	-	-
Cost of sales	11		833,904,835	974,394,718	-	-
Gross profit (20 = 01 - 11)	20		354,307,846	512,649,677	-	-
Financial income	21	25	11,838,844	16,241,222	62,091,230	12,710
Financial expenses	22	26	306,422,573	284,118,570	61,197,069	-
Selling expenses	25		20,721,525	31,136,397	-	-
General and administration expenses	26		26,581,396	35,107,586	145,954	4,604
Net operating profit (30 = 20 + 21 - 22 - 25 - 26)	30		12,421,196	178,528,346	748,207	8,106
Other income	31		968,182	814,623	-	-
Other expenses	32		5,830,000	5,792,667	-	-
Results of other activities (40 = 31 - 32)	40		(4,861,818)	(4,978,044)	-	-

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Masan Resources Corporation and its subsidiaries
Statements of income for the period ended 31 March 2019 (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)

	Code	Note	Group		Company	
			From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Accounting profit before tax (50 = 30 + 40)	50		7,559,378	173,550,302	748,207	8,106
Income tax expense – current	51		4,150,585	6,084,587	-	-
Income tax expense – deferred	52		1,939,797	182,989	-	-
Net profit after tax (60 = 50 – 51 - 52)	60		1,468,996	167,282,726	748,207	8,106
Net profit attributable to:			VND'000	VND'000		
Equity holders of the Company	61		1,468,996	117,044,997		
Non-controlling interest	62		-	50,237,729		
			VND	VND		
Earnings per share						
Basic earnings per share	70	27	2	130		

23 April 2019

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
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 31 March 2019 (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 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	01	7,559,378	173,550,302	748,207	8,106
Adjustments for					
Depreciation and amortisation	02	295,601,501	299,180,945	-	-
Allowances and provisions	03	9,624,856	10,253,664	-	-
Exchange loss arising from revaluation of monetary items denominated in foreign currencies	04	3,766,494	5,308,424	-	-
Profits from investing activities	05	(3,210,405)	(7,686,040)	(62,091,230)	(12,710)
Interest expense and borrowing fees	06	280,671,284	265,253,213	61,197,069	-
Operating profit/(loss) before changes in working capital	08	594,013,108	745,860,508	(145,954)	(4,604)
Change in receivables and other current assets	09	397,804,587	8,737,600	112,351	2,235,780
Change in inventories	10	(1,050,054,280)	(113,676,778)	-	-
Change in payables and other liabilities	11	(171,584,310)	(213,446,071)	(599,393)	(429,000)
Change in prepaid expenses	12	(55,679,312)	(36,079,977)	-	-
		(285,500,207)	391,395,282	(632,996)	1,802,176
Interest paid	14	(384,893,887)	(448,815,723)	(48,643,644)	-
Income tax paid	15	(35,050,000)	(36,344,168)	-	-
Net cash flows from operating activities	20	(705,444,094)	(93,764,609)	(49,276,640)	1,802,176
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(314,921,020)	(333,351,349)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	968,182	763,636	-	-
Placement of term deposits to banks	23	-	(5,900,000)	-	-
Term deposit received	24	-	32,500,000	-	-
Payments for acquisition of non-controlling interest	25	(4,901,663)	-	-	-
Receipt of interest	27	2,335,791	6,916,381	49,713,505	5,971
Net cash flows from investing activities	30	(316,518,710)	(299,071,332)	49,713,505	5,971

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 31 March 2019
(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)

	Code	<u>Group</u>		<u>Company</u>	
		From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	33	1,754,877,392	857,857,202	-	-
Payments to settle loan principals and bond issuance related costs	34	(1,078,662,400)	(780,309,419)	-	-
Payments to settle financial lease	35	-	(2,939,180)	-	-
Net cash flows from financing activities	40	676,214,992	74,608,603	-	-
Net cash flows during the period (50 = 20 + 30 + 40)	50	(345,747,812)	(318,227,338)	436,865	1,808,147
Cash and cash equivalents at the beginning of the period	60	467,220,260	780,414,201	3,288,566	483,619
Effect of exchange rate fluctuation on cash and cash equivalents	61	(289,388)	(732,618)	-	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)	70	121,183,060	461,454,245	3,725,431	2,291,766


23 April 2019

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
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 31 March 2019

Form B 09a – DN/HN
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dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

Ownership and group structure

Masan Resources Corporation (“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 31/3/2019 and 1/1/2019
Masan Thai Nguyen Resources Company Ltd (“MRTN”)	Investment holding	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%
Nui Phao Mining Company Ltd (“NPM”)	Exploring and processing mineral	100%
Masan Tungsten Limited Liability Company (“MTC”)	Deep processing of nonferrous metals and precious metals (Tungsten)	100 %

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 31 March 2019 (continued)

Form B 09a – DN/HN

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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 31 March 2019 (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. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. In accordance with Circular No. 202/2014/TT-BTC issued by the Ministry of Finance providing guidance on preparation and presentation of consolidated financial statements (“Circular 202”) which was applied prospectively from 1 January 2015, the difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(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 acquire, 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.

(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.

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 31 March 2019 (continued)

Form B 09a – DN/HN

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(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. These investments are stated at costs.

(ii) *Investment in a subsidiary*

For the purpose of separate financial statements, investment in a subsidiary is 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 31 March 2019 (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 unit-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:

	As at 31/3/2019	As at 1/1/2019
ST plant	153,175 tonnes of tungsten	125,140 tonnes of tungsten
APT plant	148,300 tonnes of tungsten	120,265 tonnes of tungsten

In the current period, MTC - a subsidiary of the Group has re-assessed from January 2019 the expected operating period of ST and APT plants after MSR had effective 100% ownership in MTC (in August 2018) which resulted in a longer estimated operation life aligned with NPMC investment licence and lead to increase 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 VND 7,129 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	3 – 15 years
▪ office equipment	3 – 10 years
▪ motor vehicles	3 – 6 years
▪ other mining assets	19 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 (“Decree 203/2013”) 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.

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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.

(iii) Other mining costs

Other mining costs comprise:

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

Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.

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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) Business cooperation contract

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

(n) 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.

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(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 granting mining rights. The mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights in accordance with Decree 203/2013, Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) and Circular 38/2017/TT-BTNMT dated 16 October 2017 (“Circular 38”).

In accordance with 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”) has provided guidelines under Circular 38 for the conversion method based on various parameters to determine the conversion coefficient for the charge for granting mining rights in accordance with Decree 158/2016.

(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.

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

Closure and rehabilitation provisions will also be adjusted for changes in estimates. These adjustments will be accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated 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.

(o) 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.

(p) 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" prior to the prospective application of Circular 202 from 1 January 2015 (Note 3(a)(iii)).

(q) 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.

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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.

(r) 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.

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.

(s) 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.

(t) 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.

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(u) 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.

(v) 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.

(w) 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.

(x) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party. Related parties that are individuals refer to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company. Related companies refer to the investors and their ultimate holding companies and their subsidiaries and associates.

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4. Segment reporting

Business segments

The Group comprises the following main business segments:

From 1/1/2019 to 31/3/2019	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	-	415,897,513	723,960,289	48,354,879	1,188,212,681
Segment gross profit	-	299,949,834	18,173,794	36,184,218	354,307,846
Unallocated expenses					47,302,921
Financial income					11,838,844
Financial expenses					306,422,573
Results from operating activities					12,421,196
Other income					968,182
Other expenses					5,830,000
Income tax expenses					6,090,382
Net profit after tax					1,468,996

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From 1/1/2018 to 31/3/2018	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	52,124,954	289,905,772	1,034,410,945	110,602,724	1,487,044,395
Segment gross profit	32,711,183	168,309,727	256,459,947	55,168,820	512,649,677
Unallocated expenses					66,243,983
Financial income					16,241,222
Financial expenses					284,118,570
Results from operating activities					178,528,346
Other income					814,623
Other expenses					5,792,667
Income tax benefit					6,267,576
Net profit after tax					167,282,726

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As at 31 March 2019	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	183,140,351	955,515,410	1,978,202,288	1,248,054,078	4,364,912,127
Unallocated assets					23,851,907,167
Total assets					28,216,819,294
Total liabilities					16,094,297,721
As at 1 January 2019					
Segment assets	186,484,856	972,966,046	2,004,682,073	1,270,847,365	4,434,980,340
Unallocated assets					23,514,145,227
Total assets					27,949,125,567
Total liabilities					15,823,171,322

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	Copper	Fluorspar	Tungsten	Others	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
From 1/1/2019 to 31/3/2019					
Capital expenditure	230,861	-	32,162,862	2,760,320	35,154,043
Unallocated capital expenditure					279,766,977
Depreciation	3,344,505	17,450,635	28,443,446	22,793,287	72,031,873
Unallocated depreciation					213,027,031
Unallocated amortisation					54,106,333
From 1/1/2018 to 31/3/2018					
Capital expenditure	11,867,003	32,686,644	31,105,740	-	75,659,387
Unallocated capital expenditure					257,691,962
Depreciation	3,405,773	17,731,701	34,702,694	23,229,401	79,069,569
Unallocated depreciation					209,457,399
Unallocated amortisation					51,741,978

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5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Cash on hand	168,186	138,199	-	-
Cash in banks	89,922,380	263,310,842	1,025,431	234,588
Cash equivalents	31,092,494	203,771,219	2,700,000	3,053,978
	121,183,060	467,220,260	3,725,431	3,288,566

6. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Short-term receivables				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Distribution of profit receivable from BCC (b)	-	-	57,052,507	44,598,599
Others (c)	434,465,302	466,781,196	8,569	72,118
	444,465,302	476,781,196	57,061,076	44,670,717
Long-term receivables				
Borrowing cost – MRTN (d)	-	-	909,990,962	909,990,962
Land compensation receivable from Thai Nguyen People's Committee (e)	1,299,060,941	1,303,754,210	-	-
Receivables under BCC (f)	-	-	2,500,000,000	2,500,000,000
Others	36,330,802	31,553,420	-	-
	1,335,391,743	1,335,307,630	3,409,990,962	3,409,990,962

- (a) Sales of claims receivable were due from the immediate holding company, unsecured and receivable based on agreed terms and interest free.
- (b) The short-term receivables were due to accrual of the current year's operating results as distribution of profit receivable from BCC which the Company contracted with its subsidiaries, NPM and MTC (Note 6(f)).
- (c) A portion of other receivables pertained to amounts paid on behalf of an immediate holding company which were unsecured, receivable based on agreed terms and interest free.

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- (d) Long-term receivables from a subsidiary are unsecured, receivable in December 2020 and interest free.
- (e) 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.
- (f) The other long-term receivables represents contribution to Nui Phao Mining Company Ltd (“NPM”) under Business Cooperation Contracts (“BCCs”) dated 21 September 2018 and amended thrice thereafter according to which the Company use the bond proceeds of VND1,000 billion and VND500 billion respectively for business cooperation activities with NPM. The BCCs has terms of thirty-six (36) and sixty (60) months of cooperation respectively from when NPM received the proceeds from business cooperation contract. The sharing of profit is based on the agreed rate as stipulated in the BCC.

The other long-term receivables represents contribution to MTC under BCC dated 16 November 2018 and amended twice thereafter according to which the Company use the bond proceeds of VND1,000 billion for business cooperation activities with MTC. The BCCs has terms of sixty (60) months of cooperation from when MTC received the proceeds from business cooperation contract. The sharing of profit is based on the agreed rate as stipulated in the BCC.

7. Inventories

	<u>Group</u>		<u>Company</u>	
	31/3/2019	1/1/2019	31/3/2019	1/1/2019
	VND'000	VND'000	VND'000	VND'000
Goods in transit	39,905,214	25,063,836	-	-
Raw materials	157,729,802	166,017,804	-	-
Tools and supplies	541,389,111	556,865,086	-	-
Work in progress	166,734,130	139,900,326	-	-
Finished goods	954,058,647	746,927,733	-	-
Merchandise inventories	725,041,696	-	-	-
Goods on consignment	111,209,819	11,239,353	-	-
	2,696,068,419	1,646,014,138	-	-

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8. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Long-term lending loans receivables from a related party	-	-	3,945,518,100	3,945,518,100

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

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

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1. 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	4,698,184,003	12,624,666,170	41,938,774	19,958,285	5,026,291,284	22,411,038,516
Additions	-	1,555,000	-	-	-	1,555,000
Transfer from construction in progress (Note 12)	-	692,963	-	-	-	692,963
Disposals	-	-	(207,677)	(3,771,337)	-	(3,979,014)
Closing balance	4,698,184,003	12,626,914,133	41,731,097	16,186,948	5,026,291,284	22,409,307,465
Accumulated depreciation						
Opening balance	806,303,809	2,865,762,055	36,618,723	12,949,335	921,461,313	4,643,095,235
Charge for the period	68,083,927	167,360,643	569,435	745,858	48,299,041	285,058,904
Disposals	-	-	(207,677)	(3,771,337)	-	(3,979,014)
Closing balance	874,387,736	3,033,122,698	36,980,481	9,923,856	969,760,354	4,924,175,125
Net book value						
Opening balance	3,891,880,194	9,758,904,115	5,320,051	7,008,950	4,104,829,971	17,767,943,281
Closing balance	3,823,796,267	9,593,791,435	4,750,616	6,263,092	4,056,530,930	17,485,132,340

At 31 March 2019, tangible fixed assets with a carrying value of VND12,140 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2019: VND12,361 billion) (Note 18(b)).

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10. Finance lease tangible fixed assets

Group:

	Machinery and equipment VND'000
Cost	
Opening and closing balances	67,300,000
Accumulated depreciation	
Opening and closing balances	67,300,000
Net book value	
Opening and closing balances	-

The Company's subsidiary - NPM leases laboratory equipment for assay testing. This laboratory equipment is considered to be a finance lease based on the lease's terms and conditions. The leased equipment secures lease obligations.

Included in the cost of finance lease tangible fixed assets of the Group were assets costing VND67.3 billion which were fully depreciated as at 31 March 2019 (1/1/2019: VND67.3 billion), but which are still in active use

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11. Intangible fixed assets

Group:

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening and closing balances	99,907,214	588,370,818	688,278,032
Accumulated amortisation			
Opening balance	61,354,769	127,570,030	188,924,799
Charge for the period	2,905,015	7,637,582	10,542,597
Closing balance	64,259,784	135,207,612	199,467,396
Net book value			
Opening balance	38,552,445	460,800,788	499,353,233
Closing balance	35,647,430	453,163,206	488,810,636

At 31 March 2019, intangible fixed assets with a carrying value of VND495 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2019: VND488 billion) (Note 18(b)).

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12. Construction in progress

<u>Group:</u>	From 1/1/2019 to 31/3/2019 VND'000
Opening balance	1,429,178,901
Additions during the period	185,573,469
Transfer to tangible fixed assets (Note 9)	(692,963)
Transfer to short-term prepaid expenses	(126,395)
	1,613,933,012
Closing balance	1,613,933,012

During the period, borrowing costs capitalised into construction in progress amounted to VND10 billion (From 1/1/2018 to 31/3/2018: VND10 billion). As at the reporting date, construction in progress of NPM, which mainly represents the mine and plant development cost, and other capitalised costs pertaining to tailing dams, have been pledged with banks as security for long-term bonds issued by NPM.

13. Long-term investments

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Investment in a subsidiary				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

The following are the details of the consolidated subsidiaries (see Note 1) as at 31 March 2018:

Name	Address
Masan Thai Nguyen Resources Company Limited (“MRTN”)	Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Company Limited (“TNTI”)	Ho Chi Minh City, Vietnam
Nui Phao Mining Company Limited (“NPM”)	Thai Nguyen Province, Vietnam
Masan Tungsten Limited Liability Company (“MTC”)	Thai Nguyen Province, Vietnam

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

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14. Long-term prepaid expenses

Group:

	Land compensation costs VND'000	Other mining costs VND'000	Others VND'000	Total VND'000
Opening balance	1,031,622,693	1,489,806,964	55,012,271	2,576,441,928
Additions	-	53,953,386	401,292	54,354,678
Amortisation for the period	(17,234,951)	(23,210,578)	(3,118,207)	(43,563,736)
Closing balance	1,014,387,742	1,520,549,772	52,295,356	2,587,232,870

15. Taxes payable to State Treasury

Group:

	1/1/2019 VND'000	Incurred VND'000	Paid/Offset VND'000	31/3/2019 VND'000
Value added tax	-	134,384,559	(134,384,559)	-
Import-export tax	-	50,285,163	(50,285,163)	-
Corporate income tax	34,981,296	4,150,585	(35,050,000)	4,081,881
Personal income tax	29,782,961	54,908,695	(45,929,102)	38,762,554
Environmental protection tax	-	2,156,990	(2,156,990)	-
Natural resource tax	-	96,912,271	(96,912,271)	-
Other taxes	2,006,246	4,402,083	(5,100,472)	1,307,857
	66,770,503	347,200,346	(369,818,557)	44,152,292

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16. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Bonus	-	83,288,151	-	-
Accrued interest payable	168,552,004	280,911,923	56,394,521	40,619,178
Other financing costs	1,550,261	6,486,066	-	-
Natural resource taxes and fees	193,152	10,034,090	-	-
Accrual for construction work	57,512,770	80,589,745	-	-
Consultant fee	872,777	2,238,200	-	-
Operating costs	221,276,478	271,254,527	395,100	395,100
Others	1,386,772	5,943	-	-
	451,344,214	734,808,645	56,789,621	41,014,278

17. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Short-term:				
Amounts due to Masan Horizon Co., Ltd (“MH”) – the intermediate holding company				
Non-trade – short-term (a)	2,511,785	2,511,785	2,511,785	2,511,785
Amount due to NPM – the subsidiary				
Non-trade – short-term (a)	-	-	10,294,685	10,294,685
Other payable to third parties				
Other payables – short-term	454,697	65,383,070	-	3,221,949
	2,966,482	67,894,855	12,806,470	16,028,419
Long-term:				
Amounts due to Masan Group Corporation (“MSN”) – the ultimate holding company				
Financial expenses – long-term (b)	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.
- (b) Amounts due to related parties were unsecured, interest-free and repayable in December 2020.

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18. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

Group:

	1/1/2019		Movements during the period			31/3/2019	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Additions VND'000	Payments VND'000	Unrealised foreign exchange loss VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	2,467,361,035	2,467,361,035	1,754,877,392	(1,078,662,400)	3,897,833	3,147,473,860	3,147,473,860

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

	Currency	<u>Group</u>		<u>Company</u>	
		31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Secured bank loan (i)	USD	1,055,832,355	1,160,156,910	-	-
Secured bank loan (ii)	USD	234,672,952	201,929,965	-	-
Secured bank loan (ii)	VND	867,143,691	808,600,820	-	-
Secured bank loan (iii)	USD	881,121,530	296,673,340	-	-
Secured bank loan (iv)	USD	108,703,332	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		3,147,473,860	2,467,361,035	-	-

- (i) The USD denominated loan from a local bank bore interest within range from 3.88% to 4.93% per annum. As at reporting date, the loan is securitised by part of short-term receivables of NPM and 11.12% of the issued shares of the Company held by Masan Horizon Co., Ltd.
- (ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. 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 7.3% per annum respectively.
- (iii) The USD denominated loan from a local bank bore interest within range from 5.0% to 5.5% per annum. As at reporting date, these loans are secured by 11.12% of the issued shares of the Company held by Masan Horizon Co., Ltd.
- (iv) The USD denominated loan from a foreign bank bore interest within range from 3.8% to 3.9% per annum. As at reporting date, these loans are secured by part of short-term receivables and all bank accounts of MTC opened at the bank.

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(b) Long-term bonds

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Long-term bonds issued	9,506,255,637	9,491,007,736	2,500,000,000	-
	9,506,255,637	9,491,007,736	2,500,000,000	-
Repayable after twelve months	9,506,255,637	9,491,007,736	2,500,000,000	-

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

	Currency	Interest rate per Annum	Year of maturity	<u>Group</u>	
				31/3/2019 VND'000	1/1/2019 VND'000
Secured bond issuance	VND	(i)	2020	5,531,833,415	5,519,052,180
Secured bond issuance	VND	(ii)	2020	995,333,333	994,333,333
Secured bond issuance	VND	(iii)	2023	496,533,333	496,333,333
Secured bond issuance	VND	(iv)	2021	993,555,556	992,888,890
Secured bond issuance	VND	(v)	2023	1,489,000,000	1,488,400,000
				9,506,255,637	9,491,007,736

These secured bonds in the consolidated financial statements were reported net of bond arrangement fees.

- (i) The VND denominated non-convertible bonds 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.
- (ii) The VND denominated non-convertible bonds issued by NPM with a two-year term bore interest rate of 9.5% per annum. The bond proceeds were used by NPM and secured by 10.44% of the issued shares of the Company held by MH.
- (iii) The VND denominated non-convertible bonds issued by NPM with a five-year term bore interest rate of 10% 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 3.25%. The bond proceeds were used by NPM and secured by 5.22% of the issued shares of the Company held by MH.

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- (iv) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 9.8% 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 3.2%. The bond was secured by 10.58% of issued shares of the Company held by MH.
- (v) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10% 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 3.25%. The bond was secured by 15.65% of issued shares of the Company held by MH.

19. Deferred tax assets, liabilities and unrecognised deferred tax assets

(i) Recognised deferred tax assets

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Origination of temporary differences	-	1,282,349	-	-

(ii) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	31/3/2019 VND'000	1/1/2019 VND'000	31/3/2019 VND'000	1/1/2019 VND'000
Mineral reserves and mineral resources	606,225,124	613,430,657	-	-
Origination of temporary differences	7,862,981	-	-	-
	614,088,105	613,430,657	-	-

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(iii) 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	2,113,918	1,098,212
of which:		
Finalised with tax authorities	-	-
Outstanding – subject to tax authorities' review (*)	2,113,918	1,098,212
	2,113,918	1,098,212

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

20. 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	26,218,097	466,446,187	492,664,284
Provision made during the period	504,698	9,120,158	9,624,856
Provision used during the period	-	(73,145,651)	(73,145,651)
Closing balance	26,722,795	402,420,694	429,143,489

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21. Changes in equity

Group:

	Share capital VND'000	Share premium VND'000	Other capital VND'000	Undistributed profit after tax VND'000	Equity attributable to equity holders of the Company VND'000	Non-controlling interest VND'000	Total equity VND'000
Balance at 01 January 2018	7,194,473,280	1,944,327,324	(295,683,347)	2,757,718,772	11,600,836,029	410,770,018	12,011,606,047
Net profit for the period	-	-	-	117,044,997	117,044,997	50,237,729	167,282,726
Balance at 31 March 2018	7,194,473,280	1,944,327,324	(295,683,347)	2,874,763,769	11,717,881,026	461,007,747	12,178,888,773
Balance at 01 January 2019	8,993,091,220	145,709,384	(295,683,347)	3,282,836,988	12,125,954,245	-	12,125,954,245
Net profit for the period	-	-	-	1,468,996	1,468,996	-	1,468,996
Other (*)	-	-	-	(4,901,668)	(4,901,668)	-	(4,901,668)
Balance at 31 March 2019	8,993,091,220	145,709,384	(295,683,347)	3,279,404,316	12,122,521,573	-	12,122,521,573

(*) This cost related to acquisition of non-controlling interest in 2018.

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Company:

	Share capital VND'000	Share premium VND'000	Undistributed profit after tax VND'000	Total VND'000
Balance at 01 January 2018	7,194,473,280	1,944,327,324	304,991,903	9,443,792,507
Net profit for the period	-	-	8,106	8,106
Balance at 31 March 2018	7,194,473,280	1,944,327,324	305,000,009	9,443,800,613
Balance at 01 January 2019	8,993,091,220	145,709,384	306,749,602	9,445,550,206
Net profit for the period	-	-	748,207	748,207
Balance at 31 March 2019	8,993,091,220	145,709,384	307,497,809	9,446,298,413

22. Share capital

The Company's authorised and issued share capital comprised:

	31/3/2019 and 1/1/2019	
	Number of shares	VND'000
Authorised share capital	899,309,122	8,993,091,220
Issued share capital		
Ordinary shares	899,309,122	8,993,091,220
Shares in circulation		
Ordinary shares	899,309,122	8,993,091,220
Share premium	-	145,709,384

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.

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

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23. Off balance sheet items

(a) Foreign currencies

Group:

	31/3/2019		1/1/2019	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	3,118,557	72,194,582	9,766,512	227,402,336

(b) Bad debts written off

Group:

	31/3/2019 VND'000	1/1/2019 VND'000
Bad debts written off	16,433,002	16,433,002

24. Revenue from sales of goods

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

25. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Interest income	2,242,223	6,922,404	33,613	12,710
Distribution of profit from BCC	-	-	62,057,617	-
Foreign exchange gains	9,596,621	9,318,818	-	-
	11,838,844	16,241,222	62,091,230	12,710

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26. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Interest expense	264,147,985	244,967,245	61,150,685	-
Borrowing fees	16,523,299	20,285,968	46,384	-
Foreign exchange losses	9,741,467	8,596,360	-	-
Others	16,009,822	10,268,997	-	-
	306,422,573	284,118,570	61,197,069	-

27. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 31 March 2019 was based on the profit attributable to ordinary shareholders of VND 1,469 million (for the period ended 31 March 2018: VND 114,458 million) and a weighted average number of ordinary shares outstanding of 899,309,112 shares (restated for the quarter ended 31 March 2018: 879,431,085 shares), calculated as follows:

(a) Net profit attributable to shareholders

	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	-	2,587,125
Ordinary shareholders	1,468,996	114,457,872
	1,468,996	117,044,997

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(b) Weighted average number of ordinary shares

	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000 (Restated)
Issued ordinary shares at the beginning of the year	899,309,122	703,544,898
Effect of bonus shares issued on 31 August 2018	-	175,886,187
Weighted average number of ordinary shares for the period	899,309,122	879,431,085

As a result of the bonus share issuance in 2018, where ordinary shares are issued to existing shareholders for no additional consideration, in accordance with Vietnamese Accounting Standards, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources. Accordingly, the Company's management has restated the weighted average number of ordinary shares for the quarter ended 31/3/2018.

28. Significant transactions with related parties

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

Group:

Related Party	Nature of transactions	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Ultimate holding company			
Masan Group Corporation	Bond interest	36,986,055	-
Ultimate holding company's associate			
Vietnam Technological and Commercial Joint Stock Bank ("TCB") and its subsidiaries	Interest expenses and borrowing fees	14,592,869	28,501,870
	Loan received	539,252,866	363,747,343
	Loan paid	635,389,753	474,036,701
Ultimate holding company's subsidiary			
Masan Consumer Corporation	Purchase of goods	303,668	224,715
	Purchase of services	630,594	813,926
Key management personnel			
	Salary, bonus and other benefits (*)	16,152,189	10,032,654

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(*) No board fees were paid to Board of Directors members for the period ended 31 March 2019 and 2018.

Company:

Related Party	Nature of transactions	From 1/1/2019 to 31/3/2019 VND'000	From 1/1/2018 to 31/3/2018 VND'000
Ultimate holding company			
Masan Group Corporation	Bond interest	36,986,055	-
Subsidiaries			
Nui Phao Mining Co.,Ltd	Distribution of profit from BCC	37,038,263	-
Masan Tungsten LLC	Distribution of profit from BCC	25,019,354	-
Ultimate holding company's associate			
TCB and its subsidiaries	Bond interest	560,035	-

29. Other disclosure

On 28 March 2019, a panel of three arbitrators appointed by the Singapore International Arbitration Center (the "Arbitral Tribunal") has awarded NPM a partial final award as compensation for Jacobs' conduct ("Partial Final Award"). The case concerns the circumstances of the entry into and the performance of an engineering and procurement services agreement ("EPSA") executed by NPM and Jacobs in 2011 for engineering, procurement and construction management of NPM's mineral processing plant in Thai Nguyen, Vietnam. In addition to the Partial Final Award, the Arbitral Tribunal will also consider awards in relation to interest and cost which will be determined at a later date. No payment has been received by NPM yet under the Partial Final Award.


23 April 2019

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Stuart James Wells
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director