

**Masan Resources Corporation
and its subsidiaries**

Quarterly financial statements
for the period ended 30 June 2018



Masan Resources Corporation Corporate Information

Enterprise Registration

Certificate No. 0309966889 12 August 2017

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 12 August 2017. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The first Business Registration Certificate No. 0309966889 was issued on 27 April 2010.

Investment Certificate No. 41122000131 2 August 2013

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

Board of Directors	Mr. Chetan Prakash Baxi	Chairman
	Dr. Nguyen Dang Quang	Member
	Mr. Nguyen Thieu Nam	Member
	Mr. Dominic John Heaton	Member
	Mr. Nguyen Van Thang	Member

Board of Management	Mr. Craig Richard Bradshaw	General Director
	Mr. Nikhil Kamran	Chief Financial Officer

Registered Office Suite 802, 8th Floor, Central Plaza Building
No. 17 Le Duan, Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2018

Form B 01a – DN/HN

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

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
ASSETS						
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,038,680,298	3,456,003,440	2,712,763	2,782,039
Cash and cash equivalents	110	5	1,019,776,223	780,414,201	1,376,195	483,619
Cash	111		157,189,427	82,470,201	73,195	83,619
Cash equivalents	112		862,586,796	697,944,000	1,303,000	400,000
Short-term financial investments	120		-	32,500,000	-	-
Held to maturity investments	123		-	32,500,000	-	-
Accounts receivable – short-term	130		829,360,027	860,460,818	1,336,568	2,298,420
Accounts receivable from customers	131		328,798,253	368,595,772	-	-
Prepayments to suppliers	132		84,038,112	78,568,122	-	-
Other receivables	136	6	416,523,662	420,152,488	1,336,568	2,298,420
Allowance for doubtful debts	137		-	(6,855,564)	-	-
Inventories	140	7	1,643,357,163	1,409,062,969	-	-
Inventories	141		1,643,357,163	1,409,062,969	-	-
Other current assets	150		546,186,885	373,565,452	-	-
Short-term prepaid expenses	151		93,715,123	47,822,640	-	-
Deductible value added tax	152		452,471,762	325,742,812	-	-

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2018 (continued)

Form B 01a – DN/HN

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

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		23,618,152,431	23,688,207,422	9,995,844,635	9,995,844,635
Accounts receivable – long-term	210		1,335,323,130	1,346,793,937	4,855,509,062	4,855,509,062
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,335,323,130	1,346,793,937	909,990,962	909,990,962
Fixed assets	220		18,517,064,903	18,898,064,279	-	-
Tangible fixed assets	221	9	17,996,520,049	18,351,724,804	-	-
Cost	222		22,044,196,621	21,810,465,885	-	-
Accumulated depreciation	223		(4,047,676,572)	(3,458,741,081)	-	-
Finance lease tangible fixed assets	224	10	-	4,486,667	-	-
Cost	225		67,300,000	67,300,000	-	-
Accumulated depreciation	226		(67,300,000)	(62,813,333)	-	-
Intangible fixed assets	227	11	520,544,854	541,852,808	-	-
Cost	228		688,278,032	688,278,032	137,950	137,950
Accumulated amortisation	229		(167,733,178)	(146,425,224)	(137,950)	(137,950)
Long-term work in progress	240		1,247,875,780	987,802,403	-	-
Construction in progress	242	12	1,247,875,780	987,802,403	-	-
Long-term financial investments	250		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	-	-	-
Other long-term assets	260		2,511,988,618	2,455,546,803	-	-
Long-term prepaid expenses	261	14	2,501,958,973	2,440,860,012	-	-
Deferred tax assets	262	19	10,029,645	14,686,791	-	-
TOTAL ASSETS (270 = 100 + 200)	270		27,656,832,729	27,144,210,862	9,998,557,398	9,998,626,674

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Balance sheets as at 30 June 2018 (continued)

Form B 01a – DN/HN

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

	Code	Note	Group		Company	
			30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		15,220,925,257	15,132,604,815	554,735,267	554,834,167
Current liabilities	310		4,010,220,817	4,871,844,056	13,661,092	13,759,992
Accounts payable to suppliers	311		495,758,440	434,067,033	430,132	429,032
Advances from customers	312		121,892,803	166,299,167	-	-
Taxes payable to State Treasury	313	15	81,556,179	74,558,198	-	-
Payables to employees	314		246,222	-	-	-
Accrued expenses	315	16	727,376,302	788,206,464	424,490	424,490
Other short-term payables	319	17	9,605,832	3,919,178	12,806,470	12,906,470
Short-term borrowings and financial lease liabilities	320	18(a)	2,573,785,039	3,404,794,016	-	-
Long-term liabilities	330		11,210,704,440	10,260,760,759	541,074,175	541,074,175
Other long-term payables	337	17	1,124,123,839	1,124,123,839	541,074,175	541,074,175
Long-term borrowings, bonds and financial lease liabilities	338	18(b)	8,985,823,045	7,967,927,242	-	-
Deferred tax liabilities	341	19	628,600,600	643,914,399	-	-
Provisions – long-term	342	20	472,156,956	524,795,279	-	-
EQUITY (400 = 410)	400		12,435,907,472	12,011,606,047	9,443,822,131	9,443,792,507
Equity	410	21	12,435,907,472	12,011,606,047	9,443,822,131	9,443,792,507
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		7,194,473,280	7,035,448,980	7,194,473,280	7,035,448,980
- Preference shares	411b		-	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		3,057,892,052	2,757,718,772	305,021,527	304,991,903
- Undistributed profit brought forward	421a		2,757,718,772	2,551,804,716	304,991,903	304,980,638
- Undistributed profit for the current period	421b		300,173,280	205,914,056	29,624	11,265
Non-controlling interest	429		534,898,163	410,770,018	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		27,656,832,729	27,144,210,862	9,998,557,398	9,998,626,674

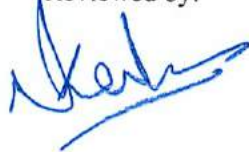
24 July 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Nikhil Kamran
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 income for the period ended 30 June 2018

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

Group

	Code	Note	From 1/4/2018 to 30/6/2018 VND'000	From 1/4/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Revenue from sales of goods	01	24	1,751,614,418	1,382,671,823	3,238,658,813	2,558,562,366
Cost of sales	11		1,128,340,511	991,453,288	2,102,735,229	1,804,626,539
Gross profit (20 = 01 - 11)	20		623,273,907	391,218,535	1,135,923,584	753,935,827
Financial income	21	25	18,900,665	13,848,503	35,141,887	24,519,303
Financial expenses	22	26	294,188,718	270,417,323	578,307,288	546,797,473
Selling expenses	25		27,886,760	33,966,628	59,023,157	71,033,589
General and administration expenses	26		51,383,047	36,562,171	86,490,633	58,134,158
Net operating profit (30 = 20 + 21 - 22 - 25 - 26)	30		268,716,047	64,120,916	447,244,393	102,489,910
Other income	31		814,912	183,107	1,629,535	2,071,324
Other expenses	32		5,715,657	7,165,648	11,508,324	12,372,386
Results of other activities (40 = 31 - 32)	40		(4,900,745)	(6,982,541)	(9,878,789)	(10,301,062)

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Masan Resources Corporation and its subsidiaries
Statements of income for the period ended 30 June 2018 (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)

<u>Group</u>	Code	Note	From 1/4/2018 to 30/6/2018 VND'000	From 1/4/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Accounting profit before tax (50 = 30 + 40)	50		263,815,302	57,138,375	437,365,604	92,188,848
Income tax expense – current	51		17,636,244	21,479,543	23,720,831	21,502,498
Income tax benefit deferred	52		(10,839,641)	(7,294,681)	(10,656,652)	(14,999,636)
Net profit after tax (60 = 50 – 51 - 52)	60		257,018,699	42,953,513	424,301,425	85,685,986
Net profit attributable to:			VND'000	VND'000	VND'000	VND'000
Equity holders of the Company	61		183,128,283	19,248,886	300,173,280	62,875,127
Non-controlling interest	62		73,890,416	23,704,627	124,128,145	22,810,859
Earnings per share			VND	VND	VND	VND
Basic earnings per share	70	27	255	27	417	87

24 July 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



Craig Richard Bradshaw
General Director

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Masan Resources Corporation and its subsidiaries
Statements of income for the period ended 30 June 2018

Form B 02a – DN/HN

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

Company	Code	Note	From 1/4/2018 to 30/6/2018 VND'000	From 1/4/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Financial income	21	25	19,914	252	32,624	734
Financial expenses	22		-	-	-	-
Selling expenses	25		-	-	-	-
General and administration expenses	26		(1,604)	1,641,306	3,000	1,654,638
Net operating profit/(loss) (30 = 21 - 22 - 25 - 26)	30		21,518	(1,641,054)	29,624	(1,653,904)
Other income	31		-	-	-	-
Other expenses	32		-	-	-	-
Results of other activities (40 = 31 - 32)	40		-	-	-	-
Accounting profit/(loss) before tax (50 = 30 + 40)	50		21,518	(1,641,054)	29,624	(1,653,904)
Income tax expense – current	51		-	-	-	-
Income tax benefit – deferred	52		-	-	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		21,518	(1,641,054)	29,624	(1,653,904)

24 July 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Nikhil Kamran
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 30 June 2018 (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 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	01	437,365,604	92,188,848	29,624	(1,653,904)
Adjustments for					
Depreciation and amortisation	02	617,558,207	564,688,536	-	-
Allowances and provisions	03	20,507,328	21,673,647	-	-
Exchange (gain)/loss arising from revaluation of monetary items denominated in foreign currencies	04	15,460,667	(4,236,100)	-	-
Profits from investing activities	05	(16,456,197)	(2,508,245)	(32,624)	(734)
Interest expense and borrowing fees	06	534,535,411	499,265,686	-	-
Operating profit/(loss) before changes in working capital	08	1,608,971,020	1,171,072,372	(3,000)	(1,654,638)
Change in receivables and other current assets	09	(90,368,159)	(211,875,401)	963,995	-
Change in inventories	10	(234,294,193)	(41,441,163)	-	-
Change in payables and other liabilities	11	(44,484,430)	(52,846,547)	(98,900)	(216,743)
Change in prepaid expenses	12	(95,108,979)	(40,986,247)	-	-
		1,144,715,259	823,923,014	862,095	(1,871,381)
Interest paid	14	(490,124,143)	(461,501,249)	-	-
Income tax paid	15	(36,484,130)	(13,984,254)	-	-
Net cash flows from operating activities	20	618,106,986	348,437,511	862,095	(1,871,381)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(559,056,574)	(560,026,295)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	1,023,636	1,056,182	-	-
Placement of term deposits to banks	23	(5,900,000)	-	-	-
Term deposit received	24	32,500,000	-	-	-
Receipt of interest	27	13,684,973	1,857,514	30,481	28,250,183
Net cash flows from investing activities	30	(517,747,965)	(557,112,599)	30,481	28,250,183

The accompanying notes are an integral part of these financial statements

Masan Resources Corporation and its subsidiaries
Statements of cash flows for the period ended 30 June 2018 (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 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33	2,604,156,975	1,349,957,114	-
Payments to settle loan principals and bond issuance related costs	34	(2,452,438,164)	(1,171,973,643)	-
Payments to settle financial lease	35	(9,026,327)	(7,852,305)	-
Payments of dividends	36	-	(26,249,448)	(26,249,448)
Net cash flows from financing activities	40	142,692,484	143,881,718	-
Net cash flows during the period (50 = 20 + 30 + 40)	50	243,051,505	(64,793,370)	892,576
Cash and cash equivalents at the beginning of the period	60	780,414,201	603,345,037	483,619
Effect of exchange rate fluctuation on cash and cash equivalents	61	(3,689,483)	(1,530,000)	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)	70	1,019,776,223	537,021,667	1,376,195

24 July 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Nikhil Kamran
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 30 June 2018

Form B 09a – DN/HN
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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

Ownership and group structure

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		30/6/2018	1/1/2018
Masan Thai Nguyen Resources Company Ltd (“MRTN”)	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%	100%
Nui Phao Mining Company Ltd (“NPM”)	Exploring and processing mineral	100%	100%
Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”)	Deep processing of nonferrous metals and precious metals (Tungsten)	51%	51%

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

All the subsidiaries are incorporated in Vietnam.

2. Basis of preparation

(a) Statement of compliance

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

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 June 2018 (continued)

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(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Business combinations

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

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

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

Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 June 2018 (continued)

Form B 09a – DN/HN
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(ii) Subsidiaries

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

(iii) Non-controlling interests

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

(iv) Transactions eliminated on consolidation

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

(v) Goodwill

Goodwill arises on the acquisition of subsidiary and is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree in exchange for control of the 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 30 June 2018 (continued)

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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.

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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:

▪ ST plant	125,140 tonnes of tungsten
▪ APT plant	120,265 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	3 – 15 years
▪ office equipment	3 – 10 years
▪ motor vehicles	3 – 6 years
▪ other mining assets	19 years

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(h) Finance lease tangible fixed assets

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

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

(i) Intangible fixed assets

(i) Software

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

(ii) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 (“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.

In accordance with Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The Ministry of Natural Resources and Environment (“MONRE”) provided guidelines for the conversion method to determine the charge for granting mining rights in circular 38/2017/TT-BTNMT dated 16 October 2017 in accordance with Decree 158/2016. However, up to date, there are no valid price of resource royalty applicable to specific polymetallic ore resource of the Company’s subsidiary, hence no reliable basis for estimation to be made.

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(j) Construction in progress

Construction in progress represents mineral assets under development and cost of construction and machinery which have not been fully completed, installed and commissioned. It also comprises mineral reserves, mineral resources and related development costs acquired in a business combination and subsequent development expenditure. These assets qualify for capitalisation when the mineral reserves to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair values as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of commissioning products during the development phase. On completion of construction defined as the time when the assets are brought into the condition of its intended use, all assets are reclassified to tangible fixed assets as either “buildings and structures”, “machinery and equipment” or “other mining assets”; or long-term prepaid expenses as “other mining costs”.

No depreciation is provided for construction in progress during the period of development, construction, installation and commissioning stages.

(k) Long-term prepaid expenses

(i) Pre-operating expenses

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

(ii) Land compensation costs

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

(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) Provisions

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

(i) Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights 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 and Decree 158/2016 as described in Note 3(i)(ii).

(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.

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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.

Closure and rehabilitation provisions will also be adjusted for changes in estimates. These adjustments will be accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated income statement. Changes to the capitalized cost result in an adjustment to future depreciation. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

(n) Bonds issued

At initial recognition, bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bond.

(o) Equity

(i) Ordinary shares

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Revenue from the sale of goods

Revenue from the sale of goods is recognised in the statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

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

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

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(r) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

(ii) Financial expenses

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

(s) Operating lease payments

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

(t) Borrowing costs

Borrowings costs comprise interest expenses on borrowings, facility fees, financing costs and transaction costs. Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(u) Earnings per share

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

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

(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.

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(w) Related parties

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

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4. Segment reporting

Business segments

The Group comprises the following main business segments:

From 1/1/2018 to 30/6/2018

	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	221,376,654	620,193,860	2,201,586,523	195,501,776	3,238,658,813
Segment gross profit	136,308,911	370,743,227	550,641,222	78,230,224	1,135,923,584
Unallocated expenses					145,513,790
Financial income					35,141,887
Financial expenses					578,307,288
Results from operating activities					447,244,393
Other income					1,629,535
Other expenses					11,508,324
Income tax expenses					13,064,179
Net profit after tax					424,301,425

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From 1/1/2017 to 30/6/2017	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	354,362,484	581,683,718	1,475,199,351	147,316,813	2,558,562,366
Segment gross profit	209,511,362	363,346,833	165,879,587	15,198,045	753,935,827
Unallocated expenses					129,167,747
Financial income					24,519,303
Financial expenses					546,797,473
Results from operating activities					102,489,910
Other income					2,071,324
Other expenses					12,372,386
Income tax benefit					6,502,862
Net profit after tax					85,685,986

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	Copper	Fluorspar	Tungsten	Others	Total
As at 30 June 2018	VND'000	VND'000	VND'000	VND'000	VND'000
Segment assets	193,525,858	1,007,498,378	2,045,280,397	1,318,846,700	4,565,151,333
Unallocated assets					23,091,681,396
Total assets					27,656,832,729
Total liabilities					15,220,925,257
As at 1 January 2018	Copper	Fluorspar	Tungsten	Others	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Segment assets	200,633,583	1,044,504,878	2,116,034,761	1,367,325,434	4,728,498,656
Unallocated assets					22,415,712,206
Total assets					27,144,210,862
Total liabilities					15,132,604,815

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	Copper	Fluorspar	Tungsten	Others	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
From 1/1/2018 to 30/6/2018					
Capital expenditure	12,126,999	38,815,859	86,368,653	-	137,311,511
Unallocated capital expenditure					421,745,062
Depreciation	7,107,726	37,006,498	71,119,837	48,478,745	163,712,806
Unallocated depreciation					453,845,401
Unallocated amortisation					82,744,336
From 1/1/2017 to 30/6/2017					
Capital expenditure	-	-	151,835,792	3,608,234	155,444,026
Unallocated capital expenditure					404,582,269
Depreciation	6,962,007	36,247,304	71,827,668	47,484,944	162,521,923
Unallocated depreciation					402,166,613
Unallocated amortisation					85,268,834

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5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Cash on hand	303,184	154,080	-	-
Cash in banks	152,294,092	77,774,081	73,195	83,619
Cash in transit	4,592,151	4,542,040	-	-
Cash equivalents	862,586,796	697,944,000	1,303,000	400,000
	1,019,776,223	780,414,201	1,376,195	483,619

6. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Short-term receivables				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Others (b)	406,523,662	410,152,488	1,336,568	2,298,420
	416,523,662	420,152,488	1,336,568	2,298,420
Long-term receivables				
Borrowing cost – MRTN (c)	-	-	909,990,962	909,990,962
Land compensation receivable from Thai Nguyen People's Committee (d)	1,303,754,210	1,319,793,389	-	-
Others	31,568,920	27,000,548	-	-
	1,335,323,130	1,346,793,937	909,990,962	909,990,962

- (a) Sales of claims receivable due from the intermediate holding company are unsecured, receivable based on agreed terms and interest free.
- (b) A portion of other receivables pertains to amounts paid on behalf of an intermediate holding company which are unsecured, receivable based on agreed terms and interest free.
- (c) Long-term receivables from a subsidiary are unsecured, receivable on maturity and interest free.
- (d) Long-term receivables represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project which was paid to the affected residents at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be netted off against annual land rental fee.

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7. Inventories

	<u>Group</u>		<u>Company</u>	
	30/6/2018	1/1/2018	30/6/2018	1/1/2018
	VND'000	VND'000	VND'000	VND'000
Goods in transit	67,439,011	23,743,788	-	-
Raw materials	169,744,973	191,813,054	-	-
Tools and supplies	514,295,986	571,169,311	-	-
Work in progress	110,123,303	76,753,984	-	-
Finished goods	633,619,312	420,995,855	-	-
Goods on consignment	148,134,578	124,586,977	-	-
	1,643,357,163	1,409,062,969	-	-

8. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	30/6/2018	1/1/2018	30/6/2018	1/1/2018
	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.

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9. Tangible fixed assets

Group:

Cost	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
Opening balance	4,243,033,707	12,480,157,847	41,195,861	19,787,186	5,026,291,284	21,810,465,885
Additions	-	781,193	663,913	-	-	1,445,106
Transfer from construction in progress (Note 12)	216,235,100	18,275,506	-	650,476	-	235,161,082
Disposals	-	-	-	(2,875,452)	-	(2,875,452)
Closing balance	4,459,268,807	12,499,214,546	41,859,774	17,562,210	5,026,291,284	22,044,196,621
Accumulated depreciation						
Opening balance	554,998,417	2,137,722,944	33,164,481	15,667,481	717,187,758	3,458,741,081
Charge for the period	123,398,132	363,036,646	1,827,363	885,148	102,616,297	591,763,586
Disposals	-	-	-	(2,828,095)	-	(2,828,095)
Closing balance	678,396,549	2,500,759,590	34,991,844	13,724,534	819,804,055	4,047,676,572
Net book value						
Opening balance	3,688,035,290	10,342,434,903	8,031,380	4,119,705	4,309,103,526	18,351,724,804
Closing balance	3,780,872,258	9,998,454,956	6,867,930	3,837,676	4,206,487,229	17,996,520,049

At 30 June 2018, tangible fixed assets with a carrying value of VND12,452 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2018: VND12,663 billion) (Note 18(b)(i)).

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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 balance	62,813,333
Charge for the period	4,486,667
Closing balance	67,300,000
Net book value	
Opening balance	4,486,667
Closing balance	-

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

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11. Intangible fixed assets

Group:

	Software VND'000	Mining rights VND'000	Total VND'000
Cost			
Opening and closing balances	99,907,214	588,370,818	688,278,032
Accumulated amortisation			
Opening balance	49,405,523	97,019,701	146,425,224
Charge for the period	6,032,789	15,275,165	21,307,954
Closing balance	55,438,312	112,294,866	167,733,178
Net book value			
Opening balance	50,501,691	491,351,117	541,852,808
Closing balance	44,468,902	476,075,952	520,544,854

At 30 June 2018, intangible fixed assets with a carrying value of VND519 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2018: VND540 billion) (Note 18(b)(i)).

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12. Construction in progress

<u>Group:</u>	From 1/1/2018 to 30/6/2018 VND'000
Opening balance	987,802,403
Additions during the period	504,325,669
Transfer to tangible fixed assets (Note 9)	(235,161,082)
Transfer to short-term prepaid expenses	(9,091,210)
	1,247,875,780
Closing balance	1,247,875,780

During the period, borrowing costs capitalised into construction in progress amounted to VND19 billion (From 1/1/2017 to 30/6/2017: VND52 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>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Investment in a subsidiary				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

The following are the details of the consolidated subsidiaries (see Note 1) as at 30 June 2018:

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

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

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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	2,093,948	1,081,306,579	2,000,000	1,303,896,280	51,563,205	2,440,860,012
Additions	-	-	-	125,027,939	2,776,181	127,804,120
Transfer from long-term receivables	-	16,039,178	-	-	-	16,039,178
Amortisation for the period	(1,395,965)	(34,464,615)	(2,000,000)	(40,538,126)	(4,345,631)	(82,744,337)
Closing balance	697,983	1,062,881,142	-	1,388,386,093	49,993,755	2,501,958,973

Contribution to the People's Committee of Thai Nguyen Province

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

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15. Taxes payable to State Treasury

Group:

	1/1/2018	Incurred	Paid/Offset	30/6/2018
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	284,719,405	(284,719,405)	-
Import-export tax	-	94,954,542	(94,954,542)	-
Corporate income tax	36,324,167	23,720,831	(36,484,130)	23,560,868
Personal income tax	34,813,111	81,764,713	(59,516,806)	57,061,018
Environmental protection tax	-	3,263,948	(3,263,948)	-
Natural resource tax	-	327,621,585	(327,621,585)	-
Other taxes	3,420,920	10,158,254	(12,644,881)	934,293
	74,558,198	826,203,278	(819,205,297)	81,556,179

16. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/6/2018	1/1/2018	30/6/2018	1/1/2018
	VND'000	VND'000	VND'000	VND'000
Bonus	66,569,991	50,729,204	-	-
Accrued interest payable	327,181,272	314,419,346	-	-
Other financing costs	1,446,966	2,264,974	-	-
Natural resource taxes and fees	67,988,994	145,839,605	-	-
Accrual for construction work	68,260,291	57,969,060	-	-
Consultant fee	1,358,550	1,126,242	-	-
Operating costs	192,764,919	214,477,204	-	-
Others	1,805,319	1,380,829	424,490	424,490
	727,376,302	788,206,464	424,490	424,490

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17. Other short-term and long-term payables

Other payables included the following amounts:

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 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	7,094,047	1,407,393	-	100,000
	9,605,832	3,919,178	12,806,470	12,906,470
Long-term:				
Amounts due to Masan Group Corporation (“MSN”) – the ultimate holding company				
Financial expenses – long-term (a)	1,124,123,839	1,124,123,839	541,074,175	541,074,175

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

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18. Borrowings, bonds and finance lease liabilities

(a) Short-term borrowings and finance lease liabilities

Group:

	1/1/2018		Movements during the period				30/6/2018	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Additions VND'000	Payments VND'000	Unrealised foreign exchange loss VND'000	Fee net of used VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	2,397,131,326	2,397,131,326	1,604,156,975	(1,442,438,164)	14,934,902	-	2,573,785,039	2,573,785,039
Current portion of long-term borrowings (Note(b))	1,007,662,690	1,007,662,690	-	(1,009,026,327)	-	1,363,637	-	-
	3,404,794,016	3,404,794,016	1,604,156,975	(2,451,464,491)	14,934,902	1,363,637	2,573,785,039	2,573,785,039

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

	Currency	<u>Group</u>		<u>Company</u>	
		30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Secured bank loan (i)	USD	1,015,551,906	903,910,500	-	-
Secured bank loan (ii)	USD	91,777,398	321,343,941	-	-
Secured bank loan (ii)	VND	856,015,240	567,938,909	-	-
Loan from an investor in one of the subsidiary (iii)	USD	610,440,495	603,937,976	-	-
		2,573,785,039	2,397,131,326	-	-

- (i) The USD denominated loan from a local bank bore interest within range from 4.55% to 4.75% per annum. The loan is securitised by part of short-term receivables of NPM. As at reporting date, these loans are secured by 100 million 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% per annum respectively.
- (iii) The USD denominated loan is from an investor in one of the subsidiary. The loan is unsecured and bore interest of 6% per annum.

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

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Long-term bonds issued (i)	8,985,823,045	8,966,563,605	-	-
Finance lease liabilities (ii)	-	9,026,327	-	-
	8,985,823,045	8,975,589,932	-	-
Repayable within twelve months (Note (a))	-	(1,007,662,690)	-	-
Repayable after twelve months	8,985,823,045	7,967,927,242	-	-

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(i) Long-term bonds

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

	Currency	Interest rate per Annum	Year of maturity	Group	
				30/6/2018 VND'000	1/1/2018 VND'000
Secured bond issuance	VND	(*)	2018	-	998,636,363
Secured bond issuance	VND	(**)	2020	7,993,489,712	7,967,927,242
Secured bond issuance	VND	(***)	2020	992,333,333	-
				8,985,823,045	8,966,563,605

(*) The VND denominated non-convertible bonds were issued by TNTI with a two-year term and bore interest rate of 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 2.0%. The bond proceeds were used by NPM under a business cooperation agreement with TNTI and secured by 21.64% of the issued shares of the Company held by Masan Horizon Co., Ltd. This secured bond issuance was reported net of bond arrangement fees. This secured bond was fully repaid in June 2018.

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

(***) The VND denominated non-convertible bonds were issued by NPM with a two-year term and bore interest rate of 9.5% per annum. The bond proceeds were used by NPM and secured by 73 million shares of the Company held by Masan Horizon Co., Ltd. This secured bond issuance was reported net of bond arrangement fees.

(ii) Finance lease liabilities

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

	30/6/2018			1/1/2018		
	Payments VND'000	Interest VND'000	Principal VND'000	Payments VND'000	Interest VND'000	Principal VND'000
Within one year	-	-	-	9,398,868	372,541	9,026,327

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

(i) Recognised deferred tax assets

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Origination of temporary differences	10,029,645	14,686,791	-	-

(ii) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2018 VND'000	1/1/2018 VND'000	30/6/2018 VND'000	1/1/2018 VND'000
Mineral reserves and mineral resources	628,600,600	643,914,399	-	-

(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	8,058,618	3,574,495
of which:		
Finalised with tax authorities	4,194,763	-
Outstanding – subject to tax authorities' review (*)	3,863,855	3,574,495
	8,058,618	3,574,495

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

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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	24,343,637	500,451,642	524,795,279
Provision made during the period	937,230	19,570,098	20,507,328
Provision used during the period	-	(73,145,651)	(73,145,651)
Closing balance	25,280,867	446,876,089	472,156,956

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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 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,551,804,716	11,394,921,973	315,558,310	11,710,480,283
Net profit for the period	-	-	-	85,685,986	62,875,127	22,810,859	85,685,986
Balance at 30 June 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,614,679,843	11,457,797,100	338,369,169	11,796,166,269
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	-	-	-	300,173,280	300,173,280	124,128,145	424,301,425
Balance at 30 June 2018	7,194,473,280	1,944,327,324	(295,683,347)	3,057,892,052	11,901,009,309	534,898,163	12,435,907,472

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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 2017	7,194,473,280	1,944,327,324	304,980,638	9,443,781,242
Net loss for the period	-	-	(1,653,904)	(1,653,904)
Balance at 30 June 2017	7,194,473,280	1,944,327,324	303,326,734	9,442,127,338
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	-	-	29,624	29,624
Balance at 30 June 2018	7,194,473,280	1,944,327,324	305,021,527	9,443,822,131

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22. Share capital

The Company's authorised and issued share capital comprised:

	30/6/2018		1/1/2018	
	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	719,447,328	7,194,473,280	703,544,898	7,035,448,980
Preference shares	-	-	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	719,447,328	7,194,473,280	703,544,898	7,035,448,980
Preference shares	-	-	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 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 25 January 2017.

On 16 May 2018, Vietnam Securities Depository – Ho Chi Minh City Branch has approved the conversion of 15,902,430 dividend preferential shares issued by the Company into ordinary shares with conversion ratio of 1 to 1.

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:

	30/6/2018		1/1/2018	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	2,124,870	48,702,006	2,767,589	62,288,147

(b) Bad debts written off

Group:

	30/6/2018 VND'000	1/1/2018 VND'000
Bad debts written off	16,433,002	9,577,438

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 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Interest income	15,479,918	1,856,860	32,624	734
Foreign exchange gains	18,802,246	21,413,132	-	-
Others	859,723	1,249,311	-	-
	35,141,887	24,519,303	32,624	734

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26. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Interest expense & borrowing fees	534,535,411	499,265,686	-	-
Foreign exchange losses	21,866,907	23,320,158	-	-
Others	21,904,970	24,211,629	-	-
	578,307,288	546,797,473	-	-

27. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 30 June 2018 was based on the profit attributable to ordinary shareholders of VND295,225 million (for the period ended 30 June 2017: VND61,485 million) and a weighted average number of ordinary shares outstanding of 707,586,400 shares (for the period ended 30 June 2017: 703,544,898 shares), calculated as follows:

(a) Net profit attributable to shareholders

	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	4,948,707	1,389,771
Ordinary shareholders	295,224,572	61,485,356
	300,173,280	62,875,127

(b) Weighted average number of ordinary shares

	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Issued ordinary shares at the beginning of the period	703,544,898	703,544,898
Conversion from preference shares to ordinary shares	15,902,430	-
Issued ordinary shares at the closing of the period	719,447,328	703,544,898
	707,586,400	703,544,898

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28. Significant transactions with related parties

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

Group:

Related Party	Nature of transactions	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Ultimate holding company's associate			
Vietnam			
Technological and Commercial Joint Stock Bank ("TCB")			
	Interest expense and borrowing fees	57,071,343	57,665,119
	Loan and bond received	1,232,386,016	713,652,667
	Loan and bond paid	1,891,705,952	645,131,368
Key management personnel			
	Salary, bonus and other benefits (*)	13,830,391	10,399,282

(*) No board fees were paid to Board of Directors members for the periods ended 30 June 2018 and 30 June 2017.

Company:

Related Party	Nature of transactions	From 1/1/2018 to 30/6/2018 VND'000	From 1/1/2017 to 30/6/2017 VND'000
Subsidiaries			
Nui Phao Mining Company Ltd	Financial income received	-	28,249,448

24 July 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Nikhil Kamran
Chief Financial Officer

Approved by:



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Craig Richard Bradshaw
General Director