

**Masan Resources Corporation
and its subsidiaries**

Quarterly financial statements
for the period ended 30 September 2018



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
	Dr. Nguyen Dang Quang	Member
	Mr. Nguyen Thieu Nam	Member
	Mr. Dominic John Heaton	Member (<i>resigned on 26 July 2018</i>)
	Mr. Nguyen Van Thang	Member

Board of Management	Mr. Craig Richard Bradshaw	General Director
	Mr. Rajul Bagrodia	Deputy 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 September 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>	
			30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
ASSETS						
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		3,925,684,616	3,456,003,440	4,432,221	2,782,039
Cash and cash equivalents	110	5	500,166,823	780,414,201	1,109,580	483,619
Cash	111		202,752,348	82,470,201	29,828	83,619
Cash equivalents	112		297,414,475	697,944,000	1,079,752	400,000
Short-term financial investments	120		-	32,500,000	-	-
Held to maturity investments	123		-	32,500,000	-	-
Accounts receivable – short-term	130		1,001,060,517	860,460,818	3,322,641	2,298,420
Accounts receivable from customers	131		301,241,490	368,595,772	-	-
Prepayments to suppliers	132		224,126,632	78,568,122	-	-
Other receivables	136	6	475,692,395	420,152,488	3,322,641	2,298,420
Allowance for doubtful debts	137		-	(6,855,564)	-	-
Inventories	140	7	1,805,673,680	1,409,062,969	-	-
Inventories	141		1,805,673,680	1,409,062,969	-	-
Other current assets	150		618,783,596	373,565,452	-	-
Short-term prepaid expenses	151		81,168,384	47,822,640	-	-
Deductible value added tax	152		537,615,212	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 September 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>	
			30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Long term assets (200 = 210 + 220 + 240 + 250 + 260)	200		23,635,796,097	23,688,207,422	10,495,844,635	9,995,844,635
Accounts receivable – long-term	210		1,335,323,130	1,346,793,937	5,355,509,062	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	1,409,990,962	909,990,962
Fixed assets	220		18,323,228,408	18,898,064,279	-	-
Tangible fixed assets	221	9	17,813,279,364	18,351,724,804	-	-
Cost	222		22,147,770,414	21,810,465,885	-	-
Accumulated depreciation	223		(4,334,491,050)	(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	509,949,044	541,852,808	-	-
Cost	228		688,278,032	688,278,032	137,950	137,950
Accumulated amortisation	229		(178,328,988)	(146,425,224)	(137,950)	(137,950)
Long-term work in progress	240		1,443,043,666	987,802,403	-	-
Construction in progress	242	12	1,443,043,666	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		2,528,300,893	2,455,546,803	-	-
Long-term prepaid expenses	261	14	2,528,300,893	2,440,860,012	-	-
Deferred tax assets	262	19	-	14,686,791	-	-
TOTAL ASSETS (270 = 100 + 200)	270		27,561,480,713	27,144,210,862	10,500,276,856	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 September 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	
			30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		15,741,932,342	15,132,604,815	1,056,438,004	554,834,167
Current liabilities	310		4,012,883,675	4,871,844,056	15,363,829	13,759,992
Accounts payable to suppliers	311		498,647,812	434,067,033	430,132	429,032
Advances from customers	312		818,260,800	166,299,167	-	-
Taxes payable to State Treasury	313	15	98,341,078	74,558,198	40,758	-
Accrued expenses	315	16	598,219,802	788,206,464	2,086,469	424,490
Other short-term payables	319	17	69,402,150	3,919,178	12,806,470	12,906,470
Short-term borrowings and financial lease liabilities	320	18(a)	1,930,012,033	3,404,794,016	-	-
Long-term liabilities	330		11,729,048,667	10,260,760,759	1,041,074,175	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)	9,495,737,612	7,967,927,242	500,000,000	-
Deferred tax liabilities	341	19	626,776,596	643,914,399	-	-
Provisions – long-term	342	20	482,410,620	524,795,279	-	-
EQUITY (400 = 410)	400		11,819,548,371	12,011,606,047	9,443,838,852	9,443,792,507
Equity	410	21	11,819,548,371	12,011,606,047	9,443,838,852	9,443,792,507
Share capital	411	22	8,993,091,220	7,194,473,280	8,993,091,220	7,194,473,280
- Ordinary shares with voting rights	411a		8,993,091,220	7,035,448,980	8,993,091,220	7,035,448,980
- Preference shares	411b		-	159,024,300	-	159,024,300
Share premium	412	22	145,709,384	1,944,327,324	145,709,384	1,944,327,324
Other capital	414		(295,683,347)	(295,683,347)	-	-
Undistributed profit after tax	421		2,976,431,114	2,757,718,772	305,038,248	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		218,712,342	205,914,056	46,345	11,265
Non-controlling interest	429		-	410,770,018	-	-
TOTAL RESOURCES (440 = 300 + 400)	440		27,561,480,713	27,144,210,862	10,500,276,856	9,998,626,674

29 October 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Rajul Bagrodia
Deputy Chief Financial Officer

Approved by:




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 September 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 1/7/2018 to 30/9/2018 VND'000	From 1/7/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Revenue from sales of goods	01	24	1,449,241,028	1,369,239,786	4,687,899,841	3,927,802,152
Cost of sales	11		1,072,015,355	961,126,751	3,174,750,584	2,765,753,290
Gross profit (20 = 01 - 11)	20		377,225,673	408,113,035	1,513,149,257	1,162,048,862
Financial income	21	25	64,845,317	10,160,275	99,987,204	34,679,578
Financial expenses	22	26	320,823,111	282,741,622	899,130,399	829,539,095
Selling expenses	25		24,793,585	28,839,127	83,816,742	99,872,716
General and administration expenses	26		19,356,094	27,852,473	105,846,727	85,986,631
Net operating profit (30 = 20 + 21 - 22 - 25 - 26)	30		77,098,200	78,840,088	524,342,593	181,329,998
Other income	31		216,363	136,881	1,845,898	2,208,205
Other expenses	32		6,034,713	12,528,885	17,543,037	24,901,271
Results of other activities (40 = 31 - 32)	40		(5,818,350)	(12,392,004)	(15,697,139)	(22,693,066)

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 September 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 1/7/2018 to 30/9/2018 VND'000	From 1/7/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Accounting profit before tax (50 = 30 + 40)	50		71,279,850	66,448,084	508,645,454	158,636,932
Income tax expense – current	51		1,473,435	4,934,562	25,194,266	26,437,060
Income tax benefit deferred	52		8,205,641	(8,136,933)	(2,451,011)	(23,136,569)
Net profit after tax (60 = 50 – 51 - 52)	60		61,600,774	69,650,455	485,902,199	155,336,441
Net profit attributable to:			VND'000	VND'000	VND'000	VND'000
Equity holders of the Company	61		39,483,563	34,910,537	339,656,843	97,785,664
Non-controlling interest	62		22,117,211	34,739,918	146,245,356	57,550,777
			VND	VND (Restated)	VND	VND (Restated)
Earnings per share						
Basic earnings per share	70	27	44	39	378	109

29 October 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Rajul Bagrodia
Deputy 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 September 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)

Company	Code	Note	From 1/7/2018 to 30/9/2018 VND'000	From 1/7/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Financial income	21	25	1,678,702	8,046	1,711,326	8,780
Financial expenses	22	26	1,661,979	-	1,661,979	-
Selling expenses	25		-	-	-	-
General and administration expenses	26		-	58,453	3,000	1,713,091
Net operating profit/(loss) (30 = 21 - 22 - 25 - 26)	30		16,723	(50,407)	46,347	(1,704,311)
Other income	31		-	-	-	-
Other expenses	32		-	-	-	-
Results of other activities (40 = 31 - 32)	40		-	-	-	-
Accounting profit/(loss) before tax (50 = 30 + 40)	50		16,723	(50,407)	46,347	(1,704,311)
Income tax expense – current	51		-	-	-	-
Income tax benefit – deferred	52		-	-	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		16,723	(50,407)	46,347	(1,704,311)

29 October 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Rajul Bagrodia
Deputy 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 September 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 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	01	508,645,454	158,636,932	46,347	(1,704,311)
Adjustments for					
Depreciation and amortisation	02	914,968,495	861,727,309	-	-
Allowances and provisions	03	30,760,993	32,510,469	-	-
Exchange (gain)/loss arising from revaluation of monetary items denominated in foreign currencies	04	(2,498,252)	(5,780,993)	-	-
Profits from investing activities	05	(24,555,748)	(6,271,764)	-1,711,326	(8,780)
Interest expense and borrowing fees	06	802,566,176	744,924,211	-	-
Operating profit/(loss) before changes in working capital	08	2,229,887,118	1,785,746,164	(1,664,979)	(1,713,091)
Change in receivables and other current assets	09	(349,075,827)	(378,119,544)	644,592	-
Change in inventories	10	(396,610,711)	(79,811,267)	-	-
Change in payables and other liabilities	11	797,184,512	315,688,025	1,603,836	(59,510)
Change in prepaid expenses	12	(108,716,390)	(10,622,349)	-	-
		2,172,668,702	1,632,881,029	583,449	(1,772,601)
Interest paid	14	(936,573,729)	(875,199,711)	-	-
Income tax paid	15	(36,533,036)	(14,235,877)	-	-
Net cash flows from operating activities	20	1,199,561,937	743,445,441	583,449	(1,772,601)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(837,809,291)	(750,867,441)	-	-
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	-	-	-
Payments for investments in subsidiaries and other entities	25	(677,959,885)	-	-	-
Receipt of interest	27	23,021,386	5,619,414	(499,957,487)	28,256,528
Net cash flows from investing activities	30	(1,465,124,154)	(744,191,845)	(499,957,487)	28,256,528

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 September 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	Group		Company	
		From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	33	4,397,907,525	2,029,607,643	500,000,000	-
Payments to settle loan principals, bonds and bond issuance related costs	34	(4,400,789,620)	(2,143,041,618)	-	-
Payments to settle financial lease	35	(9,026,327)	(11,988,434)	-	-
Payments of dividends	36	-	(26,249,448)	-	(26,449,448)
Net cash flows from financing activities	40	(11,908,422)	(151,671,857)	500,000,000	(26,449,448)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(277,470,639)	(152,418,261)	625,962	34,479
Cash and cash equivalents at the beginning of the period	60	780,414,201	603,345,037	483,619	896,931
Effect of exchange rate fluctuation on cash and cash equivalents	61	(2,776,739)	(350,379)	-	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)	70	500,166,823	450,576,397	1,109,581	931,410

29 October 2018

Prepared by:



Nguyen Thi Thanh Mai
Chief Accountant

Reviewed by:



Rajul Bagrodia
Deputy 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 September 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	
		30/9/2018	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%
Masan Tungsten LLC (“MTC”) (New name of Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”) – changed from 11 September 2018) (Note 21)	Deep processing of nonferrous metals and precious metals (Tungsten)	100%	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 September 2018 (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.

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Masan Resources Corporation and its subsidiaries
Notes to the financial statements for the period ended 30 September 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. 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.

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

Form B 09a – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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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.

(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.

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(k) Long-term prepaid expenses

(i) Pre-operating expenses

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

(ii) Land compensation costs

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

(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.

The costs of removal of the waste material during a mine's production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

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

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are recognised as long-term prepaid expenses where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortised over the life of the proven and probable reserves of the relevant components on a systematic basis.

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(iv) Other prepaid expenses

Other prepaid expenses include service fees which are initially stated at cost and amortised on a straight-line basis over the term of the contracts 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/ND-CP dated 29 November 2016 (“Decree 158/2016”).

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”) shall provide guidelines for the conversion method to determine the charge for granting mining rights in accordance with Decree 158/2016. Up to date, MONRE has provided neither guidelines for the new calculation method for prospective changes in estimates to be made nor a basis for reliable estimates to be made.

(ii) Mine rehabilitation

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

Provisions for the cost of each closure and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation proportional to the degree of influence on the environment existing at the reporting date.

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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 30/9/2018	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	221,376,654	929,611,209	3,289,753,214	247,158,764	4,687,899,841
Segment gross profit	136,329,027	565,991,248	742,026,879	68,802,103	1,513,149,257
Unallocated expenses					189,663,469
Financial income					99,987,204
Financial expenses					899,130,399
Results from operating activities					524,342,593
Other income					1,845,898
Other expenses					17,543,037
Income tax expenses					22,743,255
Net profit after tax					485,902,199

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From 1/1/2017 to 30/9/2017	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	576,327,671	804,529,214	2,310,875,951	236,069,316	3,927,802,152
Segment gross profit	350,187,622	487,021,563	270,596,680	54,242,997	1,162,048,862
Unallocated expenses					185,859,347
Financial income					34,679,578
Financial expenses					829,539,095
Results from operating activities					181,329,998
Other income					2,208,205
Other expenses					24,901,271
Income tax					3,300,491
Net profit after tax					155,336,441

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As at 30 September 2018	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment assets	190,170,656	990,030,154	2,021,752,899	1,295,968,283	4,497,921,992
Unallocated assets					23,063,558,721
Total assets					27,561,480,713
Total liabilities					15,741,932,342
As at 1 January 2018					
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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From 1/1/2018 to 30/9/2018	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	12,351,588	40,651,897	125,149,590	14,753	178,167,828
Unallocated capital expenditure					659,641,463
Depreciation	10,462,927	54,474,724	109,687,698	71,357,162	245,982,511
Unallocated depreciation					637,082,220
Unallocated amortisation					157,962,156

From 1/1/2017 to 30/9/2017	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Capital expenditure	-	3,806,744	233,806,301	4,549,625	242,162,670
Unallocated capital expenditure					508,704,771
Depreciation	10,738,525	55,910,586	106,412,394	73,242,822	246,304,327
Unallocated depreciation					615,422,982
Unallocated amortisation					128,083,073

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5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Cash on hand	207,872	154,080	-	-
Cash in banks	185,544,476	77,774,081	29,828	83,619
Cash in transit	17,000,000	4,542,040	-	-
Cash equivalents	297,414,475	697,944,000	1,079,752	400,000
	500,166,823	780,414,201	1,109,580	483,619

6. Other short-term and long-term receivables

	<u>Group</u>		<u>Company</u>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Short-term receivables				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Others (b)	465,692,395	410,152,488	3,322,641	2,298,420
	475,692,395	420,152,488	3,322,641	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	-	-
Business coporation agreement with NPM	-	-	500,000,000	-
Others	31,568,920	27,000,548	-	-
	1,335,323,130	1,346,793,937	1,409,990,962	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.

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- (d) Long-term receivables represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project which was paid to the affected residents at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be netted off against annual land rental fee.

7. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>30/9/2018</u>	<u>1/1/2018</u>	<u>30/9/2018</u>	<u>1/1/2018</u>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
Goods in transit	19,549,696	23,743,788	-	-
Raw materials	155,079,665	191,813,054	-	-
Tools and supplies	553,284,686	571,169,311	-	-
Work in progress	134,789,952	76,753,984	-	-
Finished goods	786,163,854	420,995,855	-	-
Goods on consignment	156,805,827	124,586,977	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,805,673,680	1,409,062,969	-	-

8. Receivables on long-term lending loans

	<u>Group</u>		<u>Company</u>	
	<u>30/9/2018</u>	<u>1/1/2018</u>	<u>30/9/2018</u>	<u>1/1/2018</u>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
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	-	924,958	742,913	-	-	1,667,871
Transfer from construction in progress (Note 12)	218,250,940	119,610,694	-	650,476	-	338,512,110
Disposals	-	-	-	(2,875,452)	-	(2,875,452)
Closing balance	4,461,284,647	12,600,693,499	41,938,774	17,562,210	5,026,291,284	22,147,770,414
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	187,311,533	536,173,870	2,713,354	1,310,243	151,069,064	878,578,064
Disposals	-	-	-	(2,828,095)	-	(2,828,095)
Closing balance	742,309,950	2,673,896,814	35,877,835	14,149,629	868,256,822	4,334,491,050
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	3,718,974,697	9,926,796,685	6,060,939	3,412,581	4,158,034,462	17,813,279,364

At 30 September 2018, tangible fixed assets with a carrying value of VND12,332 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	8,991,018	22,912,746	31,903,764
Closing balance	58,396,541	119,932,447	178,328,988
Net book value			
Opening balance	50,501,691	491,351,117	541,852,808
Closing balance	41,510,673	468,438,371	509,949,044

At 30 September 2018, intangible fixed assets with a carrying value of VND508 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 30/9/2018 VND'000
Opening balance	987,802,403
Additions during the period	807,583,320
Transfer to tangible fixed assets (Note 9)	(338,512,110)
Transfer to short-term prepaid expenses	(13,829,947)
	1,443,043,666
Closing balance	1,443,043,666

During the period, borrowing costs capitalised into construction in progress amounted to VND29 billion (from 1/1/2017 to 30/9/2017: VND84 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>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 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
Masan Tungsten LLC (“MTC”) (former Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NPHCS”))	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:

	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	-	-	-	192,797,480	4,662,615	197,460,095
Transfer from long-term receivables	-	-	-	-	16,039,178	16,039,178
Amortisation for the period	(2,093,948)	(51,614,668)	(2,000,000)	(63,597,520)	(6,752,256)	(126,058,392)
Closing balance	-	1,029,691,911	-	1,433,096,240	65,512,742	2,528,300,893

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	30/9/2018
	VND'000	VND'000	VND'000	VND'000
Value added tax	-	432,601,319	(432,601,319)	-
Import-export tax	-	127,623,213	(126,854,309)	768,904
Corporate income tax	36,324,167	25,194,266	(36,533,037)	24,985,398
Personal income tax	34,813,111	113,572,033	(77,403,582)	70,981,562
Environmental protection tax	-	4,827,396	(4,827,396)	-
Natural resource tax	-	455,150,453	(455,150,453)	-
Other taxes	3,420,920	15,421,548	(17,237,254)	1,605,214
	74,558,198	1,174,390,227	(1,150,607,347)	98,341,078

Company:

	1/1/2018	Incurred	Paid/Offset	30/9/2018
	VND'000	VND'000	VND'000	VND'000
Personal income tax	-	40,758	-	40,758

16. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/9/2018	1/1/2018	30/9/2018	1/1/2018
	VND'000	VND'000	VND'000	VND'000
Bonus	100,026,478	50,729,204	-	-
Accrued interest payable	135,683,366	314,419,346	-	-
Other financing costs	1,424,916	2,264,974	-	-
Natural resource taxes and fees	46,289,176	145,839,605	-	-
Accrual for construction work	44,533,231	57,969,060	-	-
Consultant fee	-	1,126,242	-	-
Operating costs	270,256,693	214,477,204	-	-
Others	5,942	1,380,829	424,490	424,490
	598,219,802	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>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 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	66,890,365	1,407,393	-	100,000
	69,402,150	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				30/9/2018	
	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	2,397,907,546	(2,885,289,620)	20,262,781	-	1,930,012,033	1,930,012,033
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	2,397,907,546	(3,894,315,947)	20,262,781	1,363,637	1,930,012,033	1,930,012,033

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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>	
			30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Secured bank loan	(i)	USD	1,133,686,966	903,910,500	-	-
Secured bank loan	(ii)	USD	71,892,963	321,343,941	-	-
Secured bank loan	(ii)	VND	724,432,104	567,938,909	-	-
Loan from an investor in one of the subsidiary	(iii)	USD	-	603,937,976	-	-
			1,930,012,033	2,397,131,326	-	-

- (i) The USD denominated loan from a local bank bore interest within range from 4.02% to 4.78% 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 10.3% 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. This loan was fully repaid in August 2018.

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

	<u>Group</u>		<u>Company</u>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Long-term bonds issued (i)	9,495,737,612	8,966,563,605	-	-
Finance lease liabilities (ii)	-	9,026,327	-	-
			9,495,737,612	8,975,589,932
Repayable within twelve months (Note (a))	-	(1,007,662,690)	-	-
			9,495,737,612	7,967,927,242

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(i) Long-term bonds

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

		Interest		Group	
	Currency	rate per	Year of	30/9/2018	1/1/2018
		Annun	maturity	VND'000	VND'000
Secured bond issuance	VND	(i)	2018	-	998,636,363
Secured bond issuance	VND	(ii)	2020	7,506,270,946	7,967,927,242
Secured bond issuance	VND	(iii)	2020	993,333,333	-
Secured bond issuance	VND	(iv)	2023	496,133,333	-
Secured bond issuance	VND	(v)	2021	500,000,000	-
				9,495,737,612	8,966,563,605

- (i) 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%. 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.
- (ii) 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.
- (iii) 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 13.57% of the issued shares of the Company held by Masan Horizon Co., Ltd . This secured bond issuance was reported net of bond arrangement fees.
- (iv) The VND denominated non-convertible bonds were issued by NPM with a five-year term and bore interest rate of 10% per annum for the first twelve months. After the first 2 six-month periods, 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 6.92% of issued shares of the Company held by Masan Horizon Co., Ltd . This secured bond issuance was reported net of bond arrangement fees.

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- (v) The VND denominated non-convertible bonds were issued by MSR with a three-year term and bore interest rate of 9.8% per annum for the first twelve months. After the first 2 six-month periods, 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 proceeds were used by MSR and secured by 13.2% of issued 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:

	30/9/2018			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

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

(i) Recognised deferred tax assets

	<u>Group</u>		<u>Company</u>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Origination of temporary differences	-	14,686,791	-	-

(ii) Recognised deferred tax liabilities

	<u>Group</u>		<u>Company</u>	
	30/9/2018 VND'000	1/1/2018 VND'000	30/9/2018 VND'000	1/1/2018 VND'000
Origination of temporary differences	5,404,588	-	-	-
Mineral reserves and mineral resources	621,372,008	643,914,399	-	-
	626,776,596	643,914,399	-	-

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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	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.

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	50,045,164	524,795,279
Provision made during the period	1,405,845	29,355,146	30,760,991
Provision used during the period	-	(73,145,650)	(73,145,650)
Closing balance	25,749,482	456,661,138	482,410,620

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21. Changes in equity										
<u>Group:</u>										
	Share capital	Share premium	Other capital	Undistributed	Equity attributable	Non-controlling	Total equity			
	VND'000	VND'000	VND'000	profit after tax	to equity holders of	interest	VND'000			
				VND'000	the Company	VND'000	VND'000			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	-	-	-	97,785,664	97,785,664	57,550,777	155,336,441			
Balance at 30 September 2017	7,194,473,280	1,944,327,324	(295,683,347)	2,649,590,380	11,492,707,637	373,109,087	11,865,816,724			
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	-	-	-	339,656,843	339,656,843	146,245,356	485,902,199			
Bonus shares issuance	1,798,617,940	(1,798,617,940)	-	-	-	-	-			
Changing ownership in a subsidiary	-	-	-	(120,944,501)	(120,944,501)	(557,015,374)	(677,959,875)			
Balance at 30 September 2018	8,993,091,220	145,709,384	(295,683,347)	2,976,431,114	11,819,548,371	-	11,819,548,371			

On 13 August 2018, NPM, a subsidiary of the Company, acquired the remaining 49% of minority ownership interest in NPHCS from H.C. Starck GmbH. NPM paid VND677,959,874,542 as consideration for the authorised capital of VND388,889,872,000. After that, from 11 September 2018, NPHCS was changed the name to Masan Tungsten LLC ("MTC").

As part of the aforementioned sales and purchase agreement, VND1,000,000 of the total charter capital of the 100% owned MTC will be transferred to TNTI, another subsidiary of the Company.

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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	-	-	(1,704,311)	(1,704,311)
Balance at 30 September 2017	7,194,473,280	1,944,327,324	303,276,327	9,442,076,931
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	-	-	46,345	46,345
Bonus shares issuance	1,798,617,940	(1,798,617,940)	-	-
Balance at 30 September 2018	8,993,091,220	145,709,384	305,038,248	9,443,838,852

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22. Share capital

The Company's authorised and issued share capital comprised:

	30/9/2018		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
Bonus shares issuance	179,861,794	1,798,617,940	-	-
Preference shares	-	-	15,902,430	159,024,300
	899,309,122	8,993,091,220	719,447,328	7,194,473,280
Shares in circulation				
Ordinary shares	899,309,122	8,993,091,220	703,544,898	7,035,448,980
Preference shares	-	-	15,902,430	159,024,300
	899,309,122	8,993,091,220	719,447,328	7,194,473,280
Share premium				
Premium shares	-	1,944,327,324	-	1,944,327,324
Bonus shares issuance	-	(1,798,617,940)	-	-
	-	145,709,384	-	1,944,327,324

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

The preference shares have a par value of VND10,000, being 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.

On 28 September 2018, the Company's Board of Directors issued Resolution to approve bonus share issuance for increasing share capital from the owner's equity by VND1,798,617,940,000 for 179,861,794 shares. On 8 October 2018, Hanoi Stock Exchange issued Decision No.638/QĐ-SGDHN which approve the increasing share capital from owner equity for 179,861,794 shares.

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

23. Off balance sheet items

(a) Foreign currencies

Group:

	30/9/2018		1/1/2018	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	1,460,356	34,031,137	2,767,589	62,288,147

(b) Bad debts written off

Group:

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

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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 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Interest income	23,579,470	5,620,379	1,711,326	8,780
Foreign exchange gains	35,770,354	27,809,463	-	-
Others	40,637,380	1,249,736	-	-
	99,987,204	34,679,578	1,711,326	8,780

26. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Interest expense & borrowing fees	802,566,264	681,447,410	1,661,979	-
Foreign exchange losses	55,579,545	31,756,661	-	-
Others	40,984,590	116,335,024	-	-
	899,130,399	829,539,095	1,661,979	-

27. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 30 September 2018 was based on the profit attributable to ordinary shareholders of VND335,944 million (for the nine-month period ended 30 September 2017: VND95,624 million) and a weighted average number of ordinary shares outstanding of 889,479,324 shares (restated for the nine-month period ended 30 September 2017: 879,431,085 shares), calculated as follows:

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(a) Net profit attributable to shareholders

	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Net profit attributable to:		
Mandatorily convertible preference shareholders	3,712,580	2,161,423
Ordinary shareholders	335,944,263	95,624,241
	339,656,843	97,785,664

(b) Weighted average number of ordinary shares

	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 (Adjusted) 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	-
Bonus share issuance	179,861,794	175,886,187
Issued ordinary shares at the closing of the period	899,309,122	879,431,085
	889,479,324	879,431,085

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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 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Ultimate holding company's associate			
Vietnam			
Technological and Commercial Joint			
Stock Bank ("TCB")	Interest expense and borrowing fees	70,369,863	89,754,468
	Loan received	1,565,547,288	1,165,948,612
	Bond issued	1,800,000,000	-
	Loan paid	1,355,617,601	745,762,568
	Bond repurchased	825,203,800	-
Key management personnel			
	Salary, bonus and other benefits (*)	27,141,859	15,869,908

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

Company:

Related Party	Nature of transactions	From 1/1/2018 to 30/9/2018 VND'000	From 1/1/2017 to 30/9/2017 VND'000
Subsidiaries			
Nui Phao Mining Company Ltd	Financial income received	-	28,249,448

29 October 2018

Prepared by:



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Reviewed by:



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Approved by:




Craig Richard Bradshaw
General Director