

**Masan Resources Corporation  
and its subsidiaries**

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Quarterly financial statements  
for the period ended 31 December 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.

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<b>Board of Directors</b>	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
<b>Board of Management</b>	Mr. Craig Richard Bradshaw	General Director
	Mr. Nikhil Kamran	Chief Finance Officer <i>(resigned on 23 August 2018)</i>
	Ms. Nguyen Thi Thanh Mai	Chief Accountant
<b>Registered Office</b>	Suite 802, 8 <sup>th</sup> Floor, Central Plaza Building No. 17 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	

**Masan Resources Corporation and its subsidiaries**  
**Balance sheets as at 31 December 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>	
			31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>ASSETS</b>						
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>4,333,718,245</b>	<b>3,456,003,440</b>	<b>47,959,283</b>	<b>2,782,039</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>467,220,260</b>	<b>780,414,201</b>	<b>3,288,566</b>	<b>483,619</b>
Cash	111		263,449,041	82,470,201	234,588	83,619
Cash equivalents	112		203,771,219	697,944,000	3,053,978	400,000
<b>Short-term financial investments</b>	<b>120</b>		-	<b>32,500,000</b>	-	-
Held to maturity investments	123		-	32,500,000	-	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,612,852,955</b>	<b>860,460,818</b>	<b>44,670,717</b>	<b>2,298,420</b>
Accounts receivable from customers	131		960,321,689	368,595,772	-	-
Prepayments to suppliers	132		175,750,070	78,568,122	-	-
Other receivables	136	6	476,781,196	420,152,488	44,670,717	2,298,420
Allowance for doubtful debts	137		-	(6,855,564)	-	-
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>1,646,014,138</b>	<b>1,409,062,969</b>	-	-
Inventories	141		1,646,014,138	1,409,062,969	-	-
<b>Other current assets</b>	<b>150</b>		<b>607,630,892</b>	<b>373,565,452</b>	-	-
Short-term prepaid expenses	151		45,996,377	47,822,640	-	-
Deductible value added tax	152		561,634,515	325,742,812	-	-

*The accompanying notes are an integral part of these financial statements*

**Masan Resources Corporation and its subsidiaries**  
**Balance sheets as at 31 December 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>	
			31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>Long term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>23,615,407,322</b>	<b>23,688,207,422</b>	<b>12,495,844,635</b>	<b>9,995,844,635</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,335,307,630</b>	<b>1,346,793,937</b>	<b>7,355,509,062</b>	<b>4,855,509,062</b>
Receivables on long-term lending loans	215	8	-	-	3,945,518,100	3,945,518,100
Other long-term receivables	216	6	1,335,307,630	1,346,793,937	3,409,990,962	909,990,962
<b>Fixed assets</b>	<b>220</b>		<b>18,267,296,514</b>	<b>18,898,064,279</b>	-	-
Tangible fixed assets	221	9	17,767,943,281	18,351,724,804	-	-
Cost	222		22,411,038,516	21,810,465,885	-	-
Accumulated depreciation	223		(4,643,095,235)	(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	499,353,233	541,852,808	-	-
Cost	228		688,278,032	688,278,032	137,950	137,950
Accumulated amortisation	229		(188,924,799)	(146,425,224)	(137,950)	(137,950)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,429,178,901</b>	<b>987,802,403</b>	-	-
Construction in progress	242	12	1,429,178,901	987,802,403	-	-
<b>Long-term financial investments</b>	<b>250</b>		<b>5,900,000</b>		<b>5,140,335,573</b>	<b>5,140,335,573</b>
Investment in a subsidiary	251	13	-	-	5,140,335,573	5,140,335,573
Held to maturity investments	255		5,900,000	-	-	-
<b>Other long-term assets</b>	<b>260</b>		<b>2,577,724,277</b>	<b>2,455,546,803</b>	-	-
Long-term prepaid expenses	261	14	2,576,441,928	2,440,860,012	-	-
Deferred tax assets	262	19	1,282,349	14,686,791	-	-
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>27,949,125,567</b>	<b>27,144,210,862</b>	<b>12,543,803,918</b>	<b>9,998,626,674</b>

*The accompanying notes are an integral part of these financial statements*

**Masan Resources Corporation and its subsidiaries**  
**Balance sheets as at 31 December 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	
			31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>RESOURCES</b>						
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>15,823,171,322</b>	<b>15,132,604,815</b>	<b>3,098,253,712</b>	<b>554,834,167</b>
<b>Current liabilities</b>	<b>310</b>		<b>4,101,944,806</b>	<b>4,871,844,056</b>	<b>57,179,537</b>	<b>13,759,992</b>
Accounts payable to suppliers	311		526,342,610	434,067,033	-	429,032
Advances from customers	312		238,767,158	166,299,167	-	-
Taxes payable to State Treasury	313	15	66,770,503	74,558,198	136,840	-
Accrued expenses	315	16	734,808,645	788,206,464	41,014,278	424,490
Other short-term payables	319	17	67,894,855	3,919,178	16,028,419	12,906,470
Short-term borrowings and financial lease liabilities	320	18(a)	2,467,361,035	3,404,794,016	-	-
<b>Long-term liabilities</b>	<b>330</b>		<b>11,721,226,516</b>	<b>10,260,760,759</b>	<b>3,041,074,175</b>	<b>541,074,175</b>
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)	9,491,007,736	7,967,927,242	2,500,000,000	-
Deferred tax liabilities	341	19	613,430,657	643,914,399	-	-
Provisions – long-term	342	20	492,664,284	524,795,279	-	-
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>12,125,954,245</b>	<b>12,011,606,047</b>	<b>9,445,550,206</b>	<b>9,443,792,507</b>
<b>Equity</b>	<b>410</b>	<b>21</b>	<b>12,125,954,245</b>	<b>12,011,606,047</b>	<b>9,445,550,206</b>	<b>9,443,792,507</b>
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		3,282,836,988	2,757,718,772	306,749,602	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		525,118,216	205,914,056	1,757,699	11,265
Non-controlling interest	429		-	410,770,018	-	-
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>27,949,125,567</b>	<b>27,144,210,862</b>	<b>12,543,803,918</b>	<b>9,998,626,674</b>

Prepared by:

*Rajul*

Rajul Bagrodia  
 Deputy Chief Financial Officer

30 January 2019  
 Reviewed by:

*Mai*

Nguyen Thi Thanh Mai  
 Chief Accountant

Approved by:

*Bradshaw*



Craig Richard Bradshaw  
 General Director

*The accompanying notes are an integral part of these financial statements*

**Masan Resources Corporation and its subsidiaries**  
**Statements of income for the period ended 31 December 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 1/10/2018 to 31/12/2018 VND'000	From 1/10/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
Revenue from sales of goods	01	24	2,177,111,034	1,476,842,949	6,865,010,875	5,404,645,101
Cost of sales	11		1,528,798,700	948,009,328	4,703,549,284	3,713,762,618
<b>Gross profit (20 = 01 - 11)</b>	<b>20</b>		<b>648,312,334</b>	<b>528,833,621</b>	<b>2,161,461,591</b>	<b>1,690,882,483</b>
Financial income	21	25	26,803,545	7,320,014	126,790,749	41,999,592
Financial expenses	22	26	305,699,597	308,384,923	1,204,829,996	1,137,924,018
Selling expenses	25		20,514,815	35,415,478	104,331,557	135,288,194
General and administration expenses	26		21,175,919	38,965,462	127,022,646	124,952,093
<b>Net operating profit (30 = 20 + 21 - 22 - 25 - 26)</b>	<b>30</b>		<b>327,725,548</b>	<b>153,387,772</b>	<b>852,068,141</b>	<b>334,717,770</b>
Other income	31		252,879	46,056	2,098,777	2,254,261
Other expenses	32		8,511,337	19,948,308	26,054,374	44,849,579
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(8,258,458)</b>	<b>(19,902,252)</b>	<b>(23,955,597)</b>	<b>(42,595,318)</b>

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**Masan Resources Corporation and its subsidiaries**  
**Statements of income for the period ended 31 December 2018 (continued)**

**Form B 02a – DN/HN**

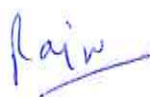
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**Group**

	Code	Note	From 1/10/2018 to 31/12/2018 VND'000	From 1/10/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
Accounting profit before tax (50 = 30 + 40)	50		319,467,090	133,485,520	828,112,544	292,122,452
Income tax expense – current	51		9,995,899	10,403,973	35,190,165	36,841,033
Income tax benefit deferred	52		(14,628,289)	(22,707,776)	(17,079,300)	(45,844,345)
<b>Net profit after tax (60 = 50 – 51 - 52)</b>	<b>60</b>		<b>324,099,480</b>	<b>145,789,323</b>	<b>810,001,679</b>	<b>301,125,764</b>
<b>Net profit attributable to:</b>			<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Equity holders of the Company	61		324,099,480	108,128,392	663,756,323	205,914,056
Non-controlling interest	62		-	37,660,931	146,245,356	95,211,708
			<b>VND</b>	<b>VND (Restated)</b>	<b>VND</b>	<b>VND (Restated)</b>
<b>Earnings per share</b>						
Basic earnings per share	70	27	360	120	738	229

30 January 2019

Prepared by:



Rajul Bagrodia  
Deputy Chief Financial Officer

Reviewed by:



Nguyen Thi Thanh Mai  
Chief Accountant

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 31 December 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 1/10/2018 to 31/12/2018 VND'000	From 1/10/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
Financial income	21	25	42,958,145	5,485	44,669,471	14,265
Financial expenses	22	26	39,094,055	-	40,756,034	-
Selling expenses	25		-	-	-	-
General and administration expenses	26		2,162,738	(1,710,091)	2,165,738	3,000
<b>Net operating profit</b> (30 = 21 - 22 - 25 - 26)	<b>30</b>		<b>1,701,352</b>	<b>1,715,576</b>	<b>1,747,699</b>	<b>11,265</b>
Other income	31		10,000	-	10,000	-
Other expenses	32		-	-	-	-
<b>Results of other activities</b> (40 = 31 - 32)	<b>40</b>		<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>Accounting profit before tax</b> (50 = 30 + 40)	<b>50</b>		<b>1,711,352</b>	<b>1,715,576</b>	<b>1,757,699</b>	<b>11,265</b>
Income tax expense – current	51		-	-	-	-
Income tax benefit – deferred	52		-	-	-	-
<b>Net profit/(loss) after tax</b> (60 = 50 - 51 - 52)	<b>60</b>		<b>1,711,352</b>	<b>1,715,576</b>	<b>1,757,699</b>	<b>11,265</b>

Prepared by:



Rajul Bagrodia  
Deputy Chief Financial Officer

30 January 2019

Reviewed by:



Nguyen Thi Thanh Mai  
Chief Accountant

Approved by:



Craig Richard Bradshaw  
General

Director

*The accompanying notes are an integral part of these financial statements*



**Masan Resources Corporation and its subsidiaries**  
**Statements of cash flows for the period ended 31 December 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 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Profit before tax</b>	<b>01</b>	<b>828,112,544</b>	<b>292,122,452</b>	<b>1,757,699</b>	<b>11,265</b>
<b>Adjustments for</b>					
Depreciation and amortisation	02	1,235,908,778	1,181,620,078	-	-
Allowances and provisions	03	41,014,656	43,347,293	-	-
Exchange (gain)/loss arising from revaluation of monetary items denominated in foreign currencies	04	6,989,532	(5,824,568)	-	-
Profits from investing activities	05	(27,848,288)	(5,741,539)	(44,669,471)	(14,265)
Interest expense and borrowing fees	06	1,079,797,011	1,012,994,177	40,619,178	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>	<b>3,163,974,233</b>	<b>2,518,517,893</b>	<b>(2,292,594)</b>	<b>(3,000)</b>
Change in receivables and other current assets	09	(982,999,214)	(454,833,910)	2,242,378	(2,242,379)
Change in inventories	10	(236,951,168)	(296,677,753)	-	-
Change in payables and other liabilities	11	131,197,383	187,603,914	2,800,367	(181,160)
Change in prepaid expenses	12	(93,222,743)	(4,225,567)	-	-
		<b>1,981,998,491</b>	<b>1,950,384,577</b>	<b>2,750,151</b>	<b>(2,426,539)</b>
Interest paid	14	(1,048,441,244)	(921,866,185)	-	-
Income tax paid	15	(36,533,036)	(14,478,165)	-	-
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>897,024,211</b>	<b>1,014,040,227</b>	<b>2,750,151</b>	<b>(2,426,539)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for additions to fixed assets and other long-term assets	21	(1,076,471,346)	(940,730,520)	-	-
Proceeds from disposals of fixed assets and other long-term assets	22	1,452,381	1,056,182	-	-
Placement of term deposits to banks	23	(5,900,000)	(32,500,000)	-	-
Term deposit received	24	32,500,000	-	-	-
Payments for investments in subsidiaries and other entities	25	(695,653,481)	-	-	-
Payments for BCA contribution	25	-	-	(2,500,000,000)	-
Receipt of interest	27	25,871,532	9,502,550	54,796	28,262,675
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,718,200,914)</b>	<b>(962,671,788)</b>	<b>(2,499,945,204)</b>	<b>28,262,675</b>

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**Masan Resources Corporation and its subsidiaries**  
**Statements of cash flows for the period ended 31 December 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 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings	33	7,517,713,852	2,638,264,656	2,500,000,000	-
Payments to settle loan principals, bonds and bond issuance related costs	34	(6,999,320,201)	(2,467,586,590)	-	-
Payments to settle financial lease	35	(9,026,327)	(16,271,187)	-	-
Payments of dividends	36	-	(26,249,448)	-	(26,249,448)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>509,367,324</b>	<b>128,157,431</b>	<b>2,500,000,000</b>	<b>(26,249,448)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(311,809,379)</b>	<b>179,525,870</b>	<b>2,804,947</b>	<b>(413,312)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>780,414,201</b>	<b>603,345,037</b>	<b>483,619</b>	<b>896,931</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>	<b>(1,384,562)</b>	<b>(2,456,706)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)</b>	<b>70</b>	<b>467,220,260</b>	<b>780,414,201</b>	<b>3,288,566</b>	<b>483,619</b>

Prepared by:



Rajul Bagrodia  
Deputy Chief Financial Officer

30 January 2019

Reviewed by:



Nguyen Thi Thanh Mai  
Chief Accountant

Approved by:




Craig Richard Bradshaw  
General Director

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**Masan Resources Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 31 December 2018**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

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

## 1. Reporting entity

### Ownership and group structure

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2018	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.

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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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**(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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**(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) Business cooperation contract**

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

**(n) Provisions**

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

**(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.

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**(ii) Mine rehabilitation**

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

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

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting dates and the cost is charged to the statement of income. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent on the life of the mine. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flow. Those expectations are formed based on existing environmental and regulatory requirements which give rise to a constructive obligation.

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

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

**(o) Bonds issued**

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

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**(p) Equity**

**(i) Ordinary shares**

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

**(ii) Preference shares**

Mandatorily convertible preference shares are classified as equity, because they are entitled to fixed dividends and any discretionary dividends declared to ordinary shareholders and it participate equally in the residual assets on dissolution. The excess of proceeds contributed over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the preference shares are recognised as a deduction from share premium.

**(iii) Other capital**

Equity movements resulting from acquisition or disposal to non-controlling interests and transactions involving equity instruments were recorded in "Other capital".

**(q) Taxation**

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at end of the annual accounting period.

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

**(r) Revenue from the sale of goods**

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

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

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

**(s) Financial income and financial expenses**

**(i) Financial income**

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

**(ii) Financial expenses**

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

**(t) Operating lease payments**

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

**(u) Borrowing costs**

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

**(v) Earnings per share**

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

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

**(w) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

**(x) Related parties**

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

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4. Segment reporting

Business segments

The Group comprises the following main business segments:

From 1/1/2018 to 31/12/2018	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	942,301,136	1,381,223,555	4,215,790,172	325,696,012	6,865,010,875
Segment gross profit	530,675,974	876,394,721	672,811,508	81,579,388	2,161,461,591
Unallocated expenses					231,354,203
Financial income					126,790,749
Financial expenses					1,204,829,996
Results from operating activities					852,068,141
Other income					2,098,777
Other expenses					26,054,374
Income tax expenses					18,110,865
Net profit after tax					810,001,679

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<b>From 1/1/2017 to 31/12/2017</b>	<b>Copper VND'000</b>	<b>Fluorspar VND'000</b>	<b>Tungsten VND'000</b>	<b>Others VND'000</b>	<b>Total VND'000</b>
Segment revenue	734,678,468	1,086,632,503	3,220,111,419	363,222,711	5,404,645,101
Segment gross profit	452,041,373	658,824,479	468,982,641	111,033,990	1,690,882,483
Unallocated expenses					260,240,287
Financial income					41,999,592
Financial expenses					1,137,924,018
Results from operating activities					334,717,770
Other income					2,254,261
Other expenses					44,849,579
Income tax					(9,003,312)
Net profit after tax					301,125,764



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<b>As at 31 December 2018</b>	<b>Copper VND'000</b>	<b>Fluorspar VND'000</b>	<b>Tungsten VND'000</b>	<b>Others VND'000</b>	<b>Total VND'000</b>
Segment assets	186,484,856	972,966,046	2,004,682,073	1,270,847,365	4,434,980,340
Unallocated assets					23,514,145,227
<b>Total assets</b>					<b>27,949,125,567</b>
<b>Total liabilities</b>					<b>15,823,171,322</b>

<b>As at 1 January 2018</b>	<b>Copper VND'000</b>	<b>Fluorspar VND'000</b>	<b>Tungsten VND'000</b>	<b>Others VND'000</b>	<b>Total VND'000</b>
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
<b>Total assets</b>					<b>27,144,210,862</b>
<b>Total liabilities</b>					<b>15,132,604,815</b>

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**From 1/1/2018 to 31/12/2018**

	<b>Copper</b>	<b>Fluorspar</b>	<b>Tungsten</b>	<b>Others</b>	<b>Total</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Capital expenditure	12,582,007	40,755,435	141,991,766	858,003	196,187,211
Unallocated capital expenditure					880,284,135
Depreciation	14,148,728	73,665,368	145,814,184	96,478,087	330,106,367
Unallocated depreciation					905,802,411
Unallocated amortisation					209,398,773

**From 1/1/2017 to 31/12/2017**

	<b>Copper</b>	<b>Fluorspar</b>	<b>Tungsten</b>	<b>Others</b>	<b>Total</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Capital expenditure	-	24,189,965	263,377,029	4,295,613	291,862,607
Unallocated capital expenditure					648,867,913
Depreciation	14,461,260	75,293,663	144,252,892	98,633,905	332,641,720
Unallocated depreciation					806,763,861
Unallocated amortisation					213,613,268

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**5. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Cash on hand	138,199	154,080	-	-
Cash in banks	263,310,842	77,774,081	234,588	83,619
Cash in transit	-	4,542,040	-	-
Cash equivalents	203,771,219	697,944,000	3,053,978	400,000
	<u>467,220,260</u>	<u>780,414,201</u>	<u>3,288,566</u>	<u>483,619</u>

**6. Other short-term and long-term receivables**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>Short-term receivables</b>				
Sale of claims receivable (a)	10,000,000	10,000,000	-	-
Distribution of profit receivable from BCC (b)	-	-	44,598,599	-
Others (c)	466,781,196	410,152,488	72,118	2,298,420
	<u>476,781,196</u>	<u>420,152,488</u>	<u>44,670,717</u>	<u>2,298,420</u>
<b>Long-term receivables</b>				
Borrowing cost – MRTN (d)	-	-	909,990,962	909,990,962
Land compensation receivable from Thai Nguyen People's Committee (e)	1,303,754,210	1,319,793,389	-	-
Business coporation agreement with subsidiaries	-	-	2,500,000,000	-
Others	31,553,420	27,000,548	-	-
	<u>1,335,307,630</u>	<u>1,346,793,937</u>	<u>3,409,990,962</u>	<u>909,990,962</u>

- (a) Sales of claims receivable due from the intermediate holding company are unsecured, receivable based on agreed terms and interest free.
- (b) The short-term receivables were due to accrual of the current year's operating results as distribution of profit receivable from BCC which the Company contracted with its subsidiaries, NPM and MTC

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

**7. Inventories**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Goods in transit	25,063,836	23,743,788	-	-
Raw materials	166,017,804	191,813,054	-	-
Tools and supplies	556,865,086	571,169,311	-	-
Work in progress	139,900,326	76,753,984	-	-
Finished goods	746,927,733	420,995,855	-	-
Goods on consignment	11,239,353	124,586,977	-	-
	<b>1,646,014,138</b>	<b>1,409,062,969</b>	-	-

**8. Receivables on long-term lending loans**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 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:**

<b>Cost</b>	<b>Buildings and structures VND'000</b>	<b>Machinery and equipment VND'000</b>	<b>Office equipment VND'000</b>	<b>Motor vehicles VND'000</b>	<b>Other mining assets VND'000</b>	<b>Total VND'000</b>
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	-	2,622,544	742,913	-	-	3,365,457
Transfer from construction in progress (Note 12)	455,150,296	141,885,779	-	4,786,840	-	601,822,915
Disposals	-	-	-	(4,615,741)	-	(4,615,741)
Closing balance	4,698,184,003	12,624,666,170	41,938,774	19,958,285	5,026,291,284	22,411,038,516
<b>Accumulated depreciation</b>						
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	251,305,392	728,039,111	3,454,242	1,850,236	204,273,555	1,188,922,536
Disposals	-	-	-	(4,568,382)	-	(4,568,382)
Closing balance	806,303,809	2,865,762,055	36,618,723	12,949,335	921,461,313	4,643,095,235
<b>Net book value</b>						
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	3,891,880,194	9,758,904,115	5,320,051	7,008,950	4,104,829,971	17,767,943,281

At 31 December 2018, tangible fixed assets with a carrying value of VND12,361 billion were pledged with banks as security for long-term bonds issued by NPM (1 January 2018: VND12,663 billion) (Note 18(b)(i)).

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**10. Finance lease tangible fixed assets**

**Group:**

	<b>Machinery and equipment VND'000</b>
<b>Cost</b>	
Opening and closing balances	67,300,000
<b>Accumulated depreciation</b>	
Opening balance	62,813,333
Charge for the period	4,486,667
Closing balance	67,300,000
<b>Net book value</b>	
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:**

	<b>Software VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>			
Opening and closing balances	99,907,214	588,370,818	688,278,032
<b>Accumulated amortisation</b>			
Opening balance	49,405,523	97,019,701	146,425,224
Charge for the period	11,949,246	30,550,329	42,499,575
Closing balance	61,354,769	127,570,030	188,924,799
<b>Net book value</b>			
Opening balance	50,501,691	491,351,117	541,852,808
Closing balance	38,552,445	460,800,788	499,353,233

At 31 December 2018, intangible fixed assets with a carrying value of VND 498 billion were pledged with banks as security for long-term bonds issued by NPM (1 January 2018: VND540 billion) (Note 18(b)(i)).

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**12. Construction in progress**

<u>Group:</u>	<b>From 1/1/2018 to 31/12/2018 VND'000</b>
Opening balance	987,802,403
Additions during the period	1,064,767,221
Transfer to tangible fixed assets (Note 9)	(601,822,915)
Transfer to long-term prepaid expenses (Note 14)	(4,693,269)
Transfer to short-term prepaid expenses	(16,874,539)
	1,429,178,901

During the period, borrowing costs capitalised into construction in progress amounted to VND41 billion (from 1/1/2017 to 31/12/2017: VND92 billion). As at the reporting date, construction in progress of NPM, which mainly represents the mine and plant development cost, and other capitalised costs pertaining to tailing dams, have been pledged with banks as security for long-term bonds issued by NPM.

**13. Long-term investments**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>Investment in a subsidiary</b>				
Investment in MRTN	-	-	5,140,335,573	5,140,335,573

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

<b>Name</b>	<b>Address</b>
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	-	-	-	270,210,959	13,157,599	283,368,558
Transfer from CIP ( Note 12)	-	4,693,269	-	-	-	4,693,269
Transfer from long-term receivables	-	14,419,287	-	-	-	14,419,287
Amortisation for the period	(2,093,948)	(68,796,442)	(2,000,000)	(84,300,275)	(9,708,533)	(166,899,198)
Closing balance	-	1,031,622,693	-	1,489,806,964	55,012,271	2,576,441,928

*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 VND'000	Incurred VND'000	Paid/Offset VND'000	31/12/2018 VND'000
Value added tax	-	611,025,866	(611,025,866)	-
Import-export tax	-	186,761,323	(186,761,323)	-
Corporate income tax	36,324,167	35,190,165	(36,533,036)	34,981,296
Personal income tax	34,813,111	149,895,326	(154,925,476)	29,782,961
Environmental protection tax	-	6,549,018	(6,549,018)	-
Natural resource tax	-	555,686,881	(555,686,881)	-
Other taxes	3,420,920	23,308,636	(24,723,310)	2,006,246
	74,558,198	1,568,417,215	(1,576,204,910)	66,770,503

**Company:**

	1/1/2018 VND'000	Incurred VND'000	Paid/Offset VND'000	31/12/2018 VND'000
Personal income tax	-	177,614	(40,774)	136,840

**16. Accrued expenses**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Bonus	83,288,151	50,729,204	-	-
Accrued interest payable	280,911,923	314,419,346	40,619,178	-
Other financing costs	6,486,066	2,264,974	-	-
Natural resource taxes and fees	10,034,090	145,839,605	-	-
Accrual for construction work	80,589,745	57,969,060	-	-
Consultant fee	2,238,200	1,126,242	-	-
Operating costs	271,254,527	214,477,204	-	-
Others	5,943	1,380,829	395,100	424,490
	734,808,645	788,206,464	41,014,278	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>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
<b>Short-term:</b>				
<b>Amounts due to Masan Horizon Co., Ltd (“MH”) – the intermediate holding company</b>				
Non-trade – short-term (a)	2,511,785	2,511,785	2,511,785	2,511,785
<b>Amount due to NPM– the subsidiary</b>				
Non-trade – short-term (a)	-	-	10,294,685	10,294,685
<b>Other payable to third parties</b>				
Other payables – short-term	65,383,070	1,407,393	3,221,949	100,000
	<u>67,894,855</u>	<u>3,919,178</u>	<u>16,028,419</u>	<u>12,906,470</u>
<b>Long-term:</b>				
<b>Amounts due to Masan Group Corporation (“MSN”) – the ultimate holding company</b>				
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					31/12/2018
	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	3,517,713,852	(3,456,320,201)	8,836,058	-	2,467,361,035	2,467,361,035
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	3,517,713,852	(4,465,346,528)	8,836,058	1,363,637	2,467,361,035	2,467,361,035

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

		Currency	<u>Group</u>		<u>Company</u>	
			31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Secured bank loan	(i)	USD	1,160,156,910	903,910,500	-	-
Secured bank loan	(ii)	USD	201,929,965	321,343,941	-	-
Secured bank loan	(ii)	VND	808,600,820	567,938,909	-	-
Secured bank loan	(iii)	USD	296,673,340	-	-	-
Loan from an investor in one of the subsidiary	(iv)	USD	-	603,937,976	-	-
			2,467,361,035	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. As at reporting date, the loan is securitised by part of short-term receivables of NPM and 11,12% of the issued shares of the Company held by Masan Horizon Co., Ltd.
- (ii) The loan from a local bank is secured by inventories and part of short-term receivables of NPM. Loans drawdown in USD bore interest ranging from 4.5% to 5.5% per annum, loans drawdown in VND bore interest ranging from 6.8% to 10.3% per annum respectively.
- (iii) The USD denominated loan from a local bank bore interest within range from 5.0% to 5.2% per annum. As at reporting date, these loans are secured by 11,12% of the issued shares of the Company held by Masan Horizon Co., Ltd.
- (iv) The USD denominated loan is from an investor in one of the subsidiary. The loan is secured and bore interest of 6% per annum. This loan was fully repaid in August 2018.

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

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Long-term bonds issued (i)	9,491,007,736	8,966,563,605	2,500,000,000	-
Finance lease liabilities (ii)	-	9,026,327	-	-
	9,491,007,736	8,975,589,932	2,500,000,000	-
Repayable within twelve months (Note (a))	-	(1,007,662,690)	-	-
Repayable after twelve months	9,491,007,736	7,967,927,242	2,500,000,000	-

**(i) Long-term bonds**

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

	Currency	Interest rate per Annum	Year of maturity	<u>Group</u>	
				31/12/2018 VND'000	1/1/2018 VND'000
Secured bond issuance	VND	(i)	2018	-	998,636,363
Secured bond issuance	VND	(ii)	2020	5,519,052,180	7,967,927,242
Secured bond issuance	VND	(iii)	2020	994,333,333	-
Secured bond issuance	VND	(iv)	2023	496,333,333	-
Secured bond issuance	VND	(v)	2021	992,888,890	-
Secured bond issuance	VND	(vi)	2023	1,488,400,000	-
				9,491,007,736	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.

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- (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 10.44% 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 5.22% of issued shares of the Company held by Masan Horizon Co., Ltd . This secured bond issuance was reported net of bond arrangement fees.
- (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 10.58% of issued shares of the Company held by Masan Horizon Co., Ltd . This secured bond issuance was reported net of bond arrangement fees.
- (vi) The VND denominated non-convertible bonds were issued by MSR 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 MSR and secured by 15.65% 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:

	31/12/2018			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>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Origination of temporary differences	1,282,349	14,686,791	-	-

**(ii) Recognised deferred tax liabilities**

	<u>Group</u>		<u>Company</u>	
	31/12/2018 VND'000	1/1/2018 VND'000	31/12/2018 VND'000	1/1/2018 VND'000
Mineral reserves and mineral resources	613,430,657	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:

	<u>Tax losses available</u>	
	<u>Group</u> VND'000	<u>Company</u> VND'000
<b>Accumulated five year tax losses</b>	6,501,066	1,846,420
of which:		
Finalised with tax authorities	4,194,764	-
Outstanding – subject to tax authorities' review (*)	2,306,302	1,846,420
	<u>6,501,066</u>	<u>1,846,420</u>

(\*) 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:

<b><u>Group:</u></b>	<b>Mine rehabilitation VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
Opening balance	24,343,637	500,451,642	524,795,279
Provision made during the period	1,874,460	39,140,197	41,014,657
Provision used during the period	-	(73,145,652)	(73,145,652)
Closing balance	26,218,097	466,446,187	492,664,284

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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
<b>Balance at 1 January 2017</b>	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	-	-	-	205,914,056	205,914,056	95,211,708	301,125,764
<b>Balance at 1 January 2018</b>	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	-	-	-	663,756,323	663,756,323	146,245,356	810,001,679
Bonus shares issuance	1,798,617,940	(1,798,617,940)	-	-	-	-	-
Changing ownership in a subsidiary	-	-	-	(138,638,107)	(138,638,107)	(557,015,374)	(695,653,481)
<b>Balance at 31 December 2018</b>	8,993,091,220	145,709,384	(295,683,347)	3,282,836,988	12,125,954,245	-	12,125,954,245

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:**

	<b>Share capital VND'000</b>	<b>Share premium VND'000</b>	<b>Undistributed profit after tax VND'000</b>	<b>Total VND'000</b>
<b>Balance at 01 January 2017</b>	7,194,473,280	1,944,327,324	304,980,638	9,443,781,242
Net loss for the period	-	-	11,265	11,265
<b>Balance at 1 January 2018</b>	7,194,473,280	1,944,327,324	304,991,903	9,443,792,507
Net profit for the period	-	-	1,757,699	1,757,699
Bonus shares issuance	1,798,617,940	(1,798,617,940)	-	-
<b>Balance at 31 December 2018</b>	8,993,091,220	145,709,384	306,749,602	9,445,550,206

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**22. Share capital**

The Company's authorised and issued share capital comprised:

	31/12/2018		1/1/2018	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised share capital</b>	899,309,122	8,993,091,220	719,447,328	7,194,473,280
<b>Issued share capital</b>				
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
<b>Shares in circulation</b>				
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
<b>Share premium</b>				
Premium shares	-	1,944,327,324	-	1,944,327,324
Bonus shares issuance	-	(1,798,617,940)	-	-
	-	145,709,384	-	1,944,327,324

**Masan Resources Corporation and its subsidiaries**  
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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:**

	31/12/2018		1/1/2018	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	9,764,852	227,402,336	2,767,589	62,713,581

**(b) Bad debts written off**

**Group:**

	31/12/2018 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 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
Interest income	26,443,265	9,505,661	70,872	14,265
Foreign exchange gains Business Corporation	59,710,104	31,244,195	-	-
Agreement Income	-	-	44,598,599	-
Others	40,637,380	1,249,736	-	-
	126,790,749	41,999,592	44,669,471	14,265

**26. Financial expenses**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
Interest expense	997,110,422	924,623,381	40,619,178	-
Borrowing fees	82,686,589	88,370,796	-	-
Foreign exchange losses	62,956,445	29,937,581	-	-
Others	62,076,540	94,992,260	136,856	-
	1,204,829,996	1,137,924,018	40,756,034	-

**27. Earnings per share**

**Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders of VND658,330 million (for the year ended 31 December 2017: VND201,363 million) and a weighted average number of ordinary shares outstanding of 891,956,971 shares (restated for the year ended 31 December 2017: 879,431,085 shares), calculated as follows:

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**(a) Net profit attributable to shareholders**

	<b>From 1/1/2018 to 31/12/2018 VND'000</b>	<b>From 1/1/2017 to 31/12/2017 VND'000</b>
Net profit attributable to:		
Mandatorily convertible preference shareholders	5,426,428	4,551,457
Ordinary shareholders	658,329,895	201,362,599
	<hr/>	<hr/>
	663,756,323	205,914,056
	<hr/>	<hr/>

**(b) Weighted average number of ordinary shares**

	<b>From 1/1/2018 to 31/12/2018 VND'000</b>	<b>From 1/1/2017 to 31/12/2017 VND'000 (Restated)</b>
Issued ordinary shares at the beginning of the year	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 year	899,309,122	879,431,085
	<hr/>	<hr/>
Weighted average number of ordinary shares for the year	891,956,971	879,431,085
	<hr/>	<hr/>

**Masan Resources Corporation and its subsidiaries**  
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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:**

<b>Related Party</b>	<b>Nature of transactions</b>	<b>From 1/1/2018 to 31/12/2018 VND'000</b>	<b>From 1/1/2017 to 31/12/2017 VND'000</b>
<b>Ultimate holding company's associate</b>			
Vietnam			
Technological and Commercial Joint Stock Bank ("TCB")			
	Interest expense and borrowing fees	109,606,407	93,871,473
	Loan received	1,651,044,370	1,194,606,629
	Bond issued	3,800,000,000	-
	Loan paid	1,406,718,782	977,695,578
	Bond repurchased	885,203,800	-
<b>Key management personnel</b>			
	Salary, bonus and other benefits (*)	29,448,024	23,444,645

(\*) No board fees were paid to Board of Directors members for the years ended 31 December 2018 and 2017.



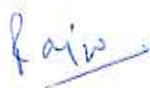
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**Company:**

Related Party	Nature of transactions	From 1/1/2018 to 31/12/2018 VND'000	From 1/1/2017 to 31/12/2017 VND'000
<b>Subsidiaries</b>			
Nui Phao Mining Company Ltd	Income from BCA	32,922,901	
	Financial income received	-	28,249,448
Masan Tungsten LLC	Income from BCA	11,675,698	
<b>Ultimate holding company's associate</b>			
Vietnam Technological and Commercial Joint Stock Bank ("TCB")	Interest expense and borrowing fees	6,589,311	-
	Bond issued	2,500,000,000	-

Prepared by:



Rajul Bagrodia  
Deputy Chief Financial Officer

30 January 2019  
Reviewed by:



Nguyen Thi Thanh Mai  
Chief Accountant

Approved by:




Craig Richard Bradshaw  
General Director