

**Masan Resources Corporation  
and its subsidiaries**

Consolidated quarterly financial statements  
for the period ended 30 September 2019

## Masan Resources Corporation Corporate Information

### Enterprise Registration

Certificate No. 0309966889 27 April 2010

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which was dated 20 May 2019. 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.

<b>Board of Directors</b>	Mr. Danny Le	Chairman <i>(appointed and approved by BOD on 19 April 2019)</i>
	Mr. Nguyen Thieu Nam	First Vice Chairman <i>(appointed and approved by BOD on 19 April 2019)</i>
	Dr. Nguyen Dang Quang	Member
	Mr. Craig Richard Bradshaw	Member <i>(appointed and approved by BOD on 19 April 2019)</i>
	Mr. Nguyen Van Thang	Member
	Mr. Chetan Prakash Baxi	Chairman <i>(resigned on 16 April 2019 and approved by BOD on 19 April 2019)</i>
	Mr. Dominic John Heaton	Member <i>(resigned on 26 July 2018 and approved by BOD on 19 April 2019)</i>
<b>Board of Management</b>	Mr. Craig Richard Bradshaw	General Director
	Mr. Stuart James Wells	Chief Financial Officer <i>(appointed from 7 March 2019)</i>
	Ms. Nguyen Thi Thanh Mai	Chief Accountant
<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 30 September 2019**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2019 VND'000	1/1/2019 VND'000
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>7,205,033,270</b>	<b>4,333,718,245</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>2,255,844,467</b>	<b>467,220,260</b>
Cash	111		111,217,467	263,449,041
Cash equivalents	112		2,144,627,000	203,771,219
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,032,239,934</b>	<b>1,612,852,955</b>
Accounts receivable from customers	131		773,261,388	960,321,689
Prepayments to suppliers	132		134,927,367	175,750,070
Other receivables	136	6	124,051,179	476,781,196
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>2,960,215,271</b>	<b>1,646,014,138</b>
Inventories	141		2,960,215,271	1,646,014,138
<b>Other current assets</b>	<b>150</b>		<b>956,733,598</b>	<b>607,630,892</b>
Short-term prepaid expenses	151		74,801,425	45,996,377
Deductible value added tax	152		881,932,173	561,634,515

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

**Masan Resources Corporation and its subsidiaries**  
**Consolidated balance sheets as at 30 September 2019 (continued)**

**Form B 01a – DN/HN**

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

	Code	Note	30/9/2019 VND'000	1/1/2019 VND'000
<b>Long term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>22,189,186,946</b>	<b>23,615,407,322</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,303,868,898</b>	<b>1,335,307,630</b>
Other long-term receivables	216	6	1,303,868,898	1,335,307,630
<b>Fixed assets</b>	<b>220</b>		<b>16,351,886,858</b>	<b>18,267,296,514</b>
Tangible fixed assets	221	8	15,877,316,466	17,767,943,281
<i>Cost</i>	222		21,399,741,559	22,411,038,516
<i>Accumulated depreciation</i>	223		(5,522,425,093)	(4,643,095,235)
Finance lease tangible fixed assets	224	9	-	-
<i>Cost</i>	225		67,300,000	67,300,000
<i>Accumulated depreciation</i>	226		(67,300,000)	(67,300,000)
Intangible fixed assets	227	10	474,570,392	499,353,233
<i>Cost</i>	228		695,319,201	688,278,032
<i>Accumulated amortisation</i>	229		(220,748,809)	(188,924,799)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,899,831,831</b>	<b>1,429,178,901</b>
Construction in progress	242	11	1,899,831,831	1,429,178,901
<b>Long-term financial investments</b>	<b>250</b>		<b>5,900,000</b>	<b>5,900,000</b>
Held to maturity investments	255		5,900,000	5,900,000
<b>Other long-term assets</b>	<b>260</b>		<b>2,627,699,359</b>	<b>2,577,724,277</b>
Long-term prepaid expenses	261	12	2,627,699,359	2,576,441,928
Deferred tax assets	262	17	-	1,282,349
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>29,394,220,216</b>	<b>27,949,125,567</b>

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

**Masan Resources Corporation and its subsidiaries**  
**Consolidated balance sheets as at 30 September 2019 (continued)**

**Form B 01a – DN/HN**

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

	Code	Note	30/9/2019 VND'000	1/1/2019 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>16,804,234,028</b>	<b>15,823,171,322</b>
<b>Current liabilities</b>	<b>310</b>		<b>9,806,209,146</b>	<b>4,101,944,806</b>
Accounts payable to suppliers	311		376,242,293	526,342,610
Advances from customers	312		814,444,891	238,767,158
Taxes payable to State Treasury	313	13	170,168,049	66,770,503
Accrued expenses	315	14	584,603,101	734,808,645
Other short-term payables	319	15	103,187,688	67,894,855
Short-term borrowings and financial lease liabilities	320	16(a)	7,757,563,124	2,467,361,035
<b>Long-term liabilities</b>	<b>330</b>		<b>6,998,024,882</b>	<b>11,721,226,516</b>
Other long-term payables	337	15	1,124,123,839	1,124,123,839
Long-term borrowings, bonds and financial lease liabilities	338	16(b)	4,761,045,825	9,491,007,736
Deferred tax liabilities	341	17	594,202,066	613,430,657
Provisions – long-term	342	18	518,653,152	492,664,284
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>12,589,986,188</b>	<b>12,125,954,245</b>
<b>Equity</b>	<b>410</b>	<b>19</b>	<b>12,589,986,188</b>	<b>12,125,954,245</b>
Share capital	411	20	8,993,091,220	8,993,091,220
- Ordinary shares with voting rights	411a		8,993,091,220	8,993,091,220
Share premium	412	20	145,709,384	145,709,384
Other capital	414		(295,683,347)	(295,683,347)
Undistributed profit after tax	421		3,746,868,931	3,282,836,988
- Undistributed profit brought forward	421a		3,274,311,194	2,757,718,772
- Undistributed profit for the current period	421b		472,557,737	525,118,216
Non-controlling interest	429		-	-
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>29,394,220,216</b>	<b>27,949,125,567</b>

30 October 2019

Prepared by:



Nguyen Thi Thanh Mai  
Chief Accountant

Reviewed by:



Stuart James Wells  
Chief Financial Officer

Approved by:



Craig Richard Bradshaw  
General Director

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

**Masan Resources Corporation and its subsidiaries**  
**Consolidated statements of income for the period ended 30 September 2019**

**Form B 02a – DN/HN**

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

	Code	Note	From 1/7/2019 to 30/9/2019 VND'000	From 1/7/2018 to 30/9/2018 VND'000	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
Revenue from sales of goods	01	22	995,262,050	1,449,241,028	3,685,275,331	4,687,899,841
Cost of sales	11		1,030,391,909	1,072,015,355	3,009,268,638	3,174,750,584
<b>Gross profit/(losses)</b> <b>(20 = 01 -11)</b>	20		<b>(35,129,859)</b>	<b>377,225,673</b>	<b>676,006,693</b>	<b>1,513,149,257</b>
Financial income	21	23	694,125,911	64,845,317	732,857,842	99,987,204
Financial expenses	22	24	347,137,205	320,823,111	986,895,276	899,130,399
Selling expenses	25		31,051,789	24,793,585	80,122,297	83,816,742
General and administration expenses	26		27,215,366	19,356,094	77,929,715	105,846,727
<b>Net operating profit</b> <b>(30 = 20 + 21 - 22 - 25 - 26)</b>	30		<b>253,591,692</b>	<b>77,098,200</b>	<b>263,917,247</b>	<b>524,342,593</b>
Other income	31	25	1,216,923,808	216,363	1,218,012,553	1,845,898
Other expenses	32	26	899,211,354	6,034,713	911,093,447	17,543,037
<b>Results of other activities (40 = 31 - 32)</b>	40		<b>317,712,454</b>	<b>(5,818,350)</b>	<b>306,919,106</b>	<b>(15,697,139)</b>

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



**Masan Resources Corporation and its subsidiaries**

**Consolidated statements of income for the period ended 30 September 2019 (continued)**

**Form B 02a – DN/HN**

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

	Code	Note	From 1/7/2019 to 30/9/2019 VND'000	From 1/7/2018 to 30/9/2018 VND'000	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
Accounting profit before tax (50 = 30 + 40)	50		571,304,146	71,279,850	570,836,353	508,645,454
Income tax expense – current	51		104,498,964	1,473,435	116,224,858	25,194,266
Income tax benefit – deferred	52		(4,199,678)	8,205,641	(17,946,242)	(2,451,011)
Net profit after tax (60 = 50 – 51 - 52)	60		471,004,860	61,600,774	472,557,737	485,902,199
<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		471,004,860	39,483,563	472,557,737	339,656,843
Non-controlling interest	62		-	22,117,211	-	146,245,356
			<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Earnings per share</b>						
Basic earnings per share	70	25	523	44	525	378

30 October 2019

Prepared by:



Nguyen Thi Thanh Mai  
Chief Accountant

Reviewed by:



Stuart James Wells  
Chief Financial Officer

Approved by:



Craig Richard Bradshaw  
General Director

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

**Masan Resources Corporation and its subsidiaries**  
**Consolidated statements of cash flows for the period ended 30 September 2019**  
**(Indirect method)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss)/Profit before tax</b>	<b>01</b>	<b>570,836,353</b>	<b>508,645,454</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	915,246,422	914,968,495
Allowances and provisions	03	29,499,667	30,760,993
Exchange loss arising from revaluation of monetary items denominated in foreign currencies	04	(7,341,472)	(2,498,252)
Profits from investing activities	05	(11,328,460)	(24,555,748)
Interest expense and borrowing fees	06	862,255,610	802,566,176
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>2,359,168,120</b>	<b>2,229,887,118</b>
Change in receivables and other current assets	09	226,198,801	(349,075,827)
Change in inventories	10	(1,314,201,134)	(396,610,711)
Change in payables and other liabilities	11	538,584,882	797,184,512
Change in prepaid expenses	12	(32,447,833)	(108,716,390)
		<b>1,777,302,836</b>	<b>2,172,668,702</b>
Interest paid	14	(885,718,876)	(936,573,729)
Income tax paid	15	(39,134,370)	(36,533,036)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>852,449,590</b>	<b>1,199,561,937</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(776,003,528)	(837,809,291)
Assets adjustment based on arbitration settlement (Note 29)	21	1,204,831,950	-
Proceeds from disposals of fixed assets and other long-term assets	22	977,273	1,023,636
Placement of term deposits to banks	23	-	(5,900,000)
Term deposit received	24	-	32,500,000
Payments for acquisition of non-controlling interest	25	(8,525,794)	(677,959,885)
Receipt of interest	27	5,824,100	23,021,386
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>427,104,001</b>	<b>(1,465,124,154)</b>

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



**Masan Resources Corporation and its subsidiaries**  
**Consolidated statements of cash flows for the period ended 30 September 2019**  
**(Indirect method - continued)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	6,449,490,535	4,397,907,525
Payments to settle loan principals and bond issuance related costs	34	(5,940,242,152)	(4,400,789,620)
Payments to settle financial lease	35	-	(9,026,327)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>509,248,383</b>	<b>(11,908,422)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>1,788,801,974</b>	<b>(277,470,639)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>467,220,260</b>	<b>780,414,201</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>	<b>(177,767)</b>	<b>(2,776,739)</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 5)</b>	<b>70</b>	<b>2,255,844,467</b>	<b>500,166,823</b>

30 October 2019

Prepared by:



Nguyen Thi Thanh Mai  
*Chief Accountant*

Reviewed by:



Stuart James Wells  
*Chief Financial Officer*

Approved by:



CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM  
 CÔNG TY CỔ PHẦN TÀI NGUYÊN  
**MASAN**  
 C. R. BRADSHAW  
*General Director*

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

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**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 consolidated 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:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at 30/9/2019 and 1/1/2019</b>
Masan Thai Nguyen Resources Company Ltd (“MRTN”)	Investment holding	100%
Thai Nguyen Trading and Investment Company Ltd (“TNTI”)	Investment holding	100%
Nui Phao Mining Company Ltd (“NPM”)	Exploring and processing mineral	100%
Masan Tungsten Limited Liability Company (“MTC”)	Deep processing of nonferrous metals and precious metals (Tungsten)	100 %

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

All the subsidiaries are incorporated in Vietnam.

## 2. Basis of preparation

### (a) Statement of compliance

The consolidated 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 consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

**Form B 09a – DN/HN**  
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**(b) Basis of measurement**

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

**(a) Basis of consolidation**

**(i) Business combinations**

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

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

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



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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**(ii) Subsidiaries**

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

**(iii) Non-controlling interests**

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

**(iv) Transactions eliminated on consolidation**

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

**(v) Goodwill**

Goodwill arises on the acquisition of subsidiary and is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree in exchange for control of the acquire, plus any costs directly attributable to the acquisition. Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount when management determines that it is not fully recoverable.

**(b) Foreign currency**

Transactions in currencies other than VND during the period have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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**(d) Investments**

*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.

**(e) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable mining and manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Upon completion of the mine construction phase, the assets are transferred into "building and structures", "machinery and equipment" or "other mining assets" in tangible fixed assets. Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price or construction cost, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

Other mining assets comprise mine rehabilitation assets; and fair value of mineral reserves and mineral resources from business combination.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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**(ii) Depreciation**

*Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities*

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties.

*Machinery and equipment of a subsidiary directly related to production activities*

Tangible fixed assets of a subsidiary which are directly related to the deep processing of tungsten products are depreciated over its estimated useful lives on a unit-of-production basis. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis over are as follows:

	As at 30/9/2019	As at 1/1/2019
ST plant	171,865 tonnes of tungsten	125,140 tonnes of tungsten
APT plant	166,990 tonnes of tungsten	120,265 tonnes of tungsten

In the current period, MTC - a subsidiary of the Group has re-assessed from January 2019 the expected operating period of ST and APT plants after MSR had effective 100% ownership in MTC (in August 2018) which resulted in a longer estimated operation life aligned with NPMC investment licence and lead to increase total production quantity output for ST and APT plants.

The effect on the depreciation charge for the current period was to decrease the depreciation charge by VND17,057 million.

*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

In the current period, MTC also revised the estimated useful life of certain groups of assets to reflect the useful life of these assets more accurately. The effect on the depreciation charge for the current period was to decrease the depreciation charge by VND5,366 million. The revised estimated useful lives are as follows:

	2019	2018
▪ buildings and structures	15-20 years	10-15 years



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**(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.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**(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.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

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

In accordance with Decree 158/2016 which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The Ministry of Natural Resources and Environment (“MONRE”) has provided guidelines under Circular 38 for the conversion method based on various parameters to determine the conversion coefficient for the charge for granting mining rights in accordance with Decree 158/2016.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**(ii) 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.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**(p) Equity**

**(i) Ordinary shares**

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

**(ii) Preference shares**

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

**(iii) Other capital**

Equity movements resulting from acquisition or disposal to non-controlling interests and transactions involving equity instruments were recorded in “Other capital” prior to the prospective application of Circular 202 from 1 January 2015 (Note 3(a)(iii)).

**(q) Taxation**

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

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

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.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

**Form B 09a – DN/HN**

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

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.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

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.

## Masan Resources Corporation and its subsidiaries

### Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)

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

#### 4. Segment reporting

##### Business segments

The Group comprises the following main business segments:

From 1/1/2019 to 30/9/2019	Copper VND'000	Fluorspar VND'000	Tungsten VND'000	Others VND'000	Total VND'000
Segment revenue	34,116,482	1,206,043,013	2,372,537,129	72,578,707	3,685,275,331
Segment gross profit/ (loss)	10,452,034	770,744,551	(45,033,428)	(60,156,464)	676,006,693
Unallocated expenses					158,052,012
Financial income					732,857,842
Financial expenses					986,895,276
Results from operating activities					263,917,247
Other income					1,218,012,553
Other expenses					911,093,447
Income tax expenses					98,278,616
Net profit after tax					472,557,737

**Masan Resources Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)**

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

<b>From 1/1/2018 to 30/9/2018</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 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					
Financial income					189,663,469
Financial expenses					99,987,204
					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

**Masan Resources Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)**

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

<b>As at 30 September 2019</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	167,959,624	825,176,216	1,850,644,019	1,084,704,037	3,928,483,896
Unallocated assets					25,465,736,320
<b>Total assets</b>					<b>29,394,220,216</b>
<b>Total liabilities</b>					<b>16,804,234,028</b>
<b>As at 1 January 2019</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>

**Masan Resources Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)**

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

<b>From 1/1/2019 to 30/9/2019</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>
Capital expenditure	467,834	85,520	117,425,454	17,513,690	135,492,498
Unallocated capital expenditure					640,511,030
Depreciation	10,631,332	54,406,168	87,843,248	71,151,538	224,032,286
Unallocated depreciation					691,214,136
Unallocated amortisation					141,185,361
<hr/>					
<b>From 1/1/2018 to 30/9/2018</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>
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

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**5. Cash and cash equivalents**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash on hand	165,475	138,199
Cash in banks	111,051,992	263,310,842
Cash equivalents	2,144,627,000	203,771,219
	2,255,844,467	467,220,260
	2,255,844,467	467,220,260

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Short-term receivables</b>		
Sale of claims receivable (a)	-	10,000,000
Others (b)	124,051,179	466,781,196
	124,051,179	476,781,196
	124,051,179	476,781,196
<b>Long-term receivables</b>		
Land compensation receivable from Thai Nguyen People's Committee (c)	1,249,999,696	1,303,754,210
Others	53,869,202	31,553,420
	1,303,868,898	1,335,307,630
	1,303,868,898	1,335,307,630

- (a) Sales of claims receivable were due from the immediate holding company, unsecured and receivable based on agreed terms and interest free. As of 30 September 2019, this receivable has been written off following signed termination agreement.
- (b) The balance at 1 January 2019 included an amounts paid on behalf of an immediate holding company which were unsecured, receivable based on agreed terms and interest free. As of 30 September 2019, this receivable has been written off following signed termination agreement.
- (c) 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.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**7. Inventories**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Goods in transit	34,514,709	25,063,836
Raw materials	149,483,709	166,017,804
Tools and supplies	547,700,307	556,865,086
Work in progress	183,436,682	139,900,326
Finished goods	1,218,616,311	746,927,733
Merchandise inventories	736,605,200	-
Goods on consignment	89,858,353	11,239,353
	<hr/>	<hr/>
	<b>2,960,215,271</b>	<b>1,646,014,138</b>
	<hr/>	<hr/>

**Masan Resources Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)**

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

**8. Tangible fixed assets**

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	4,698,184,003	12,624,666,170	41,938,774	19,958,285	5,026,291,284	22,411,038,516
Additions	-	1,555,000	-	-	69,634,852	71,189,852
Transfer from construction in progress (Note 11)	83,447,081	42,990,614	-	-	-	126,437,695
Disposals	-	-	(321,217)	(3,771,337)	-	(4,092,554)
Assets adjustment based on arbitration settlement (Note 29)	(129,798,740)	(1,075,033,210)	-	-	-	(1,204,831,950)
Closing balance	4,651,832,344	11,594,178,574	41,617,557	16,186,948	5,095,926,136	21,399,741,559
<b>Accumulated depreciation</b>						
Opening balance	806,303,809	2,865,762,055	36,618,723	12,949,335	921,461,313	4,643,095,235
Charge for the period	201,013,371	525,578,564	1,535,728	1,882,827	153,411,922	883,422,412
Disposals	-	-	(321,217)	(3,771,337)	-	(4,092,554)
Closing balance	1,007,317,180	3,391,340,619	37,833,234	11,060,825	1,074,873,235	5,522,425,093
<b>Net book value</b>						
Opening balance	3,891,880,194	9,758,904,115	5,320,051	7,008,950	4,104,829,971	17,767,943,281
Closing balance	3,644,515,164	8,202,837,955	3,784,323	5,126,123	4,021,052,901	15,877,316,466

At 30 September 2019, tangible fixed assets with a carrying value of VND10,684 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2019: VND12,361 billion) (Note 16(b)).

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**9. Finance lease tangible fixed assets**

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

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

Included in the cost of finance lease tangible fixed assets of the Group were assets costing VND67.3 billion which were fully depreciated as at 30 September 2019 (1/1/2019: VND67.3 billion), but which are still in active use.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**10. Intangible fixed assets**

	<b>Software VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>			
Opening balances	99,907,214	588,370,818	688,278,032
Transfer from construction in progress (Note 11)	7,041,169	-	7,041,169
Closing balance	106,948,383	588,370,818	695,319,201
<b>Accumulated amortisation</b>			
Opening balance	61,354,769	127,570,030	188,924,799
Charge for the period	8,911,264	22,912,746	31,824,010
Closing balance	70,266,033	150,482,776	220,748,809
<b>Net book value</b>			
Opening balance	38,552,445	460,800,788	499,353,233
Closing balance	36,682,350	437,888,042	474,570,392

At 30 September 2019, intangible fixed assets with a carrying value of VND474 billion were pledged with banks as security for long-term bonds issued by NPM (1/1/2019: VND488 billion) (Note 16(b)).

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**11. Construction in progress**

	<b>From 1/1/2019 to 30/9/2019 VND'000</b>
Opening balance	1,429,178,901
Additions during the period	606,534,192
Transfer to tangible fixed assets (Note 8)	(126,437,695)
Transfer to intangible fixed assets (Note 10)	(7,041,169)
Transfer to short-term prepaid expenses	(2,402,398)
	1,899,831,831
Closing balance	1,899,831,831

During the period, borrowing costs capitalised into construction in progress amounted to VND39 billion (period from 1/1/2018 to 30/9/2018: VND19 billion). As at the reporting date, construction in progress of NPM, which mainly represents machinery cost, 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.

**12. Long-term prepaid expenses**

	<b>Land compensation costs VND'000</b>	<b>Other mining costs VND'000</b>	<b>Others VND'000</b>	<b>Total VND'000</b>
Opening balance	1,031,622,693	1,489,806,964	55,012,271	2,576,441,928
Additions	-	131,460,117	11,921,431	143,381,548
Transfer from long-term receivables	49,061,244	-	-	49,061,244
Amortisation for the period	(55,745,503)	(75,455,862)	(9,983,996)	(141,185,361)
	1,024,938,434	1,545,811,219	56,949,706	2,627,699,359
Closing balance	1,024,938,434	1,545,811,219	56,949,706	2,627,699,359

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**13. Taxes payable to State Treasury**

	1/1/2019 VND'000	Incurred VND'000	Paid/Offset VND'000	30/9/2019 VND'000
Value added tax	-	348,354,600	(348,354,600)	-
Import-export tax	-	160,907,871	(160,907,871)	-
Corporate income tax	34,981,296	116,224,858	(39,134,370)	112,071,784
Personal income tax	29,782,961	120,217,768	(92,709,163)	57,291,566
Environmental protection tax	-	89,349,974	(89,349,974)	-
Natural resource tax	-	233,930,290	(233,930,290)	-
Other taxes	2,006,246	43,714,048	(44,915,595)	804,699
	66,770,503	1,112,699,409	(1,009,301,863)	170,168,049

**14. Accrued expenses**

	30/9/2019 VND'000	1/1/2019 VND'000
Bonus	9,854,463	83,288,151
Accrued interest payable	205,123,226	280,911,923
Other financing costs	1,550,261	6,486,066
Natural resource taxes and fees	59,204,268	10,034,090
Accrual for construction work	10,395,162	80,589,745
Consultant fee	3,057,153	2,238,200
Operating costs	294,031,797	271,254,527
Others	1,386,771	5,943
	584,603,101	734,808,645



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**15. Other short-term and long-term payables**

Other payables included the following amounts:

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
<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
<b>Other payable to third parties</b>		
Other payables – short-term	100,675,903	65,383,070
	103,187,688	67,894,855
<b>Long-term:</b>		
<b>Amounts due to Masan Group Corporation (“MSN”) – the ultimate holding company</b>		
Financial expenses – long-term (b)	1,124,123,839	1,124,123,839

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

(b) Amounts due to related parties were unsecured, interest-free and repayable in December 2020.

Masan Resources Corporation and its subsidiaries

Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)

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

**16. Borrowings, bonds and finance lease liabilities**

**(a) Short-term borrowings and finance lease liabilities**

	1/1/2019		Movements during the period				30/9/2019	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Additions VND'000	Payments VND'000	Reclassification on from long-term borrowings VND'000	Unrealised foreign exchange loss VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	2,467,361,035	2,467,361,035	4,659,490,535	(4,125,981,032)	-	(7,902,566)	2,992,967,972	2,992,967,972
Current portion of long-term borrowings (Note(b))	-	-	-	-	4,764,595,152	-	4,764,595,152	4,764,595,152
	2,467,361,035	2,467,361,035	4,659,490,535	(4,125,981,032)	4,764,595,152	(7,902,566)	7,757,563,124	7,757,563,124

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

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

	<b>Currency</b>	<b>30/9/2019 VND'000</b>	<b>1/1/2019 VND'000</b>
Secured bank loan (i)	USD	1,213,033,298	1,160,156,910
Secured bank loan (i)	VND	9,032,999	-
Secured bank loan (ii)	USD	64,661,116	201,929,965
Secured bank loan (ii)	VND	789,263,395	808,600,820
Secured bank loan (iii)	USD	278,845,104	296,673,340
Secured bank loan (iii)	VND	538,108,998	-
Secured bank loan (iv)	USD	100,023,062	-
		2,992,967,972	2,467,361,035

- (i) The loan from a local bank is secured by part of short-term receivables of NPM and 11.12% of the issued shares of the Company held by Masan Horizon Co., Ltd (“MH”). Loans drawdown in USD and VND bore interest ranging from 3.88% to 4.93% and 9.42% annum respectively.
- (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 9.5% per annum respectively.
- (iv) The loan from a local bank is secured by 11.12% of the issued shares of the Company held by MH. Loans drawdown in USD and VND bore interest ranging from 5.0% to 6.3% and from 8.3% to 9.6% per annum respectively.
- (v) The USD denominated loan from a foreign bank bore interest within range from 3.3% to 3.8% per annum. As at reporting date, these loans are secured by part of short-term receivables and all bank accounts of MTC opened at the bank.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**(b) Long-term bonds**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Long-term bonds issued	9,525,640,977	9,491,007,736
	9,525,640,977	9,491,007,736
Repayable within twelve months (Note (a))	(4,764,595,152)	-
	4,761,045,825	9,491,007,736

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

	Currency	Interest rate per annum	Year of maturity	30/9/2019 VND'000	1/1/2019 VND'000
Secured bond issuance	VND	(i)	2020	3,767,395,884	5,519,052,180
Secured bond issuance	VND	(ii)	2020	997,199,268	994,333,333
Secured bond issuance	VND	(iii)	2023	496,779,159	496,333,333
Secured bond issuance	VND	(iv)	2021	994,888,889	992,888,890
Secured bond issuance	VND	(v)	2023	1,490,200,000	1,488,400,000
Secured bond issuance	VND	(vi)	2024	496,333,333	-
Secured bond issuance	VND	(vii)	2022	297,933,333	-
Secured bond issuance	VND	(viii)	2022	198,577,778	-
Secured bond issuance	VND	(ix)	2024	496,333,333	-
Secured bond issuance	VND	(x)	2022	100,000,000	-
Secured bond issuance	VND	(xi)	2022	190,000,000	-
				9,525,640,977	9,491,007,736

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

- (i) The VND denominated non-convertible bonds issued by NPM with a five-year term bore interest rate of 8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every three months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3%. The bond proceeds were used by NPM and secured by certain long-term assets of NPM.
- (ii) The VND denominated non-convertible bonds issued by NPM with a two-year term bore interest rate of 9.5% per annum. The bond proceeds were used by NPM and secured by 10.44% of the issued shares of the Company held by MH.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

- (iii) The VND denominated non-convertible bonds issued by NPM with a five-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.25%. The bond proceeds were used by NPM and secured by 5.22% of the issued shares of the Company held by MH.
- (iv) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 9.8% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.2%. The bond was secured by 10.58% of issued shares of the Company held by MH.
- (v) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.25%. The bond was secured by 15.65% of issued shares of the Company held by MH.
- (vi) The VND denominated non-convertible bonds issued by NPM with a five-year term bore interest rate of 10.2% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.3%. The bond proceeds were used by NPM and secured by 5.62% of the issued shares of the Company held by MH.
- (vii) The VND denominated non-convertible bonds issued by NPM with a three-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.1%. The bond proceeds were used by NPM and secured by 3.37% of the issued shares of the Company held by MH.
- (viii) The VND denominated non-convertible bonds issued by NPM with a three-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.1%. The bond proceeds were used by NPM and secured by 2.25% of the issued shares of the Company held by MH.
- (ix) The VND denominated non-convertible bonds issued by the Company with a five-year term bore interest rate of 10.2% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.3%. The bond was secured by 5.62% of issued shares of the Company held by MH.



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

- (x) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.1%. The bond was secured by a number of issued shares of the Company held by MH which will be finalized before 31 March 2020.
- (xi) The VND denominated non-convertible bonds issued by the Company with a three-year term bore interest rate of 10% per annum for the first twelve months. After the first twelve months, the applicable interest rate per annum will be adjusted every six months and calculated as the average twelve-month saving deposit rate of related reference banks plus 3.1%. The bond was secured by a number of issued shares of the Company held by MH which will be finalized before 31 March 2020.

**17. Deferred tax assets, liabilities and unrecognised deferred tax assets**

**(i) Recognised deferred tax assets**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Origination of temporary differences	-	1,282,349

**(ii) Recognised deferred tax liabilities**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Mineral reserves and mineral resources	590,722,256	613,430,657
Origination of temporary differences	3,479,810	-
	594,202,066	613,430,657

**(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:

	<b>Tax losses available</b>
	<b>VND'000</b>
Accumulated five year tax losses	23,613,614

- (\*) This amount has not finalized with tax authority and may change subsequent to the tax authorities' review.

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**18. Provisions – long-term**

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

	<b>Mine rehabilitation VND'000</b>	<b>Mining rights VND'000</b>	<b>Total VND'000</b>
Opening balance	26,218,097	466,446,187	492,664,284
Provision made during the period	71,774,047	27,360,472	99,134,519
Provision used during the period	-	(73,145,651)	(73,145,651)
Closing balance	97,992,144	420,661,008	518,653,152



Masan Resources Corporation and its subsidiaries

Notes to the consolidated financial statements for the period ended 30 September 2019 (continued)

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

**19. Changes in equity**

	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 01 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	-	-	-	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)
<b>Balance at 30 September 2018</b>	8,993,091,220	145,709,384	(295,683,347)	2,976,431,114	11,819,548,371	-	11,819,548,371
<b>Balance at 01 January 2019</b>	8,993,091,220	145,709,384	(295,683,347)	3,282,836,988	12,125,954,245	-	12,125,954,245
Net profit for the period	-	-	-	472,557,737	472,557,737	-	472,557,737
Other (*)	-	-	-	(8,525,794)	(8,525,794)	-	(8,525,794)
<b>Balance at 30 September 2019</b>	8,993,091,220	145,709,384	(295,683,347)	3,746,868,931	12,589,986,188	-	12,589,986,188

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

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**20. Share capital**

The Company's authorised and issued share capital comprised:

	<b>30/9/2019 and 1/1/2019</b>	
	<b>Number of shares</b>	<b>VND'000</b>
<b>Authorised share capital</b>	899,309,122	8,993,091,220
<b>Issued share capital</b>		
Ordinary shares	899,309,122	8,993,091,220
<b>Shares in circulation</b>		
Ordinary shares	899,309,122	8,993,091,220
<b>Share premium</b>	-	145,709,384

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

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

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**21. Off balance sheet items**

**(a) Foreign currencies**

	30/9/2019		1/1/2019	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	3,923,850	90,844,964	9,766,512	227,402,336

**(b) Bad debts written off**

	30/9/2019 VND'000	1/1/2019 VND'000
Bad debts written off	21,507,965	16,433,002

**22. Revenue from sales of goods**

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

**23. Financial income**

	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
Interest income	10,351,187	23,579,470
Foreign exchange gains	87,733,217	35,770,354
Others	634,773,438	40,637,380
	<b>732,857,842</b>	<b>99,987,204</b>

**24. Financial expenses**

	From 1/1/2019 to 30/9/2019 VND'000	From 1/1/2018 to 30/9/2018 VND'000
Interest expense	800,478,778	741,043,250
Borrowing fees	61,776,832	55,068,361
Foreign exchange losses	68,553,640	55,579,545
Others	56,086,026	47,439,243
	<b>986,895,276</b>	<b>899,130,399</b>

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

**25. Other income**

	<b>From 1/1/2019 to 30/9/2019 VND'000</b>	<b>From 1/1/2018 to 30/9/2018 VND'000</b>
Income incurred from arbitration settlement with Jacobs (Note 29)	1,212,834,666	-
Gain from disposal of fixed assets	977,273	1,192,642
Others	4,200,614	653,256
	<hr/> 1,218,012,553	<hr/> 1,845,898

**26. Other expense**

	<b>From 1/1/2019 to 30/9/2019 VND'000</b>	<b>From 1/1/2018 to 30/9/2018 VND'000</b>
Expense relating to arbitration settlement with Jacobs (Note 29)	859,333,368	-
Others	51,760,079	17,543,037
	<hr/> 911,093,447	<hr/> 17,543,037

**27. Earnings per share**

**Basic earnings per share**

The calculation of basic earnings per share for the period ended 30 September 2019 was based on the profit attributable to ordinary shareholders of VND 472,557 million (for the nine-month period ended 30 September 2018: VND 335,994 million) and a weighted average number of ordinary shares outstanding of 899,309,112 shares (for the nine-month period ended 30 September 2018: 889,479,324 shares), calculated as follows:

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

	<b>From 1/1/2019 to 30/9/2019 VND'000</b>	<b>From 1/1/2018 to 30/9/2018 VND'000</b>
Net profit attributable to:		
Mandatorily convertible preference shareholders	-	3,712,580
Ordinary shareholders	472,557,737	335,944,263
	<hr/> 472,557,737	<hr/> 339,656,843

**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

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

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

	<b>From 1/1/2019 to 30/9/2019 VND'000</b>	<b>From 1/1/2018 to 30/9/2018 VND'000</b>
Issued ordinary shares at the beginning of the year	899,309,122	703,544,898
Effect of preference shares conversion into ordinary shares	-	8,038,591
Effect of bonus shares issued on 31 August 2018	-	177,895,835
	899,309,122	889,479,324

**28. Significant transactions with related parties**

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

<b>Related Party</b>	<b>Nature of transactions</b>	<b>From 1/1/2019 to 30/9/2019 VND'000</b>	<b>From 1/1/2018 to 30/9/2018 VND'000</b>
<b>Ultimate holding company</b>			
Masan Group Corporation	Bond interest	92,876,331	-
<b>Ultimate holding company's associate</b>			
Vietnam Technological and Commercial Joint Stock Bank ("TCB") and its subsidiaries	Interest expenses and borrowing fees	52,201,657	70,369,863
	Bond issued	1,790,000,000	1,800,000,000
	Loan received	1,219,001,565	1,565,547,288
	Bond repurchased	-	885,203,800
	Loan paid	1,147,206,886	1,355,617,601
<b>Ultimate holding company's subsidiary</b>			
Masan Consumer Corporation	Purchase of goods	1,072,231	756,378
	Purchase of services	1,881,783	2,441,778
<b>Key management personnel</b>			
	Salary, bonus and other benefits (*)	20,292,363	27,141,859

(\*) No board fees were paid to Board of Directors members for the period ended 30 September 2019 and 2018,



**Masan Resources Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2019**  
**(continued)**

**Form B 09a – DN/HN**

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

**29. Other disclosure**

On 28 March 2019, a panel of three arbitrators appointed by the Singapore International Arbitration Center (the “Arbitral Tribunal”) awarded NPM a partial final award as compensation for E&C Australia Pty Ltd (“Jacobs”)’s conduct (“Partial Final Award”). The case concerns the circumstances of the entry into and the performance of an engineering and procurement services agreement (“EPSA”) executed by NPM and Jacob in 2011 for engineering, procurement and construction management of NPM’s mineral processing plant in Thai Nguyen, Vietnam.

In addition to the Partial Final Award, the Arbitral Tribunal also had claims before it in relation to interest and cost. In August 2019, NPM and Jacobs settled the international arbitration case and Jacobs completed its payment obligation of USD130 million to NPM in September 2019. As a part of the settlement, Nui Phao has unconditionally waived its right to the Partial Final Award and all claims and actions in relation to the international arbitration case.

A part of this settled amount corresponding additional construction and certification costs caused by Jacobs has been recognized as a reduction in the cost of NPM relating fixed assets..

30 October 2019

Prepared by:



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Reviewed by:



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*Chief Financial Officer*

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Craig Richard Bradshaw  
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