NOVELIS VIETNAM COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

NOVELIS VIETNAM COMPANY LIMITED

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FOR THE YEAR ENDED 31 MARCH 2018

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NOVELIS VIETNAM COMPANY LIMITED

CORPORATE INFORMATION

Investment registration certificate	No. 8703080842 dated 23 April 2018 The Investment certificate and its subsequent amendments were issued by the Board of Management of Vietnam-Singapore Industrial Zone II-A for a period of 46 years from the date of the initial Investment certificate dated 6 August 2012.	
Enterprise registration certificate	No. 3702086500 dated 5 February 2018 The Enterprise registration certificate was issued by the Department of Planning and Investment of Binh Duong Province.	
Legal representative	Mr Lee EunHyuk Mr Yoon Seunghwan	General Manager General Manager (from 5 February 2018)
Registered office	No. 3 VSIP II-A, Street 19, Vietnam-Singapore Industrial, Zone II - A, Tan Uyen Town, Binh Duong Province, Vietnam	
Liaison office	Vincom Center B, 72 Le Thanh Ton Street and 45A Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City,Vietnam	
Auditor	PwC (Vietnam) Limited	

NOVELIS VIETNAM COMPANY LIMITED

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL MANAGER OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

The General Manager of Novelis Vietnam Company Limited ("the Company") is responsible for preparing financial statements which give a true and fair view of the financial position of the Company as at 31 March 2018 and the results of its operations and cash flows for the year then ended. In preparing these financial statements, the General Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Manager is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The General Manager is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

I hereby approve the accompanying financial statements as set out on pages 5 to 26 which give a true and fair view of the financial position of the Company as at 31 March 2018 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

CÔNG TY TNHH NOVELIS VIỆT NAM

Yoon Seunghwan
General Manager

Binh Duong Province, SR Vietnam
4 May 2018

pwc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NOVELIS VIETNAM COMPANY LIMITED

We have audited the accompanying financial statements of Novelis Vietnam Company Limited ("the Company") which were prepared on 31 March 2018 and approved by the General Manager on 4 May 2018. The financial statements comprise the balance sheet as at 31 March 2018, the income statement, the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 26.

The General Manager's Responsibility to the Financial statements

The General Manager of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements and for such internal controls which the General Manager determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements.

Other matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

CÔNG TY TNHH PWC (VIETNAM)

Dao Quang Huy
Audit Practising Licence No.
1895-2018-006-1
Authorised signatory

Tran Thi Hong Hanh
Audit Practising Licence No.
3783-2017-006-1

Report reference number: HCM7238
Ho Chi Minh City, 4 May 2018

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

NOVELIS VIETNAM COMPANY LIMITED

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	As at 31 March 2018 VND	As at 31 March 2017 VND
100	**CURRENT ASSETS**		**100,796,324,201**	**149,544,780,137**
110	**Cash and cash equivalents**	3	**10,981,878,647**	**41,639,844,805**
111	Cash		10,981,878,647	41,639,844,805
130	**Short-term receivables**		**604,204,759**	**10,927,750,800**
136	Other short-term receivables		2,604,204,759	10,927,750,800
139	Provision for doubtful debts – short term		(2,000,000,000)	-
140	**Inventories**	4	**35,908,748,277**	**45,317,944,015**
141	Inventories		36,365,748,277	45,317,944,015
149	Provision for decline in value of inventories		(457,000,000)	-
150	**Other current assets**		**53,301,492,518**	**51,659,240,517**
151	Short-term prepaid expenses		113,630,908	218,429,864
152	Value Added Tax to be reclaimed		52,347,867,704	50,381,008,415
153	Other tax receivables	7(a)	839,993,906	1,059,802,238
200	**LONG-TERM ASSETS**		**68,912,289,546**	**74,848,815,484**
210	**Long-term receivables**		**393,745,590**	**393,745,590**
216	Other long-term receivables		393,745,590	393,745,590
220	**Fixed assets**		**66,829,539,425**	**73,183,677,154**
221	Tangible fixed assets	5(a)	48,461,398,934	54,352,720,401
222	Historical cost		74,254,149,498	74,254,149,498
223	Accumulated depreciation		(25,792,750,564)	(19,901,429,097)
227	Intangible fixed assets	5(b)	18,368,140,491	18,830,956,753
228	Historical cost		21,159,785,021	21,159,785,021
229	Accumulated amortisation		(2,791,644,530)	(2,328,828,268)
260	**Other long-term assets**		**1,689,004,531**	**1,271,392,740**
261	Long-term prepaid expenses		1,088,184,263	1,075,398,524
262	Deferred income tax assets	9	600,820,268	195,994,216
270	**TOTAL ASSETS**		**169,708,613,747**	**224,393,595,621**

NOVELIS VIETNAM COMPANY LIMITED

Form B 01 – DN

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 March 2018 VND	As at 31 March 2017 VND
300	**LIABILITIES**		**37,262,047,185**	**48,541,076,262**
310	**Short-term liabilities**		**36,868,792,365**	**48,175,512,864**
311	Short-term trade accounts payable	6	26,782,172,940	41,827,419,285
313	Tax and other payables to the State Budget	7(b)	47,898,011	32,077,444
315	Short-term accrued expenses		2,622,041,621	1,353,565,495
319	Other short-term payables	8	7,416,679,793	4,962,450,640
330	**Long-term liabilities**		**393,254,820**	**365,563,398**
342	Provision for long-term liabilities		393,254,820	365,563,398
400	**OWNER'S EQUITY**		**132,446,566,562**	**175,852,519,359**
410	**Capital and reserves**		**132,446,566,562**	**175,852,519,359**
411	Owner's capital	10, 11	20,820,000,000	20,820,000,000
421	Undistributed earnings	11	111,626,566,562	155,032,519,359
421a	- *Undistributed post-tax profits of previous years*		*155,032,519,359*	*91,368,310,119*
421b	- *(Post-tax loss)/Post-tax profit of current year*		*(43,405,952,797)*	*63,664,209,240*
440	**TOTAL RESOURCES**		**169,708,613,747**	**224,393,595,621**

M.S.D.N: 3702086500 - C.T.T.N.H.H
CÔNG TY TNHH NOVELIS VIỆT NAM
T.X TÂN UYÊN - T.BÌNH DƯƠNG

Tran Thi My Linh
Chief Accountant

Yoon Seunghwan
General Manager
4 May 2018

NOVELIS VIETNAM COMPANY LIMITED

Form B 02 – DN

INCOME STATEMENT

Code		Note	Year ended 31 March 2018 VND	2017 VND
01	**Sales**	13	**-**	**867,528,817,752**
02	Less deductions		(105,284,924)	(3,236,702,275)
10	**Net sales**		**(105,284,924)**	**864,292,115,477**
11	**Cost of sales**	14	**(3,375,317,963)**	**(759,705,205,906)**
20	**Gross (loss)/profit**		**(3,480,602,887)**	**104,586,909,571**
21	Financial income	15	349,111,352	489,844,913
22	Financial expenses	16	(1,822,212,219)	(12,591,796,208)
23	*- Including: Interest expenses*		*-*	*(8,175,682,088)*
25	Selling expenses	17	-	(2,270,044,644)
26	General and administration expenses	18	(31,101,035,805)	(23,353,567,105)
30	**Net operating (loss)/profit**		**(36,054,739,559)**	**66,861,346,527**
31	Other income		-	33,759,245
32	Other expenses		(7,536,230,958)	(3,226,022,855)
40	**Net other expenses**	19	**(7,536,230,958)**	**(3,192,263,610)**
50	**Net accounting (loss)/profit before tax**		**(43,590,970,517)**	**63,669,082,917**
51	**Business income tax – current**	20	**(219,808,332)**	**62,710,393**
52	**Business income tax – deferred**	9, 20	**404,826,052**	**(67,584,070)**
60	**Net (loss)/profit after tax**		**(43,405,952,797)**	**63,664,209,240**

CÔNG TY TNHH NOVELIS VIỆT NAM
M.S.D.N: 3702086500 C.T.T.N.H.H T.X TÂN UYÊN - T.BÌNH DƯƠNG

Tran Thi My Linh
Chief Accountant

Yoon Seunghwan
General Manager
4 May 2018

The notes on pages 9 to 26 are an integral part of these financial statements.

NOVELIS VIETNAM COMPANY LIMITED

Form B 03 – DN

CASH FLOW STATEMENT
(Indirect method)

Code		Note	Year ended 31 March 2018 VND	2017 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net (loss)/profit before tax**		**(43,590,970,517)**	**63,669,082,917**
	Adjustments for:			
02	Depreciation and amortisation		6,354,137,729	6,448,571,720
03	Provisions		2,484,691,422	365,563,398
04	Unrealised foreign exchange (gains)/losses		(305,787,108)	6,420,627
05	Profits from investing activities		(38,281,057)	(141,218,312)
06	Interest expense		-	8,175,682,088
08	**Operating (loss)/profit before changes in working capital**		**(35,096,209,531)**	**78,524,102,438**
09	Decrease in receivables		6,373,898,234	302,298,596,896
10	Decrease in inventories		8,952,195,738	42,390,573,234
11	Decrease in payables		(11,027,646,633)	(168,881,705,082)
12	Decrease in prepaid expenses		92,013,217	1,593,378,343
14	Interest paid		-	(8,604,428,850)
15	Business income tax paid		-	(1,254,338,662)
20	**Net cash (outflows)/inflows from operating activities**		**(30,705,748,975)**	**246,066,178,317**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		-	(77,000,000)
27	Interest income received		38,281,057	141,218,312
30	**Net cash inflows from investing activities**		**38,281,057**	**64,218,312**
	CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings		-	886,256,449,456
34	Repayments of borrowings		-	(1,094,358,665,840)
40	**Net cash outflows from financing activities**		**-**	**(208,102,216,384)**
50	**Net (decrease)/increase in cash and cash equivalents**		**(30,667,467,918)**	**38,028,180,245**
60	**Cash and cash equivalents at beginning of year**	3	**41,639,844,805**	**3,535,070,152**
61	Effect of foreign exchange differences		9,501,760	76,594,408
70	**Cash and cash equivalents at end of year**	3	**10,981,878,647**	**41,639,844,805**

M.S.D.N: 3702086500 - C.T.T.N.H.H
CÔNG TY TNHH NOVELIS VIỆT NAM
T.X TÂN UYÊN - T. BÌNH DƯƠNG

Tran Thi My Linh
Chief Accountant

Yoon Seunghwan
General Manager
4 May 2018

The notes on pages 9 to 26 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 GENERAL INFORMATION

Novelis Vietnam Company Limited ("the Company") was established in SR Vietnam pursuant to Investment certificate No. 8703080842, dated 23 April 2018 which was issued by the Board of Management of Vietnam-Singapore Industrial Zone II-A for a period of 46 years from the date of the initial Investment certificate.

The Company is a one member limited liability company, 100% owned by Novelis Inc., a company incorporated in Canada.

The principal activities of the Company are:

- Recycling used aluminium beverage cans (the Company is not allowed to establish its facilities to directly collect used beverage cans);
- Implementing the export right of goods having HS code of 7602.00.00.20 produced by the Company and purchased from suppliers in Viet Nam; and
- Implementing the import right the wholesale distribution right (without establishment of a wholesale location) and the retail distribution right (without establishment of a retail location) of goods having the HS code of 7606121000.

The normal business cycle of the Company is 12 (twelve) months.

The Company is temporarily ceasing its operation since October 2016 to the date of these financial statements.

As at 31 March 2018, the Company had 9 employees (as at 31 March 2017: 17 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Management's assessment on going concern

Even though the Company is ceasing its operation, the Company's owner and management are still carrying out all the procedures as well as supporting and coordinating with related State Departments to complete the Customs and Tax audits as mentioned in Note 24 and Note 25. The Company's owner and management are considering appropriate actions and looking for opportunities to move forward.

Accordingly, the Director believed that it is appropriate to prepare the financial statements as at and for the year ended 31 March 2018 on a going concern basis.

2.3 Fiscal year

The Company's fiscal year is from 1 April to 31 March.

2.4 Currency

The financial statements are measured and presented using Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The estimated useful lives range as below:

Plant and buildings	20 - 40 years
Machinery and equipment	5 - 10 years
Motor vehicles	10 years
Office equipment	7 years
Software	3 years

Land use rights are amortised using the straight-line method over 46 years in accordance with the terms indicated in the land use right certificate issued by Vietnam Singapore Industrial Park dated 20 September 2013.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement

2.8 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the leases.

2.9 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly spare parts, prepaid office furniture. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over their estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.11 Borrowing costs

Borrowing costs are recognised in the income statement when incurred.

2.12 Accrued expenses

Accrued expenses include liabilities for goods and services received in the fiscal year but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.13 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Owner's capital

Contributed capital of the owner is recorded according to actual amount contributed.

Undistributed earnings record the Company's results (profit, loss) after business income tax at the reporting date.

2.16 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(b) Interest income

Interest income is recognised on an earned basis.

2.17 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the financial statements are recorded as deduction of revenue of the period.

2.18 Cost of sales

Cost of goods sold are cost of finished goods, merchandises, materials sold during the period, and recorded on the basis of matching with revenue and on prudent concept.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including expenses of borrowings, losses incurred when selling foreign currencies, losses from exchange rates.

2.20 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, which mainly include branding fee.

2.21 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, licence tax, utilities (electricity, water, telephone, fax, assets warranty, fire and explosive accidents insurance) and other cash expenses (entertainment).

2.22 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

3 CASH

	2018 VND	2017 VND
Cash at bank	10,981,878,647	41,639,844,805

4 INVENTORIES

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	293,607,226	-	296,074,561	-
Work in progress	36,072,141,051	(457,000,000)	45,021,869,454	-
	36,365,748,277	(457,000,000)	45,317,944,015	-
Provision for decline in value of inventories	(457,000,000)		-	
	35,908,748,277		45,317,944,015	

Movements in the provision for decline in value of inventories during the year were as follows:

	2018 VND	2017 VND
Beginning of year	-	-
Increase	457,000,000	-
End of year	457,000,000	-

5 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 April 2017 and 31 March 2018	38,494,164,122	26,382,238,773	5,145,504,717	4,232,241,886	**74,254,149,498**
Accumulated depreciation					
As at 1 April 2017	7,642,466,186	8,416,762,440	1,869,902,170	1,972,298,301	**19,901,429,097**
Charge for the year	2,063,236,620	2,703,892,342	519,586,524	604,605,981	**5,891,321,467**
As at 31 March 2018	9,705,702,806	11,120,654,782	2,389,488,694	2,576,904,282	**25,792,750,564**
Net book value					
As at 1 April 2017	30,851,697,936	17,965,476,333	3,275,602,547	2,259,943,585	**54,352,720,401**
As at 31 March 2018	28,788,461,316	15,261,583,991	2,756,016,023	1,655,337,604	**48,461,398,934**

As at 31 March 2018 and 31 March 2017, there were no fully depreciated tangible fixed assets but still in use.

5 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 April 2017 and 31 March 2018	20,843,966,666	315,818,355	**21,159,785,021**
Accumulated amortisation			
As at 1 April 2017	2,023,161,155	305,667,113	**2,328,828,268**
Charge for the year	452,665,020	10,151,242	**462,816,262**
As at 31 March 2018	2,475,826,175	315,818,355	**2,791,644,530**
Net book value			
As at 1 April 2017	18,820,805,511	10,151,242	**18,830,956,753**
As at 31 March 2018	18,368,140,491	-	**18,368,140,491**

Historical cost of fully depreciated intangible fixed assets but still in use as at 31 March 2018 was VND315,818,355 (as at 31 March 2017: VND232,814,354).

6 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018 VND	2017 VND
Third parties	92,623,649	202,583,628
Related parties (Note 22(b))	26,689,549,291	41,624,835,657
	26,782,172,940	41,827,419,285

7 TAX AND OTHER PAYABLES TO THE STATE BUDGET

(a) Tax receivables

	2018 VND	2017 VND
Business income tax - current	839,993,906	1,059,802,238

(b) Tax payables

	2018 VND	2017 VND
Personal income tax	47,898,011	32,077,444

Movements in tax and other (receivables from)/payables to the State Budget during the year were as follows:

	As at 1.4.2017 VND	(Receivable)/ payable VND	Net off VAT input & VAT output VND	Payment during the year VND	As at 31.3.2018 VND
Personal income tax	32,077,444	574,527,114	-	(558,706,547)	47,898,011
Business income tax	(1,059,802,238)	219,808,332	-	-	(839,993,906)
Foreign contractor tax	-	1,381,000,226	-	(1,381,000,226)	-
Output value added tax	-	(10,528,492)	10,528,492	-	-
License tax	-	3,000,000	-	(3,000,000)	-

8 OTHER SHORT-TERM PAYABLES

	2018 VND	2017 VND
Related parties (Note 22(b))	7,406,555,692	4,946,192,458
Others	10,124,101	16,258,182
	7,416,679,793	4,962,450,640

9 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts are as follows:

	2018 VND	2017 VND
Deferred tax assets to be recovered within 12 months	600,820,268	195,994,216

The gross movements in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	2018 VND	2017 VND
Beginning of year	195,994,216	263,578,286
Income statement credit/(charge)	404,826,052	(67,584,070)
End of year	600,820,268	195,994,216

Balance of deferred tax assets is the deductible temporary differences relating to accrued expenses.

The Company uses tax rate of 20% in year 2018 (20% in year 2017) for determining deferred tax assets.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company's tax losses can be carried forward to offset against future taxable income for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Company's future taxable income is:

Year of tax loss	Status of tax authorities' review	Tax loss incurred VND	Tax loss Utilised VND	Tax loss carried forward VND
2013	Outstanding	6,621,867,361	(6,621,867,361)	-
2018	Outstanding	35,211,248,025	-	35,211,248,025

The Company did not recognise deferred income tax assets relating to the above tax losses carried forward, as the realisation of the related tax benefit through future taxable income currently cannot be assessed as probable.

10 OWNER'S CAPITAL

	Charter capital US$	Charter capital %	Amount contributed US$	Equivalent VND
Novelis Inc.,	1,000,000	100	1,000,000	20,820,000,000

Pursuant to Investment registration certificate No. 8703080842 dated 23 April 2018, the charter capital of the Company is USD1,000,000 which has been fully contributed, equivalent to VND20,820,000,000 as translated using the exchange rate at the time of contribution. The investment capital of the project is USD4,875,000.

11 MOVEMENTS IN OWNER'S EQUITY

	Owner's capital VND	Undistributed earnings VND	Total VND
As at 1 April 2016	20,820,000,000	91,368,310,119	**112,188,310,119**
Profit for the year	-	63,664,209,240	**63,664,209,240**
As at 31 March 2017	20,820,000,000	155,032,519,359	**175,852,519,359**
Loss for the year	-	(43,405,952,797)	**(43,405,952,797)**
As at 31 March 2018	20,820,000,000	111,626,566,562	**132,446,566,562**

12 OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents were balances held in foreign currencies of USD160,271 (as at 31 March 2017: USD171,683).

13 REVENUE

	2018 VND	2017 VND
Sales		
Sales of finished goods	-	867,528,817,752
Sales deductions		
Sales allowances	105,284,924	3,236,702,275
Net revenue from sales of goods		
Net revenue from sales of goods	(105,284,924)	864,292,115,477

14 COST OF SALES

	2018 VND	2017 VND
Inventory losses	2,841,018,960	435,068,981
Provision for decline in value of inventories	457,000,000	-
Cost of finished goods sold	77,299,003	759,270,136,925
	3,375,317,963	759,705,205,906

15 FINANCIAL INCOME

	2018 VND	2017 VND
Net gain from foreign currency translation at year-end	305,787,108	-
Interest income from deposits	38,281,057	141,218,312
Realised foreign exchange gains	5,043,187	348,626,601
	349,111,352	489,844,913

16 FINANCIAL EXPENSES

	2018 VND	2017 VND
Loan guarantee fees	1,499,478,868	1,922,717,621
Realised foreign exchange losses	322,733,351	2,486,975,872
Interest expenses	-	8,175,682,088
Net loss from foreign currency translation at year-end	-	6,420,627
	1,822,212,219	12,591,796,208

17 SELLING EXPENSES

	2018 VND	2017 VND
Branding fee	-	2,270,044,644

18 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Tax, legal and audit fees	11,042,894,297	2,087,347,509
Labour costs	7,597,400,036	13,730,247,685
Outsourced services	7,241,219,552	1,036,230,565
Rental and management fees	2,148,568,938	1,706,873,360
Provision for short term doubtful debts	2,000,000,000	-
Depreciation and amortisation of fixed assets	235,307,159	252,661,163
Write-off VAT to be reclaimed	-	2,198,084,000
Others	835,645,823	2,342,122,823
	31,101,035,805	23,353,567,105

19 OTHER INCOME AND OTHER EXPENSES

	2018 VND	2017 VND
Other income		
Others	-	33,759,245
Other expenses		
Depreciation expenses for idle time	6,118,830,570	3,094,606,188
Others	1,417,400,388	131,416,667
	7,536,230,958	3,226,022,855

20 BUSINESS INCOME TAX

According to the Official letter No. 16172/CT-TT&HT dated 14 November 2016 issued by the Binh Duong Tax General Department, the Company is entitiled to 50% reduction in Business income tax. The reduction period is from taxable period in 2015 to taxable period in 2018.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2018 VND	2017 VND
Net accounting (loss)/profit before tax	(43,590,970,517)	63,669,082,917
Tax calculated at a rate of 20%	(8,718,194,103)	12,733,816,583
Effect of:		
Expenses not deductible for tax purposes	1,344,231,126	112,144,984
This year tax deduction	-	(6,366,908,292)
Last year tax deduction	-	(6,488,455,538)
Under-provision of previous years	146,695,652	-
Tax losses for which no deferred income tax asset was recognised	7,042,249,605	-
Others	-	14,275,940
Business income tax (credited)/charge (*)	(185,017,720)	4,873,677
(Credited)/charged to income statement:		
Business income tax – current	219,808,332	(62,710,393)
Business income tax – deferred (**) (Note 9)	(404,826,052)	67,584,070
	(185,017,720)	4,873,677

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

(**) Deferred income tax (incomes)/expenses incurred during the year were mainly as below:

	2018 VND	2017 VND
Taxable temporary differences	-	67,584,070
Deductible temporary differences	(404,826,052)	-
Total deferred income tax (incomes)/expenses	(404,826,052)	67,584,070

21 COST OF OPERATIONS BY FACTOR

	2018 VND	2017 VND
Tax, legal and audit fees	11,042,894,297	2,087,347,509
Outsourced services	10,225,434,313	28,055,272,231
Staff cost	7,597,400,036	19,286,401,923
Depreciation and amortisation expenses	6,354,137,729	6,448,571,720
Raw materials	3,375,317,963	400,929,322,693
Provision for doubtful debts – short term	2,000,000,000	-
Tax penalty	1,417,400,388	-
Tolling fee (Note 22(a))	-	297,195,873,267
Branding fee	-	2,270,044,644
Write-off VAT to be reclaimed	-	2,198,084,000
	42,012,584,726	758,470,917,987

22 RELATED PARTY DISCLOSURES

The Company is controlled by Novelis Inc., which owns 100% of the Company's charter capital. Novelis Inc., is the ultimate parent of the company which is incorporated in Canada.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	2018 VND	2017 VND
i) Compensation of key management		
Gross salaries and other benefits	1,571,036,462	4,730,998,802
ii) Expenses charged		
IT and Lexicon Charge - Novelis Inc.,	2,114,021,878	1,911,356,710
Loan guarantee fee - Novelis Korea Limited	1,375,013,695	696,837,261
Staff relocation recharge – Novelis Korea Limited	962,623,150	223,184,153
Staff reallocation recharges - Novelis Inc.,	133,539,776	1,244,104,684
Staff reallocation recharges - Novelis Corp.	24,601,884	435,168,679
Tolling fee - Novelis Korea Limited	-	297,195,873,267
Branding fee - Novelis Services	-	1,905,842,359
	4,609,800,383	303,612,367,113

22 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2018 VND	2017 VND
Other short-term receivables		
Novelis Inc.,	569,204,759	-
Short-term trade accounts payable (Note 6)		
Novelis Korea Limited	26,689,549,291	41,624,835,657
Other short-term payables (Note 8)		
Staff relocation recharge - Novelis Corp.	2,213,436,362	2,183,200,125
IT and staff relocation recharge - Novelis Inc.,	2,077,337,909	995,269,883
Loan guarantee - Novelis Korea Limited	1,378,984,349	998,398,865
Staff relocation recharge – Novelis Korea Limited	1,036,076,413	70,381,215
Legal fee – Novelis Korea Limited	700,720,659	698,942,370
	7,406,555,692	4,946,192,458

23 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases were as follows:

	2018 VND	2017 VND
Within 1 year	1,454,543,132	2,572,212,222
Between 1 and 5 years	476,047,711	1,912,124,971
Total minimum payments	1,930,590,843	4,484,337,193

24 CONTINGENT LIABILITIES

According to Customs Audit Conclusion No. 235/KL-TCHQ dated 11 January 2017 regarding the compliance with Customs Law for the period from 1 January 2013 to 1 June 2016, the General Department of Vietnam Customs has the conclusion about the non-compliance some regulations in declaration on the customs declaration forms, using invalid VAT invoices in VAT reporting, and the deficit transfer of raw materials in some processing contracts.

The Company disagreed to the above conclusion of the General Department of Vietnam Customs, therefore the Company has lodged an Official Letter No. NV 22022017 dated 22 February 2017 in order to appeal the above matters from the conclusion of the General Department of Vietnam Customs.

24 CONTINGENT LIABILITIES (continued)

According to Decision No. 01/QĐ-TDM dated 11 February 2017 from Thu Dau Mot Customs Department of Binh Duong province, the Company was imposed the export duty on export goods amounting to VND5.8 billion and a fine on administration violation. The Company did not agree to this but still already paid the amount on 8 May 2017 and has been continuing to appeal to Binh Duong Customs Department.

On 5 June 2017, Thu Dau Mot Customs Department issued a Minute to return 57 containers kept at the customs clearance area back to the Company.

As at the date of financial statements, the Company is still working with the Related Departments to resolve these disagreement points and hence, the Company assesses that the potential tax liabilities, if any, in relation to the conclusion of the General Department of Vietnam Customs have not yet been identified and estimated, and is uncertain whether the Company has to pay any additional tax or not.

25 TAX FINALISATION

The Company received the Decision No. 773/QĐ-CT dated 7 March 2017 from Binh Duong Tax Department about tax audit on Business income tax and Value Added Tax for the year 2012- 2015 and 2016.

According to Announcement No. 7275a/TB-CT dated 28 April 2017 from Binh Duong Tax Department about temporary cessation of the tax audit until the next announcement for the resumption of the tax audit. And the Company has been still working with related State departments to provide supporting documents for further investigation.

As at the date of financial statements, the tax audit team of Binh Duong Tax Department has not come up with the audit conclusion or issued any announcement for the resumption of the tax audit.

26 BANK COUNTER GUARANTEE

The Company received a counter guarantee from a bank with the guaranteed amount of USD 4 million to guarantee for any potential tax liabilities should the Company have to pay for the matter as mentioned in Note 24.

The financial statements were approved by the General Manager on 4 May 2018.

M.S.D.N: 3702086504 - C.T.T.N.H.H
CÔNG TY TNHH NOVELIS VIỆT NAM
T.X TÂN UYÊN - T.BÌNH DƯƠNG

Tran Thi My Linh
Chief Accountant

Yoon Seunghwan
General Manager