NOVELIS VIETNAM COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

NOVELIS VIETNAM COMPANY LIMITED

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FOR THE YEAR ENDED 31 MARCH 2020

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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 registration certificate dated 6 August 2012.	
Enterprise registration certificate	Code No. 3702086500 which was initially issued by the Department of Planning and Investment of Binh Duong Province on 6 August 2012 with the latest 8th amendment dated 10 February 2020.	
Legal representative	Mr. Yoon Seunghwan	General Manager (until 9 February 2020)
	Mr. SangYoun So	General Manager (from 10 February 2020)
Registered office	No. 3 VSIP II-A, Street 19, Vietnam - Singapore Industrial, Zone II - A, Tan Uyen Town, Binh Duong province, Vietnam	
Auditor	PwC (Vietnam) Limited	

NOVELIS VIETNAM COMPANY LIMITED

STATEMENT OF 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 2020 and the results of its operations and its 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 or errors.

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 2020 and of the results of its operations and its 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.

M.S.D.N: 3702086500 - C.T.T.N.H.H
CÔNG TY TNHH NOVELIS VIỆT NAM
T.X. Thuận An - Bình Dương

SangYoun So
General Manager

Binh Duong province, SR Vietnam
4 May 2020

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INDEPENDENT AUDITOR'S REPORT TO THE OWNER 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 2020 and approved by the General Manager on 4 May 2020. The financial statements comprise the balance sheet as at 31 March 2020, 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

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 as 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 and 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.

PwC (Vietnam) Limited
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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 2020, its financial performance and its 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 Matters

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

For and on behalf of PwC (Vietnam) Limited

CÔNG TY TNHH PWC (VIỆT NAM)

Trieu Nguyen Duy
Audit Practising Licence No.
3022-2019-006-1
Authorised signatory

Lai Hung Phuong
Audit Practising Licence No.
2432-2018-006-1

Report reference number: HCM9590
Ho Chi Minh City, 4 May 2020

NOVELIS VIETNAM COMPANY LIMITED

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	As at 31 March 2020 VND	2019 VND
100	**CURRENT ASSETS**		**82,909,902,554**	**89,440,297,138**
110	**Cash**	3	**185,000,720**	**1,196,309,202**
111	Cash		185,000,720	1,196,309,202
130	**Short-term receivables**		**28,118,710,389**	**33,556,845,438**
131	Short-term trade accounts receivable	4	28,118,710,389	33,556,845,438
140	**Inventories**		**372,891,239**	**372,891,239**
141	Inventories		372,891,239	372,891,239
150	**Other current assets**		**54,233,300,206**	**54,314,251,259**
151	Short-term prepaid expenses		-	217,206,160
152	Value Added Tax ("VAT") to be reclaimed		53,360,806,300	53,219,551,193
153	Tax and other receivables from the State	7(a)	839,993,906	839,993,906
155	Other current assets		32,500,000	37,500,000
200	**LONG-TERM ASSETS**		**55,045,977,806**	**61,268,722,209**
220	**Fixed assets**		**54,583,564,041**	**60,595,976,423**
221	Tangible fixed assets	5(a)	37,120,753,590	42,680,500,952
222	Historical cost		74,254,149,498	74,254,149,498
223	Accumulated depreciation		(37,133,395,908)	(31,573,648,546)
227	Intangible fixed assets	5(b)	17,462,810,451	17,915,475,471
228	Historical cost		21,159,785,021	21,159,785,021
229	Accumulated amortisation		(3,696,974,570)	(3,244,309,550)
260	**Other long-term assets**		**462,413,765**	**672,745,786**
261	Long-term prepaid expenses		93,478,613	190,173,274
262	Deferred income tax assets	9	281,239,152	394,876,512
268	Other long-term assets		87,696,000	87,696,000
270	**TOTAL ASSETS**		**137,955,880,360**	**150,709,019,347**

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

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 March 2020 VND	2019 VND
300	**LIABILITIES**		**36,261,993,732**	**35,960,477,025**
310	**Short-term liabilities**		**36,261,993,732**	**35,240,237,000**
311	Short-term trade accounts payable	6	25,236,873,851	25,100,840,734
313	Tax and other payables to the State	7(b)	12,937,460	51,800,633
315	Short-term accrued expenses		1,962,820,427	1,316,938,373
319	Other short-term payables	8	9,049,361,994	8,770,657,260
330	**Long-term liabilities**		-	**720,240,025**
342	Provision for long-term liabilities		-	720,240,025
400	**OWNER'S EQUITY**		**101,693,886,628**	**114,748,542,322**
410	**Capital and reserves**		**101,693,886,628**	**114,748,542,322**
411	Owner's capital	10, 11	20,820,000,000	20,820,000,000
421	Undistributed earnings	11	80,873,886,628	93,928,542,322
421a	*- Undistributed post-tax profits of previous years*		*93,928,542,322*	*111,626,566,562*
421b	*- Post-tax loss of current year*		*(13,054,655,694)*	*(17,698,024,240)*
440	**TOTAL RESOURCES**		**137,955,880,360**	**150,709,019,347**

Tran Thi My Linh
Chief Accountant

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

Sang Youn So
General Manager
4 May 2020

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

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INCOME STATEMENT

Code		Note	Year ended 31 March 2020 VND	2019 VND
01	**Revenue from sales of goods**		-	38,474,811,189
02	Less deductions		-	-
10	**Net revenue from sales of goods**	13	-	38,474,811,189
11	**Cost of goods sold**	14	-	(35,698,081,188)
20	**Gross profit from sales of goods**		-	2,776,730,001
21	Financial income	15	6,471,674	122,852,917
22	Financial expenses	16	(336,288,378)	(2,134,351,900)
25	Selling expenses	17	-	(2,147,829,621)
26	General and administration expenses	18	(6,830,035,863)	(10,066,892,999)
30	**Net operating loss**		(7,159,852,567)	(11,449,491,602)
32	Other expenses	19	(5,781,165,767)	(6,042,588,882)
40	**Net other expenses**		(5,781,165,767)	(6,042,588,882)
50	**Net accounting loss before tax**		(12,941,018,334)	(17,492,080,484)
51	**Business income tax ("BIT") – current**	20	-	-
52	**BIT – deferred**	9, 20	(113,637,360)	(205,943,756)
60	**Net loss after tax**		(13,054,655,694)	(17,698,024,240)

Tran Thi My Linh
Chief Accountant

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

Sang Youn So
General Manager
4 May 2020

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CASH FLOW STATEMENT
(Indirect method)

Code		Note	Year ended 31 March 2020 VND	2019 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net accounting loss before tax**		(12,941,018,334)	(17,492,080,484)
	Adjustments for:			
02	Depreciation and amortisation		6,012,412,382	6,233,563,002
03	Provisions		(720,240,025)	(2,130,014,795)
04	Unrealised foreign exchange losses		148,764,374	376,641,176
05	Profits from investing activities		(21,674)	(1,357,124)
08	**Operating loss before changes in working capital**		(7,500,103,277)	(13,013,248,225)
09	Decrease/(increase) in receivables		5,301,879,942	(31,555,774,578)
10	Decrease in inventories		-	35,992,857,038
11	Increase/(decrease) in payables		884,799,909	(1,966,501,635)
12	Decrease in prepaid expenses		313,900,821	794,435,737
20	**Net cash outflows from operating activities**		(999,522,605)	(9,748,231,663)
	CASH FLOWS FROM INVESTING ACTIVITIES			
27	Interest income received		21,674	1,357,124
30	**Net cash inflows from investing activities**		21,674	1,357,124
50	**Net decrease in cash**		(999,500,931)	(9,746,874,539)
60	**Cash at beginning of year**	3	1,196,309,202	10,981,878,647
61	Effect of foreign exchange differences		(11,807,551)	(38,694,906)
70	**Cash at end of year**	3	185,000,720	1,196,309,202

Tran Thi My Linh
Chief Accountant

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

Sang Youn So
General Manager
4 May 2020

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

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1 GENERAL INFORMATION

Novelis Vietnam Company Limited ("the Company") was established in SR Vietnam pursuant to initial Investment registration certificate No. 8703080842, dated 6 August 2012 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 registration certificate.

The Company is a one member limited liability company, wholly 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 7602000020 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 has temporarily ceased its operation since October 2016 to the date of these financial statements.

As at 31 March 2020, the Company had 1 employee (as at 31 March 2019: 9 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.

The financial statements in the Vietnamese language are the official statutory financial statements of the Company. The financial statements in the English language have been translated from the Vietnamese version.

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 General Manager 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 General Manager are considering appropriate actions and looking for opportunities to move forward. In the letter of support dated 29 April 2020, Novelis Asia has confirmed its commitment to provide sufficient financial assistance to the Company as and when it needed to enable the Company to maintain the operation and fulfil all of its financial obligation for a minimum period of twelve months from the year ended 31 March 2020.

Accordingly, General Manager believed that it is appropriate to prepare the financial statements as at and for the year ended 31 March 2020 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"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods, which has a significant impact on selling prices of goods, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company regularly collects this currency from business operation and savings.

2.5 Exchange rates

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 its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.6 Cash

Cash comprises cash at bank.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Receivables

Receivables represent trade receivables from customers araising from sales of goods or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payments commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the balance sheet based on the remaining period form the balance sheet date to the maturity date.

2.8 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. The difference between the provision of this year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold in the year.

2.9 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 bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Fixed assets (continued)

Disposals

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

2.10 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.

2.11 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 on the straight-line basis over their estimated useful lives.

2.12 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 are non-trade payables, and payables not relating to purchases 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.

2.13 Accrued expenses

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

2.14 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 a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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 contract'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.

2.16 Capital

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

Undistributed earnings record the Company's results after business income tax at the reporting date.

2.17 Revenue recognition

(a) Revenue from 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.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sale obligation. If/In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the income statement.

(b) Interest income

Interest income is recognised on an earned basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Sales deductions

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

Sales deductions for sales of products, goods or rendering of 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.

2.19 Cost of goods sold

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 a prudent basis.

2.20 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including bank counter guarantee fees and losses from foreign exchange differences.

2.21 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, utilities and other expenses.

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 Company, 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.

2.24 Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements requires the General Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 2.9, 5);

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH

	2020 VND	2019 VND
Cash at bank	185,000,720	1,196,309,202

4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Related parties (Note 22(b))	28,118,710,389	33,556,845,438

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 2019 and 31 March 2020	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 2019	11,768,939,426	13,714,123,638	2,909,075,219	3,181,510,263	**31,573,648,546**
Charge for the year	1,888,769,925	2,546,784,922	519,586,523	604,605,992	**5,559,747,362**
As at 31 March 2020	13,657,709,351	16,260,908,560	3,428,661,742	3,786,116,255	**37,133,395,908**
Net book value					
As at 1 April 2019	26,725,224,696	12,668,115,135	2,236,429,498	1,050,731,623	**42,680,500,952**
As at 31 March 2020	24,836,454,771	10,121,330,213	1,716,842,975	446,125,631	**37,120,753,590**

Historical cost of fully depreciated tangible fixed assets of the Company but still in use as at 31 March 2020 was VND914,389,791 (as at 31 March 2019: VND914,389,791)

5 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 April 2019 and 31 March 2020	20,843,966,666	315,818,355	**21,159,785,021**
Accumulated amortisation			
As at 1 April 2019	2,928,491,195	315,818,355	**3,244,309,550**
Charge for the year	452,665,020	-	**452,665,020**
As at 31 March 2020	3,381,156,215	315,818,355	**3,696,974,570**
Net book value			
As at 1 April 2019	17,915,475,471	-	**17,915,475,471**
As at 31 March 2020	17,462,810,451	-	**17,462,810,451**

Historical cost of fully depreciated intangible fixed assets of the Company but still in use as at 31 March 2020 was VND315,818,355 (as at 31 March 2019: VND315,818,355).

6 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020 VND	2019 VND
Third parties:	12,805,350	346,494,179
- LNT & Partners	-	286,782,210
- Others	12,805,350	59,711,969
Related parties (Note 22(b))	25,224,068,501	24,754,346,555
	25,236,873,851	25,100,840,734

7 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

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

	As at 1.4.2019 VND	Payable during the year VND	Payment during the year VND	As at 31.3.2020 VND
a) Receivables				
BIT	839,993,906	-	-	839,993,906
b) Payables				
Personal income tax	51,800,633	733,280,722	(772,143,895)	12,937,460

8 OTHER SHORT-TERM PAYABLES

	2020 VND	2019 VND
Related parties (Note 22(b))	9,038,917,834	8,770,657,260
Others	10,444,160	-
	9,049,361,994	8,770,657,260

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:

	2020 VND	2019 VND
Deferred tax assets to be recovered within 12 months	281,239,152	394,876,512

9 DEFERRED INCOME TAX (continued)

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

	2020 VND	2019 VND
Beginning of year	394,876,512	600,820,268
Income statement charge (Note 20)	(113,637,360)	(205,943,756)
End of year	281,239,152	394,876,512

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

The Company uses tax rate of 20% in year 2020 (20% in year 2019) 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
2018	Outstanding	35,211,248,025	-	35,211,248,025
2019	Outstanding	11,977,264,559	-	11,977,264,559
2020	Outstanding	9,650,157,370	-	9,650,157,370

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		Amount contributed	Equivalent to
	USD	%	USD	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 of USD1,000,000, equivalent to VND20,820,000,000 as translated using the exchange rate at the time of contribution, which has been fully contributed. 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 2018	20,820,000,000	111,626,566,562	**132,446,566,562**
Loss for the year	-	(17,698,024,240)	**(17,698,024,240)**
As at 31 March 2019	20,820,000,000	93,928,542,322	**114,748,542,322**
Loss for the year	-	(13,054,655,694)	**(13,054,655,694)**
As at 31 March 2020	20,820,000,000	80,873,886,628	**101,693,886,628**

12 OFF BALANCE SHEET ITEMS

(a) Foreign currencies

Included in cash and cash equivalents were balances held in foreign currencies of USD1,029.94 (as at 31 March 2019: USD8,137.69).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating leases were nil and VND68,988,333 for the year ended 31 March 2020 and 31 March 2019, respectively (Note 23).

13 NET REVENUE FROM SALES OF GOODS

	2020 VND	2019 VND
Revenue		
Revenue from sales of finished goods	-	38,474,811,189
Sales deductions		
Sales allowances	-	-
Net revenue		
Net revenue from sales of finished goods	-	38,474,811,189

14 COST OF GOODS SOLD

	2020 VND	2019 VND
Cost of finished goods sold	-	35,200,135,360
Inventory losses	-	954,945,828
Reversal of provision for decline in value of inventories	-	(457,000,000)
	-	35,698,081,188

15 FINANCIAL INCOME

	2020 VND	2019 VND
Realised foreign exchange gains	6,450,000	121,495,793
Interest income from deposits	21,674	1,357,124
	6,471,674	122,852,917

16 FINANCIAL EXPENSES

	2020 VND	2019 VND
Bank counter guarantee fees	155,894,048	1,626,904,957
Realised foreign exchange losses	31,629,956	130,805,767
Net loss from foreign currency translation at year-end	148,764,374	376,641,176
	336,288,378	2,134,351,900

17 SELLING EXPENSES

	2020 VND	2019 VND
Transportation costs	-	2,147,829,621

18 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	4,014,563,197	5,628,253,864
Outsourced services	778,122,770	3,306,583,320
Rentals and management fees	442,360,262	1,976,317,051
Tax, legal and audit fees	1,230,546,840	311,131,800
Depreciation and amortisation	231,246,615	231,246,660
Reversal of provision for bad debt	-	(2,000,000,000)
Others	133,196,179	613,360,304
	6,830,035,863	10,066,892,999

19 OTHER EXPENSES

	2020 VND	2019 VND
Depreciation of idle assets	5,781,165,767	6,002,316,342
Others	-	40,272,540
	5,781,165,767	6,042,588,882

20 BUSINESS INCOME TAX ("BIT")

In accordance with Official letter No. 16172/CT-TT&HT dated 14 November 2016 issued by the Binh Duong Tax General Department, the Company is entitled to 50% reduction in BIT for the tax period from 2015 to 2018.

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

	2020 VND	2019 VND
Net accounting loss before tax	(12,941,018,334)	(17,492,080,484)
Tax calculated at a rate of 20%	(2,588,203,667)	(3,498,416,097)
Effect of:		
Expenses not deductible for tax purposes	1,156,233,153	1,308,906,942
Tax losses for which no deferred income tax asset was recognised	1,545,607,874	2,395,452,911
BIT charged (*)	113,637,360	205,943,756
Charged to income statement:		
BIT – current	-	-
BIT – deferred (**) (Note 9)	113,637,360	205,943,756
	113,637,360	205,943,756

(*) The BIT 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 expenses incurred during the year were mainly as below:

	2020 VND	2019 VND
Taxable temporary differences	113,637,360	205,943,756

21 COSTS OF OPERATIONS BY FACTOR

	2020 VND	2019 VND
Raw materials	-	35,462,881,188
Depreciation and amortisation	6,012,412,382	6,233,563,002
Staff costs	4,014,563,197	5,628,253,864
Tax, legal and audit fees	1,230,546,840	311,131,800
Outsourced services	778,122,770	3,541,783,320
Rentals and management fees	442,360,262	1,976,317,051
Transportation costs	-	2,147,829,621
Reversal of provision for bad debt	-	(2,000,000,000)
Others	133,196,179	653,632,844
	12,611,201,630	53,955,392,690

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.

During the year, the Company had transactions and balances with following related parties:

Relationship	Name
Parent company	Novelis Inc.
Group fellow subsidiary	Novelis Corporation
Group fellow subsidiary	Novelis Korea Limited

(a) Related party transactions

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

	2020 VND	2019 VND
i) Revenue from sales of goods (Note 13)		
Novelis Korea Limited (*)	-	38,474,811,189

(*) During the year ended 31 March 2019, the Company issued invoices to Novelis Korea Limited amounting to VND45,028,224,565 and paid VND6,553,413,376 of related export tax.

ii) Compensation of key management		
Gross salaries and other benefits	1,867,124,315	1,560,412,432

22 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
iii) Expenses charged		
IT and Lexicon Charge - Novelis Inc.	31,574,445	2,163,617,220
Loan guarantee fee - Novelis Korea Limited	37,119,040	468,312,209

(b) Year end balances with related parties

	2020 VND	2019 VND
***i)* Short-term trade accounts receivable (Note 4)**		
Novelis Korea Limited	28,118,710,389	33,556,845,438
***ii)* Short-term trade accounts payable (Note 6)**		
Novelis Korea Limited	25,224,068,501	24,754,346,555
***iii)* Other short-term payables (Note 8)**		
Staff relocation recharge - Novelis Corporation	2,294,817,362	2,252,083,333
IT and staff relocation recharge - Novelis Inc.	4,427,485,294	4,282,086,592
Staff relocation recharge – Novelis Korea Limited	1,074,167,457	1,054,164,339
Legal fee – Novelis Korea Limited	726,482,448	712,953,911
Bank counter guarantee fee - Novelis Korea Limited	515,965,273	469,369,085
	9,038,917,834	8,770,657,260

23 COMMITMENTS UNDER OPERATING LEASES

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

	2020 VND	2019 VND
Within 1 year	-	68,988,333

24 CONTINGENT LIABILITIES

In accordance with Customs Audit Conclusion No. 235/KL-TCHQ dated 11 January 2017 which regards the compliance with Customs Law for the period from 1 January 2013 to 1 June 2016, the General Department of Vietnam Customs concluded that there was non-compliance relating to regulations on the customs declaration forms, use of invalid invoices in VAT reporting and the deficit transfer of raw materials in certain processing contracts.

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

According to Decision No. 01/QĐ-TDM dated 11 February 2017, the Thu Dau Mot Customs Department of Binh Duong province concluded to impose the export duty on the Company's export goods amounting to VND5.8 billion and an administration fine. The Company disagreed with the decision but has paid these amounts on 8 May 2017 and has been continuing to appeal to Binh Duong Customs Department.

As at the date of the financial statements, the Company is still working with related State departments to resolve these disagreements. Accordingly 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 it is therefore 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 a tax audit on BIT and value added tax for the years 2012 - 2015 and 2016.

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

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

The financial statements were approved by the General Manager on 4 May 2020.

Tran Thi My Linh
Chief Accountant

CÔNG TY TNHH NOVELIS VIỆT NAM

Sang Youn So
General Manager

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