JOINT STOCK COMPANY “GENERAL MOTORS POWERTRAIN – UZBEKISTAN”

Financial Statements
for the year ended 31 December 2017 and
Independent Auditor’s Report

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Independent Auditors' Report

To the Shareholders and Supervisory Board of JSC "General Motors Powertrain-Uzbekistan"

Opinion

We have audited the financial statements of JSC "General Motors Powertrain-Uzbekistan" (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Notes 8 and 10 to the financial statements which describe that the comparative information presented as at and for the year ended 31 December 2016 has been restated. Our opinion is not modified in respect of this matter.

Other matter Relating to Comparative Information

The financial statements of the Company as at and for the years ended 31 December 2016 and 31 December 2015 (from which the statement of financial position as at 1 January 2016 has been derived), excluding the adjustments described in Notes 8 and 10 to the financial statements were audited by other auditors who expressed an unmodified opinion on those financial statements on 7 April 2017.

As part of our audit of the financial statements as at and for the year ended 31 December 2017, we audited the adjustments described in Notes 8 and 10 that were applied to restate the comparative information presented as at and for the year ended 31 December 2016 and the statement of financial position as at 1 January 2016. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2016 or 31 December 2015 (not presented herein) or to the statement of financial position as at 1 January 2016, other than with respect to the adjustments described in Notes 8 and 10 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Notes 8 and 10 are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is:

O'ZBEKISTON RESPUBLIKASI TOSHKENT SHAHAR MAS'ULIYATI CHEKLANGAN JAMIYATI SHAKLIDAGI AUDITORLIK TASHKILOTI
KPMG AUDIT

Sanjarbek Saidov

General director

Audit Organisation "KPMG Audit" LLC
Tashkent, Uzbekistan

8 May 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(in thousands of Uzbek Soums)

	Note	31 December 2017	31 December, 2016 Restated	1 January, 2016 Restated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	5	19,098,405	16,700,289	43,908,747
Accounts receivable, net		2,192,419	1,160,101	3,759,753
Inventory	6	273,045,474	116,171,706	90,419,536
Prepaid suppliers		17,433,790	6,046,099	7,044,620
TOTAL CURRENT ASSETS		**311,770,088**	**140,078,195**	**145,132,656**
NON-CURRENT ASSETS:				
Deferred tax asset		-	13,346,012	16,429,953
Non-current inventory	6	46,576,722	911,277	-
Intangible assets, net	7	68,159,868	38,095,918	38,106,139
Construction in progress	8	22,736,196	7,846,033	6,873,211
Property, plant and equipment, net	8	1,286,706,292	445,210,694	475,833,583
		1,424,179,078	**505,409,934**	**537,242,886**
TOTAL ASSETS		**1,735,949,166**	**645,488,129**	**682,375,542**
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Payables and accrued liabilities	9	144,788,968	80,295,815	52,827,624
Advances received		3,759,592	7,422,709	52,864,153
Interest payable on long-term borrowings from related parties		23,994,807	2,051,990	61,820
Current portion of long-term borrowings from related parties	11	152,754,757	211,409,885	133,611,739
TOTAL CURRENT LIABILITIES		**325,298,124**	**301,180,399**	**239,365,336**
NON-CURRENT LIABILITIES:				
Long-term borrowings from related parties	11	607,743,928	317,295,790	342,966,489
Deferred tax liability	10	35,265,464	-	-
		643,009,392	**317,295,790**	**342,966,489**
TOTAL LIABILITIES		**968,307,516**	**618,476,189**	**582,331,825**
SHAREHOLDERS' EQUITY:				
Issued share capital	13	139,837,000	139,837,000	139,837,000
Additional paid-in capital	13	226,423,721	345,618,729	345,618,729
Accumulated deficit		(388,634,234)	(809,992,324)	(720,481,482)
Foreign currency translation reserve		790,015,163	351,548,535	335,069,470
		767,641,650	**27,011,940**	100,043,717
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,735,949,166**	645,488,129	682,375,542

On behalf of management:

Jennifer Bigelow
General Director

8 May 2018
Tashkent, Uzbekistan

Saidazim Gulyamov
Finance Director

8 May 2018
Tashkent, Uzbekistan

Vladimir Ismailov
Chief Accountant

8 May 2018
Tashkent, Uzbekistan

The accompanying notes on pages 8-37 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017
(in thousands of Uzbek Soums)

	Note	31 December 2017	31 December 2016 Restated
Revenue	14	732,802,442	249,641,398
Cost of sales	15	(491,760,659)	(183,163,677)
GROSS PROFIT		**241,041,783**	**66,477,721**
General and administrative expenses	16	(36,715,042)	(27,930,370)
(Impairment)/reversal of impairment and other operating income/(expense)	17	259,767,281	(63,810,631)
OPERATING PROFIT/ (LOSS)		**464,094,022**	**(25,263,280)**
Interest expense	12	(105,261,190)	(56,391,589)
Foreign exchange gain/(loss), net		130,999,150	(2,763,974)
PROFIT/(LOSS) BEFORE INCOME TAX		**489,831,982**	**(84,418,843)**
Deferred tax expense	10	(68,473,892)	(5,091,999)
NET PROFIT/(LOSS) FOR THE YEAR		**421,358,090**	**(89,510,842)**
Items that will not be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising during the year		438,466,628	16,479,065
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR		**859,824,718**	**(73,031,777)**

The accompanying notes on pages 8-37 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017
(in thousands of Uzbek Soums)

	Note	Issued share capital	Additional paid-in capital	Foreign currency translation reserve	Accumulated deficit	Total
Balance at 1 January 2016, as previously reported		**139,837,000**	**345,618,729**	**330,360,736**	**(771,719,450)**	**44,097,015**
Impact of correction of errors		-	-	4,708,734	51,237,968	55,946,702
Restated balance at 1 January 2016		**139,837,000**	**345,618,729**	**335,069,470**	**(720,481,482)**	**100,043,717**
Net loss for the year restated		-	-	-	(89,510,842)	(89,510,842)
Other comprehensive income for the year restated		-	-	16,479,065	-	16,479,065
Balance at 31 December 2016		**139,837,000**	**345,618,729**	**351,548,535**	**(809,992,324)**	**27,011,940**
Net profit for the year		-	-	-	421,358,090	421,358,090
Derecognition of long-term loans	13	-	(119,195,009)	-	-	(119,195,009)
Other comprehensive income for the year		-	-	438,466,628	-	438,466,628
Balance at 31 December 2017		**139,837,000**	**226,423,721**	**790,015,163**	**(388,634,234)**	**767,641,650**

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(in thousands of Uzbek Soums)

CASH FLOWS FROM OPERATING ACITIVITIES:	Notes	31 December 2017	31 December 2016 Restated
Net profit/(loss) for the year		421,358,090	(89,510,842)
Adjustments for:			
Income tax expense	10	68,473,892	5,091,999
Depreciation	8	52,274,006	37,596,057
Impairment (reversal)/loss of property, plant and equipment	17	(257,924,886)	58,531,797
Amortization	7	16,309,748	5,254,220
Bad debt (recovery)/expense		(1,660,691)	190,514
Interest expense	12	105,261,190	56,391,589
Loss on disposal of property, plant and equipment		1,079,828	1,103,048
Write-off of materials		-	2,212,365
Free of charge materials		-	(26,691)
Foreign exchange (gain)/loss		(130,999,150)	2,763,974
Cash inflow from operating activities before changes in net working capital		**274,172,027**	**79,598,031**
(Increase)/decrease in prepaid suppliers		(1,325,948)	1,886,145
(Increase)/decrease in accounts receivable		(1,488,343)	2,445,937
Increase in inventories		(15,037,019)	(14,208,367)
Decrease in advances received		(8,801,220)	(48,980,462)
(Decrease)/increase in payable and accrued liabilities		(31,730,777)	18,876,280
Cash generated from operating activities		**215,788,720**	**39,617,564**
Interest paid on borrowings from related parties		(13,672,638)	(5,469,620)
Net cash generated from operating activities		**202,116,082**	**34,147,944**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and constructions		(3,089,337)	(4,145,961)
Proceeds from sale of property, plant and equipment		1,124,846	-
Net cash used in investing activities		**(1,964,491)**	**(4,145,961)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of borrowings from related parties		(136,949,808)	(66,872,150)
Net cash used in financing activities		**(136,949,808)**	**(66,872,150)**
Effect of foreign exchange rates on cash		(60,803,668)	9,661,709
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**63,201,784**	**(36,870,167)**
CASH AND CASH EQUIVALENTS, beginning of the period	5	**16,700,289**	**43,908,747**
CASH AND CASH EQUIVALENTS, end of the period	5	**19,098,405**	**16,700,289**

The accompanying notes on pages 8-37 form an integral part of these financial statements.

1. ORGANISATION

Incorporation and history

Joint Stock Company "General Motors Powertrain-Uzbekistan" (the "Company") was incorporated on January 21, 2009 and is domiciled in the Republic of Uzbekistan. Originally, the Company's shareholders were JSC Uzavtosanoat (the Republic of Uzbekistan), General Motors Corporation (USA) and General Motors International Holding Inc., (USA).

By the end of 2010 General Motors shareholding companies assigned all their rights and obligations in the Joint Venture Agreement and Investment Agreement to General Motors Holdings LLC. The relevant amendments have been executed and General Motors Holdings LLC was registered in the Charter of the Company as a shareholder as of January 11, 2011. The Presidential Resolution approving such amendments was signed on April 25, 2011 under #PP-1521. Registration of the documents related to the issuance of shares in earlier periods and changes in the charter documents was finalized on October 12, 2011.

JSC Uzavtosanoat is a state owned company which is the dominant controlling body (equivalent of a government Ministry) of the automotive industry in the Republic of Uzbekistan.

Principal activity

The Company's principal business activity is the manufacturing of powertrains, involving the production and selling of 1.2 L and 1.5 L B-DOHC engines. The Company started regular production in June 2012. The nominal production capacity of the Company's facility is 225 thousand engines per annum and maximum production capacity is 270 thousand engines per annum. The Company generates sales of powertrains in Uzbekistan and in other countries such as Korea, the United Kingdom and the United States of America.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern

These financial statements have been prepared assuming that the Company will continue as a going concern for the foreseeable future and that its assets will be realised and liabilities discharged in the normal course of business.

In accordance with funding plans, management considers that the Company has sufficient funds available to continue funding its business. Management is therefore of the opinion that the Company will be able to realise its assets and settle liabilities in the normal course of business as the Company believes that the future cash flows from operations will be sufficient to discharge liabilities in accordance with the company's funding arrangements.

Basis of preparation

These financial statements are presented in thousands of Uzbek Soums ("UZS thousand"), unless otherwise indicated. The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

For comparative purposes Sate taxes for 2016 have been reclassified from Cost of sales to General and administrative expenses and reimbursement of claims for UZS 1,963,252 thousand reduced Cost of sales for 2016.

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the

measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.
In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company, registered in the Republic of Uzbekistan, maintain their accounting records in accordance with Uzbek Accounting Standards (NAS). These financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

Functional currency
The functional currency of the Company is the US dollars ("USD"). The presentational currency of the financial statements of the Company is the Uzbek Soums ("UZS"). All values are rounded to the nearest thousand UZS, except when otherwise indicated.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used as a basis for calculating depreciation:

	Number of years
Buildings and improvements	*40*
Machinery and equipment	*5-27*
Computers and office equipment	*3*
Motor vehicles	*5*
Other	*13*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
The impairment loss was previously reflected as part of general and administrative expenses, this year it was reclassified to other operating (expenses)/income, net.

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Royalty free rights are further disclosed in Note 7.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets
At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventory
Inventory is stated at the lower of cost and net realisable value. Costs of inventory is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, current account balances, deposits and highly liquid investments with original maturity of three months or less. Funds restricted on availability and use, such as funded letters of credit, are excluded from cash and cash equivalents and treated as Restricted cash.

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual obligations of the instruments. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables, including accounts receivables, bank balances and cash, are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Accounts receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of accounts receivables is reduced through the use of an allowance account. When a accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company

continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities (including borrowings and accounts payables) are initially recognised at fair value less transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss unless extinguishment gains and losses between related entities in essence are capital transactions.

Contingencies
Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Equity reserves
The reserves recorded in equity (other comprehensive income) on the Company's statement of financial position include:

- 'Additional paid-in capital', which comprises fair value adjustment on borrowings from related parties;
- 'Foreign currency translation reserve', which is used to record foreign exchange differences arising from the translation of the financial statements from functional currency to presentation currency.

(in thousands of Uzbek Soums, unless otherwise indicated)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the 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.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these financial statements, the assets and liabilities of the Company's foreign operations are translated into UZS using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Below are exchange rates as at year-end, which were used by the Company for the purpose of these financial statements:

	31 December 2017	31 December 2016
Closing exchange rates at the year end – UZS		
1 U.S. Dollar ("USD")	8,120.07	3,231.48
1 Euro ("EUR")	9,624.72	3,419.23

USD exchange rate has increased significantly by more than 90% from 4 210.35 UZS to 8 100.00 UZS on the 5th of September, 2017 after President of Republic of Uzbekistan, signed Decree on "Priority Measures for Liberalizing Foreign Exchange Policy" on 2nd of September, 2017.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets
The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. The assessment of the useful life of an asset is dependent upon factors such as economic use, repair and maintenance programs, technological advancements and other business conditions. Management's assessment of the useful lives of property, plant and equipment and intangible assets reflects relevant information available to them as at the date of these financial statements.

Impairment of property, plant and equipment and intangible assets
Management reviews the carrying amounts of assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit.

The assessment of whether there are indicators of a potential impairment is based on various assumptions including market conditions, asset utilization and the ability to utilise the asset for alternative purposes. If an indication of impairment exists, the Company estimates the recoverable value (greater of fair value less cost to sell and value in use) and compares it to the carrying value, and records impairment to the extent the carrying value is greater. Any change in these estimates may result in impairment in future periods.

Deferred taxes
The carrying amount of deferred tax assets and liabilities are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset or liability to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Valuation of financial instruments
As described in Note 19, the Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments at their initial recognition. Note 19 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The Company management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

A number of amended Standards became effective for the Company from 1 January 2017 and have been applied in preparing these financial statements but did not have any material impact on the Company's operations.

New accounting pronouncements
A number of new Standards, amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

IFRS 9 Financial Instruments
- In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.
- IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 Financial Instruments: Recognition and Measurement with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 introduces new impairment model, under which the expected credit loss are required to be recognized as compared to the existing incurred credit loss model of IAS 39.
- The standard maintains most of the requirements in IAS 39 regarding the classification and measurement of financial liabilities. However, with the new requirements, if an entity chooses to measure a financial liability at fair value, the amount of change in its fair value that is attributable to changes in the credit risk of that liability will be presented in other comprehensive income, rather than in profit or loss.
- The most relevant change to the Company is the requirement to use an expected loss model instead of the incurred loss model which is currently being used when assessing the recoverability of trade and other receivables. The possible impact is to accelerate the timing of impairment loss recognition. The Company estimates that new Standard will not have material impact on the Company's financial position or performance.

(in thousands of Uzbek Soums, unless otherwise indicated)

IFRS 15 Revenue from Contracts with Customers

- In May 2014, the IASB issued IFRS 15 Revenue from contracts with customers. The new standard provides a framework for the recognition, measurement and disclosure of revenue from contracts with customers and replaces existing standards and guidances on revenue recognition IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC-31. The new standard is effective 1 January 2018, with early adoption permitted. The new standard introduces the amended principles of revenue recognition. The Company expects that the new Standard will not have material impact on the Company's financial position or performance.

IFRS 16 Leases

- IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from contracts with customers at or before the date of initial application of IFRS 16. IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Company estimates that new Standard will not have material impact on the Company's financial position or performance.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Transfers of Investment Property (Amendments to IAS 40).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

5. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash in bank account in UZS	13,154,513	9,542,560
Cash in bank account in USD	5,505,407	7,002,617
Cash in bank account in EUR	438,484	155,111
	19,098,405	**16,700,289**

Bank Name	Bank's rating	Source	31 December 2017
Asaka	LT LC/FC - B1/B2; ST - NP; BCA - b2		15,826,016
Asia Alliance	LT/ST B3/NotPrime; CRA - B1	*www.moodys.com*	1,063,729
KDB Bank	LT/ST - B+/B. Outlook - Stable		2,200,539
Kapital Bank	LT/ST - B-/B. Outlook - Stable		8,120
			19,098,405

(in thousands of Uzbek Soums, unless otherwise indicated)

6. INVENTORY

	31 December 2017	31 December 2016
Raw materials	124,350,752	29,749,005
Indirect materials	65,618,286	49,984,533
Materials in transit	49,556,787	22,303,675
Customs and duties	18,010,315	6,954,145
Finished goods	9,841,525	4,094,285
Freight in	5,667,809	3,086,063
	273,045,474	**116,171,706**

Reclassification of slow moving inventory items to non-current assets

In September 2016, the Company has initiated a slow-moving inventory disposal initiative. According to this initiative spare parts included in indirect materials were planned to be sold to third parties. GM Global Purchasing Supply Chain department was involved in the process as well as UzAuto.

In the first quarter of 2017 several offers were received from GM plants, but due to transportation costs and customs duties involved in selling items to GM entities management discontinued this initiative.

In November 2017 the Supervisory Board of the Company approved commissioning of F1G3 1.8L Engine line in Q4 2019. This assumes that the new production line will require spare parts that are included in indirect materials above. As management plans to use these spare parts in 2019 it reclassified these items as non-current.

	31 December 2017	31 December 2016
Non-current inventory	46,576,722	911,277
	46,576,722	**911,277**

7. INTANGIBLE ASSETS, NET

	Royalty free rights
Cost	
1 January 2016	**70,249,500**
Translation difference	10,537,500
31 December 2016	**80,787,000**
Translation difference	122,214,750
31 December 2017	**203,001,750**
Accumulated amortisation	
1 January 2016	**(32,143,361)**
Amortisation charge	(5,254,220)
Translation difference	(5,293,501)
31 December 2016	**(42,691,082)**
Amortisation charge	(16,309,748)
Translation difference	(75,841,617)
31 December 2017	**(134,841,882)**
Net book value as at 31 December 2016	**38,095,918**
Net book value as at 31 December 2017	**68,159,868**

In accordance with the Charter and the Joint Venture agreement between Uzavtosanoat and General Motors Corporation, a contribution, representing 25% share (USD 25,000 thousand, equivalent to UZS 34,929,250 thousand) of the Company's authorised share capital (USD 100,000 thousand, equivalent to UZS 139,837,000 thousand), was made in the form of intangible assets by General Motors Corporation as part of the initial Charter share contributions by General Motors Corporation and General Motors International Holdings, Inc.

The intangible assets contributed comprise the royalty free rights for the Company to manufacture powertrains and sell them in the Republic of Uzbekistan, Korea, Indonesia, the United Kingdom, the United States of America and in other CIS countries until total revenue achieves USD 1,186,085 thousand. On a monthly basis the amortisation is booked by multiplying actual revenue to the revenue ratio, which is equal to 0.021.

Valuation of the intangible assets and estimation to the revenue of the associated royalty free period was performed by independent professionally qualified appraisers as at 1 December 2008. The Company based its valuation on the relief from royalty method.

The costs of computer software obtained for internal use are amortised on a straight-line basis over the 3 years period. Amortisation of the royalty free rights started in 2012 on commencement of production.

Software development, installation and accumulated amortization was written off with zero net book value during 2017.

(in thousands of Uzbek Soums, unless otherwise indicated)

8. PROPERTY, PLANT AND EQUIPMENT, NET

Cost	Buildings and improvements	Machinery and Equipment	Motor vehicle	Furniture and Fixtures	Computers	Other PPE	Construction Work in Process	Total
1 January 2016	**268,620,038**	**804,642,006**	**4,257,120**	**1,828,192**	**11,978,945**	**17,765,799**	**6,873,211**	**1,115,965,311**
Additions	-	-	-	-	-	-	4,145,961	4,145,961
Disposals	(1,249,242)	-	-	-	-	-	-	(1,249,242)
Transfers	424,086	2,384,372	-	690,993	-	699,890	(4,199,341)	-
Translation difference	40,701,588	120,434,234	638,572	(415,492)	446,096	4,823,589	1,026,202	167,654,789
31 December 2016	**308,496,470**	**927,460,612**	**4,895,692**	**2,103,693**	**12,425,041**	**23,289,277**	**7,846,033**	**1,286,516,818**
Additions							3,089,337	3,089,337
Disposals	(4,647,268)	-	(442,924)	-	(1,870,359)	(44,271)	-	(7,004,821)
Transfers	401,107	380,875	-	-	410,044	112,765	(1,304,791)	-
Translation difference	466,948,782	1,403,326,178	7,404,098	3,182,472	19,070,713	35,309,688	13,105,616	1,948,347,547
31 December 2017	**771,199,091**	**2,331,167,664**	**11,856,866**	**5,286,166**	**30,035,439**	**58,667,459**	**22,736,196**	**3,230,948,881**
Accumulated depreciation								
1 January 2016	**(137,270,190)**	**(472,065,487)**	**(3,321,240)**	**(1,144,359)**	**(7,649,579)**	**(11,807,662)**	**-**	**(633,258,517)**
Depreciation charge	(3,812,044)	(30,342,471)	(360,660)	(64,976)	(2,109,003)	(906,904)	-	(37,596,057)
Disposals	146,194	-	-	-	-	-	-	146,194
Impairment	(17,123,099)	(40,048,745)	(79,443)	(83,072)	(153,816)	(1,043,622)	-	(58,531,797)
Translation difference	(20,192,530)	(80,381,984)	(530,062)	(177,917)	(1,342,846)	(1,594,574)		(104,219,913)
31 December 2016	**(178,251,668)**	**(622,838,687)**	**(4,291,405)**	**(1,470,323)**	**(11,255,245)**	**(15,352,762)**	**-**	**(833,460,091)**
Depreciation charge	(5,458,891)	(43,879,356)	(481,441)	(93,027)	(1,100,878)	(1,254,225)	-	(52,267,817)
Disposals	1,015,877	-	420,470	-	1,755,330	17,263	-	3,208,940
Impairment reversal	79,607,064	173,542,833	176,378	358,060	286,799	3,953,753	-	257,924,886
Translation difference	(270,447,285)	(973,554,163)	(6,795,779)	(2,294,460)	(17,723,908)	(26,096,717)	-	(1,296,912,312)
31 December 2017	**(373,534,903)**	**(1,466,729,372)**	**(10,971,778)**	**(3,499,750)**	**(28,037,902)**	**(38,732,688)**	**-**	**(1,921,506,393)**
Net book value as at 31 December 2016	**130,244,801**	**304,621,925**	**604,287**	**633,370**	**1,169,796**	**7,936,515**	**7,846,033**	**453,056,727**
Net book value as at 31 December 2017	**397,664,188**	**864,438,292**	**885,088**	**1,786,415**	**1,997,537**	**19,934,772**	**22,736,196**	**1,309,442,488**

(in thousands of Uzbek Soums, unless otherwise indicated)

During 2017 the Company discovered that the depreciation charge for the property, plant and equipment has not been adjusted in 2016 year to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life after impairment loss recognized as at 31 December 2015. Consequently, depreciation charge has been overstated and impairment loss has been understated for Uzbek Soums 28,827,976 thousands in 2016. The error has been corrected by restating each of the affected financial statements line items for 2016 including reclassification of impairment loss from General and administrative expenses line to Other operating expense line and the exchange rate at 31 December 2016 used to translate impairment loss into UZS: Cost of sales decreased by Uzbek Soums 19,238,089 thousands, General and administrative expenses decreased by Uzbek Soums 30,578,684 thousands and Other operating expense increased by Uzbek Soums 58,531,979 thousands.

As at 31 December 2017 included in property and equipment were fully depreciated assets totalling UZS 8,902,701 thousand (2016: UZS 2,408,399 thousand).

During 2017, as the part of yearly assessment, the Company carried out a review of the recoverable amount of the property, plant and equipment. In 2017, significant positive changes have taken place in the local automotive market and economic environment. Based on the revised mid-term forecast the Company expect a production volume increase for the next 5 years. As already stated above, the Company's investment project of F1G3 1.8L Engines, with the estimated start of regular production in Q4 2019, will drive the extent of using a cash generating assets to significantly increase.

For the year ended 31 December 2017 (Note 17), based on the assumptions above, the Company recognized impairment recovery of UZS 257,924,886 thousand (2016: UZS 58,531,979 thousand loss). The discount rate used in measuring value in use was 17% applied for forecast period and 16.85% applied for terminal period calculated based on Weighted Average Cost of Capital of the Company.

9. PAYABLES AND ACCRUED LIABILITIES

	31 December 2017	31 December 2016
Payable to related parties	38,513,493	15,976,437
Accounts payable to non-related parties:		
Payable to suppliers	100,729,468	59,300,889
Accrued wages	3,532,230	3,564,322
Other accounts payable	2,013,777	1,454,167
	144,788,968	**80,295,815**

The average credit period on purchases of certain goods is 1-2 months. No interest is charged on the accounts payables for the first 60 days from the date of the invoice. Thereafter, interest is charged at the rates agreed in the purchase agreements on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

10. TAXATION

In accordance with the Presidential Decree # PP-1020 dated 16 December 2008, the Company has a 10 year exemption on all taxes (except for payroll taxes) levied in the Republic of Uzbekistan and may be extended up to another 15 years each time when significant modifications are made to existing products or new products are launched. In addition, the Company is exempt from contributions to the Road Fund (1.4 percent) and customs duties (except for customs service fee) on inventories and construction materials imported by the Company.

Also, the Presidential Decree exempts all expatriates of the Company from personal income taxes and GM Company and General Motors International Holding Inc. and their legal successors from income tax in respect of dividends received from the Company.

In 2015, the Company made the decision and took the first steps on the launch of a new product. This initiative allows the Company to claim an extension of the exemption period for another 5 years. As already mentioned above in November 2017 the Supervisory Board of the Company approved an investment project of F1G3 1.8L Engines with the estimated start of regular production in Q4 2019.

(in thousands of Uzbek Soums, unless otherwise indicated)

Management believes that the Company will be able to obtain the extension and these exemptions will remain effective up to June 2027.

Deferred taxes are recognised for the future tax consequences attributable to difference between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases using enacted tax rates in the years in which temporary difference are expected to reverse.

	Opening balance	Recognized in profit or loss	Translation difference	Closing balance
Deferred tax assets in relation to:				
Property, plant and equipment	16,429,953	(5,091,999)	2,008,058	**13,346,012**
Total for the year ended 31 December 2016	**16,429,953**	**(5,091,999)**	**2,008,058**	**13,346,012**
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment	13,346,012	(68,473,892)	19,868,416	**(35,259,464)**
Total for the year ended 31 December 2017	**13,346,012**	**(68,473,892)**	**19,868,416**	**(35,259,464)**

Deferred taxes are recognized for the future tax consequences attributable to difference between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases using enacted tax rates in the years in which temporary difference are expected to reverse. The Company did not have unrecognized tax benefits as at December 31, 2017 and 2016.

The effective tax rate reconciliation is as follows for the years ended 31 December 2017 and 2016:

	31 December 2017	31 December 2016
Profit/(Loss) before income tax	**489,831,982**	**(75,703,818)**
Tax at the statutory tax rate (14.9% for 2017 and 14.9% for 2016)	68,576,477	(11,279,869)
Tax effect of permanent differences	(137,050,369)	6,187,870
Income tax expense	(68,473,892)	(5,091,999)
Change in deferred income tax	(68,473,892)	(5,091,999)
Income tax expense	(68,473,892)	(5,091,999)

During 2017 the Company discovered that deferred tax on property, plant and equipment has been calculated with errors since 2015. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Company’s financial statements including impact described in Note 8.

(in thousands of Uzbek Soums, unless otherwise indicated)

Statement of Financial Position

	Impact of correction of error		
1 January 2016	As previously reported	Adjustments	As restated
Deferred tax asset	-	16,429,953	16,429,953
Others	665,945,589	-	665,945,589
Total assets	**665,945,589**	**16,429,953**	**682,375,542**
Deferred tax liability	39,516,749	(39,516,749)	-
Others	582,331,825	-	582,331,825
Total liabilities	**621,848,574**	**(39,516,749)**	**582,331,825**
Accumulated deficit	(771,719,450)	51,237,968	(720,481,482)
Foreign currency translation reserve	330,360,736	4,708,734	335,069,470
Others	485,455,729	**-**	485,455,729
Total equity	**(44,097,015)**	**55,946,702**	**100,043,717**
		(0)	
31 December 2016	As previously reported	Adjustments	As restated
Deferred tax asset	-	13,346,012	13,346,012
Others	632,142,117	-	632,142,117
Total assets	**632,142,117**	**13,346,012**	**645,488,129**
Deferred tax liability	56,027,400	(56,027,400)	-
Others	618,476,189	-	618,476,189
Total liabilities	**674,503,589**	**(56,027,400)**	**618,476,189**
Accumulated deficit	(857,135,729)	47,143,405	(809,992,324)
Foreign currency translation reserve	329,318,528	22,230,007	351,548,535
Others	485,455,729	**-**	485,455,729
Total equity	**42,361,472**	**69,373,412**	**27,011,940**

Statement of Profit or Loss and OCI

	Impact of correction of error		
For the year ended 31 December 2016	As previously reported	Adjustments	As restated
Cost of sales	(209,617,160)	26,453,483	(183,163,677)
General and administrative expenses	(53,256,911)	25,326,541	(27,930,370)
Other operating expense	**(3,315,582)**	**(60,495,049)**	**(63,810,631)**
Others	190,485,835	**-**	**190,485,835**
Deferred tax expense	**(9,712,461)**	**4,620,462**	**(5,091,999)**
Net loss for the year	**(85,416,279)**	**(4,094,563)**	**(89,510,842)**
Exchange difference arising during the	(1,042,208)	**17,521,273**	**16,479,065**
Total comprehensive income	**(86,458,487)**	**13,426,710**	**(73,031,777)**

(in thousands of Uzbek Soums, unless otherwise indicated)

11. LONG-TERM BORROWINGS FROM RELATED PARTIES

	31 December 2017	31 December 2016
Interest free Loan from JSC Uzavtosanoat	-	323,593,945
Syndicated Loan	-	99,235,519
USD loan from JSC General Motors Uzbekistan	-	95,713,206
4.5% UZS Loan from JSC Uzavtosanoat	607,743,928	-
UZS loan from JSC General Motors Uzbekistan	152,754,757	-
Loan from JSC Asaka Bank	-	10,163,005
	760,498,685	**528,705,675**
Less: Current portion	(152,754,757)	(211,409,885)
Long term portion borrowing from related parties	**607,743,928**	**317,295,790**

i. Interest free loan from JSC Uzavtosanoat

Under the Joint Venture agreement, Uzavtosanoat is required to provide an interest-free loan to the Company of USD 250,000 thousand. These funds have been made available starting from 16 November 2009 (loan agreement No 108-9/90-9 dated 16 November 2009) and as at 31 December 2017 and 2016 USD 227,252 thousand was drawn down. As a result of a supplementary agreement dated 29 August 2017 the currency in which the debt was denominated has been changed to UZS and interest rate has been fixed for the loan period and constituted 4.5% which led to derecognition of the previous loan in USD and recognition of the loan denominated in UZS at a market rate of 14%. The loss on debt extinguishment was recognized as a deduction to additional paid-in capital. The Company will repay the loan in ten bi-annual installments, starting from 25 August 2020, the final instalment is due on 25 February 2025.

The loan was recognized at fair value on initial recognition of each draw at market interest rates of 10.85%-19.25%.

The loan is secured by a separate pledge agreement over equipment and property rights for UZS 1,837,409,840 thousand (USD 226,282 thousand) owned or to be fully owned by the Company under a contract for services and delivery of machinery and equipment concluded between the Company and Comau France SAS.

ii. Syndicated loan from Asaka Bank, UzPromStroy Bank, National Bank of Uzbekistan, and Ipoteka Bank

The Company also entered into a syndicated loan agreement (No 2010-12/20 dated 26 August 2010) denominated in USD with the State Joint Stock Commercial "Asaka Bank" (Lead Lender), Joint Stock Commercial Bank "UzPromStroy Bank" (Lender 1), National Bank for Foreign Economic Activity of the Republic of Uzbekistan (Lender 2), and the Joint Stock Commercial Mortgage Bank "Ipoteka Bank" (Lender 3). The total amount of the loan is USD 126,900 thousand, where the Lead Lender shares USD 110,900 thousand, Lender 1's shares USD 6,000 thousand, Lender 2's shares USD 5,000 thousand and Lender 3's shares USD 5,000 thousand.

The loan was granted for seven years from the date of the first draw with a thirty six months grace period. The principal is payable to Lead Lender bi-annually in equal instalments after the grace period. The Lead Lender will reimburse all Lenders in accordance with their stakes.

The interest rate for the loan was set at 6 months LIBOR+2% per annum. The principal and interest on the loan will be paid in UZS at the official CBU exchange rates effective at each date of payment. The interest will be payable in six months from the date of the first draw and every six months thereafter.

The loan is secured by a separate pledge agreement over machinery and equipment of JSC GM Uzbekistan. The loan is also secured by a general guarantee provided by JSC Uzavtosanoat.

On 5 April 2016, the Company signed supplementary agreement # 5 to the loan agreement #2010-12/20 dated 26 August 2010 about rescheduling of principal payments without changing the final maturity date. All other provisions of the agreement not indicated in the supplementary agreement remained unchanged.

The loan was recognized at fair value on initial recognition of each draw at market interest rate of 9.63%-15.67%. The loan was fully repaid in 2017.

(in thousands of Uzbek Soums, unless otherwise indicated)

iii. Loan from JSC General Motors Uzbekistan

The Company entered into an unsecured loan agreement dated May 15, 2013 denominated in USD with JSC GM Uzbekistan. The total amount of loan available was USD 50,000 thousand, out of which the entire USD 50,000 thousand was drawn as at December 31, 2017 and 2016. The initial loan was granted for four years from the date of the first draw and the principal was payable to the Lender by ten quarterly payments in equal instalments starting from March 2015. The interest rate for the loan was set at 6 months LIBOR+2% per annum.

The loan was recognized at fair value on initial recognition of each draw at market interest rate of 9.63%-15.67%.

On September 20, 2017 the supplementary agreement was signed under which the remaining balance in USD has been transferred to UZS and the previous loan was derecognized due to substantial change in the terms of the agreement and a new loan in UZS was recognized. As per the latest supplementary agreement, the Company will make quarterly payments of both principal and interest in UZS with a maturity date being on December 25, 2018. The interest rate of the loan is fixed for the loan period and constitutes 14%.

iv. Loan from Asaka Bank

The Company entered into a loan agreement (No 2010-12/23 dated October 7, 2010) denominated in USD with State Joint Stock Commercial "Asaka Bank" (Lead Lender) and the National Bank for Foreign Economic Activity of the Republic of Uzbekistan (Lender). The total amount of the loan was USD 30,000 thousand where the Lead Lender's share was USD 20,000 thousand and the Lender's share USD 10,000 thousand.

The total amount of loan available was USD 30,000 thousand, out of which the entire USD 30,000 thousand was drawn as at December 31, 2016 and 2015. The loan was granted for seven years from the date of the first draw with a thirty six months grace period from the date of the first draw. The principal was paid to Lead Lender bi-annually in equal instalments after the grace period.

The loan was recognized at fair value on initial recognition of each draw at market interest rate of 9.21%-17.84%.

The loan was secured by a separate pledge agreement over press and overhead cranes of JSC General Motors Uzbekistan. The loan was also secured by a general guarantee provided by JSC Uzavtosanoat. The loan was fully repaid in 2017.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Borrowings	**Long-term borrowings from related parties**	**Current portion of long-term borrowings**	**Total debt**
Principal balance	317,295,790	211,409,885	**528,705,675**
Interest payable		2,051,990	**2,051,990**
Total	**317,295,790**	**213,461,875**	**530,757,665**
Cash flows from financing activities			
Repayment of borrowings from related parties			**(136,949,808)**
Other changes			
Interest paid			**(13,672,638)**
Interest accrued including discount amortised			**105,261,190**
Derecognotion of long-term loans			**119,195,009**
Transaltion difference			**179,756,606**
Total liability-related other changes			**390,540,167**
Principal balance	607,743,928	152,754,757	**760,498,685**
Interest payable	22,769,176	1,225,631	**23,994,807**
Total			**784,348,024**

(in thousands of Uzbek Soums, unless otherwise indicated)

12. INTEREST EXPENSE

	31 December 2017	31 December 2016
Interest free USD loan from JSC Uzavtosanoat	36,445,426	38,719,358
4.5% UZS loan from JSC Uzavtosanoat	48,181,682	-
UZS loan from JSC General Motors Uzbekistan	9,261,357	-
Syndicated Loan	6,681,105	11,367,287
USD loan from JSC General Motors Uzbekistan	3,726,572	3,087,228
Loan from JSC Asaka Bank	965,048	3,217,716
Interest expense recognised in Statement of Operations	**105,261,190**	**56,391,589**

13. ISSUED SHARE CAPITAL

All ordinary shares rank equally and carry one vote. The par value of ordinary shares is USD 100 per share.

The Company was established under the legislation of the Republic of Uzbekistan with authorised charter capital of USD 100,000 thousand (or UZS 139,837,000 thousand) as at 21 January 2009 to be paid in the form of cash and in-kind as follows:

- USD 75,000 thousand (or UZS 104,877,750 thousand) was issued for settlement in cash;
- USD 25,000 thousand (or UZS 34,959,250 thousand) was issued in return for a settlement in kind, contributed as intangible assets.

The amount of issued share capital of the Company, all of which is fully paid, as at 31 December 2017 and 2016 was as follows:

	Ownership %	31 December 2017 UZS	Ownership %	31 December 2016 UZS
State Joint Stock Company "Uzavtosanoat"	48.0000%	67,121,760	48.0000%	67,121,760
General Motors Corporation, USA	51.9999%	72,715,100	51.9999%	72,715,100
General Motors International Holdings Inc	0.0001%	140	0.0001%	140
	100%	**139,837,000**	**100%**	**139,837,000**

Each share entitles the holder to participate in shareholders meetings, to receive dividends and in the event of the Company’s liquidation, to receive its share of distributable assets to the extent that there are sufficient funds available.

The Company has not declared dividends for the years ended 31 December 2017 and 2016.

Additional paid-in capital

As discussed above, the share capital of the Company was established at USD 100,000 thousand (equivalent to UZS 139,837,000 thousand). In accordance with the Joint Venture agreement, JSC Uzavtosanoat made its share contribution in UZS using the exchange rate of 1,398.37 UZS for 1 US dollar (the rate applying on 21 January 2009, the closing date agreed by the parties). GM made its share contribution in US dollars over several tranches during 2009 and 2010. As a result, GM’s share contribution made was in excess of that agreed in the joint venture agreement, by an amount equivalent to the gain on exchange between USD and UZS between 21 January 2009 and the eventual date of contribution.

The following table summarises fair value adjustments on borrowings from related parties and exchange rate differences on share capital contributions recognised as additional paid-in capital:

(in thousands of Uzbek Soums, unless otherwise indicated)

	31 December 2017	31 December 2016
Interest free loan from JSC Uzavtosanoat	301,327,300	301,327,300
Syndicated loan	61,801,067	61,801,067
Loan from JSC General Motors Uzbekistan	6,404,259	6,404,259
Loan from JSCB Asaka Bank	18,951,479	18,951,479
Derecognition of loan from JSC Uzavtosanoat	(119,195,009)	-
Total fair value adjustment recognised as additional paid-in capital	**269,289,097**	**388,484,105**
Less: Deferred tax effect	(49,048,313)	(49,048,313)
Total fair value adjustment recognised as additional paid-in capital, net of tax	**220,240,784**	**339,435,792**
Exchange rate differences on share capital contributions	6,182,937	6,182,937
Total additional paid-in capital	**226,423,721**	**345,618,729**

14. REVENUE

The Company had revenue from sales of the following goods for the year ended 31 December 2017:

During 2017 revenue was mainly from JSC General Motors Uzbekistan, comprising of UZS 730,886,193 thousand (2016: UZS 247,553,589 thousand).

	31 December 2017	31 December 2016
Engine	732,547,749	249,211,380
Others	90,962	157,179
Crankshaft	72,769	35,588
Cylinder head	68,221	225,388
Cylinder block	22,740	11,863
	732,802,442	**249,641,398**

	31 December 2017	31 December 2016
Local sales	731,679,063	247,553,589
Export sales	1,123,379	2,087,809
	732,802,442	**249,641,398**

15. COST OF SALES

	31 December 2017	31 December 2016
Engine	491,580,030	182,615,034
Cylinder head	109,328	533,815
Cylinder block	52,287	5,931
Crankshaft	19,014	8,896
	491,760,659	**183,163,676**

(in thousands of Uzbek Soums, unless otherwise indicated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2017	31 December 2016
State Taxes	15,693,727	5,252,143
Staff costs and related charges	6,789,366	6,115,144
Bank Comissions	3,634,910	1,233,705
Depreciation	1,688,085	1,328,605
Property Insurance	2,174,094	610,921
Management and other services, fees and other charges	2,113,800	3,019,019
Loss on disposal of property	1,079,828	-
Write-off of misappropriated assets	-	-
Materials write-off	-	-
Others	3,541,232	10,370,833
	36,715,042	**27,930,370**

State taxes consist of mandatory contributions to the Pension Fund and the Fund of reconstruction, refurbishment and equipping of schools, professional colleges, academic lyceums and medical institutions.

17. OTHER OPERATING INCOME/(EXPENSE), NET

	31 December 2017	31 December 2016
Depreciation	-	(5,394,494)
Impairment reversal/(loss) of property, plant and equipment	257,924,886	(58,531,797)
Others	1,842,395	115,660
	259,767,281	**(63,810,631)**

During January 2016, the Company's plant was temporary closed and which in turn led to recognition of depreciation expense of UZS 5,394,494 thousand as part of other operating expenses. For the year ended 31 December 2017, the Company recognised reversal of impairment losses for the amount of UZS 257,924,886 thousand (2016: UZS 56,178,613 thousand impairment loss).

18. COMMITMENTS AND CONTINGENCIES

Taxation

The tax environment in the Republic of Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Uzbekistan laws and regulations can lead to the imposition of penalties and interest. Management believes that it has adequately provided for all tax liabilities in accordance with its interpretation of laws and regulations. However, the risk remains that relevant authorities could interpret tax laws and regulations differently and take differing positions with regard to interpretative issues, and as such, the effect could be significant. Consequently, additional taxes may be assessed including penalties and interest, which could be significant. No provision has been made for these contingencies.

The Company is liable for pension fund contributions, payroll related taxes and contributions.

Laws related to these contributions have not been in force for significant periods, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents with regard to many issues have been established.

Legal proceedings

From time to time and in the normal course of business claims against the Company are made. No claims have been received up to the date of signing these financial statements, and management of the Company is not aware of any such claim pending, hence no provisions have been made in these financial statements.

(in thousands of Uzbek Soums, unless otherwise indicated)

Operating environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly. Tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

During 2017, there were significant changes in the political environment of Uzbekistan. The new government of the Republic of Uzbekistan focused on achieving stable and dynamic economic growth. One of the priorities set by the new President is strengthening the macroeconomic stability of the country. Also, high attention is paid to attracting foreign direct investment to the country and to the security of foreign investors.

During 2017 Uzbekistan experienced significant reforms initiated by the President under the program Action on five priority directions of development of the Republic of Uzbekistan in 2017-2021. For instance, major currency conversion restrictions have been repealed, mandatory sale of foreign currency generated by export sales was abolished, the settlement period for export transactions was increased, one-stop-shop of government services was introduced and other positive changes have been implemented.

Management of the Company is monitoring developments in the current environment and taking measures it considers necessary in order to support the sustainability and development of the Company's business in the foreseeable future. However, the impact of further economic developments on future operations and the financial position of the Company is at this stage difficult to determine.

As the Company's sales in the domestic market are primarily done to the Joint Stock Company General Motors Uzbekistan ("JSC GM Uzbekistan"), its domestic activities will be highly dependent on demand for cars produced by JSC GM Uzbekistan.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

	31 December 2017	
	Carrying amount	**Fair value**
Cash and cash equivalents	19,098,405	19,098,405
Accounts receivable, net	2,192,419	2,192,419
Borrowings from related parties	760,498,685	760,498,685
Payables and accrued liabilities	144,788,968	144,788,968
Interest payable on long-term borrowings	23,994,807	23,994,807

	31 December 2016	
	Carrying amount	**Fair value**
Cash and cash equivalents	16,700,289	16,700,289
Accounts receivable, net	1,160,101	1,160,101
Borrowings from related parties	528,705,675	628,616,573
Payables and accrued liabilities	80,295,815	80,295,815
Interest payable on long-term borrowings	2,051,990	2,051,990

(in thousands of Uzbek Soums, unless otherwise indicated)

			31 December 2017	
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	19,098,405	-	-	**19,098,405**
Accounts receivable, net	-	-	2,192,419	**2,192,419**
Borrowings from related parties	-	760,498,685	-	**760,498,685**
Payables and accrued liabilities	-	-	144,788,968	**144,788,968**
Interest payable on long-term borrowings	-	-	23,994,807	**23,994,807**

			31 December 2016	
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	16,700,289	-	-	**16,700,289**
Accounts receivable, net	-	-	1,160,101	**1,160,101**
				-
Borrowings from related parties	-	628,616,573	-	**628,616,573**
Payables and accrued liabilities	-	-	80,295,815	**80,295,815**
Interest payable on long-term borrowings	-	-	2,051,990	**2,051,990**

Borrowings include loans from related parties that were initially measured at fair value, established using Level 2 valuation techniques, described in more detail below.

1) Method used to determine interest rate to discount Interest free loan obtained from Uzavtosanoat

The Company received a fifteen year interest free loan (Note 11) arranged by one of the shareholders JSC Uzavtosanoat as agreed under the Joint Venture Agreement.

As the loan was issued with preferential interest rates and arranged by one of the shareholders, the loan was initially measured at fair value, and the discount on initial recognition at fair value was recorded as an additional paid-in capital.

As there is no market in Uzbekistan for loans with a 10 year grace period and repayment within 5 years after the end of the period, the Company estimates an equivalent market interest rate based on the combination of country risk and business risk on top of a USD risk free rate. Joint Stock Commercial Bank “Asaka” rating is used as a proxy for country risk and JSC General Motors Uzbekistan’s secured borrowing spread as a proxy for the business risk.

2) Method used to determine interest rate to discount loan received from JSC GM Uzbekistan, syndicated loan received from JSC Asaka Bank, JSC UzPromStroy Bank, National Bank and JSMC Ipoteka Bank and loan received from JSC Asaka Bank

As discussed in Note 11, these loans were secured with attached guarantees and pledges issued by JSC Uzavtosanoat and JSC General Motors Uzbekistan, which are related parties. Each of these loans meet the definition of a liability issued with an inseparable third-party credit enhancement.

The issuer of a liability with an inseparable credit enhancement shall not include the effect of the credit enhancement in the fair value measurement of the liability. The application of this is that the Company values the loan at fair value (using appropriate rates of interest) and then reduces the fair value by the value of the guarantee/pledge.

As the difference between the unsecured rates and secured rates should give a value broadly in line with the cost of the credit enhancement, the Company included the loan at a valuation based on secured rates and calculated the fair value of the credit enhancement, based on the difference between secured and unsecured rates of interest, which is also posted to additional paid-in capital.

For all loans the estimation is reconsidered in each month that the loan is drawn down. As there are no similar loans on the market locally, interest rates are imputed in the same way as described above for the interest free loan.

3) Method used to determine interest rate to discount newly recognized 4.5% interest loan from Uzavtosanoat and loan from JSC GM Uzbekistan

The Company estimates an equivalent market interest rate based on the analysis of country risk free rate and the potential credit rating of the Company. As an alternative, the Company looked at a refinancing rate of 14%, a sole source for the market borrowing rate in Uzbekistan, provided by the Central Bank of Uzbekistan.

20. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of net debt (borrowings as detailed in Note 11 offset by cash and bank balances) and equity of the Company (as detailed in Note 13).

The Company is not subject to any externally imposed capital requirements.

Financial risk management objectives

The Company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Treasury function reports quarterly to the Company's Supervisory Board, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company does not enter into any derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(in thousands of Uzbek Soums, unless otherwise indicated)

	Notes	UZS	USD (1 USD = 8,120.07 UZS)	EUR (1 EUR = 9,624.72 UZS)	Other currencies	31 December 2017 Total
FINANCIAL ASSETS						
Cash and cash equivalents	5	13,154,513	5,505,407	438,484	-	**19,098,405**
Accounts receivable, net		97,441	2,094,978	-	-	**2,192,419**
TOTAL FINANCIAL ASSETS		**13,251,954**	**7,600,385**	**438,484**	**-**	**21,290,824**
FINANCIAL LIABILITIES						
Borrowings from related parties	11	760,498,685	-	-	-	**760,498,685**
Payables and accrued liabilities	9	11,749,741	127,265,857	5,773,370	-	**144,788,968**
Interest payable on long-term borrowings		23,994,807	-	-	-	**23,994,807**
TOTAL FINANCIAL LIABILITIES		**796,243,233**	**127,265,857**	**5,773,370**	**-**	**929,282,460**
NET POSITION		**(782,991,279)**	**(119,665,472)**	**(5,334,886)**	**-**	**(907,991,636)**

	Notes	UZS	USD (1 USD = 3231.48 UZS)	EUR (1 EUR = 3419.23 UZS)	Other currencies	31 December 2016 Total
FINANCIAL ASSETS						
Cash and cash equivalents	5	9,542,561	7,002,617	155,111	-	**16,700,289**
Accounts receivable, net		702,093	458,008	-	-	**1,160,101**
TOTAL FINANCIAL ASSETS		**10,244,654**	**7,460,625**	**155,111**	**-**	**17,860,390**
FINANCIAL LIABILITIES						
Borrowings from related parties	11	-	528,705,675	-	-	**528,705,675**
Payables and accrued liabilities	9	7,590,105	69,055,691	3,529,001	121,018	**80,295,815**
Interest payable on long-term borrowings		-	2,051,990	-	-	**2,051,990**
TOTAL FINANCIAL LIABILITIES		**7,590,105**	**599,813,356**	**3,529,001**	**121,018**	**611,053,480**
NET POSITION		**2,654,549**	**(592,352,731)**	**(3,373,890)**	**(121,018)**	**(593,193,090)**

Currency sensitivity

The following table details the Company's sensitivity to a 20% and 5% increase and decrease in the UZS and EUR against USD. These sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for 20% and 5% in foreign currency rates.

	As at 31 December 2017		As at 31 December 2017	
	USD/UZS +20%	**USD/UZS -20%**	**USD/EUR +5%**	**USD/EUR -5%**
Impact on profit or loss	(156,569,162)	156,569,162	(266,744)	266,744

(in thousands of Uzbek Soums, unless otherwise indicated)

	As at 31 December 2016		As at 31 December 2016	
	USD/UZS +20%	USD/UZS -20%	USD/EUR +5%	USD/EUR -5%
Impact on profit or loss	530,910	(530,910)	(168,694)	168,694

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period may not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Company’s loss for 2016 would decrease/increase by UZS 5,287,057 thousand (2015: decrease/increase by UZS 4,765,782 thousand). This is mainly attributable to the Company’s exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

An analysis of liquidity is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the entity.

(in thousands of Uzbek Soums, unless otherwise indicated)

	Weighted average interest rate	0-6 months	6-12 months	1-5 years	Over 5 years	31 December 2017 Total
Financial assets:						
Cash and cash equivalents		19,098,405	-	-	-	19,098,405
Accounts receivable, net		2,192,419	-	-	-	2,192,419
Total financial assets		**21,290,824**	**-**	**-**	**-**	**21,290,824**
Financial liabilities:						
Borrowings	14.00% - 16.00%	152,754,757	-	413,415,737	194,328,191	760,498,685
Payables and accrued liabilities		144,788,968	-	-	-	144,788,968
Interest payable on long-term borrowings		23,994,807	-	-	-	23,994,807
Total financial liabilities		**321,538,532**	**-**	**413,415,737**	**194,328,191**	**929,282,460**
Liquidity gap		**(300,247,708)**	**-**	**(413,415,737)**	**(194,328,191)**	**(907,991,636)**

	Weighted average interest rate	0-6 months	6-12 months	1-5 years	Over 5 years	31 December 2016 Total
Financial assets:						
Cash and cash equivalents		16,700,289	-	-	-	16,700,289
Accounts Receivable, net		1,160,101	-	-	-	1,160,101
Total financial assets		**17,860,390**	**-**	**-**	**-**	**17,860,390**
Financial liabilities:						
Borrowings	14.00% - 16.00%	32,353,342	179,056,543	128,396,757	188,899,033	528,705,675
Payables and accrued liabilities		80,295,815	-	-	-	80,295,815
Interest payable on long-term borrowings		2,051,990	-	-	-	2,051,990
Total financial liabilities		**114,701,147**	**179,056,543**	**128,396,757**	**188,899,033**	**611,053,480**
Liquidity gap		**(96,840,757)**	**(179,056,543)**	**(128,396,757)**	**(188,899,033)**	**(593,193,090)**

(in thousands of Uzbek Soums, unless otherwise indicated)

The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those liabilities. The inclusion of information on non-derivative financial liabilities is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average interest rate	0-6 months	6-12 months	1-5 years	Over 5 years	31 December 2017 Total
Financial liabilities:						
Borrowings	14.00% - 16.00%	152,754,757	-	623,345,875	466,613,767	1,242,714,399
Payables and accrued liabilities		144,788,968	-	-	-	144,788,968
Interest payable on long-term borrowings		23,994,807	-	-	-	23,994,807
Total financial liabilities		**321,538,532**	**-**	**623,345,875**	**466,613,767**	**1,411,498,174**

	Weighted average interest rate	0-6 months	6-12 months	1-5 years	Over 5 years	31 December 2016 Total
Financial liabilities:						
Borrowings	14.00% - 16.00%	30,246,866	186,045,833	220,308,191	514,052,447	950,653,337
Payables and accrued liabilities		80,295,815	-	-	-	80,295,815
Interest payable on long-term borrowings		2,051,990	-	-	-	2,051,990
Total financial liabilities		**112,594,671**	**186,045,833**	**220,308,191**	**514,052,447**	**1,033,001,142**

(in thousands of Uzbek Soums, unless otherwise indicated)

21. RELATED PARTIES TRANSACTIONS

Details of transactions between the Company and other related parties are disclosed below.

Key management compensation

Key management compensation for the years ended 31 December 2017 and 2016 was UZS 2.8 billion and UZS 1.6 billion, respectively. Key management includes four members of the Company's management team composed of General Director, Finance Director, Manufacturing Director and Chief Accountant (2016 - four members).

Trading transactions

JSC Uzavtosanoat is a state owned company and therefore all government-related entities and bodies are considered to be related parties to the Company. Similarly, all GM entities are considered to be related parties.

During the year, the Company entered into the following trading transactions with related parties:

Revenue:

	31 December 2017	31 December 2016
JSC General Motors Uzbekistan	731,679,860	247,553,589
General Motors LLC	1,105,061	1,728,966
General Motors Korea Company	17,519	-
	732,802,442	**249,282,555**

Purchases:

	31 December 2017	31 December 2016
General Motors Korea Company - Direct parts	158,362,831	54,953,255
JSC Tashgorpes - Electricity	4,498,613	3,016,053
JSC Uzavtosanoat - Membership	2,258,486	646,509
General Motors Overseas Corporation - Indirect spare part services	2,170,688	1,924,698
General Motors Korea Company - Maintenance	2,768,035	225,388
JSCB Asaka Bank - Bank commissions	1,823,242	1,159,564
State Customs committee - Customs	950,280	548,643
Tashkentshahargaz - Natural gas	910,611	382,567
General Motors Mexico - Indirect spare part services	1,303,831	-
General Motors India Private - Indirect spare part services	1,303,831	-
GTK TashkentAero - Storage	745,227	341,048
General Motors Korea Company - Consulting	835,790	1,423,506
NAC Uzbekistan Airways - Storage	132,298	86,003
TShTT Uzbektelecom - Communication	117,511	151,247
General Motors Korea Company - Indirect spare part services	-	1,924,698
	178,181,274	**66,783,179**

(in thousands of Uzbek Soums, unless otherwise indicated)

The following balances were outstanding at the end of the reporting period:

Prepaid suppliers:

	31 December 2017	31 December 2016
General Motors Korea Company	11,615,747	1,974,434
GTK TashkentAero	150,977	100,176
JSC Tashgorpes	144,445	-
State Customs Committee	122,618	-
Tashkentshahargaz	79,804	77,556
NAC Uzbekistan Airways	26,363	48,472
TShTT Uzbektelekom	-	3,231
	12,139,954	**2,203,869**

Accounts receivable:

	31 December 2017	31 December 2016
General Motors Korea Company	878,497	998,527
General Motors International Operations	-	179,559
СП ООО "UZAUTO-INZI"	85,131	-
Less: allowance for bad debt	(238,385)	(746,472)
	725,243	**431,614**

Payables and accrued liabilities:

	31 December 2017	31 December 2016
General Motors Overseas Corporation	22,979,798	8,279,052
General Motors Korea Company	7,827,747	-
General Motors India Private	3,069,386	2,178,018
General Motors Mexico	2,980,066	1,202,111
JSC Uzavtosanoat	747,046	-
General Motors Holden	503,444	1,386,305
JV LLC UzAvtoInzi	300,443	-
Turin Polytechnic University in Tashkent	56,840	-
Tashkentshahargaz	40,600	64,630
TShTT Uzbektelekom	8,120	12,926
General Motors Auslandsprojekte GmbH	-	2,316,971
JSC Uzavtosanoat	-	436,250
JSC Tashgorpes	-	100,176
	38,513,490	**15,976,439**

Advances received:

	31 December 2017	31 December 2016
General Motors Uzbekistan	1,818,896	6,076,190
General Motors Korea Company	868,847	361,926
General Motors LLC (USA)	389,763	-
Shanghai GM Corporation Ltd.	259,842	-
General Motors International Operating Company	203,002	-
	3,540,350	**6,438,116**

(in thousands of Uzbek Soums, unless otherwise indicated)

Long-term borrowings:

	31 December 2017	31 December 2016
Interest free Loans from JSC Uzavtosanoat	607,743,928	323,593,944
Syndicated loan from Asaka, UzPromStroy, National and Ipoteka Banks	-	99,235,519
Loan from JSC General Motors Uzbekistan	152,746,637	95,713,206
Loan from JSCB Asaka Bank	-	10,163,005
	760,490,565	**528,705,674**

22. SUBSEQUENT EVENTS

The evaluation of subsequent events has been carried out up to 8 May 2018, the date these financial statements were authorized for issuance. The Company has determined that there are no items to disclose.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the management of the Company and authorised for issue on 8 May 2018.