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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 2018, 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 2018, 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.

Audited entity: JSC «General Motors Powertrain-Uzbekistan»

Registration with the number 978 in the Register of Republic of Uzbekistan of entities and organizations on 21 January 2009

Registered address: 1, Istiqbol str., Kumarik makhalla, Khanabad village community, Zangiota district, 111800

Tashkent region, Republic of Uzbekistan

Independent auditor: “KPMG Audit” LLC, a company incorporated under the Laws of the Republic of Uzbekistan, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

Audit organization “KPMG Audit” LLC. Registered in the Unified State Register of entities and organizations on 22 March 2017 under #0111887-10

Registered address: International Business Center, 11 Floor, Amir Temur ave. 107B, Tashkent, 100084, Republic of Uzbekistan.



Emphasis of Matter

We draw attention to Note 12 to the financial statements which describe that the comparative information presented as at and for the year ended 31 December 2017 has been restated. Our opinion is not modified in respect of this matter.

Other matter Relating to Comparative Information

As part of our audit of the financial statements as at and for the year ended 31 December 2018, we audited the adjustment described in Note 12 that was applied to restate the comparative information presented as at and for the year ended 31 December 2017. In our opinion, the adjustment described in Note 12 is appropriate and has 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:

Sanjarbek Saidov

General director

Audit organisation "KPMG Audit" LLC
Tashkent, Uzbekistan

30 April 2019

JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

(in thousands of Uzbek Soums)

	Note	31 December 2018	31 December 2017 Restated
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5	241,279,861	19,098,405
Accounts receivable, net		5,379,010	2,192,419
Inventory	6	350,569,663	273,045,474
Prepaid suppliers		126,944,630	17,433,790
TOTAL CURRENT ASSETS		724,173,164	311,770,088
NON-CURRENT ASSETS:			
Non-current inventory	6	61,946,177	46,576,722
Intangible assets, net	7	34,158,797	68,159,868
Construction in progress	8	21,365,927	22,736,196
Property, plant and equipment, net	8	1,211,653,220	1,286,706,292
		1,329,124,121	1,424,179,078
TOTAL ASSETS		2,053,297,285	1,735,949,166
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Payables and accrued liabilities	9	266,115,041	144,788,968
Advances received		31,665,271	3,759,592
Current portion of long-term borrowings from related parties	11	-	152,754,757
TOTAL CURRENT LIABILITIES		297,780,312	301,303,317
NON-CURRENT LIABILITIES:			
Long-term borrowings from related parties	11	692,491,213	607,743,928
Deferred tax liability	10	69,693,619	35,265,464
		762,184,832	643,009,392
TOTAL LIABILITIES		1,059,965,144	944,312,709
SHAREHOLDERS' EQUITY:			
Issued share capital	13	139,837,000	139,837,000
Additional paid-in capital	13	226,423,720	226,423,720
Accumulated deficit		(182,504,870)	(364,639,427)
Foreign currency translation reserve		809,576,291	790,015,164
		993,332,141	791,636,457
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,053,297,285	1,735,949,166

On behalf of management:



Jennifer Bigelow
General Director

30 April 2019
Tashkent, Uzbekistan

Saidazim Gulyamov
Finance Director

30 April 2019
Tashkent, Uzbekistan

Vladimir Ismailov
Chief Accountant

30 April 2019
Tashkent, Uzbekistan

The accompanying notes on pages 8-36 form an integral part of these financial statements.

JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

(in thousands of Uzbek Soums)

	Note	2018	2017 Restated
Revenue	14	1,651,992,390	732,802,442
Cost of sales	15	<u>(1,285,383,251)</u>	<u>(491,760,659)</u>
GROSS PROFIT		<u>366,609,139</u>	<u>241,041,783</u>
General and administrative expenses	16	(80,367,721)	(36,715,042)
Other operating income/(expense), net	17	4,349,217	259,767,281
OPERATING PROFIT		<u>290,590,635</u>	<u>464,094,022</u>
Interest expense	12	(91,059,210)	(81,266,383)
Foreign exchange gain, net		14,992,292	130,999,150
PROFIT BEFORE INCOME TAX		<u>214,523,717</u>	<u>513,826,789</u>
Deferred tax expense	10	(32,389,160)	(68,473,892)
NET PROFIT FOR THE YEAR		<u>182,134,557</u>	<u>445,352,897</u>
Items that will not be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising during the year		19,561,128	438,466,628
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>201,695,685</u>	<u>883,819,525</u>

The accompanying notes on pages 8-36 form an integral part of these financial statements.

JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Uzbek Soums)

	Note	Issued share capital	Additional paid-in capital	Foreign currency translation reserve	Accumulated deficit	Total
Balance at 1 January 2017		139,837,000	345,618,729	351,548,536	(809,992,324)	27,011,941
Net Profit for the year (restated)		-	-	-	445,352,897	445,352,897
Derecognition of long-term loans	13	-	(119,195,009)	-	-	(119,195,009)
Other comprehensive income for the year (restated)		-	-	438,466,628	-	438,466,628
Restated balance at 31 December 2017		139,837,000	226,423,720	790,015,164	(364,639,427)	791,636,457
Net Profit for the year		-	-	-	182,134,557	182,134,557
Other comprehensive income for the year		-	-	19,561,128	-	19,561,128
Balance at 31 December 2018		139,837,000	226,423,720	809,576,291	(182,504,870)	993,332,142

The accompanying notes on pages 8-36 form an integral part of these financial statements.

JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Uzbek Soums)

	Notes	2018	2017 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Profit for the year		182,134,557	445,352,897
Adjustments for:			
Income tax expense	10	32,389,160	68,473,892
Depreciation	8	106,273,003	52,267,817
Impairment recovery of property, plant and equipment	17	-	(257,924,886)
Amortization	7	34,680,769	16,309,748
Bad debt expense/(recovery)		1,404,014	(1,660,691)
Interest expense	11	91,059,210	81,266,383
Gain on sale of property, plant and equipment		(484,143)	-
Write-off of capitalized expense/Loss on disposal of PPE	16	5,761,300	1,079,828
Allowance for obsolete inventory		4,567,081	-
Foreign exchange gain		(14,992,292)	(130,999,150)
Cash inflow from operating activities		442,792,659	274,165,838
before changes in net working capital			
Increase in prepaid suppliers		(105,502,806)	(1,325,948)
Increase in accounts receivable		(4,171,698)	(1,488,343)
Increase in inventories		(86,096,745)	(15,037,019)
Increase/(decrease) in advances received		26,894,138	(8,801,220)
Increase/(decrease) in payable and accrued liabilities		113,604,131	(31,730,777)
Cash generated from operating activities		387,519,679	215,782,531
Interest paid on borrowings from related parties	12	(5,185,154)	(13,672,638)
Net cash generated from operating activities		382,334,525	202,109,893
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and constructions		(11,562,066)	(3,089,337)
Proceeds from sale of property, plant and equipment		524,488	1,124,845
Net cash used in investing activities		(11,037,578)	(1,964,492)
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of borrowings from related parties	11	(152,367,517)	(136,949,808)
Net cash used in financing activities		(152,367,517)	(136,949,808)
Effect of foreign exchange rates on cash		3,252,026	(60,797,477)
NET INCREASE IN CASH AND CASH EQUIVALENTS		218,929,430	63,195,593
CASH AND CASH EQUIVALENTS, beginning of the period		19,098,405	16,700,289
CASH AND CASH EQUIVALENTS, end of the period		241,279,861	19,098,405

The accompanying notes on pages 8-36 form an integral part of these financial statements.