

INDEPENDENT AUDITORS' REPORT

To the Supervisory Board and Shareholders of Joint Stock Company "General Motors Powertrain – Uzbekistan"

Opinion

We have audited the financial statements of Joint Stock Company "General Motors Powertrain – Uzbekistan" (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 *Auditor's 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* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of 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

As discussed in Note 14 to the financial statements, substantially all of the Company's sales for the year ended 31 December 2016 were to related parties. Our opinion is not modified in respect of this matter.

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 IFRSs, 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 auditor's 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 auditor's 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 auditor's 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.

Deloitte & Touche

"Deloitte & Touche" Audit Organisation LLC
License authorizing audit of companies registered by
the Ministry of Finance of the Republic of Uzbekistan
under #00500 dated 8 February 2008

7 April 2017
Tashkent, Uzbekistan

[Signature]

Khakim Umarov
Qualified Auditor

Auditor qualification certificate authorizing audit of
companies, #05420 dated 20 August 2016 issued by
the Ministry of Finance of the Republic of Uzbekistan



[Signature]

Erkin Ayupov
Director

"Deloitte & Touche" Audit Organisation LLC

JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(in thousands of Uzbek Soums)

| | Notes | 31 December 2016 | 31 December 2015 |
|---|-------|---------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 5 | 16,700,289 | 43,908,747 |
| Accounts receivable, net | | 1,160,101 | 3,759,753 |
| Inventory | 6 | 116,171,706 | 90,419,536 |
| Prepaid suppliers | | 6,046,099 | 7,044,620 |
| | | 140,078,195 | 145,132,656 |
| NON-CURRENT ASSETS: | | | |
| Non-current inventory | 6 | 911,277 | - |
| Intangible assets, net | 7 | 38,095,918 | 38,106,139 |
| Property, plant and equipment, net | 8 | 453,056,727 | 482,706,794 |
| | | 492,063,922 | 520,812,933 |
| TOTAL ASSETS | | 632,142,117 | 665,945,589 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY: | | | |
| Issued share capital | 13 | 139,837,000 | 139,837,000 |
| Additional paid-in capital | 13 | 345,618,729 | 345,618,729 |
| Accumulated deficit | | (857,135,729) | (771,719,450) |
| Foreign currency translation reserve | | 329,318,528 | 330,360,736 |
| | | (42,361,472) | 44,097,015 |
| CURRENT LIABILITIES: | | | |
| Payables and accrued liabilities | 9 | 80,295,815 | 52,827,624 |
| Advances received | | 7,422,709 | 52,864,153 |
| Interest payable on long-term borrowings | | 2,051,990 | 61,820 |
| Current portion of long-term borrowings from related parties | 11 | 211,409,885 | 133,611,739 |
| | | 301,180,399 | 239,365,336 |
| NON-CURRENT LIABILITIES: | | | |
| Long-term borrowings from related parties | 11 | 317,295,790 | 342,966,489 |
| Deferred tax liability | 10 | 56,027,400 | 39,516,749 |
| | | 373,323,190 | 382,483,238 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 632,142,117 | 665,945,589 |

On behalf of management:


Jennifer Bigelow
General Director

7 April 2017
Tashkent, Uzbekistan


Saidazim Gulyamov
Chief Finance Officer

7 April 2017
Tashkent, Uzbekistan


Vladimir Ismailov
Chief Accountant

7 April 2017
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 2016**

(in thousands of Uzbek Soums)

| | Notes | 2016 | 2015 |
|--|-------|---------------------|----------------------|
| Revenue | 14 | 249,641,398 | 382,442,146 |
| Cost of sales | 15 | (209,617,160) | (313,313,352) |
| GROSS PROFIT | | 40,024,238 | 69,128,794 |
| General and administrative expenses | 16 | (53,256,911) | (395,391,893) |
| Other operating (expense)/income, net | 17 | (3,315,582) | 2,892,590 |
| OPERATING PROFIT | | (16,548,255) | (323,370,509) |
| Interest expense | 12 | (56,391,589) | (57,434,905) |
| Foreign exchange loss | | (2,763,974) | (4,657,997) |
| LOSS BEFORE INCOME TAX | | (75,703,818) | (385,463,411) |
| Deferred tax (expense)/benefit | 10 | (9,712,461) | 20,402,542 |
| NET LOSS FOR THE YEAR | | (85,416,279) | (365,060,869) |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising during the year | | (1,042,208) | 27,514,673 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (86,458,487) | (337,546,196) |

On behalf of management:


Jennifer Bigelow
General Director

7 April 2017
Tashkent, Uzbekistan


Saidzirim Gulyamov
Chief Finance Officer

7 April 2017
Tashkent, Uzbekistan


Vladimir Ismailov
Chief Accountant

7 April 2017
Tashkent, Uzbekistan

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JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**
(in thousands of Uzbek Soums)

| | Issued share capital | Additional paid-in capital | Foreign currency translation reserve | Accumulated deficit | Total |
|---|----------------------|----------------------------|--------------------------------------|----------------------|---------------------|
| Balance at 1 January 2015 | 139,837,000 | 345,618,729 | 302,846,063 | (406,658,581) | 381,643,211 |
| Net loss for the year | - | - | - | (365,060,869) | (365,060,869) |
| Other comprehensive income for the year | - | - | 27,514,673 | - | 27,514,673 |
| Balance at 31 December 2015 | 139,837,000 | 345,618,729 | 330,360,736 | (771,719,450) | 44,097,015 |
| Net loss for the year | - | - | - | (85,416,279) | (85,416,279) |
| Other comprehensive income for the year | - | - | (1,042,208) | - | (1,042,208) |
| Balance at 31 December 2016 | 139,837,000 | 345,618,729 | 329,318,528 | (857,135,729) | (42,361,472) |

On behalf of management:


Jennifer Bigelow
General Director

7 April 2017
Tashkent, Uzbekistan


Saidazim Guliyamov
Chief Finance Officer

7 April 2017
Tashkent, Uzbekistan


Vladimir Ismailov
Chief Accountant

7 April 2017
Tashkent, Uzbekistan

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JSC "GENERAL MOTORS POWERTRAIN – UZBEKISTAN"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(in thousands of Uzbek Soums)

| | Notes | 2016 | 2015 |
|---|-------|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACITIVITIES: | | | |
| Net loss for the year | | (85,416,279) | (365,060,869) |
| Adjustments for: | | | |
| Deferred tax expense/(benefit) | 10 | 9,712,461 | (20,402,542) |
| Depreciation | 8 | 66,999,387 | 57,059,177 |
| Impairment of property, plant and equipment | 8 | 29,703,821 | 375,727,941 |
| Amortization | 7 | 5,255,109 | 8,124,473 |
| Bad debt expense/(recovery) | | 190,514 | (522,416) |
| Interest expense | 12 | 56,391,589 | 57,434,905 |
| Gain on sale of property | | - | (638,223) |
| Loss on disposal of property | | 1,103,048 | - |
| Write-off of materials | | 2,212,365 | 2,362,454 |
| Free of charge materials | | (26,691) | (87,498) |
| Foreign exchange loss | | 2,763,974 | 4,657,997 |
| Cash inflow from operating activities | | | |
| before changes in net working capital | | 88,889,298 | 118,655,399 |
| Decrease in prepaid suppliers | | 1,886,145 | 669,105 |
| Decrease in accounts receivable | | 2,445,937 | 874,983 |
| (Increase)/decrease in inventories | | (14,208,367) | 46,420,415 |
| (Decrease)/increase in advances received | | (48,980,462) | 11,022,211 |
| Increase/(decrease) in payable and accrued liabilities | | 18,876,280 | (10,679,938) |
| Cash generated from operating activities | | 48,908,831 | 166,962,175 |
| Interest paid on borrowings from related parties | | (5,469,620) | (7,625,218) |
| Net cash generated from operating activities | | 43,439,211 | 159,336,957 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant and equipment | | (4,145,961) | (2,033,048) |
| Proceeds from sale of property | | - | 638,223 |
| Net cash used in investing activities | | (4,145,961) | (1,394,825) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Repayment of borrowings from related parties | | (66,872,150) | (154,313,524) |
| Net cash used in financing activities | | (66,872,150) | (154,313,524) |
| NET (DECREASE)/INCREASE IN CASH | | (27,578,900) | 3,628,608 |
| CASH AND CASH EQUIVALENTS, beginning of the period | 5 | 43,908,747 | 38,828,650 |
| Effect of foreign exchange rates on cash | | 370,442 | 1,451,489 |
| CASH AND CASH EQUIVALENTS, end of the period | 5 | 16,700,289 | 43,908,747 |

On behalf of management:


Jennifer Bigelow
 General Director

7 April 2017
 Tashkent, Uzbekistan


Saidzirim Gulyamov
 Chief Finance Officer

7 April 2017
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Vladimir Ismailov
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7 April 2017
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