JOINT STOCK COMPANY “GENERAL MOTORS POWERTRAIN – UZBEKISTAN”

Financial Statements
for the year ended 31 December 2018
Independent Auditors’ Report

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	**Saidazim Gulyamov**	**Vladimir Ismailov**
General Director	*Finance Director*	*Chief Accountant*
30 April 2019	30 April 2019	30 April 2019
Tashkent, Uzbekistan	Tashkent, Uzbekistan	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	(1,285,383,251)	(491,760,659)
GROSS PROFIT		**366,609,139**	**241,041,783**
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		**290,590,635**	**464,094,022**
Interest expense	12	(91,059,210)	(81,266,383)
Foreign exchange gain, net		14,992,292	130,999,150
PROFIT BEFORE INCOME TAX		**214,523,717**	**513,826,789**
Deferred tax expense	10	(32,389,160)	(68,473,892)
NET PROFIT FOR THE YEAR		**182,134,557**	**445,352,897**
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		**201,695,685**	**883,819,525**

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.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands of Uzbek Soums)

	Notes	2018	2017 Restated
CASH FLOWS FROM OPERATING ACITIVITIES:			
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
Alowance for obsolete inventory		4,567,081	-
Foreign exchange gain		(14,992,292)	(130,999,150)
Cash inflow from operating activities before changes in net working capital		**442,792,659**	**274,165,838**
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**

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 Motors Liquidation Company assigned all its 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 of the automotive industry in the Republic of Uzbeksistan.

In October 2017 JSC Uzavtosanoat and General Motors agreed that on October 23, 2019 GM’s share in share capital of the Company shall be transferred to JSC Uzavtosanoat. The parties concluded the above agreement for their mutual benefit and based upon a commercial framework that is viable in the absence of, and not conditioned upon, GM’s equity ownership in the Company and hence management of the Company believes that the above agreement shall not have any negative effect on the Company’s operating activities going forward. As part of the GM Uzbekistan Alliance, UzAutosanoat and GM will continue their commercial relationship to manufacture Chevrolet and Ravon vehicles and engines in Uzbekistan, and distribute, market and sell them in domestic and designated export markets.

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 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.

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"). The reason of difference in presentation and functional currency is that this report is mainly addressed to local Shareholders. 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.

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 (Note 8).

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

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

<u>Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018</u>

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable-rate features;

– prepayment and extension features; and

– terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

<u>Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018</u>

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

<u>Financial assets – Policy applicable before 1 January 2018</u>

The Company classified its financial assets into one of the following categories:

– loans and receivables;

– held to maturity;

– available for sale; and

– at FVTPL, and within this category as:

  - held for trading;
  - derivative hedging instruments; or

- designated as at FVTPL.

<u>Financial liabilities – Classification, subsequent measurement and gains and losses</u>

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

– financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

– the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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.

Revenue recognition

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is recognised at a point in time when control over engine is transferred to the customer. The Company has only one performance obligation under the contract with the customer.

The Company transfer control over engines upon shipment of goods from its premises. The contract contains only one performance obligation. Sales to significant customer are carried out on 100% prepayment basis and no any guarantees or returns of sold goods are available to customer, except repair or replace the part(s) on those claims which are submitted within 90 days after performance of obligation. Historically there were no significant returns of goods sold.

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.

(in thousands of Uzbek Soums, unless otherwise indicated)

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

	31 December 2018	31 December 2017
Closing exchange rates at the year-end – UZS		
1 U.S. Dollar ("USD")	8,339.55	8,120.07
1 Euro ("EUR")	9,479.57	9,624.72

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.

Changes in significant accounting policies.

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

(in thousands of Uzbek Soums, unless otherwise indicated)

IFRS 15, Revenue from Contracts with (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. IFRS 15 does not have a material effect on the Company's financial statements

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.
IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the Company financial assets and financial liabilities as of 31 December 2018:

'000 UZS	*Note*	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial assets					
Cash and cash equivalents	5	Loans and receivables	Amortised cost	19,098,405	19,098,405
Trade and other receivables		Loans and receivables	Amortised cost	2,192,419	2,192,419
Total financial assets				**21,290,824**	**21,290,824**

'000 UZS	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial liabilities				
Payables and accrued liabilities	Other financial liabilities	Other financial liabilities	144,788,968	144,788,968
Borrowings from Related Parties	Other financial liabilities	Other financial liabilities	760,498,685	760,498,685
Total financial liabilities			**905,287,653**	**905,287,653**

No significant impairment have been recognised due to adoption of IFRS 9.

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.

Valuation of financial instruments
As described in Note 20, 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 for presentation purposes. Note 20 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments. 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)

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2019 or later, and which the Company has not early adopted.

IFRS 16, Leases (issued on 13 January 2017 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.The Company does not expect any impact of IFRS 16 on its financial statements.

(in thousands of Uzbek Soums, unless otherwise indicated)

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

- IFRIC 23 *Uncertainty over Tax Treatments*.
- *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*.
- *Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)*.
- *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*.
- *Annual Improvements to IFRS Standards 2015–2017 Cycle* – various standards.
- *Amendments to References to Conceptual Framework in IFRS Standards*.
- *IFRS 17 Insurance Contracts.*

5. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash in bank account in UZS	232,881,934	13,154,514
Cash in bank account in USD	7,964,270	5,505,407
Cash in bank account in EUR	433,657	438,484
	241,279,861	**19,098,405**

Bank	Bank's rating	Source	31 December 2018
Asaka	LT LC/FC - B1/B2; ST - NP; BCA - b2	Moodys	10,899,792
Asia Alliance	LT/ST B3/NotPrime; CRA - B1	Moodys	542,071
KDB	LT/ST - B+/B. Outlook - Stable	S&P	1,993,152
Kapital	LT/ST - B/CCC+. Outlook - Stable	S&P	227,844,846
			241,279,861

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

(in thousands of Uzbek Soums, unless otherwise indicated)

6. INVENTORY

	31 December 2018	31 December 2017
Materials in transit	140,179,496	124,350,752
Raw materials	135,526,027	65,618,286
Indirect materials	49,820,472	49,556,787
Customs and duties	16,829,212	18,010,315
Freight in	12,242,459	9,841,525
Finished goods	692,182	5,667,809
	355,289,848	**273,045,474**
Less: allowance for obsolete inventory	(4,720,185)	-
	350,569,663	**273,045,474**

Reclassification of slow moving inventory items to non-current assets

As at 31 December 2018 and 2017, inventories expected to be recovered after more than twelve months were equal to UZS 61,946,177 thousand and UZS 46,576,722 thousand respectively.

	31 December 2018	31 December 2017
Non-current inventory	61,946,177	46,576,722
	61,946,177	**46,576,722**

7. INTANGIBLE ASSETS, NET

	Royalty free rights
Cost	
1 January 2017	**80,787,000**
Translation difference	122,214,750
31 December 2017	**203,001,750**
Translation difference	5,487,000
31 December 2018	**208,488,750**
Accumulated amortisation	
1 January 2017	**(42,691,082)**
Amortisation charge	(16,309,748)
Translation difference	(75,841,052)
31 December 2017	**(134,841,882)**
Amortisation charge	(34,680,769)
Translation difference	(4,807,302)
31 December 2018	**(174,329,953)**
Net book value as at 31 December 2017	**68,159,868**
Net book value as at 31 December 2018	**34,158,797**

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 capital 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 reaches 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 amortization charges for the years ended 31 December 2018 and 2017 were UZS 34,684,907 thousand and UZS 16,310,121 thousand, respectively.

Based on the revenue estimates, the intangible assets existing at 31 December 2018 will be completely amortized by the end of 2019.

(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 2017	**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)	-	(7,004,822)
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**	**2,331,167,665**	**11,856,866**	**5,286,165**	**30,035,439**	**58,667,459**	**22,736,195**	**3,230,948,880**
Additions	-	-	-	-	-	-	11,562,066	11,562,066
Disposals	-	-	(2,070,196)	-	(66,279)	(53,283)	(5,761,300)	(7,951,058)
Transfers	464,653	5,078,545	1,540,426	87,126	380,290	172,650	(7,723,690)	-
Translation difference	20,860,880	63,183,683	306,519	142,837	826,008	1,590,993	552,656	87,463,576
31 December 2018	**792,524,624**	**2,399,429,893**	**11,633,615**	**5,516,128**	**31,175,458**	**60,377,819**	**21,365,927**	**3,322,023,464**
Accumulated depreciation								
1 January 2017	**(178,251,668)**	**(622,838,687)**	**(4,291,405)**	**(1,470,323)**	**(11,255,245)**	**(15,352,762)**	**-**	**(833,460,090)**
Depreciation charge	(5,458,891)	(43,879,356)	(481,441)	(93,027)	(1,100,878)	(1,254,225)	-	(52,267,818)
Disposals	1,015,877	-	420,470	-	1,755,330	17,263	-	3,208,940
Impairment	79,607,064	173,542,833	176,378	358,060	286,799	3,953,753	-	257,924,887
Translation difference	(270,447,285)	(973,554,163)	(6,795,780)	(2,294,460)	(17,723,908)	(26,096,716)		(1,296,912,312)
31 December 2017	**(373,534,903)**	**(1,466,729,373)**	**(10,971,778)**	**(3,499,750)**	**(28,037,902)**	**(38,732,687)**	**-**	**(1,921,506,393)**
Depreciation charge	(11,850,090)	(89,343,610)	(572,793)	(283,030)	(1,343,203)	(2,880,277)	-	(106,273,003)
Disposals	-	-	2,070,196	-	61,906	24,877	-	2,156,979
Translation difference	(10,981,711)	(50,648,701)	(1,846,372)	(188,923)	(1,189,953)	1,473,760	-	(63,381,900)
31 December 2018	**(396,366,704)**	**(1,606,721,684)**	**(11,320,747)**	**(3,971,703)**	**(30,509,152)**	**(40,114,327)**	**-**	**(2,089,004,317)**
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**	**22,736,195**	**1,309,442,487**
Net book value as at 31 December 2018	**396,157,920**	**792,708,209**	**312,868**	**1,544,425**	**666,306**	**20,263,492**	**21,365,927**	**1,233,019,147**

(in thousands of Uzbek Soums, unless otherwise indicated)

As at 31 December 2018 included in property and equipment were fully depreciated assets totalling UZS 1,001,850 thousand (2017: UZS 8,902,701 thousand).

For the year ended 31 December 2018 no impairment loss/recovery has been recognized (Note 17) (2017: UZS 257,924,886 thousand recovery). The discount rate used in measuring value in use was 15.44% applied for forecast period.

Machinery and equipment purchased by the Company under the contract between the Company and Comau France SAS was pledged as security for loan from JSC Uzavtosanoat (see Note 11).

9. PAYABLES AND ACCRUED LIABILITIES

	31 December 2018	31 December 2017
Payables to related parties (Note 21)	22,725,274	38,513,490
Accounts payable to non-related parties:		
Payables to suppliers	232,865,255	100,729,471
Accrued wages	3,335,820	3,532,230
Other accounts payables	7,188,692	2,013,777
	266,115,041	**144,788,968**

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 from the date of regular production, June 2012, 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 allowed the Company to claim an extension of the exemption period for another 5 years. 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. Management believed that the Company will be able to obtain the extension and these exemptions will remain effective up to June 2027.

However, in September 2018, the Supervisory Board of the Company approved cancellation of this project, so additional 5 years tax exemption is not available for the Company as at 31 December 2018 and the Company recognized deferred tax liability on temporary differences arising after 2022.

	Opening balance	Recognized in profit or loss	Translation Difference	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment	35,265,464	24,857,477	(6,635,677)	**53,487,264**
Long-term borrowings from related parties	-	7,531,683	8,674,672	**16,206,355**
Year ended 31 December 2018	**35,265,464**	**32,389,160**	**2,038,995**	**69,693,619**

(in thousands of Uzbek Soums, unless otherwise indicated)

	Opening balance	Recognized in profit or loss	Translation Difference	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment	(13,346,012)	68,473,892	(19,862,416)	**35,265,464**
Year ended 31 December 2017	**(13,346,012)**	**68,473,892**	**(19,862,416)**	**35,265,464**

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 effective tax rate reconciliation is as follows for the years ended 31 December 2018 and 2017:

	31 December 2018	31 December 2017
Profit before income tax	**214,523,717**	**513,826,789**
Tax at statutory tax rate (12.0% for 2018 and 14.0% for 2017)	25,742,846	71,935,750
Tax exemption	(44,315,609)	(3,461,858)
Tax effect of change in estimate due to loss 5 year tax exemption	55,252,397	-
Tax effect of change in income tax rates	(4,290,474)	-
Income tax expense	**32,389,160**	**68,473,892**
Change in deferred income tax	32,389,160	68,473,892
Income tax expense	**32,389,160**	**68,473,892**

11. LONG-TERM BORROWINGS FROM RELATED PARTIES

	31 December 2018	31 December 2017
Loan from JSC Uzavtosanoat	692,491,213	607,743,928
Loan from JSC General Motors Uzbekistan	-	152,754,757
	692,491,213	**760,498,685**
Less: Current portion	-	(152,754,757)
Long term portion borrowing from related parties	**692,491,213**	**607,743,928**

i. 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 November 16, 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 a loan denominated in UZS at 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 instalments, 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%.

(in thousands of Uzbek Soums, unless otherwise indicated)

The loan is secured by a separate pledge agreement over equipment and property rights 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. Loan from JSC General Motors Uzbekistan

The Company entered into an unsecured loan agreement dated 15 May 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 31 December 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 20 September 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. The interest rate of the loan is fixed for the loan period and constitutes 14%. The loan was fully repaid in 2018.

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 including discount	584,674,809	152,397,474	737,072,283
Interest payable	23,069,119	357,283	23,426,402
Total as at 31 December 2017	**607,743,928**	**152,754,757**	**760,498,685**
Cash flows from financing activities			
Repayment of borrowings from related parties	-	(152,367,517)	(152,367,517)
Other changes			
Interest paid	-	(5,185,154)	(5,185,154)
Interest accrued including discount amortised	86,459,852	4,599,358	91,059,210
Transaltion difference	(1,712,567)	198,556	(1,514,011)
Total liability-related changes	**84,747,285**	**(152,754,757)**	**(68,007,472)**
Principal balance including discount	630,103,039	-	630,103,039
Interest payable	62,388,174	-	62,388,174
Total as at 31 December 2018	**692,491,213**	**-**	**692,491,213**

12. INTEREST EXPENSE

	2018	2017
Loan from JSC Uzavtosanoat	86,459,852	61,798,663
UZS loan from JSC General Motors Uzbekistan	4,599,358	8,093,803
Syndicated Loan	-	6,681,481
USD loan from JSC General Motors Uzbekistan	-	3,726,697
Loan from JSC Asaka Bank	-	965,739
Interest expense recognised in statement of profit or loss	**91,059,210**	**81,266,383**

Correction of an error

During 2018, the Company discovered that interest expense for the year ended 31 December 2017, has been calculated with error. The error has been corrected by restating each of the affected financial statement line items for 2017. The following tables summarise the impacts on the Company’s financial statements:

(in thousands of Uzbek Soums, unless otherwise indicated)

Statement of Financial Position

	Impact of correction of error		
31 December 2017	As previously reported	Adjustments	As restated
Other assets	1,735,949,166	-	1,735,949,166
Total assets	**1,735,949,166**	**-**	**1,735,949,166**
Interest payable on long-term borrowings from related parties	23,994,807	(23,994,807)	-
Other liabilities	944,312,709	-	944,312,709
Total liabilities	**968,307,516**	**(23,994,807)**	**944,312,709**
Accumulated deficit	(388,634,233)	23,994,807	(364,639,427)
Other equity	1,156,275,884	-	1,156,275,884
Total equity	**767,641,651**	**23,994,807**	**791,636,457**

Statement of profit or loss and Other comprehensive income

	Impact of correction of error		
For the year ended 31 December 2017	As previously reported	Adjustments	As restated
Revenue	732,802,442	-	732,802,442
Cost of sales	(491,760,659)	-	(491,760,659)
Others	223,052,239	-	223,052,239
Operating profit	**464,094,022**	**-**	**464,094,022**
Interest expense	(105,261,190)	23,994,807	(81,266,383)
Others	130,999,150	-	130,999,150
Deferred tax expense	**(68,473,892)**	**-**	**(68,473,892)**
Net Profit for the year	**421,358,090**	**23,994,807**	**445,352,897**

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 2018 and 2017 was as follows:

	31 December 2018		**31 December 2017**	
	Ownership %	**USD**	**Ownership %**	**USD**
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**

(in thousands of Uzbek Soums, unless otherwise indicated)

Each share entitles the holder to vote 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 2018 and 2017.

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 rate between USD and UZS between 21 January 2009 and the eventual date of contribution.
In addition to the exchange rate differences on share capital contributions, the loss on debt extinguishment and fair value adjustment on borrowings from related parties were recognized in additional paid-in capital.

14. REVENUE

The Company had revenue from sales of the following goods for the year ended 31 December 2018:

	2018	2017
Engine	1,651,217,761	732,547,750
Cylinder head	774,629	68,221
Others	-	90,962
Crankshaft	-	72,769
Cylinder block	-	22,740
	1,651,992,390	**732,802,442**

During 2018, revenue was mainly from JSC General Motors Uzbekistan, comprising of UZS 1,649,523,261 thousand (2017: UZS 731,679,063 thousand). Whole amount of advances received from the customers (see Note 21) have been recognized as revenue during the current year.

	2018	2017
Local sales	1,649,523,261	731,679,063
Export sales	2,469,129	1,123,379
	1,651,992,390	**732,802,442**

15. COST OF SALES

	2018	2017
Engine	1,284,963,660	491,580,030
Cylinder head	419,591	109,328
Cylinder block	-	52,287
Crankshaft	-	19,014
	1,285,383,251	**491,760,659**

For the years ended 31 December 2018 and 2017, the employee benefit expenses related to cost of sales, comprised an amount of UZS 44,835,076 thousand and UZS 44,658,492 thousand, respectively.

(in thousands of Uzbek Soums, unless otherwise indicated)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
State taxes	24,828,462	15,693,727
Management and other services, fees and other charges	11,571,015	2,113,800
Staff costs and related charges	9,303,613	6,789,366
Bank comissions	5,850,060	3,634,910
Write-off of capitalized expense related to launch of 1.8 engine	5,761,300	-
Depreciation	3,389,001	1,688,085
0.3% quarterly purposeful contribution to Uzavtosanoat	4,962,465	-
Allowance for obsolete inventory	4,567,081	-
Property insurance	1,581,533	2,174,094
Loss on disposal of property, plant and equipment	-	1,079,828
Others	8,553,191	3,541,232
	80,367,721	**36,715,042**

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

	2018	2017
Impairment reversal of property, plant and equipment	-	257,924,886
Scrap and waste sales	1,508,912	-
Reimbursement of claims and recovery of expenses	1,460,498	-
Gain on disposal of property, plant and equipment	484,143	-
Other	895,664	1,842,395
	4,349,217	**259,767,281**

For the year ended 31 December 2018, the Company recognised reversal of impairment losses for the amount of UZS nil thousand (2017: UZS 257,924,886 thousand).

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 believed that it had 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.

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 made 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. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure that 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.

(in thousands of Uzbek Soums, unless otherwise indicated)

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.

	Notes	UZS	EUR (1 EUR = 9,479.57 UZS)	Other Currencies	31 December 2018 Total
Financial assets:					
Cash and cash equivalents	5	232,881,934	433,657	-	233,315,591
Accounts receivable, net		2,176,623	-	-	2,176,623
Total financial assets		**235,058,557**	**433,657**	**-**	**235,492,214**
Financial liabilities:					
Borrowings	11	692,491,213			692,491,213
Payables and accrued liabilities	9	14,936,134	3,485,932	817,276	19,239,342
Total financial liabilities		**707,427,347**	**3,485,932**	**817,276**	**711,730,555**
Net Position		**(472,368,790)**	**(3,052,275)**	**(817,276)**	**(476,238,341)**

	Notes	UZS	EUR (1 EUR = 9,624.72 UZS)	Other Currencies	31 December 2017 Total
Financial assets:					
Cash and cash equivalents	5	13,154,514	438,484	-	**13,592,998**
Accounts receivable, net		97,441	-	-	**97,441**
Total financial assets		**13,251,955**	**438,484**	**-**	**13,690,439**
Financial liabilities:					
Borrowings from related parties	11	760,498,685	-	-	**760,498,685**
Payables and accrued liabilities	9	11,749,741	5,773,370	-	**17,523,111**
Interest payable on long-term borrowings		23,994,807	-	-	**23,994,807**
Total financial liabilities		**796,243,233**	**5,773,370**	**-**	**802,016,603**
Net Position		**(782,991,278)**	**(5,334,886)**	**-**	**(788,326,164)**

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.

(in thousands of Uzbek Soums, unless otherwise indicated)

	As at 31 December 2018		As at 31 December 2018	
	USD/UZS +20%	**USD/UZS -20%**	**USD/EUR +5%**	**USD/EUR -5%**
Impact on profit or loss	(94,473,758)	94,473,758	(152,614)	152,614
	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	(156,598,256)	156,598,256	(266,744)	266,744

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

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’s exposure to credit risk is low since there is only one significant customer providing 100% prepayment to the Company. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties (Note 5). No impairment have been recognised.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Supervisory board, 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 2018 Total
Financial assets:						
Cash and cash equivalents		241,279,861	-	-	-	241,279,861
Accounts receivable, net		5,379,010	-	-	-	5,379,010
Total financial assets		**246,658,871**	**-**	**-**	**-**	**246,658,871**
Financial liabilities:						
Borrowings	14.00%	-	-	561,585,297	130,905,916	692,491,213
Payables and accrued liabilities		266,115,041	-	-	-	266,115,041
Total financial liabilities		**266,115,041**	**-**	**561,585,297**	**130,905,916**	**958,606,254**
Liquidity gap		**(19,456,170)**	**-**	**(561,585,297)**	**(130,905,916)**	**(711,947,383)**

	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%	152,754,757	-	413,415,737	194,328,191	760,498,685
Payables and accrued liabilities		144,788,968	-	-	-	144,788,968
Total financial liabilities		**297,543,725**	**-**	**413,415,737**	**194,328,191**	**905,287,653**
Liquidity gap		**(276,252,901)**	**-**	**(413,415,737)**	**(194,328,191)**	**(883,996,829)**

(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 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 2018 Total
Financial liabilities:						
Borrowings	14.00%	-	-	815,808,139	274,054,292	1,089,862,431
Payables and accrued liabilities		266,115,041	-	-	-	266,115,041
Total financial liabilities		**266,115,041**	**-**	**815,808,139**	**274,054,292**	**1,355,977,472**

	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%	152,754,757	-	623,345,875	466,613,767	1,242,714,399
Payables and accrued liabilities		144,788,968	-	-	-	144,788,968
Total financial liabilities		**297,543,725**	**-**	**623,345,875**	**466,613,767**	**1,387,503,367**

(in thousands of Uzbek Soums, unless otherwise indicated)

20. 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 2018 Carrying amount	31 December 2018 Fair Value
FINANCIAL ASSETS		
Cash and cash equivalents:		
Cash in bank accounts in UZS	232,881,934	232,881,934
Cash in bank accounts in hard currency	8,397,927	8,397,927
Accounts receivable, net	5,379,010	5,379,010
	246,658,871	**246,658,871**
FINANCIAL LIABILITIES		
Payables and accrued liabilities	266,115,041	266,115,041
Borrowings from Related Parties	692,491,213	622,737,528
	958,606,254	**888,852,569**

	31 December 2017 Carrying amount	31 December 2017 Fair Value
FINANCIAL ASSETS		
Cash and cash equivalents:		
Cash in bank accounts in UZS	13,154,514	13,154,514
Cash in bank accounts in hard currency	5,943,891	5,943,891
Accounts receivable, net	2,192,419	2,192,419
	21,290,824	**21,290,824**
FINANCIAL LIABILITIES		
Payables and accrued liabilities	144,788,968	144,788,968
Borrowings from Related Parties	760,498,685	760,498,685
	905,287,653	**905,287,653**

31 December 2018

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	241,279,861	-	-	**241,279,861**
Accounts receivable, net	-	-	5,379,010	**5,379,010**
Payables and accrued liabilities	-	-	266,115,041	**266,115,041**
Borrowings from Related Parties	-	692,491,213	-	**692,491,213**

31 December 2018

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	19,098,404	-	-	**19,098,404**
Accounts receivable, net	-	-	2,192,419	**2,192,419**
Payables and accrued liabilities	-	-	144,788,968	**144,788,968**
Borrowings from Related Parties	-	760,498,685	-	**760,498,685**

(in thousands of Uzbek Soums, unless otherwise indicated)

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 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% at the date of initial recognition, as a sole source for the market borrowing rate in Uzbekistan, provided by the Central Bank of Uzbekistan.

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 2018 and 2017 was UZS 5.9 billion and UZS 2.8 billion, respectively. Key management includes four members of the Company's management team composed of General Director, Finance Director, Manufacturing Director and Chief Accountant.

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:

	2018	**2017**
JSC General Motors Uzbekistan	1,649,523,261	731,679,861
General Motors LLC	2,469,129	1,105,062
PT General Motors Indonesia	-	17,519
	1,651,992,390	**732,802,442**

(in thousands of Uzbek Soums, unless otherwise indicated)

Purchases:

	2018	2017
General Motors Korea Company - Direct parts	425,400,225	158,362,831
General Motors Korea Company - Consulting and Maintenance	11,135,287	3,603,825
JSC Tashgorpes - Electricity	8,254,636	4,498,613
General Motors Overseas Corporation - ISP services	5,406,262	2,170,688
JSC Uzavtosanoat - Membership	4,962,465	2,258,486
General Motors India Private - ISP services	4,163,629	1,303,831
General Motors Mexico - ISP services	2,904,857	1,303,831
State Customs committee - Customs	2,420,714	950,280
JSCB Asaka Bank - Bank commissions	1,888,157	1,823,242
Tashkent Technological Center	1,581,533	-
LLC Xumo Avtosavdo	1,331,393	-
UBD UVD Tashkentskoy Oblasti	1,032,838	-
JSC Uz-Koje	968,286	-
Tashkentshahargaz - Natural gas	863,388	910,611
GTK TashkentAero - Storage	685,869	745,227
NAC Uzbekistan Airways - Storage	637,455	132,298
Toshkent Shahar Sinov	411,521	-
Uzstandart Agency	379,245	-
Toshkent Shahar IIBB	338,900	-
GMB Korea Corp	290,486	-
Uzbek Republican Comodity Exchange	266,279	-
LLC Clinic Pro	225,933	-
JSC Maxam-Chirchik	193,657	-
Sportivno-Ozdorovitelniy Kompleks Sokol	185,588	-
JSC Uzbekexpertiza	137,174	-
General Motors Uzbekistan JSC	121,036	-
TShTT Uzbektelecom - Communication	121,036	117,511
General Motors Powertrain Thailand	40,345	-
	476,348,194	**178,181,274**

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

Prepaid suppliers:

	31 December 2018	31 December 2017
General Motors Korea Company	119,213,867	11,615,747
JSC Tashgorpes	1,009,086	144,445
NAC Uzbekistan Airways	241,847	26,363
Tashkentshahargaz	150,112	79,804
State Customs Committee	100,075	122,618
GTK TashkentAero	66,716	150,977
TShTT Uzbektelekom	16,679	-
	120,798,382	**12,139,954**

Accounts receivable:

	31 December 2018	31 December 2017
General Motors Korea Company	-	878,497
JV LLC "UzAvto-Inzi"	717,201	85,131
Less: allowance for bad debt	-	(238,385)
	717,201	**725,243**

(in thousands of Uzbek Soums, unless otherwise indicated)

Payables and accrued liabilities:

	31 December 2018	31 December 2017
General Motors Overseas Corporation	10,599,568	22,979,798
General Motors Mexico	4,303,208	2,980,066
General Motors India Private	3,869,551	3,069,386
JSC Uzavtosanoat	1,776,324	747,046
JSC Tashgorpes	1,284,291	-
General Motors Korea Company	692,183	7,827,747
Tashkentshahargaz	191,810	40,600
TShTT Uztelekom	8,340	8,120
General Motors Holden	-	503,444
JV LLC UzAvtoInzi	-	300,443
Turin Polytechnic University in Tashkent	-	56,840
	22,725,275	**38,513,490**

Advances received:

	31 December 2018	31 December 2017
General Motors Uzbekistan	28,167,468	1,818,896
General Motors LLC (USA)	1,749,040	389,763
General Motors Korea Company	808,158	868,847
General Motors International Operating Company	204,319	203,002
Shanghai GM Corporation Ltd.	-	259,842
	30,928,984	**3,540,350**

Long-term borrowings:

	31 December 2018	31 December 2017
Loan from JSC Uzavtosanoat	692,491,213	607,743,928
Loan from JSC General Motors Uzbekistan	-	152,746,637
	692,491,213	**760,490,565**

22. SUBSEQUENT EVENTS

The evaluation of subsequent events has been carried out up to 30 April 2019, 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 management of the Company and authorised for issue on 30 April 2019.