(Convenience Translation into English from the Original Previously Issued in Portuguese)

Jaguar Land Rover Brasil Indústria e Comércio de Veículos Ltda.

Financial Statements for the Year Ended March 31, 2017 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

1. GENERAL INFORMATION

Jaguar Land Rover Brasil Indústria e Comércio de Veículos Ltda. ("Company" or "JLR Brasil"), a limited liability company with head offices at Avenida Ibirapuera, 2.332 - Torre I - 10º andar, in the city of São Paulo, State of São Paulo, is mainly engaged in the import and sale of motor vehicles, machines, tools, spare parts, components, and accessories, as well as in the provision of services related to such activities.

The vehicles and other products resold by the Company are imported from its associate Jaguar Land Rover Limited ("Parent Company" or "JLR UK"), an entity established in the United Kingdom.

In October 2012 the Brazilian Government issued Decree 7819/12 - Inovar Auto Program to introduce and regulate actions on the future of the Brazilian automotive industry. This statute governs the Motor Vehicle Supply Chain Technological Innovation Incentive Program. The program's main goals are to: (a) create the conditions for competitiveness by improving the quality of the vehicles manufactured; (b) encourage companies to manufacture safer and more economical vehicles (energy efficiency); and (c) ensure investments to the supply chain, engineering, basic manufacturing technology, research & development, and training. The benefit underlying the program is a relief of the Federal VAT (IPI) by 30 percentage points on the vehicle sale.

In October 2012, the Company filed with the competent agencies an application to *Inovar Auto* Program, and since December 28, 2012, it has already enjoyed the program's benefits with the grant of a 4,800-vehicle import quota entitled to a 30-percentage-point relief of the IPI tax rate.

In order to continue to be entitled to *Inovar Auto* Program benefits, during the grant period, the Company must invest from 0.65 to 1.5 percent of its gross sales and service revenue, less taxes levied on sales, research, development, basic industrial technology, and supplier training. The Program has been in effect since January 1, 2013 and expiries on July 31, 2017.

In December 2014, the company started the construction of the Itatiaia plant, in Rio de Janeiro (RJ), with assembly production capacity of 24.000 vehicles per year. With estimated investments in fixed assets of up to R$570.000, the Company plans to manufacture the Evoque and Discovery Sport models, currently the best sellers of its product lines.

As at March 31, 2016, the Company reports working capital deficiency amounting to R$191.928. The Company's management believes that this fact does not represent an obstacle to liquidity management since a significant portion of current liabilities (R$453.815) refers to amounts due to related parties, which are not payable in the coming year.

2. PRESENTATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of preparation

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, which include the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC").

The financial statements have been prepared based on the historical cost, unless otherwise indicated. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

Significant accounting policies adopted by the Company are described below:

a) Functional currency and foreign currency translation

The items included in the Company's financial statements are measured using the currency of the main economic environment in which the Company operates ("functional currency"). The financial statements are presented in Brazilian reais – R$, which is the Company's functional and reporting currency.

Foreign currency-denominated transactions are translated into the functional currency using the exchange rates effective at the transaction or valuation dates, when items are remeasured. Exchange gains and losses resulting from the settlement of such transactions and the translation of foreign exchange rates at the end of the year, related to foreign currency-denominated monetary assets and liabilities, are recognized in profit or loss.

b) Cash and cash equivalents

Include cash, immediately available bank accounts, and highly liquid short-term investments (original maturity of up to 90 days or subject to repurchase agreements entered into with the issuer/seller), stated at cost plus income earned through the end of the reporting period, with an insignificant risk of change in value.

c) Trade receivables

Stated at their original amounts due to the short-term collection of receivables, less the allowance for doubtful debts.

The present value adjustment to the balance of trade receivables is immaterial due to their short realization period.

d) Allowance for doubtful debts

Recognized on all unsecured receivables past due for more than 90 days and is considered by the Company's management to be sufficient to cover probable losses on the collection of these receivables, which can be changed as a result of recovering receivables or a change in the customers' financial condition.

e) Inventories

Stated at the average purchase/import cost, adjusted by losses to their realizable value, when applicable. The net realizable value corresponds to the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. An allowance for obsolescence is recognized for obsolete or slow-moving items, based on estimated future use.

f) Property, plant and equipment

Stated at purchase or construction cost, less accumulated depreciation calculated and the allowance for impairment of assets when future cash generation is lower than the residual carrying amount of an asset.

Subsequent costs are added to the carrying amount of the asset or recognized as a separate asset, as applicable, only when it is probable that future economic benefits related to the asset will flow into the company and that the asset cost can be measured reliably. All other repair and maintenance costs are expensed, when incurred.

Depreciation is recognized based on the estimated useful life of each asset on a straight-line basis (see rates in Note 9) so that cost less residual value after the asset's useful life is fully derecognized.

The residual values and the depreciation methods are reviewed at the end of each year and the effects of any changes in estimates are recorded prospectively.

A property, plant and equipment item is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or derecognition of a property, plant and equipment item is recognized in profit or loss and determined as the difference between the consideration received on the sale and the carrying amount of the asset.

g) Intangible assets

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and estimated impairment losses, where applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each reporting period and the effect from any change in estimates is accounted for prospectively.

h) Current and noncurrent liabilities

Stated at known or estimated amounts, plus, when applicable, charges and changes in foreign exchange rate and inflation adjustments incurred through the end of the reporting period.

i) Provision for warranties and recalls

Recognized upon sale of a vehicle, based on the estimated amount to be spent over the three-year warranty period. This estimate is based on historic information on cases where warranties were claimed taking into consideration the estimated frequency and average cost of repairs per vehicle model. The costs incurred on warranties are recorded as cost of sales. The costs actually incurred on recalls are reimbursed by the parent company.

j) Provisions for risks

Recognized based on present legal or constructive obligations as a result of past events, when the amount of an obligation can be reliably estimated, and its settlement is probable.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the end of each reporting period, considering the risks and uncertainties inherent in such obligation. When a provision is measured based on the estimated cash flows to settle an obligation, its carrying amount corresponds to the present value of such cash flows (where the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from third parties, an asset is recognized if, and only if, reimbursement is virtually certain and the amount can be reliably measured.

k) Current and deferred income tax and social contribution

Income tax and social contribution expenses include the sum of current and deferred taxes.

<u>Current taxes</u>

The provision for income tax and social contribution is based on the taxable income for the year. Taxable income differs from pretax profit disclosed in the statement of profit and loss because it excludes income or expenses taxable or deductible in other periods, as well as permanent differences. The balances are recognized in the Company's statement of profit and loss on an accrual basis.

Current income tax and social contribution are calculated as prescribed by tax laws already enacted or substantially enacted at the end of the reporting period. Management periodically reviews the positions assumed by the Company in the income tax returns in cases where the applicable tax regulation gives rise to different interpretations and, when appropriate, based on the estimated amounts payable to tax authorities.

<u>Deferred taxes</u>

Deferred taxes are recognized using the liability method on temporary differences arising from differences between the asset and liability tax basis and their carrying amounts disclosed in the financial statements, including the balance of tax loss carryforwards, where applicable.

Deferred tax assets are recognized to the extent that it is probable that the future taxable income is sufficient to absorb these tax credits. This analysis is made based on estimated future results prepared and supported by internal assumptions and future economic scenarios that may, therefore, be subject to changes.

Deferred tax assets and liabilities are offset when there is an enforceable legal right to offset the current tax assets against the current tax liabilities or there is the intention of settling the balances on a net basis as permitted by tax laws.

l) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of vehicles and auto parts in the Company's ordinary course of business. Additionally, the Company used a new type of vehicle maintenance and servicing services at an agreed price. Revenue is stated net of taxes, returns, sales discounts, and/or rebates granted.

Product sales

Sales revenue is recognized when all of the following conditions are met:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow into the Company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

m) Accounting estimates

In applying the accounting policies described above, Management is required to make judgments and prepare estimates about the carrying amounts of assets and liabilities that cannot be easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects from revisions to accounting estimates are recognized in the year in which estimates are revised, if the review affects only that year, or also in subsequent years, if the revision affects both current and future years.

The key items subject to judgments in applying the accounting policies are: the determination of the useful lives of property, plant and equipment for depreciation purposes; the allowance for doubtful debts; the provision for warranties; the provision for risks and the projections to assess the realization of the deferred tax balances; and the recoverable amount of long-lived assets, among others.

n) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the underlying contracts.

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

(i) Financial assets

Financial assets are classified in the following categories: (1) at fair value through profit or loss; (2) held to maturity; (3) loans and receivables; and (4) available for sale. Classification is made according to the nature and purpose of the financial assets and is determined upon initial recognition.

<u>Assets at fair value through profit or loss</u>

Financial assets are measured at fair value through profit or loss when they are held for trading, or are designated as measured at fair value through profit or loss upon their initial recognition. A financial asset is classified as held for trading if it is:

- Acquired principally for the purpose of selling it in the near term.
- Part of an identified portfolio of financial instruments that are jointly managed and for which there is evidence of a recent actual pattern of short-term profit-taking.
- it is a derivative that is not designated and effective as a hedging instrument in hedge accounting.

A financial asset other than a financial asset held for trading can be designated at fair value through profit or loss upon initial recognition when:

- This designation eliminates or significantly reduces an inconsistency that might arise upon its measurement or recognition.
- It is part of a managed group of financial assets or financial liabilities, or both, and its performance is evaluated based on fair value according to the risk management or investment strategy documented by the Company, and the respective information is internally provided on the same basis.
- It is part of a contract containing one or more embedded derivatives, and technical pronouncement CPC 38 *Financial Instruments: Recognition and Measurement* permits that the combined contract as a whole (assets or liabilities) be designated at fair value through profit or loss.

The gains and losses of financial assets at fair value through profit or loss are recognized in profit or loss for the year. Net gains or losses recognized in profit or loss include dividends or interest earned by the financial asset.

Held-to-maturity assets

Financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity are classified as held to maturity. Held-to-maturity financial assets are measured at amortized cost using the effective interest method, less the allowance for impairment losses. Interest income is recognized based on the effective interest rate method.

Loans and receivables

They are financial assets with fixed or determinable payments that are not quoted in an active market, measured at amortized cost using the effective interest method, less the allowance for impairment losses. Interest income is recognized based on the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale and not classified in any of the categories above.

Available-for-sale financial assets are measured at fair value. Interest, inflation adjustment and exchange rate differences, if applicable, are recognized in profit or loss when incurred. Changes arising from the measurement at fair value are recognized in a specific line item of equity when incurred, and are charged to profit or loss for the year when realized in cash or considered unrecoverable.

Effective interest method

A method used to calculate the amortized cost of a financial asset or a financial liability and allocate interest income or interest expenses during the relevant period. The effective interest rate is the rate that precisely discounts estimated future cash payments or receipts (including all fees paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected financial asset life, or, when appropriate, for a shorter period.

(ii) Financial liabilities

Classified: (1) at fair value through profit or loss; or (2) as other financial liabilities.

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading or those measured at fair value through profit or loss.

A financial liability is classified as held for trading if it is:

- Incurred principally for the purpose of repurchasing it in the near term.
- Part of an identified portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- A derivative that is not designated as an effective hedging instrument.

Financial liabilities other than those classified as held for trading can be designated at fair value through profit or loss upon initial recognition when:

- This designation eliminates or significantly reduces an inconsistency that might arise upon measurement or recognition.
- They are part of a managed group of financial assets or financial liabilities, or both, that is managed or whose performance is measured based on its fair value, in accordance with the Company's documented risk management or investment strategy, and whose related information is provided internally on the same basis.
- They are part of a contract containing one or more embedded derivatives and permit that the combined contract as a whole (assets or liabilities) is designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains and losses recognized in profit or loss. Net gains or losses recognized in profit or loss comprise any interest derived from a financial liability.

Other financial liabilities

Initially measured at fair value, less transaction costs, and subsequently measured at amortized cost using the effective interest method. The effective interest method is used to calculate the amortized cost of a liability and allocate interest expenses during the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, over a shorter period.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") AND THE RELATED PRONOUNCEMENTS ISSUED BY THE CPC

New and revised standards and interpretations

a) Standards, interpretations and revised standards not yet effective and which were not early adopted by the Company.

   The International Accounting Standards Board ("IASB") also issued new and revised International Financial Reporting Standards ("IFRSs"), which have not yet been issued by the CPC. The main amendments to the standards/pronouncements are as follows:

Standard	Main requirements	Effective date
IFRS 9 *Financial Instruments: Classification and Measurement*	Completes the first stage of the project to supersede IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value, based on how an entity manages its financial instruments (its business model) and contractual cash flows underlying the financial assets. The standard also requires the adoption of only one method to determine asset impairment.	Effective for annual periods beginning on or after January 1, 2018.

Standard	Main requirements	Effective date
IFRS 15 *Revenue from Contracts with Customers*	Supersedes IAS 18, IAS 11, IFRIC 15, and IFRIC 18. IFRS 15 specifies when and how an entity should recognize revenue derived from contracts or relationships with customers, including how to provide users of financial statements with more informative, relevant disclosures. This standard provides, one single document, principles-for recognition of revenue applicable to all contracts and/or relationships with customers.	Effective for annual periods beginning on or after January 1, 2018.
IFRS 16 *Leases*	Requires a new assessment of leases both of the lessors or the lessees, superseding IAS 17. The definition of financial lease is excluded, maintaining exceptions for short-term leases and low-value items.	Effective for annual periods beginning on or after January 1, 2019.

The Company is assessing the impacts of the standards mentioned above. Such impacts have not been measured to date. The Company does not expect to opt for an early adoption of theses standards and their impact has not yet been measured.

4. CASH AND CASH EQUIVALENTS

	2017	2016
Cash and banks	11.789	9.967
Bank Certificates of Deposit (CDBs) (a)	65.357	201.646
Total	77.146	211.613

(a) Short-term investments as at March 31, 2017 refer to investments indexed to the floating rates and/or indexed to rates that range from 90% to 95% of the Interbank Certificate of Deposit (CDI) rate (90% of CDI as at March 31, 2016). The investments can be redeemed at any time under repurchase agreements entered into by the issuer.

5. TRADE RECEIVABLES

	2017	2016
Receivables from car dealers - vehicles	9.127	161.278
Receivables from car dealers - parts	19.609	16.145
Allowance for doubtful debts	(5.038)	(27.222)
Total	23.698	150.201

The aging list of trade receivables is as follows:

	2017	2016
Current	4.012	138.391
Past due:		
1-30 days	19.675	7.628
31-90 days	981	7.978
91-120 days	278	2.785
More than 121 days	3.790	20.641
Total	28.736	177.423

The average days outstanding of sales to car dealers is 28 days for parts, interest free, and two days for vehicles.

Variations in the allowance for doubtful debts

	2017	2016
Balance at the beginning of the year	(27.222)	(4.528)
Increase	-	(22.694)
Increase	22.184	-
Balance at the end of the year	(5.038)	(27.222)

The recognition of the allowance for doubtful debts was classified in profit or loss for the year as 'Other operating income (expenses), net' (Note 21).

6. INVENTORIES

	2017	2016
Vehicles for resale - Land Rover	83.996	178.388
Vehicles for resale - Jaguar	67.166	6.921
Fleet vehicles intended for sale - Land Rover	32.088	31.609
Fleet vehicles intended for sale - Jaguar	7.740	12.840
Spare parts and accessories	140.523	70.312
Imports in transit	13.136	82.241
Allowance for losses and obsolete inventories	(34.515)	(9.122)
Total	310.134	373.189

Variations in the allowance for losses and obsolete inventories

	2017	2016
Balance at the beginning of the year	(9.122)	(2.339)
Increase	(25.393)	(10.841)
Write-offs/use	-	4.058
Balance at the end of the year	(34.515)	(9.122)

7. RECOVERABLE TAXES

	2017	2016
State VAT (ICMS)	32.837	27.782
ICMS on fixed assets	10.002	6.709
IPI recoverable	12.348	-
Cofins recoverable	32.824	-
Pis recoverable	6.584	-
Withholding income tax (IRRF)	3.393	1.352
Reverse charge State VAT (ICMS-ST) (a)	-	17.623
Allowance for losses on unrealizable ICMS-ST (a)	-	(17.623)
Other	10.895	17.026
Total	109.488	52.869
Current portion	101.955	46.160
Noncurrent portion	7.533	6.709
Total	109.488	52.869

(a) From November 2009 to October 2010, approximately 47% of all Company's sales was made to car dealers based outside the State of São Paulo, through its São Paulo subsidiary, which received the imported vehicles through company Cotia Vitória Serviços e Comércio S.A. ("Cotia Trading") based in Vitória, Espírito Santo State. According to the applicable law, this activity is subject to the reverse charge ICMS (ICMS-ST). As a result, the Company paid ICMS-ST at the time of: (i) the transfer of the vehicles, imported by Cotia Trading, from Espírito Santo State to São Paulo State; and (ii) the sales from the branch located in São Paulo to the state of origin of the car dealer that acquires the vehicles for resale. In light of this, the Company has requested the Finance Department of the State of São Paulo an authorization to offset those credits, regarding the duplicate payments made during the aforementioned period, on the sale of the vehicles to Cotia Trading, its main supplier, according to the right granted by the Tax Administration Coordinator (CAT) Administrative Rule 17/06. To date, such permit has not been granted and as at March 31, 2016 the Company increased the allowance for full impairment of the ICMS-ST balance.

The noncurrent portion is represented basically for ICMS credits on fixed assets that are expected to be realized over the long-term.

8. ESCROW DEPOSITS

	2017	2016
Escrow deposits - banks (a)	-	94.352
Escrow deposits - other	17.278	2.565
Total	17.278	96.917

Up to December 2015, the Company imported vehicles and spare parts under the on-demand import scheme, using an unrelated trading company. In this process, this company paid for the imported vehicles and spare parts in full to JLR UK and resold them to JLR Brasil. Because of some financial difficulties it was facing, this trading company sold the receivables from JLR Brasil to some banks. Since the payments to this trading company are only approved after the amounts are received by JLR UK, the Company did not make the payment due to the trading company of the invoices still due to JLR UK since these amounts are not due to the financial institutions while the parent company receipt contractual clause is not complied. As a result, some financial institutions filed lawsuits against JLR Brasil and the courts required the Company to make escrow deposits to guarantee the settlement of the underlying receivables, if applicable. Based on the Company's legal counsel's opinion, the likelihood of an unfavorable outcome in said lawsuits is possible and it does not expect any future cash disbursements.

The balances of escrow deposits by financial institutions are as follows:

	2017	2016
Industrial Bank of Brazil	-	68.786
Banco Safra	-	25.566
Total	-	94.352

9. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

		2017			2016
	Annual depreciation/ amortization rate - %	Cost	Accumulated depreciation/ amortization	Net	Net
Property, plant and equipment:					
Land	-	93.962	-	93.962	89.743
Buildings	4	343.696	(16.197)	327.499	64.865
Improvements	4	-	-	-	924
Furniture and fixtures	10	5.858	(1.717)	4.141	3.059
Machinery and equipment	10	175.950	(15.556)	160.394	21.047
IT equipment	20	38.884	(5.312)	33.572	11.866
Special tools	10	24.120	(4.449)	19.671	133
Water Plant	6	18.924	(1.577)	17.347	-
Construction in progress		33.768	-	33.768	435.791
		735.162	(44.808)	690.354	627.428
Intangible assets:					
Software	20	2.812	(1.037)	1.775	2
Total		737.974	(45.845)	692.129	627.430

<u>Variations in property, plant and equipment and intangible assets</u>

	2017	2016
Balance at the beginning of the year	627.430	62,653
Additions:		
Buildings	19.500	64.935
Land	9.774	89.743
Improvements	-	-
Furniture and fixtures	441	1.669
Machinery and equipment	41.828	22.403
IT equipment	1.253	9.735
Special tools	-	81
Software	747	
Construction in progress	33.768	377.900
Total additions	107.311	566.466
Write-offs, net	(364)	(439)
Depreciation/ amortization	(42.248)	(1.250)
Balance at the end of the year	692.129	627.430

10. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution were calculated based on taxable income adjusted under prevailing tax laws. The income tax rate is 15%, plus 10% surtax on taxable income exceeding R$240. Social contribution is calculated at the rate of 9% on taxable income. The combined tax rate is 34%.

Reconciliation of income tax and social contribution expenses for the years ended March 31, 2017 and 2016 is as follows:

	2017	2016
Profit (loss) before income tax and social contribution	(180.221)	(161.286)
Statutory combined tax rate	34%	34%
Expected income tax and social contribution income (expenses) related to profit (loss) before these taxes, at the statutory combined rate	61.275	54.837
Effect of income tax on permanent differences:		
Transfer-pricing adjustment	-	(4.929)
Unrecognized deferred income tax and social contribution assets	(37.959)	(48.151)
Other	-	4.048
Income tax and social contribution expenses	23,316	(6.543)

The balance of deferred income tax and social contribution assets is as follows:

	2017	2016
Deferred tax assets on temporary differences:		
Accrued bonuses	4.558	2.919
Provision for risks	9.102	4.515
Provision for warranties and repair and maintenance services	33.461	37.162
Provision for sales incentives and marketing	13.050	12.479
Allowance for doubtful debts	1.713	9.255
Exchange losses	230	(22.203)
Other	15.643	10.210
Tax loss carryforwards	37.959	48.151
Unrecognized deferred income tax and social contribution assets	(37.959)	(48.151)
Total	77.757	54.337

11. RELATED-PARTY BALANCES AND TRANSACTIONS

Refer to transactions conducted with the parent company (Jaguar Land Rover Limited).

	2017	2016
Balances:		
Trade receivables (a)	13.141	27.538
Due to related parties (b)	529.524	299.983
Interest on capital payable	6.136	6.136
Intragroup borrowings (c)	-	655.574

	2017	2016
Transactions:		
Purchase of vehicles and spare parts	519.033	1.260.186
Expense reimbursement	(8.447)	(6.053)

(a) Refer basically to amounts receivable as reimbursement of expenses for services provided to related parties located in Latin America without a fixed due date and interest free and reimbursement of expenses incurred (spare parts and labor) on the vehicle recalls.

(b) Refer to amounts payable for the acquisition of vehicles, spare parts, and accessories from the parent company, denominated in local currency.

(c) Refer to borrowings raised with the parent company to fund the construction of a plant in Itatiaia, RJ. The balance of line item 'Intragroup borrowings', which bear 6-month LIBOR interest plus spread of 3.5% per year, denominated in pound sterling and maturing in February 2017-December 2018, broken down as follows:

	Interest rate	2017	2016
Borrowing - Jaguar Land Rover Limited	6M LIBOR + 3.5% p.a.		655.574
Current portion			153.832
Noncurrent portion			501.742
Total			655.574

Management compensation

Management compensation expenses for the year ended March 31, 2017 amounted to R$ 4.098 (R$6.155 in 2016). This compensation consists of wages and payroll taxes, including 13th salary (yearend bonus) and vacation pay, short-term benefits, such as health and dental care, etc.

12. TRADE PAYABLES - THIRD PARTIES

	2017	2016
Trading company - imports	-	208.594
Domestic suppliers	44.025	73.387
Foreign suppliers	32	16.226
Other	4.345	1.058
Total	48.402	299.265

13. TAXES PAYABLE

	2017	2016
Federal VAT (IPI)	17.200	7.345
State VAT (ICMS)	-	1.303
Reverse charge State VAT (ICMS-ST)	16.487	21.681
Other	9.334	1.240
Total	43.021	31.569

14. SALES INCENTIVES PAYABLE

As at March 31, 2017, the Company reports the following sales incentive amounts payable to car dealers:

	2017	2016
Variable margin expenses payable - Land Rover	3.585	6.617
Variable margin expenses payable - Jaguar	415	76
Total	4.000	6.693

15. PROVISION FOR WARRANTY, SALES INCENTIVES AND OTHER COSTS

	2017	2016
Provision for warranties and repair and maintenance services	105.394	109.300
Sales incentives	45.214	32.343
Provision for marketing	2.573	4.362
Provision - Inovar Auto Program	-	9.448
	805	
Total	153.986	155.453
Current portion	105.212	109.814
Noncurrent portion	48.774	45.639
Total	153.986	155.453

16. DEFERRED INCOME

	2017	2016
Deferred income – land (a)	21.000	21.000
Deferred income – service plan	23.151	22.751
Total	44.151	43.751
Current portion	6.777	9.223
Noncurrent portion	37.374	34.528
Total	44.151	43.751

(a) Deferred income relating to the land received from the State of Rio de Janeiro as an investment grant (construction of a plant in that state). The fair value of this land was recognized as deferred income and part of the income was offset against plant construction costs incurred in the year ended March 31, 2016 (R$20,500) and the remaining amount (R$21,000) will be offset against personnel costs to be incurred over a period of approximately 20 years, in compliance with the mandatory commitments assumed, such as job creation, investment in research and development, investment in social, cultural, environmental, science, and technology projects, investment in professional education.

17. PROVISION FOR RISKS

	2017	2016
Labor and social security	3.431	1.202
	10.873	
Civil	12.465	12.076
Total	26.769	13.278

Variations in the provision for risks

	Balance in 2016	Additio ns	Reversals	Payments	Balance in 2017
Labor and social security	1.202	61	(385)	-	878
Tax	-	10.873	-	-	10.873
Civil	12.076	10.962	(1.689)	(6.331)	15.018
Total	13.278	21.896	(2.074)	(6.331)	26.769

	Balance in 2015	Additio ns	Reversals	Payments	Balance in 2016
Labor and social security	1.440	-	(238)	-	1.202
Tax	-	-	-	-	-
Civil	9.420	4.372	(1.382)	(334)	12.076
Total	10.860	4.372	(1.620)	(334)	13.278

As at March 31, 2017, the contingencies assessed as possible losses by the Company's legal counsel and management refer to civil lawsuits totaling R$1.000 (R$267.827 in 2016).

Pursuant to the prevailing tax law, the Company's income tax returns for the last five years are open to review by tax authorities. Other taxes and contributions are open to review and approval by tax authorities for varying statutory periods. However, the Company believes that as at March 31, 2017 there were no other known significant risks that should be reflected in the financial statements.

18. CAPITAL

The Company's subscribed and paid-in capital is R$616.618 as at March 31, 2017 (R$59.231 in 2016), represented by 616.627.735 shares with par value of R$1.00 each, respectively, held by the following shareholders:

	Shares	
Shareholders	2017	2016
Jaguar Land Rover Limited	616.627.734	59.231.334
JLR Nominee Company Limited	1	1
Total	616.627.735	59.231.335

19. NET OPERATING REVENUE

	2017	2016
Sales in the domestic market	1.860.526	2.316.810
Taxes on sales	(625.080)	(689.503)
Returns, discounts and rebates	(115.255)	(145.440)
Net revenue	1.120.191	1.481.867

20. EXPENSES BY NATURE

	2017	2016
Raw material and consumables	(1.021.883)	(1.285.217)
Depreciation and amortization	(42.377)	(1.250)
Costs and expenses on employees	(87.759)	(99.775)
Expenses on structure and maintenance	(43.173)	(22.853)
Expenses on insurance, warranty, fees and charges	(45.507)	(86.725)
Expenses on information technology and projects	(13.634)	(3.483)
Outside and other services	(20.290)	(45.566)
Expenses on marketing, promotions and sales	(144.285)	(88.671)
Total cost of sales and selling, general, and administrative expenses	(1.418.908)	(1.633.540)
Cost of sales	(1.064.260)	(1.368.839)
Selling, general, administrative, and personnel expenses	(354.648)	(264.701)
Total	(1.418.908)	(1.633.540)

21. OTHER OPERATING INCOME (EXPENSES)

	2017	2016
Allowance for doubtful debts	22.865	(22.694)
Reversal (recognition) of provision for risks	(8.405)	(2.418)
Provision for losses on ICMS-ST	-	(13.644)
Other	-	(2.551)
Total	14.460	(41.307)

22. FINANCE INCOME (COSTS)

	2017	2016
Finance costs:		
Interest payable	(34.861)	(7.730)
Banking expenses	(103)	(90)
Other finance costs	(1.785)	(1.989)
Total finance costs	(36.749)	(9.809)
Finance income:		
Income from short-term investments	12.490	13.376
Other finance income	1	594
Total finance income	12.491	13.970

	2017	2016
Foreign exchange gains (losses) (primarily on translating intragroup borrowings)	128.294	63.850
Total	104.036	68.011

23. FINANCIAL INSTRUMENTS

The Company carries out transactions involving financial instruments, basically short-term investments, borrowings and financing, all recorded in balance sheet accounts, to preserve its investment capacity and growth strategy.

The Company has been operating basically as a sales structure of products imported from its British parent company and only now, at the end of the year ended March 31, 2016, it has started to change its business to become a carmaker for the domestic market and the Latin American region. As a subsidiary and still as a sales structure of a foreign company, as regards the financial risks, the Company has basically operated in putting in place the Group's policies, basically in the management of cash and cash equivalents and credit management. The Company's management does not make strategic decisions with regard to the definition of the financial policies, capital structure, and the management of financial market risks (foreign exchange rates, inflation, interest, and credit). Accordingly, the Company does not contract locally any type of derivative financial instrument since the underlying decisions are made by the Group's central treasury department. The Company's financial instruments are regular-way instruments, usually obtained in its business transactions, especially cash equivalents, trade receivables, trade payables to local suppliers and foreign related parties, and borrowings from its parent company.

With regard to the local financial management, it reflects basically the implementation of the controlling group's financial policies, specifically credit risks (both from business transactions and relating to financial institutions where funds are invested). Accordingly, the Company is responsible for the enforcement of the written policies on credit granting, the quality and rating of the financial institutions with which the company works, the type of financial transactions that the Company can operate with, etc. Notwithstanding he extraordinary credit losses experienced in the current year, with regard to business credit granted, i.e., credit granted to JLR car dealers, the Company conducts the required credit rating and granting procedures and enforces the parent company's policies to determine the allowance for doubtful debts referred to above.

The main financial assets and financial liabilities are classified by category:

	2017	2016
Financial assets:		
Loans and receivables measured at amortized cost:		
Cash and cash equivalents	77.146	211.613
Trade receivables	23.698	150.201
Due from related parties	13.141	27.538

	2017	2016
Financial liabilities:		
Loans and receivables measured at amortized cost:		
Trade payables	48.402	299,265
Due to related parties	529.524	299,983
Intragroup borrowings	-	655,574

24. INSURANCE COVERAGE

As at March 31, 2017, insurance policies contracted by the Company with third parties are as follows:

	Insured amounts
Vehicles and sundry risks	963.102
Civil liability	16.136
Transportation	64.647

25. BANK GUARANTEES

As at March 31, 2017 and 2016, based on the agreements in effect, the bank guarantees are as follows:

Line	2017	2016
Lease guarantee - Banco Deutsche	-	2.111
Lease guarantee - Banco Industrial	-	-
Lease guarantee - Banco Santander	3.152	578
Total	3.152	2.689

26. APPROVAL OF THE FINANCIAL STATEMENTS

The Company’s management reviewed and approved the financial statements for the year ended March 31, 2017 on XXX, 2017, and authorized their disclosure.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL INDÚSTRIA E COMÉRCIO DE VEÍCULOS LTDA.

BALANCE SHEETS AS AT MARCH 31, 2017 AND 2016
(In thousands of Brazilian reais - R$)

ASSETS	Notes	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	4	77,146	211,613
Trade receivables	5	23,698	150,201
Inventories	6	310,134	373,189
Recoverable taxes	7	101,955	46,160
Recoverable income tax and social contribution		4,124	4,040
Other receivables		24,010	19,914
Total current assets		541,067	805,117
NONCURRENT ASSETS			
Long-term receivables:			
Deferred income tax and social contribution	10	77,757	54,337
Due from related parties	11	13,141	27,538
Recoverable taxes	7	7,533	6,709
Escrow deposits	8	17,278	96,917
Property, plant and equipment and Intagible assets	9	692,129	627,430
Intangible assets			
Total noncurrent assets		807,838	812,931
TOTAL ASSETS		1,348,905	1,618,048

LIABILITIES AND EQUITY	Notes	2017	2016
CURRENT LIABILITIES			
Trade payables - third parties	12	48,402	299,265
Due to related parties	11	535,660	459,951
Taxes payable	13	43,021	31,569
Sales incentives payable	14	4,000	6,693
Payroll and related taxes		19,029	18,593
Provision for warranty, sales incentives and other costs	15	105,212	109,814
Deferred income	16	6,777	9,223
Other payables		32,494	46,231
Total current liabilities		794,595	981,339
NONCURRENT LIABILITIES			
Intragroup borrowings	11	-	501,742
Provision for warranty, sales incentives and other costs	15	48,774	45,639
Provision for risks	17	26,769	13,278
Deferred income	16	37,374	34,528
Other payables		14,511	15,132
Total noncurrent liabilities		127,428	610,319
EQUITY			
Capital	18	616,628	59,231
Earnings reserve		98,671	98,671
Accumulated losses		(288,417)	(131,512)
Total equity		426,882	26,390
TOTAL LIABILITIES AND EQUITY		1,348,905	1,618,048

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL INDÚSTRIA E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(In thousands of Brazilian reais - R$)

	Notes	2017	2016
NET OPERATING REVENUE	19	1,120,191	1,481,867
COST OF SALES	20	(1,064,260)	(1,368,839)
GROSS PROFIT		55,931	113,028
OPERATING EXPENSES			
Selling expenses	20	(144,285)	(90,232)
General and administrative expenses	20	(133,134)	(96,188)
Personnel expenses	20	(77,229)	(78,281)
Other operating income (expenses)	21	14,460	(41,307)
		(340,188)	(306,008)
OPERATING INCOME (LOSS) BEFORE FINANCE INCOME (COSTS)		(284,257)	(192,980)
FINANCE INCOME (COSTS)	22	104,036	68,011
OPERATING INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(180,221)	(124,969)
Current income tax and social contribution	10		
Deferred income tax and social contribution	10	-	2,140
		23,316	(8,683)
PROFIT (LOSS) FOR THE YEAR		(156,905)	(131,512)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL INDÚSTRIA E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(In thousands of Brazilian reais - R$)

	2017	2016
PROFIT (LOSS) FOR THE YEAR	(156,905)	(131,512)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(156,905)	(131,512)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL INDÚSTRIA E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(In thousands of Brazilian reais - R$)

	Notes	Capital	Earnings reserve	Retained earnings (acumulated losses)	Total
BALANCE AT MARCH 31, 2015		59,231	98,671		157,902
Loss for the year				(131,512)	(131,512)
BALANCE AT MARCH 31, 2016		59,231	98,671	(131,512)	26,390
Capital increase	18	557,397			557,397
Loss for the year		-	-	(156,905)	(156,905)
BALANCE AT MARCH 31, 2017		616,628	98,671	(288,417)	426,882

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

JAGUAR LAND ROVER BRASIL INDÚSTRIA E COMÉRCIO DE VEÍCULOS LTDA.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(In thousands of Brazilian reais - R$)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax and social contribution		(180,221)	(124,969)
Adjustments to reconcile profit for the year before income tax and social contribution with cash generated by (used in) operating activities:			
Recognition (reversal) of provision for risks	17	19,822	2,752
Depreciation and amortization	9	42,248	1,250
Allowance for (reversal of) inventory losses and obsolete items	6	25,393	6,783
Allowance for doubtful debts	5	(22,184)	22,694
Allowance for losses on unrealizable ICMS-ST	21	-	13,644
Provision for sales incentive		(1,467)	(6,303)
Foreign exchange differences		(128,294)	(57,412)
Unrealized interest		-	2,932
Deferred income		400	43,751
Other provisions		-	(2,411)
Decrease (increase) in operating assets:			
Trade receivables		148,687	(67,062)
Due from related parties		14,397	(2,530)
Inventories		37,662	(102,283)
Recoverable taxes		(56,703)	(39,161)
Escrow deposits		79,639	(95,538)
Other receivables		(4,096)	(422)
Increase (decrease) in operating liabilities:			
Trade payables - third parties		(250,863)	95,198
Due to related parties		264,767	287,027
Taxes payable		11,452	(14,720)
Sales incentives payable		(2,693)	(4,903)
Payroll and related taxes		436	8,273
Provision for risks		(6,331)	-
Advances from customers		(15,609)	21,257
Other payables		1,147	27,965
Cash used in operating activities before income tax and social contribution		(22,411)	15,812
Interest paid		(11,374)	-
Income tax and social contribution paid	10	-	(2,140)
Net cash used in operating activities		(33,785)	13,672
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	9	(107,311)	(566,466)
Net disposal of property, plant and equipment		364	439
Net cash used in investing activities		(106,947)	(566,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Intragroup borrowings	11	78,030	662,141
Profit distribution and interest on capital paid	11	(71,765)	-
Net cash provided by financing activities		6,265	662,141
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(134,467)	109,786
Cash and cash equivalents at the beginning of the year		211,613	101,827
Cash and cash equivalents at the end of the year		77,146	211,613
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(134,467)	109,786

The accompanying notes are an integral part of these financial statements.