Jaguar Land Rover Limited Liability Company

Financial Statements
for the year ended 31 December 2015
and Auditor's Report
(Translated from the original in Russian – Unofficial Translation)

AUDITOR'S REPORT

To the participant of LLC Jaguar Land Rover:

We have audited the accompanying financial statements of LLC Jaguar Land Rover, which comprise:

- Balance sheet as at 31 December 2015;
- Statement of financial results for the year ended 31 December 2015;
- Appendixes to the Balance sheet and Statement of financial results:
  - Statement of changes in equity for the year ended 31 December 2015;
  - Statement of cash flows for the year ended 31 December 2015;
  - Explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Russian accounting and financial reporting standards, and for the system of internal controls necessary for preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on fair presentation of the financial statements based on our audit. We conducted our audit in accordance with federal rules (standards) of auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on our judgment which is based on the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the system of internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the system of internal control.

The audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the audited entity, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LLC "Jaguar Land Rover" as at 31 December 2015, the results of its financial performance and its cash flows for 2015 in accordance with the Russian accounting and financial reporting standards.

28 March 2015
Moscow, Russian Federation

The Russian original signed by:

Golovkina Natalia, Partner
(certificate no. № 01-001193 dated 14.01.2013)

ZAO Deloitte & Touche CIS

The following financial statements were prepared for use in the Russian Federation in accordance with accounting principles and financial reporting practices generally accepted in the Russian Federation and are not intended to present the financial position and results of operations of the audited entity in accordance with accounting principles and practices generally accepted in any other jurisdiction.

BALANCE SHEET
As at 31 December 2015

			CODES
		Date (day, month, year)	31/12/2015
Entity	LLC Jaguar Land Rover	OKPO	86658358
Taxpayer identification number		INN	5047095543
Type of activity	Wholesale of vehicles	OKVED	50.10.1
Legal status / form of ownership	Limited Liability Company/Ownership by foreign legal entity	OKOPF/ OKFS	12300 / 23
Unit	Thousands of rubles	OKEI	384
Address	Mezhdunarodnoe St, 28B, bldg.2, 141411, Moscow, Russian Federation		

Item description	Note	31 December 2015	31 December 2014	31 December 2013
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets		25,539	26,737	32,094
Property and equipment	3.1	602,785	408,916	405,118
Deferred tax assets	3.3	735,440	541,191	425,549
Long-term accounts receivables	3.5	180,000	-	-
Other non-current assets		9,145	6,999	4,550
Total Section I		**1,552,909**	**983,843**	**867,311**
II. CURRENT ASSETS				
Inventories	3.4	4,835,339	2,172,328	4,286,006
Value-added tax receivable		79,264	50,403	60,214
Accounts receivable	3.5	1,490,280	1,413,999	1,451,115
Investments (other than cash equivalents)	3.2	2,312,162	7,639,321	-
Cash and cash equivalents	3.6	2,891,545	662,594	4,675,435
Other current assets		8,821	7,609	2,724
Total Section II		**11,617,411**	**11,946,254**	**10,475,494**
TOTAL ASSETS		**13,170,320**	**12,930,097**	**11,342,805**
EQUITY AND LIABILITIES				
III. EQUITY AND RESERVES				
Charter capital	3.7	48,345	48,345	48,345
Additional paid-in capital (excluding revaluation)		608,993	608,993	608,993
Retained earnings		5,168,137	4,165,866	6,372,424
Total Section III		**5,825,475**	**4,823,204**	**7,029,762**
IV. NON-CURRENT LIABILITIES				
Provisions	3.9	1,293,915	1,368,235	1,122,980
Deferred tax liabilities		268	-	-
Total Section IV		**1,294,183**	**1,368,235**	**1,122,980**
V. CURRENT LIABILITIES				
Accounts payable	3.8	3,806,276	5,664,153	2,421,603
Provisions	3.9	2,244,386	1,074,505	768,460
Total Section V		**6,050,662**	**6,738,658**	**3,190,063**
TOTAL LIABILITIES		**13,170,320**	**12,930,097**	**11,342,805**

Shatalova E.Y., Finance and administrative director,
acting on the basis of attorney dated 17/02/2016.

Bukreeva O. P., Chief Accountant
28 March 2016

STATEMENT OF FINANCIAL RESULTS
For 2015

			CODES
		Date (day, month, year)	31/12/2015
Entity	LLC Jaguar Land Rover	OKPO	86658358
Taxpayer identification number		INN	5047095543
Type of activity	Wholesale of vehicles	OKVED	50.10.1
Legal status / form of ownership	Limited Liability Company/Ownership by foreign legal entity	OKOPF/ OKFS	12300 / 23
Unit	Thousands of rubles	OKEI	384

Item description	Note	2015	2014
Revenue	4.1	50,793,518	61,550,705
Cost of sales	4.2	(38,840,837)	(50,242,210)
Gross profit		**11,952,681**	**11,308,495**
Selling expenses	4.2	(6,956,667)	(6,517,529)
Profit from sales		**4,996,014**	**4,790,966**
Interest income		604,768	491,940
Other income	4.3	879,323	941,244
Other expenses	4.4	(620,971)	(915,367)
Profit before income tax		**5,859,134**	**5,308,783**
Current income tax expense		(1,419,192)	(1,258,559)
including permanent tax liabilities	3.3	53,384	81,160
Change in deferred tax assets	3.3	194,249	115,642
Change in deferred tax liabilities	3.3	(268)	-
Net profit		**4,633,923**	**4,165,866**

Shatalova E.Y., Finance and administrative director,
acting on the basis of attorney dated 17/02/2016.

Bukreeva O. P., Chief Accountant

28 March 2016

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

			Codes
		Date (day, month, year)	31/12/2015
Entity	LLC Jaguar Land Rover	OKPO	86658358
Taxpayer identification number		INN	5047095543
Type of activity	Wholesale of vehicles	OKVED	50.10.1
Legal status / form of ownership	Limited Liability Company/Ownership by foreign legal entity	OKOPF/ OKFS	12300 / 23
Unit	Thousands of rubles	OKEI	384

Item description	Charter capital	Additional paid-in capital (excluding revaluation)	Retained earnings	Total
Balance as at 31 December 2013	**48,345**	**608,993**	**6,372,424**	**7,029,762**
Net profit	-	-	4,165,866	4,165,866
Dividends Payout to the participant	-	-	(6,372,424)	(6,372,424)
Balance as at 31 December 2014	**48,345**	**608,993**	**4,165,866**	**4,823,204**
Net profit	-	-	4,633,923	4,633,923
Dividends Payout to the participant	-	-	(3,631,652)	(3,631,652)
Balance as at 31 December 2015	**48,345**	**608,993**	**5,168,137**	**5,825,475**

Additional information	31 December 2015	31 December 2014	31 December 2013
Net assets	5,825,475	4,823,204	7,029,762

Shatalova E.Y., Finance and administrative director,
acting on the basis of attorney dated 17/02/2016.

Bukreeva O. P., Chief Accountant

28 March 2016

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

			Codes
		Date (day, month, year)	31/12/2015
Entity	LLC Jaguar Land Rover	OKPO	86658358
Taxpayer identification number		INN	5047095543
Type of activity	Wholesale of vehicles	OKVED	50.10.1
Legal status / form of ownership	Limited liability company/Property of foreign legal entities	OKOPF/ OKFS	12300 / 23
Unit	Thousands of rubles	OKEI	384

Item description	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of goods, products, work and services	53,217,757	66,858,406
Other cash inflows	2,283,783	3,475,075
Payments upon agency agreement	(105,738)	(164,525)
Purchases of goods, work, services	(37,468,919)	(41,197,402)
Payments to employees	(312,157)	(227,725)
Income tax	(1,323,151)	(1,388,901)
Value added tax	(1,884,090)	(1,427,655)
Other taxes and duties	(383,943)	(643,518)
Customs payments (duties, fees, excises)	(10,702,132)	(11,915,661)
Bonuses paid	(4,029,045)	(4,887,368)
Other payments, contributions	(87,811)	(22,110)
Net cash (outflows)/inflows from operating activities	**(795,446)**	**8,458,616**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(44,433)	(12,955)
Proceeds from sales of fixed assets and other assets	406,316	423,961
Interest on investments	631,001	452,719
Loans given to other entities	(9,300,000)	(13,500,000)
Proceeds from repayment of loans receivable	14,600,000	5,900,000
Net cash received from/(used in) investing activities	**6,292,884**	**(6,736,275)**
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends to the participant	(3,268,487)	(5,735,182)
Net cash used in financing activities	**(3,268,487)**	**(5,735,182)**
Net increase/(decrease) in cash and cash equivalents during the reporting period	**2,228,951**	**(4,012,841)**
Net cash and cash equivalents at the beginning of reporting period	**662,594**	**4,675,435**
Net cash and cash equivalents at the end of the reporting period	**2,891,545**	**662,594**

Shatalova E.Y., Finance and administrative director,
acting on the basis of attorney dated 17/02/2016.

Bukreeva O. P., Chief Accountant

28 March 2016

NOTES TO THE FINANCIAL STATEMENTS
of LLC Jaguar Land Rover for the year ended 31 December 2015

1. GENERAL

LLC Jaguar Land Rover (the "Company") was established by ZAO Ford Motor Company in May 2008 (certificate of state registration N 1085047006549 dated 22.05.2008). In May 2009, ZAO Ford Motor Company sold its 100% share in the company to LLC Jaguar Cars Limited a legal entity registered and acting under the laws of United Kingdom.

The Company has started its operating activities in April 2009.

Legal and actual registered address: Mezdunarodnoe St., 28B, bldg.2, Moscow, Russian Federation 141411.

Executive body – General Director – Gusarov Artyom Aleksandrovich.

From 10 February 2016 Shatalova Ekaterina Yuryevna (Finance and Administrative Director) combines duties of acting General Director.

The sole participant is Jaguar Land Rover Holdings Limited, registered under the laws of the United Kingdom.

The ultimate parent undertaking and controlling party is Tata Motors Limited, India. Tata Motors Limited is a public company quoted on stock exchanges of Mumbai (India) and New-York (USA). The major beneficiary of Jaguar Land Rover Limited is Tata Sons Limited, India owing 25.67% of the shares.

1.1. Main activities of LLC Jaguar Land Rover include:

- Import, export, purchase, marketing, sales of vehicles, components and spare parts (OKVED code 50.10.1);
- Providing information to dealers and the parent company on imports, purchases, marketing, sales, services of vehicles, components and spare parts;
- Acting as commercial agent on its behalf and on behalf of the Russian entities in relation to marketing, sales, services, repair, installation, assembly and production of vehicles, components and spare parts;
- Consulting, marketing and other kind of services, related to import, export, purchase, marketing, sales of vehicles, components and spare parts;
- Any other activities that comply with the legislation of the Russian Federation.

The Company performs its activities in accordance with the legislation of the Russian Federation ("RF").

1.2. Number of employees

The Company's average number of employees in 2015 and 2014 was 104 and 71, respectively.

1.3. Main customers

Vehicles are sold to Russian companies and individuals through a network of authorized dealers.

During the reporting period, the largest share of the Company's sales was made to the following dealers:

- LLC AAA Nezavisimost Premier Auto – 11% (2014: 10%);
- LLC Musa Motors JLR – 10% (2014: 8%);
- LLC ROLF Estate St. Petersburg – 9% (2014: 8%);
- CJSC Avilon AG – 7% (2014: 7%).

2. ORGANIZATION OF ACCOUNTING

The Company maintains its accounting records in accordance with the requirements of the RF legislation on accounting and regulations of the RF Ministry of Finance.

In 2015 accounting records were maintained in accordance with the Company's accounting policies as approved by the Order of the general director dated 31 December 2012.

Financial statements were prepared by the Company on the basis of the accounting and reporting regulations that are effective in the RF.

The Company uses SAP and 1C corporate information system to maintain it's financial and tax accounting records.

2.1. Going concern assumption

In preparation of the financial statements, the Company's management assumed that the Company will continue as a going concern in the foreseeable future and has no plans to discontinue or significantly reduce its activities, and that therefore its obligations will be discharged appropriately.

2.2. Chart of accounts

The Company has developed and applies a chart of accounts based on the standard chart of accounts for financial and business activities of organizations as approved by Order of the RF Ministry of Finance No. 94n dated 31 October 2000, using certain subaccounts which enable preparation of financial statements that comply with Russian accounting and tax law and separate cost accounting requirements.

2.3. Stock-count

Stock count is performed in accordance with Methodological Guidelines for the Count of Property and Financial Liabilities approved by Order of the RF Ministry of Finance No. 49 dated 13 June 1995.

The count of property and equipment is performed by units and separate classes of fixed assets at least once every three years. The last count of property and equipment was performed as at 26 and 27 December 2013, separately for vehicles and for other fixed assets.

Inventory count of spare parts was conducted as at 13 November 2015; inventory count of vehicles (inventories) was conducted as at 18 November 2015. Count of all other assets and liabilities was conducted as at 31 December 2015.

2.4. Assets and liabilities denominated in foreign currency

When accounting for business transactions in foreign currencies, the Company uses Central Bank of Russia's ("CBR") official exchange rates of the Russian ruble ("RUB") against such currencies as at the dates of transactions. Assets and liabilities denominated in foreign currencies are reported in amounts calculated on the basis of RUB official exchange rates established by the CBR as at 31 December 2015, 2014 and 2013.

Assets and liabilities denominated in foreign currencies are accounted for in line with the provisions of PBU 3/2006 "Accounting for assets and liabilities denominated in foreign currency". According to PBU 3/2006 liabilities denominated in foreign currencies are translated into rubles as at:

- The reporting date;
- The date of the transaction.

Foreign currency gains and losses are presented separately in the statement of financial results as other income and expenses.

2.5. Current and non-current assets and liabilities

Assets classified as current assets in the financial statements are expected to be used in the Company's production and other activities within 12 months after the reporting date. Liabilities classified as current liabilities in the financial statements are expected to be repaid within 12 months after the reporting date. In other cases, such assets and liabilities are treated as non-current.

2.6. Accounting for property and equimpent

The historical cost of property and equipment acquired for consideration includes actual costs incurred by the Company for acquisition, construction or production, net of the value added tax and other recoverable taxes (unless otherwise prescribed by Russian legislation).

The historical cost of property and equipment includes actual costs of transporting the assets and bringing them to an operable condition.

Property and equipment is initially recorded at historical cost. The historical cost is determined based on the acquisition cost of fixed assets.

The useful life of fixed assets is determined in accordance with the Resolution of the Government of the RF No. 1 dated 1 January 2002 "On the Classification of Fixed Assets Included in Depreciation Groups".

Depreciation rates of property and equipment are as follows:

Property and equipment group	Depreciation rate (% from initial cost per 1 year)	
	From (minimum)	To (maximum)
Vehicles	14	32
Other	9	48

No revaluation of property and equipment is performed.

Assets with a value of less than RUB 40 thousand which satisfy the criteria of PBU 6/01 and qualify for property and equipment are accounted for as inventory.

Depreciation of PPE items is charged on a straight-line method based on the original cost of assets using depreciation rates determined on the basis of the asset useful life. The straight-line depreciation method is used throughout the asset's useful life.

Actual costs of current and capital repairs of fixed assets items are charged to expenses related to production and sale in the period in which they are incurred.

The value of an item of fixed assets which is disposed of or unable to bring economic benefits (income) to the Company in the future is derecognized.

Gains and losses from disposal and sale of property and equipment are presented separately in the statement of financial results as other income and expenses.

Leased fixed assets are accounted for in the balance sheet of the Company using account 01.5 «Vehicles CSV» ("corporate service vehicles" – Company's own used vehicles).

Property and equipment received under lease are not included in the balance sheet and expenses on lease are written off as period expenses.

2.7. Accounting for intangible assets

The initial value of intangible assets is determined based on its acquisition cost. Amortization of intangible assets is accrued according to the useful life determined by agreement.

Intangible assets are amortized on a straight-line basis.

Useful lives of intangible assets are determined by the Company itself at initial recognition of the object and established by the order of the General Director of the Company.

Useful lives of intangible assets are reviewed on an annual basis to determine if they need to be amended.

Intangible assets are not revalued.

2.8. Accounting for investments

Investments for which market value can be determined under the established procedure are presented in the financial statements at the current market value as at the end of the reporting year through adjustment of their value as of the previous reporting date. The difference between the current market value of financial investments at the reporting date and the previous valuation is recognized in financial results.

The investments for which current market value cannot be determined are recognized at cost at the reporting date.

As at 31 December of each reporting year and where there are indicators of impairment the Company tests financial investments for impairment, and recognizes an impairment allowance if necessary in accordance with PBU 19/02 "Accounting for Financial Investments". An allowance is created if the test reveals a significant persistent decrease of the value of investments in accordance with PBU 19/02 "Accounting for Financial Investments".

2.9. Accounting for inventories

The actual cost of inventories acquired for consideration includes actual costs incurred by the Company for acquisition, net of VAT and other recoverable taxes (unless otherwise prescribed by the Russian legislation).

Purchasing and storing of materials is accounted for using account 10 "Materials", where materials are recognised at actual acquisition cost.

When materials are placed into operations or disposed of, the Company uses the average sliding cost method to value its inventory.

Calculation of average cost is made at the moment when the item is disposed of.

Goods for resale are accounted for in the following way:

- Vehicles are accounted for at acquisition cost plus customs duties and fees (if applicable);
- Vehicle spare parts are accounted for at acquisition cost. Customs duties and fees are accumulated in total amount in a separate account.

To reflect the operations of storing and purchasing of inventory and other similar resources the Company uses recording scheme with account 15 "Procurement and acquisition of inventories" and 16 "Deviation in the value of inventories".

Inventories that are obsolete, have fully or partially lost their original quality or whose current market value has decreased or which will be destroyed with high probability or are potentially not suitable for sale are reported in the balance sheet at the end of the reporting period net of the allowance for inventory impairment. Allowance for inventory impairment is charged against the Company's financial results and is calculated separately for each inventory unit based on current demand change and determined by the value of stock units with no demand, and as the difference between the current market value and actual cost of inventories, in case the latter is higher.

2.10. Accounting for cash and cash equivalents

Highly liquid financial investments with a maturity of less than three months, which may be easily converted into a known amount of cash and which are subject to an insignificant risk of value fluctuation are recognized as cash and cash equivalents in the balance sheet.

2.11. Income recognition

The Company's revenues include the sale of vehicles and vehicle spare parts, vehicle rentals, consulting services, sales of brochures and their delivery.

Any other income is treated as other income.

Revenue is recognized in the following way:

- From the sale of spare parts – at the moment of delivery to the first carrier;
- From the sale of vehicles – at the moment of transfer of the title under a contract (i.e. as soon as the Company receives payment for the vehicle, provided that the vehicle was cleared by the custom authorities and passport of vehicle (PTS) is transferred to buyer);
- From rendering of services – at the moment of fulfillment;
- Sales of brochures and services of their delivery are recorded according to the date of application.

Revenue from the sales of vehicles and spare parts is reduced by amount of the dealer bonuses.

Penalties paid by dealers in case of the late payment for vehicles are recorded as other income.

2.12. Accounting for expenses

Expenses on operating activities are treated as follows:

- The cost of vehicles sold is defined on an individual unit basis. Transportation expenses are included in the cost of vehicles sold in proportion of the units sold to the total quantity of vehicles purchased during the reporting period.
- The cost of spare parts sold is defined as the average cost. Transportation expenses are included in the cost of spare parts sold in proportion of the units sold to the total value of spare parts purchased during the reporting period. Customs duties, fees, excises (if applicable) are included in cost of the goods sold in proportion to the value of goods sold during the period.

Selling expenses include:

- Advertising and marketing;
- Warranty repairs and warranty service;
- Transportation expenses;
- Payroll;
- Rent;
- Depreciation;
- Other.

Other expenses include:

- State duty;
- Property tax;
- Transport tax;
- Losses on write-off of irreparable spoilage;
- Penalties, interest, forfeits for breach of contractual terms;

- Not significant prior years exspenses identified in the current year;
- Accounts receivable with expired limitation period, other uncollectible debts;
- Foreign exchange losses;
- Other similar expenses.

2.13. Accounting for allowances and provisions

The Company creates the following allowances:

- Investments impairment allowance (see description in section 2.8 of Notes);
- Inventory obsolescence and impairment allowance (see description in section 2.9 of Notes);
- Bad debt allowance (it is the best estimate of the Company's management of that part of the debt, which not be received).

The following types of provisions are recognized by the Company in its accounting records and in the:

- Accruals for unused vacations;
- Provision for warranty claims;
- Other provisions which meet the criteria in clauses 4 and 5 of PBU 8/2010 "Provisions, Contingent Liabilities and Contingent Assets" ("PBU 8/2010").

Accrual for unused vacation is recognized as follows:

Provision amount is calculated for each employee separately. Amount of the provision is increased by the amount of Social taxes contributions. As employees use vacation (compensation for unused vacation) the provision is reduced.

Provision for warranty claims is determined for each vehicle model based on historical data of warranty payments and adjusted for planned figures of the improvement of the quality of vehicle, changes of cost of work, inflation, changes in manufacturing technology and other similar indicators.

2.14. Accounting for prepaid expenses

Prepaid expenses are recognized in account 97 "Prepaid Expenses" on the basis of actual costs. Prepaid expenses are charged to Profit & Loss (P&L) on a monthly basis by debiting related expense accounts during the period specified in the respective documents (licenses, contracts, etc.). If it is impossible to determine the period from the relevant documents, it is determined by a committee whose members are appointed by the Company's General Director.

Prepaid expenses are presented on the balance sheet as part of other current assets and other non-current assets depending on the expected useful life at the reporting date.

2.15. Income tax

In accordance with the Order of the Ministry of Finance of the RF No. 114n dated 19 November 2003 on approval of Accounting standard "Accounting for settlements on income tax" PBU 18/02, the Company shall recognize, for financial accounting purposes, the difference between income tax on profit (loss) recognized for accounting purposes and income tax recognized for tax purposes and declared in the income tax return.

Deferred tax assets and liabilities are carried in the balance sheet as non-current assets and long-term liabilities respectively. Deferred tax assets are recorded in the financial accounting records through a separate account 09, and deferred tax liabilities through a separate account 77. When preparing its financial statements, the Company reports the deferred tax assets and liabilities on a gross basis in the balance sheet.

Permanent tax liabilities, movements in deferred tax assets, movements in deferred tax liabilities and current income tax provisions are recognized in the Statement of Financial Results.

Current income tax of the Company is tax payable to the budget, determined based on the amount of theoretical income tax expense adjusted by the amount of movements in permanent tax liabilities during the current period, and changes in deferred tax assets and deferred tax liabilities.

3. BREAKDOWN OF CERTAIN BALANCE SHEET ITEMS

3.1. Property and equipment

Movements of the historical cost of the groups of property and equipment were as follows:

(RUB thousand)

Item description	31 December 2014	Additions	Disposals	31 December 2015
Vehicles	454,217	584,152	(395,658)	642,711
Production and support tools	32,978	35,731	-	68,709
Total	**487,195**	**619,883**	**(395,658)**	**711,420**

(RUB thousand)

Item description	31 December 2013	Additions	Disposals	31 December 2014
Vehicles	441,600	481,018	(468,401)	454,217
Production and support tools	25,694	7,434	(150)	32,978
Total	**467,294**	**488,452**	**(468,551)**	**487,195**

The historical cost of leased items of fixed assets as at 31 December 2015 amounted to RUB 41,182 thousand (as at 31 December 2014 – RUB – 59,399 thousand, as at 31 December 2013 – RUB 67,531 thousand), accumulated depreciation as at 31 December 2015 amounted to RUB 6,160 thousand (as at 31 December 2014 – RUB 8,942 thousand, as at 31 December 2013 – RUB 6,935 thousand).

The amount of accumulated depreciation by key groups of fixed assets as at 31 December 2015, 2014 and 2013 was as follows:

(RUB thousand)

Item description	31 December 2015	31 December 2014	31 December 2013
Accumulated depreciation			
Vehicles	84,976	62,661	51,726
Production and support tools	23,659	15,618	10,450
Total	**108,635**	**78,279**	**62,176**
Leased fixed assets	35,022	50,457	60,596

3.2. Short-term investments

As at 31 December 2014 short-term investments comprised the following:

Counterparty	Loan amount	Loan currency	Interest rate as of 31.12.2015	Maturity date
Jaguar Land Rover Limited (UK)	1,000,000	Rubles	8.8%	On demand
Jaguar Land Rover Limited (UK)	300,000	Rubles	8.8%	On demand
Jaguar Land Rover Limited (UK)	700,000	Rubles	8.8%	On demand
Jaguar Land Rover Limited (UK)	300,000	Rubles	8.8%	On demand
Total short-term investments	**2,213,162**			

As at 31 December 2014 short-term investments comprised the following:

Counterparty	Loan amount	Loan currency	Interest rate as of 31.12.2014	Maturity date
Jaguar Land Rover Limited (UK)	1,000,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	600,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	700,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	600,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	1100,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	2300,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	800,000	Rubles	9.464%	On demand
Jaguar Land Rover Limited (UK)	500,000	Rubles	9.464%	On demand
Interest receivable	39,321			
Total short-term investments	**7,639,321**			

During 2014 and 2015 till 21 October 2015 the interest rate was the variable rate, set by the Agreement on the revolving credit facility dated 24 March 2014. From 21 October 2015 the interest rate is the fixed rate, set by the Agreement on the revolving credit facility dated 21 October 2015.

3.3. Income tax

Current income tax expense is determined according to tax accounting records and for 2015 and 2014 and comprised the following:

	2015	(RUB thousand) 2014
Profit before income tax	**5,859,134**	**5,308,783**
Theoretical income tax expense	**1,171,827**	**1,061,757**
Permanent tax liabilities:		
expenses not deductible for tax purposes	53,384	80,983
expenses in excess of allowable limits	-	177
Total PTL	**53,384**	**81,160**
Increase/(decrease) in deferred tax assets:		
change in inventory obsolescence allowance	(27,129)	(3,055)
change in provision for warranty	204,607	112,434
other	16,771	6,263
Total DTA	**194,249**	**115,642**
(Increase) / decrease of DTL		
bonus from supplier	**(268)**	**-**
Total current income tax expense	1,419,192	1,258,559

3.4. Inventories

As at 31 December 2015, 2014 and 2013 inventories comprised the following:

	31 December 2015	2014	(RUB thousand) 2013
Inventories			
Vehicles	3,374,863	1,005,556	3,373,669
Spare parts	1,337,893	1,084,292	1,019,665
Spare parts in-transit	171,521	131,251	122,756
Vehicles in-transit	26,800	165,927	3,967
Transportation and procurement costs	20,003	16,350	12,012
Other	949	1,288	1,546
Inventory obsolescence allowance	(96,690)	(232,336)	(247,609)
Total	**4,835,339**	**2,172,328**	**4,286,006**

As at 31 December 2015, 2014 and 2013 the Company had no inventory pledged as collateral.

Inventory obsolescence allowance was as follows:

Balance as at 31 December 2013	**247,609**
Increase in allowance	92,821
Decrease of allowance	(108,094)
Balance as at 31 December 2014	**232,336**
Increase in allowance	64,092
Decrease of allowance	(199,738)
Balance as at 31 December 2015	**96,690**

3.5. Accounts receivable

As at 31 December 2015, 2014 and 2013 accounts receivable comprised the following:

(RUB thousand)

	31 December		
	2015	**2014**	**2013**
Long-term Accounts Receivable:			
Long-term advances paid	180,000	-	-
Total	**180,000**	**-**	**-**

(RUB thousand)

	31 December		
	2015	**2014**	**2013**
Accounts receivable:			
Trade recievables:			
Accounts with dealers for vehicles	54,898	38,036	34,791
Accounts with dealers for spare parts	615,066	622,242	596,386
Other sales	32,767	36,748	26,759
Short-term advances paid	196,720	99,219	109,166
Settlements on taxes and duties	304,548	400,050	270,488
Settlements with customs	19,840	13,908	11,905
Settlements with the parent company for reimbursement of expenses for warranty repair, warranty service	231,596	179,062	386,797
Other	45,986	31,700	20,312
Bad debt allowance	(11,141)	(6,966)	(5,489)
Total	**1,490,280**	**1,413,999**	**1,451,115**

3.6. Cash and cash equivalents

As at 31 December 2015, 2014 and 2013 cash and cash equivalents comprised the following:

(RUB thousand)

	31 December		
	2015	**2014**	**2013**
Cash and cash equivalents			
Current accounts with banks	137,545	23,094	364,035
Short-term deposits	2,754,000	639,500	4,311,400
Total	**2,891,545**	**662,594**	**4,675,435**

3.7. *Charter capital and distribution of net profit*

On 26 June 2013, the sole participant of the Company decided to pay out the net retained earnings for 2011 under Resolution №13 in the amount of RUB 1,728,973 thousand.

On 29 October 2014, the sole participant of the Company decided to pay out the net retained earnings for 2012 and 2013 under Resolution #16 in the amount of RUB 6,372,424 thousand.

On 24 March 2015, the sole participant of the Company decided to pay out the net retained earnings for 9m 2014 under Resolution №17 in the amount of RUB 3,631,652 thousand.

The charter capital of the Company as at 31 December 2015, 2014, and 2013 amounted to RUB 48,345 thousand.

3.8. *Accounts payable*

As at 31 December 2015, 2014 and 2013 accounts payable comprised the following:

(RUB thousand)

	31 December		
	2015	2014	2013
Accounts payable			
Trade payables:			
Accounts for vehicles	605,081	997,996	3,967
Accounts for spare parts	825,308	855,720	124,111
Accounts for other goods and services	493,753	530,998	649,860
Accounts with dealers for warranty reimbursement	120,156	115,073	140,548
Advances received	55,675	272,162	130,352
Taxes payable	645,370	1,075,860	222,465
Accounts with dealers for bonuses and other liabilities	1,060,933	1,816,344	1,150,225
Other	-	-	75
Total	**3,806,276**	**5,664,153**	**2,421,603**

3.9. *Provisions*

Movements of provisions for the years 2015 and 2014 were as follows:

(RUB thousand)

	Provision for Warranty claims	Unused vacation provision	Other provisions	Total
Balance as at 31 December 2013	**1,873,947**	**17,493**	**-**	**1,891,440**
Increase in provisions	1,711,687	20,425	-	1,732,112
Use of provisions	(1,166,425)	(14,387)	-	(1,180,812)
Balance as at 31 December 2014	**2,419,209**	**23,531**	**-**	**2,442,740**
Increase in provisions	2,700,622	21,075	71,470	2,793,167
Use of provisions	(1,677,589)	(20,017)	-	(1,697,606)
Balance as at 31 December 2015	**3,442,242**	**24,589**	**71,470**	**3,538,301**

The increase of provision on warranty claims in 2014 and 2015 is mainly caused by the increase of warranty services nominated in Russian Rubles.

4. BREAKDOWN OF CERTAIN ITEMS OF STATEMENT ON FINANCIAL RESULTS

4.1. Revenue

Revenue from operating activities for 2015 and 2014 comprised:

	2015	(RUB thousand) 2014
Income from selling goods and services		
Sale of vehicles	47,316,462	59,858,580
Sale of spare parts	6,432,254	5,416,161
Sale of other goods and services	65,436	66,602
	53,814,152	**65,341,343**
Less dealer bonuses	(3,020,634)	(3,790,638)
Total	**50,793,518**	**61,550,705**

4.2. Operating expenses

Breakdown of operating expenses by cost elements for 2015 and 2014 was as follows:

	2015	(RUB thousand) 2014
Cost of sales	**38,840,837**	**50,242,210**
Sale of vehicles	25,367,398	34,271,188
Custom duties and recycling tax	8,771,766	11,882,053
Sale of spare parts	4,671,987	4,079,245
Sale of other goods and services	29,686	9,724
Selling expenses	**6,956,667**	**6,517,529**
Warranty repairs and warranty service	3,109,350	1,933,131
Marketing and advertising	2,153,694	2,711,513
Transportation and procurement costs	396,866	711,950
Payroll	262,009	204,900
Rent	127,665	115,069
Depreciation of property and equipment	125,738	114,767
Maintenance of vehicles	73,553	67,994
Provision for roadside assistance program	71,470	-
Business trip expenses	47,131	46,820
Consulting	19,889	38,712
Insurance	55,751	33,156
Communication services	10,404	7,405
Other expenses	503,416	532,112
Total	**45,797,504**	**56,759,739**

4.3. Other income

Other income for 2015 and 2014 comprised:

	2015	(RUB thousand) 2014
Other income		
Gain on sale of property and equipment	406,316	428,984
Penalties and fines	215,996	303,784
Income, related to decrease of Obsolescence provision of spare parts	102,351	-
Gain from Finance program	57,412	140,058
Gain as a result of inventory count	26,559	22,692
Foreign exchange gains	580	348
Other	70,109	45,378
Total	**879,323**	**941,244**

As was disclosed in Note 3.1, the Company's property and equipment are mainly presented by Company Service Vehicles. In accordance with the Internal Policy, the Company uses these vehicles for 15 months (or 20 thousand kilometres of mileage) and disposes them afterwards. For business purposes of the Company changes in useful service age of vehicles may be approved by Finance and Administrative Director and CEO.

4.4. Other expenses

Other expenses for 2015 and 2014 comprised:

	2015	(RUB thousand) 2014
Other expenses		
Loss from sale of Fixed assets	279,270	335,895
Brand reputation support	73,569	82,549
Loss from Finance program	54,394	132,543
Complaints recieved	47,694	31,856
Loss from sale and disposal of other assets	39,771	36,216
Taxes	31,495	38,499
Loss from inventory count result	29,970	39,209
Bank charges	20,283	39,598
Foreign exchange losses	2,050	2,035
Loss from foreign exchange transactions	485	176
Current period inventory obsolescence allowance	-	92,821
Destruction of spare parts	-	23,388
Other	41,990	60,582
Total	**620,971**	**915,367**

5. RELATED PARTIES

In 2015, 2014 and 2013 the Company had transactions with the following related parties:

- Jaguar Land Rover Exports Limited (United Kingdom), a group company – since 1 April 2012 import by the Company of Land Rover and Jaguar vehicles and Land Rover and Jaguar spare parts for sale on the territory of the RF;
- Jaguar Land Rover Limited (United Kingdom), a group company:

  - since 1 April 2013 import by the Company of Land Rover and Jaguar vehicles and Land Rover spare parts for sale on the territory of the RF;

  - since 1 January 2014 import of Jaguar spare parts for sale on the territory of RF;

  - since 30 January 2013 has right to use intellectual activity results displayed at the Hub of Jaguar and Land Rover on the territory of the RF;

  - since 1 April 2014 granting right of usage of spare parts accounting software (IPOS) and its support, since 25 March 2014 obtaining short-term loans from the Company;

  - the Company accesses license for TOPIx system since 01 January 2015;

  - the Company accesses license for «Microcat» parts catalogue since 01 June 2015;

  - Auto parts export since 22 October 2015 by the Company.

In 2015 related party transactions included:

	Purchase of goods and services 2015	Sales of goods and services 2015	Loans and interest receivable 31/12/2015	Interest received 2015	Accounts receivable 31/12/2015	Accounts payable 31/12/2015
Jaguar Land Rover Limited	37,166,742	467	2,312,162	495,631	232,063	1,435,540
Total	**37,166,742**	**467**	**2,312,162**	**495,631**	**232,063**	**1,435,540**

In 2014 related party transactions included:

	Purchase of goods and services 2014	Loans and interest receivable 31/12/2014	Interest received 2014	Accounts receivable 31/12/2014	Accounts payable 31/12/2014
Jaguar Land Rover Limited	40,712,627	7,639,321	408,068	179,062	1,866,979
Total	**40,712,627**	**7,639,321**	**408,068**	**179,062**	**1,866,979**

Cash flows from/to related party in 2015 and 2014:

	2015	2014
Cash flows from operating activities		
Sales of goods and services	477,781	586,709
Purchase of goods and services	(32,715,334)	(35,456,009)
Cash flows from investing activities		
From the return of loans and the sale of debt securities	14,600,00	5,900,000
Interest received	522,790	368,747
On the acquisition of debt securities, loans to others	(9,300,000)	(13,500,000)
Cash flows from financing activities		
Dividends payment	3,268,487	5,735,182

6. KEY MANAGEMENT PERSONNEL

The Company's General Director, Finance and Administrative Director, and Chief Accountant are considered to be key management personnel.

	2015	(RUB thousand) 2014
Payments to key management personnel		
Payroll	18,105	12,700
Bonuses	7,297	6,934
Other benefits	610	584
Total	**26,012**	**20,218**

Long-term renumerations (renumerations paid on the retirement, signed to the benefit of key management personnel with insurance companies (non-government pension funds), and other payments, which secure payment of pensions and other social benefits to key management personnel by the time of their retirement) were not conducted during 2014 and 2015.

The Company had not signed agreements with non-state pension funds.
The Company did not enter into any joint venture agreements.

7. EXCHANGE RATES

The official exchange rates are established by the Central Bank of the RF.
The official exchange rates were effective at the reporting date were as follows:

Currency	31 December 2015	31 December 2014	31 December 2013
USD	72.8827	56.2584	32.7292
EUR	79.6972	68.3427	44.9699

	2015	2014	(RUB thousand) 2013

Foreign exchange gains and losses, net, from translation of assets and liabilities denominated in foreign currency and payable in foreign currency	(1,470)	(1,687)	(889)

8. SEGMENT INFORMATION

The Company's segment reporting is presented on the basis of management's perspective and relates to the parts of the Company that are defined as operating segments.

Since the Company's risks and profits are determined mainly by the nature of its operations, data for operating segments is considered to be the primary segmental data, and data for geographic segments is considered to be secondary segmental data.

Information on operating segments for 2015 and 2014 is presented below:

(RUB thousand)

	2015					
	Vehicles Land Rover	Vehicles Jaguar	Vehicle spare parts Land Rover	Vehicle spare parts Jaguar	Other	Total
Revenue, net of VAT	42,530,587	2,101,675	5,550,649	545,171	65,436	**50,793,518**
Cost of sales	(32,545,211)	(1,297,614)	(4,594,296)	(374,030)	(29,686)	**(38,840,837)**
Gross profit	**9,985,376**	**804,061**	**956,353**	**171,141**	**35,750**	**11,952,681**

(RUB thousand)

	2014					
	Vehicles Land Rover	Vehicles Jaguar	Vehicle spare parts Land Rover	Vehicle spare parts Jaguar	Other	Total
Revenue, net of VAT	53,042,830	3,350,381	4,627,056	463,836	66,602	**61,550,705**
Cost of sales	(43,190,029)	(2,688,109)	(4,030,761)	(323,587)	(9,724)	**(50,242,210)**
Gross profit	**9,852,801**	**662,272**	**596,295**	**140,249**	**56,878**	**11,308,495**

Information on geographic segments for 2015 and 2014 is presented below:

(RUB thousand)

	2015					
Segment	Moscow and Moscow region	St. Petersburg and Leningrad-skaya Region	Other regions	Republic of Belarus	Republic of Kazakhstan	Total
Revenue, net of VAT	28,051,685	7,945,231	12,458,678	833,438	1,504,486	**50,793,518**
Cost of sales	(21,562,219)	(6,189,497)	(9,387,074)	(634,471)	(1,067,576)	**(38,840,837)**
Gross profit	**6,489,466**	**1,755,734**	**3,071,604**	**198,967**	**436,910**	**11,952,681**

(RUB thousand)

	2014					
Segment	Moscow and Moscow region	St. Petersburg and Leningrad-skaya Region	Other regions	Republic of Belarus	Republic of Kazakhstan	Total
Revenue, net of VAT	32,464,040	8,813,661	17,972,684	750,115	1,550,205	**61,550,705**
Cost of sales	(26,610,749)	(7,330,604)	(14,507,296)	(621,468)	(1,172,093)	**(50,242,210)**
Gross profit	**5,853,291**	**1,483,057**	**3,465,388**	**128,647**	**378,112**	**11,308,495**

9. RISKS

9.1. Operating environment

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

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014-2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to substantial decrease of the Russian Ruble exchange rate.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies.

In the first quarter of 2015 two international credit agencies downgraded Russia's long-term foreign currency sovereign rating to the speculative level with the negative outlook.

The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Comapny is at this stage difficult to determine..

9.2. Taxation

In 2015 and 2014 the Company was not involved in litigations that could significantly affect the financial results.

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Although the Company's management believes that the accompanying financial statements reflect fairly the Company's tax liabilities, there is a risk that the interpretation of the legislation by the tax and customs authorities, as applied to the transactions and activities of the Company, may not coincide with that of the management. The tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged.
As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the tax authorities in respect of taxes for the three calendar years prior to the year of tax review. Under certain circumstances reviews may cover longer periods.

The Company purchases goods from foreign suppliers in the ordinary course of business.
The management believes that customs duties are calculated in compliance with the applicable legislation. However, there is a risk that relevant regulatory authorities may take a different view. The Company qualifies the risk of an outflow of economic benefits in connection with these events as unlikely.

Russian transfer pricing legislation was amended starting from 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses of the rules is unclear, the impact of challenge of the Company's transfer pricing positions by the tax authorities cannot be reliably estimated.

10. SUBSEQUENT EVENTS

There were no subsequent events in the Company's activities after the reporting period.

Shatalova E.Y., Finance and administrative director,
acting on the basis of attorney dated 17/02/2016.

Bukreeva O. P., Chief Accountant
28 March 2016