Jaguar Land Rover Colombia S. A. S.
Financial Statements

Period between August 11 and December 31, 2016

Certification of the Company's Legal Representative and Accountant

March 6, 2017

To the Shareholders of
Jaguar Land Rover Colombia S. A. S.

The undersigned legal representative and public accountant of Jaguar Land Rover Colombia S. A. S., (hereinafter the Company), under whose responsibility the financial statements were prepared, certify that for the issuance of the financial statements as of December 31, 2016, the statement of financial position, the income statement, the statements of comprehensive income, changes in equity and cash flows and the summary of significant accounting policies and other explanatory notes (hereinafter the financial statements), which according to the regulations are made available to shareholders and third parties, have previously verified the statements contained therein and that the figures have been taken faithfully from the books.

Such statements, explicit and implicit, are as follows:

a) All assets and liabilities included in the Company's financial statements exist at the cut-off date and all transactions included in those statements have been carried out during the year.

b) All economic events carried out by the Company have been recognized in the financial statements.

c) Assets represent probable future economic benefits (rights) and liabilities represent probable future economic sacrifices (obligations), obtained or paid by the Company at the cut-off date.

d) All elements have been recognized for their appropriate amounts.

e) All economic events affecting the Company have been correctly classified, described and disclosed in the financial statements.

March 6, 2017

The certification is limited to each of the parties who sign it to the functions that are within their competence. In accordance with the above and as for the certification by the accountant, an officer of PricewaterhouseCoopers Asesores Gerenciales Ltda. (PwC AG), the certifications are limited exclusively to accounting matters and the certification is subject to their knowledge taking into account the information provided by the Company to PwC AG for the development of its Accounting Outsourcing functions.

Jasbir Kaur Kankai	Alistair Scott	Diego Clavijo Forero.
Legal Representative	Legal Representative	Public Accountant
		Professional Card No. 103096-T
		Member of PricewaterhouseCoopers
		Asesores gerenciales Ltda.

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

STATMENTS OF FINANCIAL POSITION
PERIOD BETWEEN AUGUST 11 AND DECEMBER 31, 2016

	Notes	
Assets		
Current assets		
Cash	7	$5,525,000
Accounts receivable	8	$15,035,482
Inventories	9	$23,677,320
Tax assets	10	$615,374
		$44,853,176
Non-current assets		
Deferred tax	14	$1,000,928
		$1,000,928
Total assets		$45,854,104
Liabilities		
Current liabilities		
Financial liabilities	11	$6,004,800
Accounts payable	12	$2,973,854
Accounts payable related parties	24	$30,840,652
Tax liabilities	13	$869,279
Provisions	15	$1,570,971
		$42,259,556
Non-current liabilities		
Provisions	15	$205,360
		$205,360
Total liabilities		$42,464,916
Shareholders' Equity		
Partnership Capital	16	$3,600,000
Profit of the period		($210,812)
Total Shareholders' equity		$3,389,188
Total liabilities and Shareholders' equity		$45,854,104,

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

Jasbir Kaur Kankai
Legal Representative
(See attached certification)

Alistair Scott
Legal Representative
(See attached certification)

Diego Clavijo Forero
Public Accountant
Professional Card No. 103096-T
Member of PricewaterhouseCoopers Asesores Gerenciales Ltda.
(See attached certification)

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

STATEMENTS OF COMPREHENSIVE INCOME
PERIOD BETWEEN AUGUST 11 AND DECEMBER 31, 2016

	Notes	
Ordinary income	17	$14,422,083
Cost of sales	18	($12,125,192)
Gross income		$2,296,891
Administrative expenses	19	($509,552)
Cost of sales	20	($2,563,613)
Operating loss		($776,274)
Net financial income	22	$319,374
Loss before provision for income tax		($456,900)
Provision for income tax	23	($754,840)
Deferred tax	23	$1,000,928
Net loss		($210,812)
Total comprehensive income		**($210,812)**

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

Jasbir Kaur Kankai
Legal Representative
(See attached certification)

Alistair Scott
Legal Representative
(See attached certification)

Diego Clavijo Forero
Public Accountant
Professional Card No. 103096-T
Member of PricewaterhouseCoopers
Asesores Gerenciales Ltda.
(See attached certification)

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

STATEMENTS OF CHANGES IN EQUITY
PERIOD BETWEEN AUGUST 11 AND DECEMBER 31, 2016

	Share capital	Profit of the period	Total equity
Initial share capital	$3,600,000	**-**	**$3,600,000**
Net loss	-	($210,812)	**($210,812)**
Balance as of December 31, 2016	**$3,600,000**	**($210,812)**	**$3,389,188**

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

Jasbir Kaur Kankai
Legal Representative
(See attached certification)

Alistair Scott
Legal Representative
(See attached certification)

Diego Clavijo Forero
Public Accountant
Professional Card No. 103096-T
Member of PricewaterhouseCoopers
Asesores Gerenciales Ltda.
(See attached certification)

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

STATEMENT OF CASH FLOWS
PERIOD BETWEEN AUGUST 11 AND DECEMBER 31, 2016

Cash flow – Operating activities	
Net loss of the period	($210,812)
Adjustment to:	
Provision for current income tax	$754,840
Deferred income tax	($1,000,928)
Provisions	$1,776,331
Changes in working capital:	
Accounts receivable	($15,035,482)
Tax assets	($615,374)
Inventories	($23,677,320)
Accounts payable	$2,973,854
Accounts payable related parties	$30,840,652
Tax liabilities	$114,439
Net cash used in operations	($4,079,800)
Income tax paid	-
Net cash used in operation activities	($4,079,800)
Cash flow of the financing activities	
Increase in financial obligations	$6,004,800
Capital contribution	$3,600,000
Net cash generated by financial activities	$9,604,800
Net increase of cash	$5,525,000
Cash at the beginning of the period	-
Cash at the end of the period	$5,525,000

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

Jasbir Kaur Kankai
Legal Representative
(See attached certification)

Alistair Scott
Legal Representative
(See attached certification)

Diego Clavijo Forero
Public Accountant
Professional Card No. 103096-T
Member of PricewaterhouseCoopers
Asesores Gerenciales Ltda.
(See attached certification)

NOTES TO THE FINANCIAL STATEMENTS
PERIOD BETWEEN AUGUST 11 AND DECEMBER 31, 2016

1. General information

Jaguar Land Rover Colombia S.A.S. (hereinafter the Company) was incorporated in accordance with the Colombian legislation through a shareholder's private document registered on August 11th, 2016 under the Number 02133074 of book IX .

The company's business purpose is the exploitation or development of all kinds of businesses with motor vehicles, spare parts and accessories as well as the import and export of such goods. In the development of its business purpose the company may sign and execute all types of contracts and transactions that are directly related to it. Likewise, the company may obtain and grant loans to third parties without being deemed as a financial entity. The main place of business is located in Bogotá.

2. Bases for preparation

The financial statements of the Company have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia established in Act 1314 of 2009, regulated by decree 2420 de 2015, modified by decree 2496 of 2015. These accounting and financial reporting standards correspond to the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the Interpretations (CINIF) and (SIC) and the conceptual framework for financial information translated officially and authorized by the International Accounting Standards Board (IASB) on December 31, 2013.

The financial statements were authorized for issuance by the General Manager on February 24, 2017. They may be modified and must be approved by the shareholders.

3. Accounting policies

The main accounting policies applied in the preparation of the financial statements are detailed below.

3.1. Transactions in foreign currency

3.1.1. Functional currency and presentation currency

The items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). Based on the analysis of the costs, income and financing sources, the Colombian peso was determined as the functional and presentation currency of the Company.

3.1.2. Transactions and balances

Transactions in foreign currencies are converted to the functional currency using the exchange rates prevailing on the dates of the transactions. Gains or losses in foreign currencies arising from such transactions and the translation at year-end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign currency gains or losses related to loans and cash and its equivalents are presented in the statement of income in '(costs)/financial income'. All other gains or losses in foreign currencies are presented in the income statement under 'other net (expenses)/income'.

3.2. Cash

Cash and its equivalents include cash on hand and short-term demand deposits. Bank overdrafts are shown on loans as current liabilities in the statement of financial position.

3.3. Financial instruments

3.3.1. Financial assets

3.3.1.1. Classification

The Company classifies its financial assets into the following categories: Financial assets at fair value through the income statement, accounts receivable and loans, held to maturity, and available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets as of the date of its initial recognition.

a) Financial assets at fair value through the income statement: Financial assets at fair value through the income statement are assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of being sold in the short term. Derivative financial instruments are also classified as marketable unless they are designated as hedging instruments. Assets in this category are classified as current assets.

b) Accounts receivable and loans: Accounts receivable and loans are non-derivative financial assets that give rise to fixed or determinable payments that are not quoted in an active market. They are presented in current assets, except for those with a maturity greater than 12 months after the reporting period, which are classified as non-current assets. Accounts receivable include trades receivable and other accounts receivable.

c) Available-for-sale financial assets: The available-for-sale financial assets are non-derivative financial assets that are designed in this category or that do not meet the criteria to be designated in any other category. These assets are shown as non-current assets unless Management intends to sell the asset within 12 months from the date of the reporting period.

3.3.1.2. Recognition and measurement

As for trade receivables, if the collection is expected in a year or less, they are classified as current assets. Otherwise, they are presented as non-current assets. Trade receivables are recognized at fair value minus the impairment provision.

3.3.1.3. Financial assets write-off

Financial assets are written off from the statement of financial position when rights to receive cash flows from investments expire or are transferred and the Company has substantially transferred all the risks and ownership benefits.

3.3.1.4. Financial instruments offset

Financial assets and liabilities are offset and their net amount is presented in the statement of financial position when there is a legally enforceable right to offset the amounts recognized and the Management intends to settle the net amount or to realize the asset and cancel the liability simultaneously.

3.3.1.5. Value impairment of the financial assets

The Company evaluates at the end of each period whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indicators on a debtor or a group of debtors who are experiencing significant financial difficulties, who have not made their payments or who have delays in the interests payment, and there is a likelihood of them being bankrupt or undergo another financial reorganization, and that observable data, such as economic conditions related to arrears, indicate that there is a measurable decrease in estimated future cash flows.

Some indicators of possible accounts receivable impairment are debtor’s financial difficulties, the likelihood that the debtor will initiate a bankruptcy or financial reorganization process and default or non-payment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event subsequent to the recognition of the impairment, the reversal of the previously recognized impairment loss is recognized in the income statement.

When an account receivable is considered uncollectible, it is written off against the respective provision for doubtful accounts. The subsequent recovery of previously written off amounts is recognized with a credit to the "selling and marketing expenses" account in the income statement.

3.4. Inventories

Inventories are valued at the lowest of cost and net realizable value. The cost is determined using the Weighted Average method. Acquisition costs include purchase price, duties and other (non-recoverable) taxes, freight (transportation and handling costs) and other directly attributable costs minus trade discounts, rebates and similar items. The total inventories are made up of goods not manufactured by the Company and imported from its Parent Company to be used by customers.

The net realizable value is the estimated selling price in the ordinary course of business minus the applicable variable selling expenses. Inventory costs include transfers from equity of gains or losses on cash flow hedges for inventory purchases.

3.5. Property, plant and equipment

Property, plant and equipment are stated at historical cost minus accumulated depreciation and any impairment loss. Historical cost includes disbursements directly attributable to placing the asset in its location and condition necessary for it to operate as expected by management.

The Company includes in the carrying amount of an item of property, plant and equipment the cost of replacing parts of that element when incurred in that cost if it is expected that the replaced part will provide future incremental benefits to the Company. The carrying amount of the replaced part is written off. Any other repairs and maintenance are charged to the income statement during the period in which it occurs.

3.6. Debt

Debts are initially recognized at the transaction price (i.e. the present value of cash to be paid to the bank including transaction costs). Subsequently, loans are expressed at amortized cost. Interest expense is recognized based on the effective interest method and is included in the financial costs.

Debts are classified as current liabilities unless the Company has an unconditional obligation to defer settlement of the liability to at least 12 months after the reporting date.

3.7. Trade payables

Trade payables are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest method.

3.8. Provisions

Provisions are recognized when the Company has a current or assumed legal obligation as a result of past events and it is probable that an outflow of resources is required to settle the obligation and the amount has been estimated reliably. Provisions are not recognized for future operating losses.

When there are several similar obligations, the probability that a cash outflow is required is determined by considering the type of obligations as a whole. A provision is recognized even if the probability of the outflow of a cash flow with respect to any item included in the same class of obligations may be small.

Provisions are valued at the present value of the disbursements expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the value of money over time and of the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

3.9. Capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of cash or other resources received or receivable, net of the direct costs of issuing equity instruments.

3.10. Income recognition

Income includes the fair value of the consideration received or receivable for the sale of goods in the normal course of business of the Company. Income is shown net of value added tax, refunds, rebates and discounts.

The Company recognizes income when the income amount can be measured reliably. It is probable that the future economic benefits will enter the Company and specific criteria are met for each of the activities, as described below.

3.10.1. Sale of goods

The company sells Sport Utility Vehicles (SUV) and cars and their accessories from the Jaguar and Land Rover brands to authorized dealers in Colombia. The sales of these goods are recognized in the financial statements when the ownership of the good and all the associated risks have been transferred.

3.10.2. Provision of services

The Company provides services such as Service Plan and Cooperative Marketing, which are associated with its main business purpose, which is the sale of motor vehicles. The recognition of income from the provision of services is made in the accounting period in which they are provided, taking as a reference the stage of completion of the specific transaction and it is evaluated on the basis of the actual service provided as a proportion of the total.

3.11. Current and deferred income tax

Income tax expense for the period comprises deferred and current taxes. The tax is recognized in the income statement, unless a change attributable to an income or expense item, recognized as other comprehensive income, is also recognized directly in other comprehensive income.

Deferred income tax is recognized on temporary differences (other than temporary differences associated with unrealized profits from subsidiaries and foreign associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition or goodwill) that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or credits. Deferred income taxes are determined using tax rates and laws that have been promulgated or that have been substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and a provision for valuation is established against deferred tax assets in such a way that the net carrying amount equals the higher amount, which is more likely to be recovered based on future or current taxable income deferred tax assets.

3.12. Leases

Leases are classified as operating leases in which the lessor substantially retains all property risks and benefits. Payments made under operating leases (net of any incentive received from the lessor) are charged to the income statement in a straight line during the lease period.

The Company leases certain elements of property, plant and equipment. Leases of property, plant and equipment are classified as operating leases in which the Company substantially has all the ownership risks and benefits.

4. Regulatory amendments

4.1. New standards, amendment and interpretations incorporated into the accounting framework accepted in Colombia whose application must be evaluated as of January 1, 2017 or that can be applied in advance

Decrees 2496 of December 24th, 2015 and 2131 of December 22nd, 2016 introduced new standards, amendments issued or made by the IASB to the International Financial Reporting Standards between 2015 and 2016 in order to evaluate its application in financial years beginning after January 1st, 2017, although its application could be made in advance.

IFRS 9 "Financial Instruments"

It addresses the classification, valuation and recognition of financial assets and financial liabilities. The full version of this IFRS was issued in July 2015. It replaces the guidance in IAS 39 on the classification and valuation of financial instruments. IFRS 9 maintains, and simplifies, the varied valuation model and establishes three main categories of valuation for financial assets: amortized cost, fair value with changes in other comprehensive income and fair value with changes in results. The classification base depends on the entity's business model and the characteristics of the contractual cash flows of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at the beginning of the presentation of the changes in fair value in other comprehensive non-recyclable income. There is now a new model of expected credit losses that replaces the model of impairment losses incurred in IAS 39. For financial liabilities there were no changes in the classification and valuation, except for the recognition of changes in own credit risk in another Result for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for the effectiveness of coverage. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this line by requiring an economic relationship between the hedged item and the hedging instrument and the hedged ratio is the same that the entity actually uses for its risk management. Contemporary documentation is still necessary but is different from that which was being prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is evaluating the impacts that this standard may generate.

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

IFRS 15 "Income from contracts with customers"

IFRS 15 Income from Client Contracts, issued in May 2015, is a new standard that is applicable to all contracts with customers, except leases, financial instruments and insurance contracts. This is a joint project with the FASB to eliminate differences in revenue recognition between IFRS and US GAAP. This new standard aims to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparability of companies from different industries and regions. Provides a new model for revenue recognition and more detailed requirements for multiple-item contracts. It also requires more detailed disclosures. Its application is effective as of January 1, 2018 and early application is allowed. The Company is evaluating the impacts that this standard may generate, since the Company is expected to start generating revenue in the short term.
The amendment requires the disclosure of: Changes in financing cash flows, changes arising from the acquisition or loss of control, changes in exchange rates, changes in fair values, and other changes

IAS 12 "Income tax"

When an entity evaluates whether taxable benefits will be available against which it can use a temporary deductible difference, it considers whether the tax law restricts the sources of the taxable benefits against which deductions can be made. If tax law does not impose restrictions, an entity evaluates a temporary deductible difference in combination with all other deductible temporary differences.

Annual Improvements to IFRS, 2012-2015 Cycle

Standard	Purpose of the amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in disposal methods.
IFRS 7 Financial Instruments: Disclosures	Applicability of the amendments to IFRS 7 to condensed interim financial statements.
IAS 19 Employee Benefits	Discount rate: issuance in a regional market.

4.2. New standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accounting framework accepted in Colombia

During 2016 and up to the date of issuance of these financial statements a new standard has been issued and amendments to IFRS have been included, which could be incorporated into the Colombian regulatory framework, namely:

IFRS 16 Leases was issued in January 2016. It establishes the principles for the recognition, measurement, and presentation and information disclosure of leases. IFRS 16 introduces an accounting model for single tenants and requires a tenant to recognize assets and liabilities for all leases with a maturity of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right of use asset that represents their right to use the underlying leased asset and a lease liability representing their obligation to make payments for the lease. IFRS 16 substantially maintains the accounting requirements of the lessor of IAS 17 Leases. Accordingly, a lessor will continue to classify their leases as operating leases or leases, and will account for these two types of leases differently. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019.

Early application is permitted for entities applying IFRS 15 Revenue from Ordinary Activities from Customer Contracts prior to the initial application date of IFRS 16. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determination of whether an Agreement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluation of the Essence of Transactions that Adopt the Legal Form of a Lease.

Changes in the Effective Date of the Amendments to IFRS 10 and IAS 28 to defer indefinitely the effective date of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture that was issued in September 2015. The result of the Council's research project on equity accounting is pending. The deferment is in force from the time of its publication.

5. Financial risk management

5.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company adjusts its risk management strategies to programs that have been established worldwide by the Group's Parent Company to minimize adverse effects on the Group's financial position. The management in Colombia does not use derivatives to cover these risks.

The Group's central treasury department is responsible for risk management in accordance with the policies approved by the Board of Directors. The Group's treasury identifies, evaluates and hedges financial risks in close coordination with the Company's management. The Board provides written principles and policies for general risk management and for the investment of liquidity surpluses

5.2 Financial Risk Factors

5.2.1. Exchange Rate Risk

The Company purchases its inventory of motor vehicles and their accessories abroad in accordance with which it is exposed to the exchange risk resulting from the exposure of the Colombian peso to the United States dollar. Exchange rate risk arises when future commercial transactions and recognized assets or liabilities are denominated in currencies other than the functional currency. The financial area of the Company periodically controls the net position of current assets and liabilities in United States dollars. The market representative exchange rate at December 31, 2016 was $ 3,000.71 (December 31, 2015: $ 3,149.47) for US $1. The Company had the following liabilities in foreign currency, registered for their equivalent in thousands of pesos:

	USD December 31, 2016	COP December 31, 2016
Financial obligations – Parent Company	2,001,126.54	6,004,800
Inventory purchases – Parent Company	10,277,784.88	30,840,652
Total	12,278,911.42	36,845,452

5.2.2. Fair value interest rate risk and cash flows

The Company has significant interest-bearing liabilities. Revenues and cash flows are substantially dependent on changes in interest rates in the market.

100% of the company's leverage is carried out with the parent company, Jaguar Land Rover UK.

5.3 Credit risk

Credit risk arises from cash and its equivalents (deposits at banks and financial institutions) as well as exposure to credit from authorized dealers, which includes outstanding balances of accounts receivable and compromised transactions. As to banks and financial institutions, only institutions whose independent risk ratings are at least 'A' are accepted. Independent ratings of wholesale customers are used as they become available. If there are no independent risk ratings, the portfolio rating evaluates the client's credit quality, taking into account their financial position, past experience and other factors. Individual credit limits are set according to the limits set by the board on the basis of internal or external ratings. The use of credit limits is monitored regularly. Sales to customers in the retail segment are made in cash. Credit limits were not exceeded during the reporting period and management does not expect the Company to incur any loss for the performance of its counterparties.

5.4 Liquidity risk

The prudent management of liquidity risk implies maintaining sufficient cash and marketable securities and the availability of financing through an adequate number of committed sources of financing. Due to the dynamic nature of business and transactions, the Company's treasury maintains flexibility in financing through the availability of committed lines of credit.

Management monitors projections of the Company's liquidity reserve based on the expected cash flows. The Group's liquidity management policy includes: i) projecting cash flows in the main currencies and considering the level of liquid assets required to meet these projections; ii) monitoring balance sheet liquidity ratios, and (iii) the maintenance of debt financing plans.

The following tables analyze the Company's financial liabilities by common maturity groups considering the time remaining from the date of the balance sheet until maturity. The amounts presented in the table are undiscounted contractual cash flows. Balances that mature in 12 months are equivalent to their carrying amounts since the impact of the discount is not significant.

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

As of December 31, 2016

	Less than a year
Financial liabilities	6,004,800
Accounts payable to related parties	30,840,652
Creditors and other payables	2,973,855
Total current liabilities	39,819,307
Short term asset	44,853,176
Net working capital	**5,033,869**

5.5 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as an on-going enterprise with the purpose of generating returns to its shareholders, benefits to other interest groups and maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its liabilities.

The Company has very low indebtedness levels with leverage ratios (net debt over equity) close to zero.

6. Critical accounting estimates

The Company's Management makes estimates and assumptions that affect the reported amount of assets and liabilities in future years. Such estimates and assumptions are continuously evaluated based on past experience and other factors including expectations of future events that are expected under current circumstances.

The following is a summary of the main accounting estimates and judgments made by the Company in the preparation of the financial statements:

6.1. Income tax

The Company is subject to Colombian tax regulations. Significant judgments are required in the determination of tax provisions.

There are transactions and calculations for which the determination of taxes is uncertain during the ordinary course of operations. The Company evaluates the recognition of liabilities for discrepancies that may arise with tax authorities based on additional tax estimates that must be canceled. The amounts provided for the payment of income tax are estimated by the administration based on its interpretation of current tax regulations and the possibility of payment.

The actual liabilities may differ from the amounts provisioned generating a negative effect on the results and the net position of the Company. When the final tax result of these situations is different from the amounts initially registered, the differences impact current and deferred income tax assets and liabilities in the period in which this fact is determined.

The Company evaluates the recoverability of deferred tax assets based on estimates of future taxable income and the ability to generate sufficient income during the periods in which such deferred taxes are deductible. Deferred tax liabilities are registered in accordance with estimates of net assets that will not be tax deductible in the future.

6.2. Impairment of accounts receivable

The Company reviews its accounts receivable at least annually to assess their impairment. In order to determine whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable information indicating impairment and whether it is possible to make a reliable measurement of estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the counterparty's payment status, or national or local economic conditions that correlate with defaults on the Company's assets. Management uses estimates based on historical losses for assets with similar credit risk characteristics. The methodology and assumptions used to estimate the quantity and timing of future cash flows are reviewed regularly to reduce any difference between the estimates of actual losses and losses.

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

6.3. Provisions

The Company makes estimates of the amounts to be settled in the future, including the corresponding contractual obligations, pending litigation or other liabilities.

These estimates are subject to interpretations of current events and circumstances, projections of future events and estimates of the financial effects of such events.

7. Cash

Cash comprised:

	December 31, 2016
Domestic banks	$5,525,000
	$5,525,000

There are no restrictions on cash balances or its equivalents

8. Trade receivables and other accounts receivable

Trade receivables and other accounts receivable included:

	December 31, 2016
Domestic customers (1)	$14,838,282
Deposits	$13,899
Cooperative marketing invoicing	$183,301
Total	**$15,035,482**

(1) As of December 31, 2016, domestic customers correspond to the sale of motor vehicles to the Premier Motor Group customer. The amount of the accounts receivable from such a customer has not deteriorated.

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

9. Inventories

Inventories included:

	December 31, 2016
Finished products	$1,703,230
in-transit inventory	$21,974,090
	$23,677,320

(1) As of December 31, 2016, the company has a consignment inventory at Premier Motor Group valued at $ 1,663,505. The inventory impairment analysis was performed and at the closing date no need to provide net realizable value was identified on inventory balances.

10. Tax Assets

Tax assets included:

	December 31, 2016
Withholdings at source	$142,231
Private liquidation surplus of sales tax	$415,682
Advance payment CREE tax overcharge	$57,461
	$615,374

11. Financial liabilities

The financial liabilities in dollars and Colombian pesos as of December 31, 2016 included:

	USD - December 31, 2016	COP - December 31, 2016
Financial obligations – Parent company	$2,001,126.54	$6,004,800
	$2,001,126.54	**$6,004,800**

The contract signed between Jaguar Land Rover Colombia SAS and Jaguar Land Rover Limited is worth USD $ 6,000,000, from which USD$ 2,000,000 were disbursed as of December 2016, with a maturity date of December 31, 2017. The total loan payment will be at its maturity and monthly capitalized and added the interest generated in the month to the main loan amount. Interest will accrue daily, the reference rate will be the greater one between: Zero percent (0%) or 1 month USD LIBOR Reuters RIC Code. The reference rate will be updated on the first day of the calendar month and will be the closing rate on the last business day of the previous month. If this rate is not available, the Lender will choose an alternative market rate that is appropriate to apply to the loan.

Interest must be paid net of withholding tax. It is the responsibility of the Borrower to settle any tax due. The Borrower shall provide appropriate evidence to the Lender of any withholding tax paid.

12. Trade payables and other accounts payable

Trade payables and other accounts payable included:

	December 31, 2016
Accounts payable – Marketing expenses 2016 (1)	$2,411,400
Other accounts payable (2)	504,114
Withholding tax payable	$58,340
	$2,973,854

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

(1) As of December 31, 2016, this balance of accounts payable consists of the Launch expenses of the Jaguar and Land Rover brands in Colombia.

(2) This balance consists of the accounts payable to the different suppliers used in the course of the transaction, where Fast Terminal has a 45% stake and ABX Petra has a 23% stake.

13. Tax Liabilities

Tax liabilities included:

	December 31, 2016
Income and additional tax	$754,840
Industry and Commerce tax	$114,439
	$869,279

14. Deferred taxes

Deferred taxes included:

	December 31, 2016
Deferred taxes	$1,000,928
Net deferred taxes	**$1,000,928**

15. Provisions

Provisions included:

	December 31, 2016
Variable marketing	$451,307
Variable margin to the dealer	711,156
Fixed marketing expenses	284,463
Short term guarantee	124,045
Short term balance	**$1,570,971**
Long term guarantee	205,360
Total provisions	**1,776,371**

16. Capital

The subscribed and paid-in capital is represented by 3.600.000 shares at a par value of $ 1.000 each for a total of $ 3,600,000,000

17. Ordinary income

Ordinary income included:

	December 31, 2016
Vehicle sales	$14,422,083
	$14,422,083

18. Selling Costs

Selling costs included:

	December 31, 2016
Vehicle sales	$12,125,192
	$12,125,192

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

19. Administration expenses

Administrative expenses included:

	December 31, 2016
Fees	$152,869
Taxes	$137,539
Leases	$41,258
Contributions and affiliations	$1,379
Temporary services (See note 21)	$139,643
Other services	$1,208
Sundry	$35,656
	$509,552

20. Selling expenses

Selling expenses included:

	December 31, 2016
Temporary services (See note 21)	$118,297
Other services	$22,489
Marketing (1)	$2,420,694
Sundry	$2,133
	$2,563,613

(1) Marketing expenses for $ 2, 420,694 relate mainly to the expenses incurred at the Colombian automobile trade fair held in November 2016 and to the expenses for brand launching in Colombia. These expenses will be paid to the Premier Motor Group dealer in early January 2017.

21. Employee benefits

The Company operates a temporary service contract with the supplier ABX Petra located in Bogotá. Currently, it has 2 people in the administrative area and 2 people in the sales area.

22. Net financial Income

Net financial income comprised:

	December 31, 2016 2016
Income for difference in exchange	$323,668
Bank expenses	($124)
Commission expenses	($239)
Interests expenses	($3,931)
Net financial income	$319,374

23. Provision for income tax

The provision for income tax charged to the profit for the years ended at December 31 is as follows:

	December 31, 2016
Current income tax	($754.840)
Deferred income tax	$1,000,928
	$246,088

The net tax balances, subject to offsetting, are presented below:

	December 31, 2016
Tax liabilities on income and additional taxes	$359.544
Tax liabilities on income tax for equality (CREE)	$195.604

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

The Company's income tax differs from the theoretical amount that would have been obtained using the tax rate applicable to income before taxes as described below:

	December 31, 2016
Income before provision for income tax	($456,900)
Use of provisions	$2,362,843
Industry and commerce tax	$114,439
Property, Plant and equipment	$32,014
Tax on financial transactions	$11,431
Total of items that increase net income	$2,063,827
Minus	
Non-taxable income	($56,726)
Net income	$2,007,101
Ordinary net income	$2,007,101
Income tax rate	25%
"CREE" tax rate	9%
"CREE" tax surcharge	6%
Provision for income tax	($501,775)
Provision for CREE tax	($180,639)
Provision for CREE tax surcharge	($72,426)
Deferred tax	$1,000,928
Provision for income tax	$246,088

The current tax provisions applicable to companies stipulate that:

Tax revenues are taxed at the 25% rate as income and supplementary taxes.

As of January 1, 2013, Act 1607 of December 2012 creates the income tax for equality - "CREE" as the contribution with which companies and legal entities and similar taxpayers that pay the income and complementary taxes contribute for the benefit of workers, employment generation and social investment. The income tax for equality "CREE" for 2014 and 2015 and subsequent years is 9%.

As of 2015, an additional "CREE" overcharge of 5% was created for 2015, 6% for 2016, 8% for 2017 and 9% for 2018.

The basis for determining the income and "CREE" taxes cannot be less than 3% of its net equity on the last day of the immediately preceding taxable year.

In accordance with Article 165 of Act 1607 of 2012 and Regulatory Decree 2548 of 2014, for tax purposes, the references contained in the tax regulations to the accounting standards will continue to be valid for the four (4) years following the entry into force of International Financial Reporting Standards.

Consequently, during 2015 to 2018, the tax bases of the items included in the tax returns will continue unchanged and the determination of the current income tax liability and the Income Tax for Equality (CREE) will be made on the basis of the current tax regulations, which in some cases are referred to the previous accounting principles until December 31, 2014 (Decree 2649 of 1993 and other complementary provisions).

In accordance with the foregoing, the determination of the taxable base of income and "CREE" taxes for the years ended on December 31, 2015 and 2014 was made based on applicable tax provisions.

Reconciliation of the tax rate in accordance with the tax provisions and the effective rate:

	Effective rate
Loss before income tax	40%
Current tax rate	1%
Non-taxable income	2%
Surcharge basis	11%
Effective income tax rate	**54%**

(Figures expressed in thousands of Colombian pesos, unless indicated otherwise)

The net movement of deferred taxes during the period is as follows:

	December 31, 2016
Balance as of December 31, 2016	
Credit to the income statement	**$1,000,928**
Balance as of December 31, 2016	**$1,000,928**

The movements of deferred tax assets and liabilities during the period, without taking into account the offsetting of balances referred to the same tax authority, were as follows:

	Property, plant and equipment	**Provisions - Guarantees**	**Total**
Deferred tax assets			
Credit to the income statement	$32,014	$2,477,282	$2,509,296
Balance as of December 31, 2016	**$32,014**	**$2,477,282**	**$2,509,296**

Deferred tax assets pending offsetting are recognized to the extent that the corresponding tax benefit is likely to be realized through future tax benefits. The Company has recognized all deferred tax assets and liabilities.

24. Transactions with related parties

The following transactions were carried out during December 31st, 2016 with Jaguar Land Rover Limited (UK):

Purchases and accounts payable balances:

	December 31 2016
Accounts payable for inventory purchase	$30,840,652
Loan	$6,004,800
	$36,845,452

25. Subsequent events

Between December 31, 2016 and the date of issuance of these financial statements, there have been no significant events that could affect the financial position of the Company.