Jaguar Land Rover Deutschland GmbH Schwalbach am Taunus/Germany

Management Report and
Financial Statements
for the Period ended 31 March 2016

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1. AUDIT ENGAGEMENT

By resolution of the shareholder's meeting of

Jaguar Land Rover Deutschland GmbH

Schwalbach am Taunus

- Hereafter referred to as „Jaguar Land Rover“ or the „entity”-

We were elected as independent auditors for the financial year from 1 April 2015 to 31 March 2016. Based on this resolution, the Management engaged us to conduct the audit of the financial statements for the financial year from 1 April 2015 to 31 March 2016 in accordance with Sec. 317 German Commercial Code (HGB).

In accordance with Sec. 321 (4a) German Commercial Code (HGB) we confirm that our audit was conducted in compliance with the applicable regulations on independence.

Our audit report was prepared in accordance with German generally accepted reporting standards applicable to the audit of financial statements (auditing standard of the Institut der Wirtschaftsprüfer – IDW PS 450).

The scope of the engagement and our responsibilities thereunder, both toward the Company and third parties, are governed by the General Engagement Terms for "Wirstschaftsprüfer" (professionally qualified auditors) and "Wirtschaftsprüfungsgesellschaften" (audit firms) in the version dated January 2002 attached to this report and as modified in our agreement dated 22 February 2016.

This audit report has been prepared solely for documenting the audit work performed to the entity and for no other purpose. In accordance with the legal position pursuant to Sec 323 German Commercial Code (HGB) we do not accept or assume liability for any other purpose.

2. FUNDAMENTAL FINDINGS

Opinion on Management's Assessment of the position of the Entity

We draw attention to the following aspects of the financial statements as well as the other audited documents which are of particular relevance in assessing the economic position of the entity:

- In the calendar year 2015 the total automobile market (registrations) grew by 5.57% when compared to the prior year. The segments relevant for Land Rover grew by 7.27% and the segments relevant for Jaguar declined by 2.85%. Land Rover's market share in the total vehicle market amounted to 6.7‰ (prior year 5.5 ‰), while the market share of Jaguar was 1.6‰ (prior year 1.4‰).

- In the financial year 2015/16, the company realised revenues of kEUR 1,516,611 (prior year: kEUR 1,109,671, which resulted, on the one hand, from the sale of new vehicles for Jaguar and Land Rover (kEUR 1,318,592; prior year: kEUR 937,614), spare parts (kEUR 132,491: prior year kEUR 102,901) and, on the other hand, from the sale of used company cars (kEUR 65,528: prior year: kEUR 69,156).

- Other operating income rose by kEUR 19,025 to kEUR 59,555. The increase resulted mainly from increased reimbursements for central functions of the European Jaguar land Rover companies that were taken over and extended for the reporting period and for the reimbursement for warranty expenses.

- The other operating expenses increased by kEUR 43,841 to kEUR 195,335 in comparison to the prior period. This increase resulted primarily from an increase in selling and advertising expenses.

- In the period ended March 31 2016 the entity realised earnings before taxes of kEUR 15,421 (prior year: kEUR 11,639). The result arises primarily form an increase in net revenues.

- The cash flow from operating activities (kEUR 72,723) resulted mainly from an increase in the liability to affiliated companies of kEUR 63,769, which was mainly due to high production and delivery of vehicles in March 2016 with payment of the liability after the reporting date and accordingly high sales of these vehicles with payment received before the reporting date. The high sales (an increase in trade receivables of kEUR 50,058) results in a corresponding increase in in the liability for VAT (an increase of k EUR 18,133). The cash flow form operating activities was also impacted by a reduction in inventories of kEUR 13,390, which resulted primarily from the increased sales volume in the fourth quarter in comparison to the prior year.

- In the reporting year the company purchased all of the partners' shares in Capital & Concept GmbH & Co. Andiamo KG, which after the exit of the general partner was accreted to the entity. On accretion the major impact was the acquisition of a plot of land (kEUR 11,214) and a loan liability (kEUR 12,041). It is planned to build a flagship dealership on the land.

- Receivables form affiliated companies of kEUR 223,740 (prior year: kEUR 165,427) notably include cash pool receivables from Jaguar land Rover Limited, Coventry, Great Britain in the amount of kEUR 222,428 (prior year : kEUR 164,255).

- Risks materially affecting the situation of the entity are seen in the high number of thefts affecting Range Rover and Range Rover Sport and the possible effect of the current high level of sales, the trend towards buying models with smaller engines, as well as the long-term effects of fuel prices and/or the future form of emission based regulations on the CO_2 emissions of the vehicle fleet.

- The entity anticipates a growth in sales revenue for the period ending March 2017 but at a lower rate than in the year ending March 2016. Earnings before taxes will develop similar to revenues.

Summing up we state in accordance with Sec. 321 (1) Sentence 2 German Commercial Code (HGB) that we deem the Management's assessment of the position of the entity, notably of the going-concern assumption and the assessment concerning the future development of the entity as expressed in the financial statements and in the management report, to be realistic.

Furthermore pertaining to the assessment of the entity, we refer to our explanations on the overall presentation of the financial statements in Chapter 4.2 of our report.

3. SUBJECT NATURE AND SCOPE OF THE ENTITY

Subject of the Audit

Our audit covered

- The accounting records
- Financial statements (comprising the balance sheet, the income statement and the notes to the financial statements),
- The management report

of the entity.

The entity's Management is responsible for the maintenance of the books and accounting records and the preparation of the financial statements and management report in accordance with German commercial law. Our responsibility is to express an opinion on these documents and this information based on our audit with professional auditing standards.

We are only required to audit compliance with other regulations to the extent that these normally impact the financial statements or the management report.

Nature and Scope of the Audit

Our audit was based on the prior period's financial statements audited by us, on which we expressed an unmodified opinion on 29 May 2015; these financial statements were adopted on 31 March 2016.

We performed the audit between February and May 2016.

We conducted our audit in accordance with Sec. 317 German Commercial Code (HGB) and with German generally accepted standards for the audit of financial statements promulgated by the Institute of public auditors in Germany (IDW).

In accordance with Sec. 317 German Commercial Code (HGB), an appropriate audit of financial statements must be designed in such a way that material misstatements and violations in the financial reporting are identified with reasonable assurance. In order to meet these requirements we apply our risk and process based audit approach; for this purpose we use our Engagement Management System (EMS) auditing software. It supports planning, performing and documentation of the audit.

In planning the audit, we obtained an understanding of the entity's operations, its economic and legal environment as well as its accounting system, performed an analytical review of the financial statements and inspected articles of incorporation and resolutions of shareholders. We determined the overall audit strategy based on that knowledge and on the expectations as to possible misstatements. We examined the entity's system of internal control as far as it is necessary to enable the preparation of financial statements that are in compliance with the applicable financial reporting framework: internal control as a whole was not within the scope of our audit.

According to our audit plan, we placed audit evidence generally not on internal control. Therefore, in accordance with our risk assessment, we did not reduce the scope of substantive analytical procedures and tests of details of selected transactions and account balances. Tests of details were performed by applying statistical sampling methods and on the basis of judgemental samples

Our audit focused on:

- Substantiation and allocation of revenue to the appropriate accounting period
- Substantiation and valuation of inventories
- Completeness and valuation of provisions for marketing programmes

On 22 February the entity performed an early physical inventory count, which we observed at selected sites.

In auditing accounts receivable, accounts payable, bank balances and provisions, we obtained balance confirmations form customers and suppliers, on a sample basis, as well as confirmation of the entity's credit balances, claims and commitments from all banks and all lawyers for the entity as at the reporting date.

In auditing the provisions for retirement benefit obligations we inspected the actuarial report prepared by Mercer Deutschland GmbH, Frankfurt am Main/Germany with professional scepticism, taking into account our assessment of their competence, abilities and objectivity.

Based on the findings of our audit of the financial statements we examined any forward-looking statements in the management report for plausibility and consistency with the disclosures in the financial statements.

Management provided all information and evidence requested and on 27 May 2016 issued a written letter of representation in accordance with professional requirements. With this letter of representation Management in particular confirmed that all transactions which require recognition in the accounting records are recorded in the books presented and in compliance with the applicable accounting principles the financial statements include and reflect all assets, liabilities (obligations, risks etc.), prepaid expenses and deferred income, and special items, all expenses and income as well as all required disclosures.

4. FINDINGS AND COMMENTARY REGARDING THE FINANCIAL REPORTING

4.1 Propriety of the Financial Reporting

4.1.1 Accounting records and other audited documents

The accounting records comply with the legal requirements including the German principles of proper accounting. The information derived from the other audited documents results in a proper presentation in the accounting records, the financial statements and the management report.

4.1.2 Financial Statements

The financial statements for the period ended 31 March 2016 are enclosed as Appendices 1.2 to 1.4 to this audit report.

The financial statements were derived properly from the accounting records and the other audited documents. The entity complies with the legal requirements on classification, recognition and valuation and notes to the financial statements. The disclosures on the total remuneration of Management have been omitted, as permitted by Sec. 286 (4) German Commercial Code (HGB).

4.1.3 Management Report

The management report for the period ended 31 March 2016 is enclosed as appendix 1.1 to this audit report.

Our audit work indicates that the management report is consistent with the financial statements and the findings of our audit work, and as a whole provides a suitable view of the position of the entity. The significant opportunities and risks of future development are presented suitably. The disclosures required by Secs. 289 (2) and (3) German Commercial Code (HGB) are complete and appropriate. Therefore, the management report complies with the legal requirements.

4.2 Overall assertion from the financial statements

4.2.1 Conclusion on the overall assertion from the financial statements

We refer to our following explanations on the overall assertion from the financial statements. The financial statements taken as a whole, i.e. the combined presentation of the balance sheet, income statement and the notes to the financial statements, give a true and fair view of the entity's net assets, financial position and results of operations in accordance with German principles of proper accounting.

4.2.2 Explanations concerning the overall assertion from the financial statements

The information given below relates to significant accounting policies and other factors that are relevant to an understanding of the overall assertion from the financial statements

Significant Accounting Policies

Inventories are comprised exclusively of merchandise (new and used cars as well as accessories), which are valued at cost. For used cars, deductions are made based on comparable sales and the individual state of the vehicles. Accessories are measured at average cost less allowances for uncommon or outdated parts.

Provisions for marketing programmes of kEUR 46,138 (prior year: kEUR 43,575) referring to new vehicles that are at the car dealers on the balance sheet date are measured on the basis of the use of past sales programmes by the dealers, as well as on the basis of the organisation of planned sales programmes for the vehicles.

Emphasis on matters or transactions

The results of operations of the entity are primarily affected by the determination of the intragroup transfer prices for products of the Jaguar and Land Rover brands, which allows a comparison with prices in a business relationship between independent third parties. With effect from 1 April 2012 a "Distribution Agreement" was concluded between the entity and Jaguar Land Rover Limited, Coventry/United Kingdom, under which intragroup transfer prices are calculated such that the ratio of earnings before taxes from the sale and marketing of new vehicles, spare parts and accessories of the Jaguar and Land Rover brands to the agreed defined net revenue are competitive when compared with the industry.

The entity has agreed buyback programmes with car rental firms, under which sold vehicles must be bought back at a later date for a fixed price. Economic ownership is not transferred on account of the narrow factual and temporary connection between sale and resale, the retention of the change-in-value risk at Jaguar Land Rover, as well as the rather short-term provision of the vehicles compered to their use potential. During the term of the buyback transactions and until final sale, the vehicles are recorded within the entity's portfolio and the revenue is only realised after the final sale to the dealer. The vehicle book value (cost) of kEUR 25,101 (prior year: kEUR 8,259) is matched by a liability from buyback commitments of kEUR 28,017 (prior year: kEUR 9,026). The vehicles are disclosed under other assets since economic ownership remains with the entity and the entity is responsible for the sale of the vehicles after the short-term holding period of the car rental companies. Buyback transactions are sales instruments that serve the purpose of selling the vehicles. The results of operations are only affected to a minor extent by the current buyback transactions, since an expense normally only arises if the expected resale price after expiration of the buyback transaction falls below the cost of the vehicle and if there is a need for impairment. After the buyback of the vehicles, and in the case of a final sale to the dealer, a lower margin is normally realised for these vehicles compared to new vehicles.

Other factors

The fleet of promotion and/or demonstration cars was classified as inventory rather than fixed assets, since these vehicles are sold within six months and are thus not available to the entity in the long term.

4.3 Information on the net asset position, financial position and results of operations

Mulit-year data overview

		2015/16	2015/15	2013/14	2012/13	2011/12
Revenue 1)	kEUR	1,516,611	1,109,671	904,575	777,215	570,461
Operating Income	kEUR	1,576,166	1,150,201	937,541	805,477	596,516
Cost of materials	kEUR	1,341,563	968,67	763,622	653,758	457,684
Cost of material to revenue ratio 1) (=cost of materials/operating income)	%	85.1	84.2	81.4	81.2	76.7
Employee benefits expense	kEUR	22,565	16,957	12,113	10,120	7,262
Employee benefits expense to revenue ration (=emlpoyee ebnefits expense/operating income)	%	1.4	1.5	1.3	1.3	1.2
Net operating result	kEUR	16,115	12,211	7,217	4,681	3,131
Cash flow from operating activities	kEUR	72,723	50,607	215	-11,393	70,868
Net profit	kEUR	10,960	7,780	3,416	2,415	1,152
Average number of employees	Heads	169	131	111	76	67
Revenue per employee	kEUR	8,974	8,471	8,149	10,227	8,514
Equity	kEUR	46,850	35,890	28,110	24,694	22,279
Balance sheet Total	kEUR	405,893	280,581	250,778	236,337	201030
Equity Ratio	%	11.5	12.8	11.2	10.4	11.1

1)
Since 1 February 2012, the entity has been in charge of th import function for vehicles of the Jaguar brand and sells and purchases these vehicles on ist own account. Until 31 Janaury 2012 , only commissions for the procurement of vehciles were realised

Credit Facilities

The entity has a guaranteed credit line of kEUR 225 at Deutsche Bank AG, Frankfurt am Main/Germany. The guaranteed credit line has not been utilised at the balance sheet date.

The entity is included in the cash pool system of Jaguar Land Rover Limited and disclosed cash pool receivables of kEUR 222,428 as at 31 March 2016.

5. COPY OF THE INDEPENDENT AUDITORS' REPORT

We issued the following unmodified independent auditors report, signed 27 May 2016, on the financial statements and the management report of Jaguar Land Rover Deutschland GmbH. Schwalbach am Taunus/Germany, for the period ended 31 March 2016 set out in Appendix 1:

"Independent Auditors' Report"

We have audited the annual financial statements, comparing the balance sheet, the income statement and the notes to the financial statements , together with the bookkeeping system, and the management report of Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany, for the period ended 31 March 2016. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has led to no reservations.

In ur opinion, based on the findings of our audit, the annual financial statements of Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany, comply with the legal requirements and supplementary provisions of the articles of incorporation an give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

6. CONCLUDING REMARK

The above report on our audit of the financial statements and the management report of Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany, for the period ended 31 March 2016 complies with the legal regulations and the German generally accepted standards for the issuance of audit reports of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) – Auditing Standard IDW PS450.

Concerning the unmodified independent auditors' report issued by us we refer to Chapter 5 "Copy of the Independent Auditors' Report"

Frankfurt am Main/German y 27 May 2016

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

signed	signed
Gregg	Riedel
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus

Management Report as at 31 March 2016

A. Business development

1. Sales volumes and sales development

The total German vehicle market amounted to 3,206,042 units (registrations) in the period from January to December 2015. In 2014 3,036,773 units were sold during the same period. This represents an increase in the total market of 5.57%. The segments relevant for Land Rover (OUV and utility vehicles) show an increase of 7.27%. The segments relevant for Jaguar show a decrease of 2.85%.

The upper luxury car segment (Large Saloon) in Germany showed a decline of 11.8% in 2015, which can be explained by a decline in the sales of the Mercedes S-Class alone. The sales figures of the Jaguar XJ, with 231 units compared to 290 in the prior year showed a decline of 20.34%.

The medium market segment (saloon car and estate car) declined by 4.04% in comparison to the same period in the prior year. Here the Jaguar XF saloon showed a decline of 17.63%, while the estate version showed a decline of 42.69% after the run-out of the previous model which has not yet been replaced by an estate version of the current model. In total there were 1,764 registrations for the XF compared to 2,473 units in the prior year – a decline of 28.58%. With the launch of the new XE in 2015 Jaguar entered a completely new segment and was able to achieve 1,705 registrations despite the segment showing a decline of 4.83% overall.

In the mid-size sports car segment the Jaguar F-Type achieved a growth in sales of 5.71%. In a segment dominated by Porsche the F-Type reached a segment share of 4.62%.

The medium SUV segment remained stable in comparison to the prior year, showing a small increase in sales of 1.4%. With sales of 5,672 units the Range Rover Evoque in the premium part of the segment (prior year, 5,720 registrations) showed itself to be as stable as the overall market, despite this being the fourth year that the product has been on sale. The new Discovery Sport was able to achieve 2,792 units in its first year. Registrations of the Freelander showed a decline of 95.88% with 57 units due to run out of the model. Registrations of the iconic Defender rose by 1,144 (57.49%) in comparison to prior year. This model will be run out in the next financial year and demand has been exceptionally high as a result.

In the large SUV segment, which showed growth in comparison to 2014 of 28.57%, the Land Rover Discovery experienced an increase in sales in the mainstream part of the segment of 21.16%. Also the Range Rover with 3,337 units was able to significantly outperform its prior year achievement with an increase of 56.23%. The

Range Rover Sport topped its prior year performance by 15.54%, with 4,603 units as opposed to 3,984.

The first quarter of 2016 has continued the positive trend for Land Rover. Registrations are 37.59% higher than in the same quarter in the prior year. Jaguar showed an equally positive picture in the first quarter of 2016 with an increase of 67.45% which can be traced back to the fact that XE was not yet on sale in the same quarter in the prior year.

From April 2015 to March 2016 a total of 6,501Jaguar vehicles were delivered to dealers. This represents an increase of 2,480 over the comparison period or an increase of 61.7%. The main reason for this positive development was the introduction of the new volume model XE with 2,826 units and the first units of F-Pace (268 units in preparation for the launch in April 2016). In the financial year 15/16 Land Rover sold 24,086 vehicles to dealers. That represents an increase of 6,429 units or 36.4% in comparison to prior year. The major driver for this is the continuing success of the Range Rover models including the first year of the new Discovery Sport.
Sales revenue for the year 2015/16 was € 1,517 Mil in comparison to € 1.109,7 Mil in the prior year. Sales Revenue is earned primarily through the sale of new vehicles (86.9%, € 1,318.6 Mil, prior year € 937.6 Mil), the sale of replacement parts and accessories (8.7%, € 132.5 Mil, prior year € 102.9 Mil) as well as the sale of Jaguar und Land Rover used cars to the dealer network (4.3%, € 65.5 Mil, prior year € 69.2 Mil).

2. Employees

On the 31st March 2016 Jaguar Land Rover Deutschland GmbH had 211 employees under permanent contract (31st March 2015, 136). Of the 211 employees, 71 employees (31st March 2015, 53) were engaged in central functions for other European Jaguar Land Rover companies. The growth in headcount is a direct result of the successful development of Jaguar Land Rover in Germany und across Europe. The expenses for these central activities are passed on Jaguar Land Rover Limited.

B. Situation of the Company

1. Results of Operations

Sales revenue for the reporting period increased by k€ 406,940 in comparison to prior year. The overwhelming driver for this very positive result is the increase in units sold for both brands.

The margin amounted 11.5% in the financial year in comparison to 12.7% land so represents a slight decrease. The reason for this is an increase in the transfer price of vehicles from the UK.
The increase in other operating income of k€ 19,025 resulted mainly from a rise in the recharging of expenses for the central functions of the European Jaguar Land Rover companies in the reporting period as well as an increase in the recharging of expenses for warranty claims.

Personnel expense increased by k€ 5,608 in comparison to prior year to k€ 22,565 due to the additional employees both in the company itself as in the departments with central functions for other European Jaguar Land Rover companies.

Other operating expenses increased k€ 43.841 in comparison to the previous reporting period. The main driver for this is an increase in selling and advertising expenses as a result of the increase in the number of vehicles sold and as investment in the brands.

The results of operations are affected by the agreement on the determination of transfer prices concluded with Jaguar Land Rover Limited, Coventry / United Kingdom. Since 1 April 2013 transfer prices are defined such that the ratio of the earnings before taxes from the sale and marketing of new vehicles, spare parts and accessories of the Jaguar and Land Rover brands at contractually agreed net income of these divisions are competitive compared with the industry.

In last year's management report we expected that with the introduction of Discovery Sport, XE and the new XF there would be significant growth in the registration of new vehicles. This expectation was fulfilled with an increase in sales revenue of 36.7%, an increase in net profit for the period of 40.9%.

Financial Position

The statement of cash flows below reflects changes of the entity's net financial position and liquidity for the period, whereby the cash flow from operating activities was determined using the indirect method:

	2015/16	2014/15
	k€	k€
Profit for the period	10.960	7.780
Amortisation/depreciation/write-downs on fixed assets	588	868
Increase/decrease (-) in provisions	12.303	6.856
Loss on disposal of fixed assets	16	0
Increase(-)/decrease in inventories, trade receivables and other assets that are not allocatable to investing or financing activities	-53.148	20.077
Increase/decrease (-) in trade payables and other liabilities that are not allocated to investing or financing activities	102.020	15.167
Interest income	-17	-141
Cashflow from current business activities	72.723	50.607
Cash outflow from the acquisition of property, plant and equipment	-2.754	-892
Cash outflow from the acquisition of investments	-4	
Cash outflow on account of cash investments in the cash pool	-58.174	-50.487
Interest expense	17	141
Cashflow from investing activities	-60.915	-51.237
Cash outflow from the repayment of borrowings and loans	-12.041	
Cashflow from financing activities	-12.041	0
Change in cash and cash equivalents	-234	-630
Opening balance of cash and cash equivalents	313	943
Increase in cash through accretion	343	0
Closing balance of cash and cash equivalents (= liquid funds)	423	313

Cash flow from operating activities resulted primarily from an increase in liabilities to affiliated companies due to the reporting date and production of k€ 63,769, mainly from the production and delivery of vehicles in March 2016 (payment in the month following the balance sheet date) and the corresponding high level of sales of these vehicles (an increase of k€ 50,058 and increased VAT liabilities of k€ 18,113. In addition to this due to the high volume of vehicles sales in the last quarter of 15/16 there was a reduction in vehicles inventory k€ 13,390.

Cash flow from investing activities resulted mainly from payments of financial resources in the cash pool and payments for the building project in Munich.

In the reporting period the company bought the shares of Capital & Concept GmbH & Co. Andiamo KG. At the time of this purchase the general partner exited the KG and was not replaced. As a result of this Capital & Concept GmbH & Co. Andiamo KG accreted to Jaguar Land Rover Deutschland. Through this accretion Jaguar Land Rover Deutschland acquired a piece of land in Munich in the value of k€11,214 and took over a loan liability of k€12,041. The plan of the company is to build a flagship dealership on this site and the project was already started in the reporting period. The negative cash flow from financing activities resulted from the full repayment of this loan after accretion.

The company's equity amounted to k€ 46,850 (prior year k€ 35,890).
The equity ratio amounted to 11.5% compared to 12.8% in the comparison period.
The company participates in Cash Pool with jaguar Land Rover Limited.
At the balance sheet date, Jaguar Land Rover Deutschland had cash pool credits of k€ 222,428 (prior year k€ 164,255). The financial position of the entity is orderly.

3. Net Assets

The entity's assets comprise notably of fixed assets in the amount of k€15,693, inventories in the amount of k€ 69,353, trade receivables of k€ 71,466 as well as receivables form affiliated companies of k€ 223,740.

The fixed assets consist mainly of the plot of land in Munich acquired through the accretion of Capital & Concept GmbH & Co. Andiamo KG in the value of k€ 11,214.

Inventories are comprised of new and used cars of the company of as well as Jaguar spare parts. In comparison to the prior period there has been a reduction of €13.4Mil. The reason for this the number of vehicles sold in the fourth quarter and the timing of the launch of the Jaguar F-Pace in early April 2016 as these vehicles were delivered immediately after production.
A vehicle carrying amount of k€ 25,101, disclosed under other assets, results from buyback agreements concluded with car rental (prior year k€ 8,259). This results from an increase of 482 units over the previous reporting period. The balance sheet item to be offset against this of k€ 28,366 (prior year k€ 9.026) was recorded as buyback commitments under other liabilities.

Receivables form affiliated companies notably include the aforementioned cash pool receivables Jaguar Land Rover Limited in the amount of € 222.4 Mil (prior year € 164.3 Mil).

Trade Receivables increased by k€ 50,057 in comparison to the prior year (k€ 21,409) due to the high sales level in March 2016.

C. Future developments and material opportunities and risks

1. Risks and risk management

In the period ended 31st March 2013, complete process documentation was prepared on account of the SAP implementation, which was further updated in the current period.
The internal control system was expanded in the reporting period and is entirely suited to ensuring the accuracy and completeness of the representation of JLR's business activities in the company's books.

Financial transactions are monitored monthly. Deviations are explained to Jaguar Land Rover Limited by means of reports and analyses.

The entity is included in the cash pool system of the Tata Group in order to hedge against liquidity risks. This ensures the coverage of short-term financing needs and the settlement of occasional payment transactions at all times. Management remains informed of the financial position and results of other companies within the cash-pool system. This ensures that any possible risk is recognised early on.

A risk from cash flow fluctuations is seen for the cash pooling receivables. This risk is, however, classified as low.

Jaguar Land Rover is not exposed to any financial risks from the receivables of vehicle sales. This risk is covered by a purchase financing offered by FCA Bank Germany GmbH, Heilbronn/Germany. Risks from the free supply of spare part sales are borne by Jaguar Land Rover Deutschland. Here, the option cash on delivery (COD) is offered for Land Rover Parts in case the solvency of a customer worsens.

Further material risks from current business are not on hand at present. For the assessment, the company has taken into account all information on hand when preparing the balance sheet and has set up provisions based on sound business judgement.

2. Opportunities and Risks

The following risks with material impact on the net asset, financial position and result of operations are seen for the reporting period ending March 2017:

- High theft rates for Range Rover and Range Rover Sport, which could endanger the current commercial success in the medium term
- The development of diesel and fuel prices and future form of emission-based taxes
- Future development of the EU regulations concerning total CO^2 emissions of the vehicle fleet.

The entity's model line-up will be further enriched in the coming financial year. Land Rover will launch the new generation Discovery in the large SUV Segment und a stylish convertible will complement the Range Rover Evoque range.

Jaguar will experience the first full year for the volume model XE and is entering the SUV segment for the first time in the history of the brand with the F-Pace. Presales figures and positive press reports indicate that the launch of this product should be a successful one.

3. Outlook

The German Association of the International Vehicle Producers (VdiK) anticipates that the German vehicle market will remain at the same level as the prior year with sales of 3,2 million vehicles in 2016.

In 2015/16 the implementation of the German Market Plan (GMP) was successfully concluded. In order to utilise the full potential of both brands the company has developed the German Market Plan II which builds on the success of the previous plan.
The plan is based on several pillars aimed at driving growth.
Most notable here are the areas dealer network and customer experience. Under the slogan "first choice" Jaguar Land Rover Deutschland aims not only to offer sought after products but to provide excellent experience in all areas.

For the period ending March 2017 we are currently anticipating an increase in sales. This will be mainly driven through the first full sales year for XE and Discovery Sport and the launch of F-Pace.

It is anticipated that revenue for the period ending 31st March 2017 will increase but not quite as strongly as in the reporting period. The reason for this is the run out of Defender and the time lag between the run out of Discovery and the launch of its successor. Earnings before taxes will develop similarly to revenue.

4. Major post-balance- sheet events

There were no material post-balance-sheet events between the balance sheet date and when the report was prepared.

Schwalbach /Taunus, 27th Mai 2016

Peter Modelhart
Geschäftsführer
Jaguar Land Rover Deutschland GmbH

Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany

Balance Sheet as at 31 March 2016

Assets

		31.3.2016 EUR	31.3.2015 EUR
A.	**Fixed Assets**		
	Property, plant and equipment		
1.	Land	11.213.599,00	0,00
2.	Operating and Office Equipment	1.878.813,76	2.328.844,49
3.	Prepayments	2.600.633,86	0,00
		15.693.046,62	2.328.844,49
B.	**Current assets**		
I.	**Inventories**		
	Merchandise	69.353.360,23	82.743.564,37
II.	**Receivables and other assets**		
1.	Trade accounts receivable	71.466.156,81	21.408.645,88
2.	Receivables from affiliates of which to the shareholder: EUR 222.428.497,11 (prior year: EUR 164.254.594,71)	223.739.720,13	165.426.764,18
3.	Other assets of whichwith a residula term of more than one year EUR 78.071,80 (prior year: EUR 117.107,00)	25.106.624,82	8.323.088,80
		320.312.501,76	195.158.498,86
III.	**Cash-in-hand and bank balances**	423.418,06	313.043,48
		390.089.280,05	278.215.106,71
C.	**Prepaid expenses**	110.802,68	37.499,88
		405.893.129,35	280.581.451,08

Equity and Liabilities

		31.3.2016 EUR	31.3.2015 EUR
A.	**Equity**		
I.	**Subscribed capital**	2.556.459,41	2.556.459,41
II.	**Capital reserves**	15.816.876,66	15.816.876,66
III.	**Retained profits brought forward**	17.516.754,49	9.736.926,64
IV.	**Profit for the period**	10.959.671,87	7.779.827,85
		46.849.762,43	35.890.090,56
B.	**Provisions**		
1.	Provisions for retirement and benefit obligations	8.462.244,06	7.405.932,00
2.	Provisions für taxes	4.394.530,78	3.232.925,16
3.	Other provisions	96.121.173,38	86.035.609,67
		108.977.948,22	96.674.466,83
C.	**Liabilities**		
1.	Trade accounts payable of which with a residula term of up to one year EUR 10.373.142,79 (Vorjahr: EUR 9.428.108,73)	10.373.142,79	9.428.108,73
2.	Liabilities to affiliated companies of which with a residula term of up to one year EUR 170.976.406,36,00 (Vorjahr: EUR 107.207.029,46) of which to the shareholder: EUR 164.678.702,14 (Vorjahr: EUR 102.151.364,07)	170.976.406,36	107.207.029,46
3.	Other liabailities of which with a residula term of up to one year EUR 68.715.869,55 (Vorjahr: EUR 31.381.755,50) of which from taxes EUR 40.349.525,94 (Vorjahr: EUR 22.236.761,65)	68.715.869,55	31.381.755,50
		250.065.418,70	148.016.893,69
		405.893.129,35	280.581.451,08

Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany

Income Statement for the period from 1 April 2015 to 31 March 2016

	2015/16 EUR	2014/15 EUR
1. Revenue	1.516.610.729,58	1.109.671.056,57
2. Other operating income	59.555.236,93	40.529.902,41
3. Cost of materials		
cost of purchased merchandise	1.341.562.809,76	968.669.662,89
4. Personnel expenses		
a) Wages and salaries	20.508.264,90	15.154.289,81
b) Social security, post-employment costs and		
other employee benefits	2.056.657,31	1.802.370,31
of which post-employment costs:		
EUR 858.387,61 (prior year: EUR 786.034,39)		
5. Depreciation and write-downs on property, plant and equipment	588.112,78	868.497,72
6. Other operating expenses	195.335.496,27	151.494.828,07
7. Other interest and similar income	16.575,88	141.385,18
of which from affiliated companies		
EUR 16.575,88 (priro year: EUR 141.385,18)		
8. Interest and similar expenses	364.898,00	358.021,00
of which from accumulation of interest on provisions		
EUR 364.898,00 (prior year: EUR 358.021,00)		
9. Result form ordinary activities	15.766.303,37	11.994.674,36
10. Extraordinary expenses	93.606,00	93.606,00
11. Result form extraordinary activities	-93.606,00	-93.606,00
12. Taxes on income	4.460.845,17	3.859.517,12
13. Other taxes	252.180,33	261.723,39
14. Profit for the period	10.959.671,87	7.779.827,85

Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus, Germany

Notes to the financial statements for the period ended March 2016

A. GENERAL INFORMATION

The financial statements as at 31st March 2016 were prepared in compliance with the provisions of the German Commercial Code (HGB) applicable to large firms organised in a corporate form as well as in compliance with the supplementing provisions of the German Law on Limited Liability Companies (GmbHG).

With a purchase agreement dated 11th May 2015 the company purchased all of the partners' shares in Capital & Concept GmbH & Co. Andiamo KG. After the exit of the general partner of Capital & Concept GmbH & Co. Andiamo KG this entity was accreted under Sec. 738 para 1, Sentence 1 of the German Civil Code (BGB). The assets and liabilities of the registered partnership were transferred to the company at book value (with the application of Sec. 24 of the Reorganisation of Companies Act (UmwG) and lead to the acquisition of assets in the value of k€ 11,581 and liabilities in the value of k€ 12,133. A loss from the accretion in the value of k€ 552 is recognised in the reporting year under other operating expenses.

B. Accounting and valuation principles

Accounting principles

The financial statements were prepared in compliance with the general recognition principles in Secs. 246 to 251 German Commercial Code (HGB) as well as taking into account the special recognition principles for firms organised in a corporate form in accordance with Secs. 268 to 274a, 276 to 278 German Commercial Code (HGB).

Vehicles sold within the scope of buyback contracts to car rentals are disclosed under other assets, since economic ownership remains at the entity and the sale of the vehicles after the short-term holding period of the car rental firms is upon the entity. The buyback commitments are disclosed under other liabilities. Revenue is only realised after termination of the buyback transactions at the final sale of the vehicle to the dealer.

The entity does not take advantage of the option under Sec 274 (I) Sentence 2 German Commercial Code (HGB) to recognise the excess in deferred tax assets on account of arising tax reliefs.

Valuation principles

The financial statements were prepared taking into account the general valuation principles in Secs. 252 to 256a German Commercial Code(HGB).

In detail the following valuation principles apply:

FIXED ASSETS

Property, plant and equipment

Land and operating and office equipment is measured at cost, including incidental cost, less cash discounts it's value is reduced, if it has a useful life, according to planned depreciation. Depreciation is calculated on a straight-line basis over the expected individually expected useful lives as follow :

	Years
EDP software	2 to 4
Operating Equipment	3 to 5
Office Equipment	4 to 10
Company Cars (new)	4
Company Cars (used)	3
Tenant Fixtures	5 to 10

Low-value assets with a cost of up to EUR 150,00 are recognised through profit or loss. Low value assets with a cost of between EUR 150.00 and EUR 1,000.00 are collected as a compound item, which is recognised and depreciated over a period of five years on a straight line basis.

CURRENT ASSETS

Inventories

Vehicles and spare parts are recognised in compliance with the strict lower-of-cost-or-market-principle at cost, including the incidental cost. Principally, the average rating method is used. Adequate amounts are deducted for slow-selling vehicles. In the aggregate, depreciation k€ 2,518 (prior year: k€ 1,786) were made on the vehicle stock. The increase is due to the high volume of vehicles in inventory through vehicles returning under buy-.back contracts and in the company stock of own use vehicles.

Receivables and other assets

Trade receivables and receivables form affiliated companies are recognised at cost. Specific allowances are made for doubtful receivables.

Except for the corporate income tax credit that is discounted with 5.5% and the vehicles with buy-back commitments, other assets are recognised at cost. Vehicles with buy-back commitments are recognised at cost less specific allowances for single vehicles depending on the sales expectations on the market for used cars.

Cash in-hand, bank balances

Cash in-hand and bank balances are recognised at nominal values.

PROVISIONS

The pension commitments were determined using the projected unit credit method by applying actuarial principles with an interest rate 4,25% p.a. based on Prof. Dr. Klaus Heubeck's 2005G Standard Tables that were published in 2006. In accordance with § 253 (2) German Commercial Code(HGB), provisions for pension obligations are discounted on a lump-sum basis with the average market interest rate of the last ten years that arises in case of an unanticipated residual term of 15 years, determined by Deutsche Bundesbank (the German central bank). This took into account salary increases 2,0% p.a. and an annual pension increase of 2,0%, annual rises of the assessment ceiling of 2.0%. Age and gender-dependent fluctuation probabilities were taken into account for the employee turnover. The difference in the valuation of the provision applying the average market rate of the last seven years with an interest rate of 3.7% p.a. is k€ -1,068.

On account of the option under Article 67 (1) Sentence 1 Introductory Law to the German Commercial Code (EGHGB) an amount K€ 94 (1/15th of the difference determined as at April 2011)was added to the provisions for pensions. Due to the additions mad pro rate over 15 years the balance sheet does not include pension commitments of K€ 843 as at 31 March 2016.

Other provisions are recognised at settlement value, based on sound business judgement. Provisions with a residual term of more than one year are discounted over their residual terms at an average market interest rate calculated by Deutsche Bundesbank (the German central bank).

LIABILITIES

Trade payables, liabilities to affiliated companies and other liabilities are recognised at the amounts to be repaid. Current liabilities denominated in a foreign currency are recognised at the mean spot rate in effect on the balance sheet date.

C. NOTES TO THE BALANCE SHEET

1. Fixed Assets

The movements in fixed assets in the period ended 31 March 2016 are presented in the statement of movements in fixed assets attached (Appendix to the Notes).

2. Receivables

Receivables notably include receivables from affiliated companies of k€ 223,740 (prior year k€ 165,427), and are mostly cash pool receivables of. k€ 222,428 (prior year: k€ 164,255), and trade receivables of k€ 71,466 (prior year: k€ 21,409).

3. Deferred Taxes

Deferred taxes have been recognised for temporary differences between the values of assets, liabilities and prepaid expenses/deferred income recognised in the commercial and tax balance sheets. There were no negative differences as at the balance sheet date. Positive differences primarily result from differences in the carrying amounts of provisions for pensions and other provisions. Deferred taxes are determined on the baisis of the combined income tax rate of the entity of 28.075% and comprise corporate income tax, trade tax and the solidarity surcharge. Deferred tax assets that are not accounted for in the balance sheet were incurred in the reporting period.

4. Equity

The fully paid-in share capital amounts to DM 5,000,000.00 (corresponds to € 2,556,459.41). Sole shareholder is Jaguar Land Rover Limited, Coventry /United Kingdom.

5. Other provisions

Regarding the other provisions, the largest individual items are the provisions for marketing programmes (k€ 46,138; prior year k€ 43,575), for variable dealer margins (k€ 21,793; prior year k€ 15,006), for outstanding invoices (k€ 7,536; prior year k€ 8.595), for dealer start-up support (Dealer Start-Up; k€ 10,417; prior year K€ 9,200), for support of the interest free period (k€ 1,582; prior year k€ 1,555) as well as for dealer severance payments in line with Sec 89b German Commercial Code (HGB) (k€ 4,939; prior year k€ 4,255).

6. Liabilities

The liabilities are comprised of:

- Liabilities to **affiliated** companies of k€ 170,976 (**Prior year** k€ 107,207) **– here mostly liabilities** to Jaguar Land Rover France for spare parts of k€ 6,238 (Prior year k€ 5,016) trade payables to Jaguar Land Rover Limited of k€ 164,678 (Prior year k€ 102,151).

- Trade payables (k€ 10,373; Prior year k€ 9,428)

- Other liabilities
  here mostly liabilities from VAT (€ 40.3 Mil; Prior year € 22.2 Mil) and liabilities from buyback transactions with car rentals (€28.4 Mil; Prior year € 9.1 Mil)

D. NOTES TO THE INCOME STATEMENT

1. Revenue

By fields of activity

Revenue was, as in the prior year, all realised within Germany with the brands of Jaguar and Land Rover and can be analysed by fields of activity as follows:

	1.4.2015-31.03.2016	1.4.2014-31.03.2015
	k€	k€
New Vehicles	1.318.591	937.614
Used Vehicles	65.528	69.156
Spare Parts, accessories + other	132.491	102.901
	1.516.610	1.109.671

2. Other operating income

Other operating income notably comprises the transfer of warranty expenses (k€ 33,611; Prior year k€ 25,436) as well as cost transfers to dealers and Jaguar Land Rover Limited (k€ 25,835; Prior year k€ 14,969), the latter including the expenses for the central functions taken over for other European Jaguar Land Rover companies (European Operations employees).

3. Other operating expenses

Other operating expenses notably comprise the following items:

- Warranty expenses (k€ 35,244; Prior year k€ 27,429)
- Selling expenses and sales promotion (k€ 74,862; Prior year k€ 53,815;)
- Other distribution costs (k€ 13,972; Prior year k€ 18,508), mainly due to lower costs for dealer termination and dealer start-up
- Advertising costs (k€ 49,466; Prior year k€ 36,516)
- Other sundry administration costs (k€ 10,281; Prior year k€ 6,588)
- Loss on accretion of Capital & concept GmbH & Co. Andiamo KG k€ 552

4. Extraordinary Expenses

Extraordinary expenses include pro rata additions to provisions for pensions over 15 years in accordance with Article 67 (1) Introductory Law to the German Commercial Code (EGHGB) of k€ 94 (Prior year k€ 94).

5. Taxes on income

Taxes on income relate entirely to the result form ordinary business activities. The item includes a net re-imbursement of k€ 437 relating to prior periods.

E. OTHER DISCLOSURES

1. Other financial commitments

The commitments from tenancy agreements for the training centre and the parking lots in Neuss/Germany until the end of the minimum leasing term on 30th September 2020 amount to k€ 2,049 net (k€ 40 per month).The commitments from tenancy agreements for the office premises in Schwalbach/Germany until the end of the minimum leasing term on 31st August 2016 amount to k€ 325 net (k€ 65 per month). In an agreement dated 28th November 2014 und a showroom was leased on the Odeonsplatz in Munich Germany from 1st May 2015. The obligation until the end of the term on 30th April 2018 amounts to k€ 625 (k€ 25 per month)

The entity has concluded tenancy agreements and leases as well as other service agreements for its business operations. The total commitments from the currently valid contracts amount to k€ 11,887.

2. Number of employees

The entity had 169 (Prior year: 131) employees in the annual average of the reporting period

3. Audtítors' fees

Am amount of k€ 113 was recognised in the reporting period for auditors' fees (only audit fees).

4. Members of the company board

Management

Peter Modelhart

5. Total remuneration paid to Management

The total remuneration paid to management in the reporting period has not been disclosed in accordance with Sec 286 (4) German Commercial Code (HGB).

6. Proposal for the appropriation of profit

The management proposes that the net profit for the period ended 31 March 2016 be carried forward to new account.

7. Consolidated financial statements

The entity is included in the consolidated financial statements Jaguar Land Rover Automotive PLC, Coventry, United Kingdom (UK Register Nr. 6477691, www.jaguarlandrover.com) which is in turn included in the consolidated financial statements of TATA Motors Ltd., Mumbai, India, which in turn is part of the consolidated financial statements of Tata Sons Ltd., Mumbai, India (SEC Register Nr. 926042, www.tata.com)..

Schwalbach am Taunus/Germany, 27 May 2016

Peter Modelhart
Managing Director

Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus

Movement in Fixed Assets for the period ended 31 March 2016

HGB	Cost							Depreciation and impairments				Carrying Amounts	
	1. Apr. 2015	Additions	Additions through Accretion	Disposals	Disposals through Accretion	Umgliederung	31 Mar. 2016	1. Apr. 2015	Additions	Disposals	31. Mrz. 2016	31. Mrz. 2016	31. Mrz. 2015
	€	€		€		€	€	€	€	€	€	€	€
Property, Plant and equipment													
1. Land	0,00	0,00	11,213,599.00	0,00	0,00	0,00	11,213,599.00	0,00	0,00	0,00	0,00	11,213,599.00	0,00
2. Operating and office equipment	6,116,791.25	153,782.76	0,00	81,488.04	0,00	0,00	6,189,085.97	3,787,946.76	588,112.78	65,787.33	4,310,272.21	1,878,813.76	2,328,844.49
2. Prepayments	0,00	2,600,633.86	0,00	0,00	0,00	0,00	2,600,633.86	0,00	0,00	0,00	0,00	2,600,633.86	0,00
	6,116,791.25	**2,754,416.62**	**11,213,599.00**	**81,488.04**	**0,00**	**0,00**	**20,003,318.83**	**3,787,946.76**	**588,112.78**	**65,787.33**	**4,310,272.21**	**15,693,046.62**	**2,328,844.49**
Investments													
Investment in Subsidiaries	0,00	3,750.00	0,00	0,00	3,750.00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
		3.750,00			**3.750,00**								
Fixed Assets	**6,116,791.25**	**2,758,166.62**	**11,213,599.00**	**81,488.04**	**3,750.00**	**0,00**	**20,003,318.83**	**3,787,946.76**	**588,112.78**	**65,787.33**	**4,310,272.21**	**15,693,046.62**	**2,328,844.49**

[Independent] Auditors' Report

We have audited the [annual] financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany, for the period ended 31 March 2016. The maintenance of the books and records and the preparation of the [annual] financial statements and the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the [annual] financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the [annual] financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the [annual] financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the [annual] financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the [annual] financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the [annual] financial statements of Jaguar Land Rover Deutschland GmbH, Schwalbach am Taunus/Germany, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the [annual] financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main/Germany, 27 May 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Gregg)	(Riedel)
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]