Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Financial Statements for the year ended 31 March 2018 and Directors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy,

the Spanish-language version prevails)

To the Sole Shareholder of Jaguar Land Rover España, S.L. (Sociedad Unipersonal)

Opinion

We have audited the annual accounts of Jaguar Land Rover España, S.L. (the "Company"), which comprise the balance sheet at 31 March 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Recognition of sales revenue (see notes 2.5, 4.9, 4.10 and 14)

The Company's recognition of revenue is affected by sales terms and conditions and the commitments undertaken with customers, which affect the price of goods sold. These are accounted for as a reduction in sales revenue and require the exercising of judgement by the Directors and the use of estimates. Due to the uncertainty associated with these estimates, this has been considered a relevant aspect of the audit.

Our audit procedures included assessing the adequacy of the accounting policies for revenue recognition under the applicable accounting framework, evaluating the design and implementation and testing the operating effectiveness of key controls related to the sales process, and performing substantive audit procedures, including reconciling the sales statistics in the Company's sales records with the revenue included in the income statement, performing tests of detail on revenue recognised based on a sample of transactions either shortly before or after the reporting date, verifying whether the transactions were recognised in the appropriate period, obtaining external confirmation of balances held with third-party customers, assessing whether the estimates were recognised in accordance with the sales terms and conditions and the commitments agreed between the parties, including an analysis of the reasonableness of the performance of volume and other discounts recognised in the current year compared to the prior year, and their weight and performance regarding the total sales figure in the current and prior year. We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors’ Report

Other information solely comprises the 2018 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2018 and the content and presentation of the report are in accordance with applicable legislation.

Directors' Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Directors of the entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated to the Directors of Jaguar Land Rover España, S.L., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

José Ignacio Rodríguez Prado
On the Spanish Official Register of Auditors ("ROAC") with No. 15,825

31 May 2018

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Euros)

	Notes	31/03/2018 (12 meses)	31/03/2017 (12 meses)
CONTINUING OPERATIONS:			
Revenue	**Note 18.1**	**561,987,217**	**577,135,281**
Procurements-		**(512,624,924)**	**(532,249,453)**
Cost of goods held for resale used	**Note 18.2**	(509,159,619)	(531,231,817)
Impairment of goods held for resale	**Note 10**	(3,465,305)	(1,017,636)
Other operating income		**2,118,207**	**532,286**
Staff costs-	**Note 18.3**	**(6,299,781)**	**(6,020,870)**
Wages, salaries and similar expenses		(4,615,408)	(4,384,108)
Employee benefit costs		(1,529,206)	(1,543,605)
Provisions	**Note 13**	(155,167)	(93,157)
Other operating expenses-	**Note 18.4**	**(37,846,805)**	**(32,895,175)**
Outside services		(37,816,674)	(32,729,031)
Taxes other than income tax		(82,676)	(91,630)
Losses on, impairment of and change in allowances for trade receivables	**Note 11**	52,546	(74,514)
Depreciation and amortisation charge	**Notes 5 & 6**	**(749,321)**	**(740,810)**
Other		**(1,025,213)**	
PROFIT/LOSS FROM OPERATIONS		**5,559,380**	**5,761,259**
Finance income:		**102,118**	**60,883**
From marketable securities and other financial instruments		60,285	51,968
Group companies and associates	**Notes 18.5 & 19.1**	41,833	8,915
Finance costs:	**Notes 13 & 18.5**	**(61,061)**	**(49,397)**
- Interest cost relating to provisions		(61,061)	(49,397)
Exchange differences		**62**	**(536)**
FINANCIAL PROFIT		**41,119**	**10,950**
PROFIT BEFORE TAX		**5,600,499**	**5,772,210**
Income tax	**Notes 17.3 & 17.4**	(1,463,022)	(1,484,503)
PROFIT FOR THE YEAR		**4,137,477**	**4,287,706**

The accompanying Notes 1 to 23 are an integral part of the statement of profit or loss as at 31 March 2018

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Euros)

	Notes	31/03/2018	31/03/2017
PROFIT/LOSS PER INCOME STATEMENT (I)		**4,137,477**	**4,287,706**
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	**Note 13**	**(74,820)**	**18,760**
Arising from actuarial gains and losses		(74,820)	18,760
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II)		**4,062,657**	**4,306,466**

The accompanying Notes 1 to 23 are an integral part of the statement of recognised income and expense as at 31 March 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23).
In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

BALANCE SHEET AS AT 31 MARCH 2018
(Euros)

ASSETS	Notes	31/03/2018	31/03/2017
NON-CURRENT ASSETS:		**13,095,650**	**13,201,511**
Intangible assets	**Note 5**	**2,505,229**	**2,828,484**
Property, plant and equipment	**Note 6**	**1,399,908**	**1,084,611**
Long term investments	**Note 9**	**244,143**	**141,766**
Deferred tax assets	**Note 17.5**	**8,946,370**	**9,146,650**
CURRENT ASSETS:		**191,902,956**	**199,445,508**
Inventories	**Note 10**	**62,934,435**	**58,586,231**
Trade and other receivables-		**36,245,908**	**27,362,845**
Trade receivables for sales and services	**Note 11**	34,891,878	25,990,500
Receivable from Group companies and associates	**Notes 11 & 19.1**	1,334,331	1,352,740
Employee receivables		19,699	19,606
Current investments in Group companies and associates	**Note 19.1**	**92,254,659**	**101,829,671**
Current prepayments and accrued income		**4,707**	**25,026**
Cash and cash equivalents		**463,248**	**11,641,734**
TOTAL ASSETS		**204,998,607**	**212,647,019**

EQUITY AND LIABILITIES	Notes	31/03/2018	31/03/2017
EQUITY:	**Note 12**	**66,170,164**	**62,107,507**
SHAREHOLDERS' EQUITY-			
Share capital		**43,869,638**	**43,869,638**
Share premium		**302,223**	**302,223**
Reserves		**17,860,826**	**13,647,940**
Profit for the year		**4,137,477**	**4,287,706**
NON-CURRENT LIABILITIES		**1,973,205**	**681,821**
Long-term provisions	**Note 13**	**1,280,892**	**25,340**
Non-current accruals and deferred income		201,679	25,340
Other Accruals		1,079,213	
Long-term accruals		**692,313**	**656,481**
CURRENT LIABILITIES:		**136,855,238**	**149,857,692**
Short-term provisions	**Note 14**	**35,635,208**	**36,048,053**
Current payables-		**20,176,001**	**19,968,683**
Other financial liabilities	**Note 15**	20,176,001	19,968,683
Trade and other payables		**79,888,728**	**92,876,228**
Payable to suppliers		6,837,312	5,061,668
Payable to suppliers - Group companies and associates	**Note 19.1**	54,279,676	64,428,683
Sundry accounts payable		309,077	444,791
Remuneration payable		307,238	377,839
Current tax liabilities	**Note 17.1**	407,599	4,264,654
Other accounts payable to tax authorities	**Note 17.1**	17,747,825	18,298,594
Current accruals and deferred income		**1,155,301**	**964,727**
TOTAL EQUITY AND LIABILITIES		**204,998,607**	**212,647,019**

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 March 2018

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(Euros)

	Notes	31/03/2018	31/03/2017
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(19,909,694)**	**(11,727,790)**
Profit for the year before tax		5,600,499	5,772,209
Adjustments for-			
- Depreciation and amortisation charge	**Notes 5 & 6**	749,321	740,810
- Impairment losses	**Notes 10 & 11**	3,465,257	1,092,150
- Changes in provisions	**Note 13**	842,707	(8,225)
- Finance income		(102,118)	(60,883)
- Finance costs	**Note 18.5**	61,061	49,397
- Exchange differences		62	536
- Other income and expenses			1,297,478
Changes in working capital-			
- Inventories		(7,813,508)	(20,400,678)
- Trade and other receivables		(8,883,014)	(8,243,828)
- Other current assets		20,319	(25,026)
- Trade and other payables		(9,130,446)	43,093
- Other current liabilities		358,905	12,701,178
Other cash flows from operating activities-			
- Interest paid	**Note 18.5**	(61,061)	(49,397)
- Interest received		102,118	60,883
- Income tax recovered (paid)		(5,119,797)	(4,697,487)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**8,731,271**	**21,904,819**
Payments due to investment-			
- Group companies and associates			
- Property, plant and equipment	**Note 6**	(741,363)	(614,663)
- Other financial assets		(102,377)	(13,033)
Proceeds from disposal			
- Group companies and associates		9,575,011	22,532,515
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (III)		**(62)**	**(536)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(11,178,485)**	**10,176,493**
Cash and cash equivalents at beginning of year		11,641,734	1,465,241
Cash and cash equivalents at end of year		463,248	11,641,734

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows as at 31 March 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

JAGUAR LAND ROVER ESPAÑA, S.L. (SOLE-SHAREHOLDER COMPANY)

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(Euros)

	Share Capital	Share Premium	Reserves				Profit for the Year	TOTAL
			Legal Reserve	Voluntary Reserves	Reserves for actuarial gains and losses	Reserve for goodwill		
ENDING BALANCE AT 31 DECEMBER 2015	**43,869,638**	**302,223**	**1,801,324**	**7,284,247**	**56,816**	**3,151,739**	**1,335,054**	**57,801,041**
Total recognised income and expense (*)	**-**	**-**	**-**	**-**	**18,760**	**-**	**4,287,706**	**4,306,466**
Other changes in equity	**-**	**-**	**133,505**	**4,353,288**	**-**	**(3,151,739)**	**(1,335,054)**	**-**
ENDING BALANCE AT 31 MARCH 2016	**43,869,638**	**302,223**	**1,934,829**	**11,637,535**	**75,576**	**-**	**4,287,706**	**62,107,507**
Total recognised income and expense					**(74,820)**		**4,137,477**	**4,062,657**
Other changes in equity			**428,770**	**3,858,936**			**(4,287,706)**	
ENDING BALANCE AT 31 MARCH 2017	**43,869,638**	**302,223**	**2,363,599**	**15,496,471**	**756**	**-**	**4,137,477**	**66,170,164**

(*) Three-month period ended 31 March 2016

The accompanying Notes 1 to 23 are an integral part of the statement of changes in total equity as at 31 March 2018.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Notes to the financial statements for the year ended 31 March 2018

1. Company description

Jaguar Land Rover España, S.L.U. ("the Company") was incorporated on 12 January 2000 in Madrid in accordance with the Spanish Public Limited Liability Companies Law under the company name Osa Menor, S.L. On 30 April 2000, the Company acquired certain assets and liabilities from Rover España, S.A. On 5 May 2000, it changed its company name to Jaguar Land Rover España, S.L.U. The Company's registered office is at Paseo de la Castellana 130, 8ª Planta, Madrid. On 31 May 2013, following the absorption of Jaguar Hispania, S.L.U. by Land Rover España, S.L.U., the Company changed its name to Jaguar Land Rover España, S.L.U. The disclosures required under Article 93 of Royal Decree-Law 4/2004, of 5 March, approving the Consolidated Spanish Income Tax Law, were included in the financial statements for 2013.

The Company's registered office and tax domicile are located at Plaza Pablo Ruiz Picasso 1, Planta 42, Madrid.

Its business activities consist of the distribution, import, export and sale of Land Rover and Jaguar-brand cars in Spain, as well as the maintenance and repair thereof. In practice, the Company has entered into an agreement with Jaguar Land Rover, Ltd. which regulates its entire operating activity and pursuant to which the applicable economic terms and conditions are established.

The Company forms part of the Tata Motors Group, whose Parent is Tata Motors Limited with registered office in the Republic of India. Tata Motors Ltd has formulated the consolidated financial statements as of 31 march 2017, which were formally prepared by the Company's Directors at its Board Meeting held on 23th May 2017 and are placed in the Mercantile Register Office of Mumbai (India).

2. Basis of presentation of the financial statements

2.1. Regulatory framework for financial reporting applicable to the Group

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

2.2. Fair presentation

These financial statements were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2017.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the sole shareholder, and it is considered that they will be approved without any changes. The financial statements for period ended 31 March 2017 were approved by the sole shareholder on 21 september 2017.

2.3. Accounting principles

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.4. Functional currency and presentation currency

The financial statements are presented in euros, which is the functional and presentation currency of the Company.

2.5. Key issues in relation to the measurement and estimation of uncertainty

Estimations made by the Company's Directors were used for the elaboration of these financial statements in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimations relate basically to the following aspects:

- Assessment of possible impairment losses on certain assets (see Notes 4.3, 4.5 and 4.6).
- Calculation of provisions for short-term commercial incentives (see Notes 4.9 and 4.10).
- Recoverability of deferred tax (see Note 4.8).
- Temporary recognition of sales revenue (see Note 4.9).

Although these estimates were made on the basis of the best information available at 31 March 2018, future events might make it necessary to change them (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6. Comparative information

The financial statements show for comparison purposes, with each of the balance sheet items, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report, in addition to the figures of the year ended March 31, 2018, those corresponding to the previous year, which were part of the financial statements for the year ended March 31, 2017 approved by the General Shareholders' Meeting held on September 21, 2017.

2.7. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are have been grouped together to facilitate their understanding. However, whenever involved amounts are significant, the information is broken down in the related notes of the financial statements.

2.8. Changes in accounting policies

In the reporting period ended 31 March 2018, there were no significant changes in accounting policies with respect to those applied in the period ended 31 March 2017.

2.9. Correction of errors

In preparing the financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for the period ended 31 March 2017.

3. Profit distribution

The proposed distribution of the profit for the year ended 31 March 2018, which the Company's directors will submit for approval by the sole shareholder, is as follows:

	Euros
Distribution:	
To legal reserve	413,748
To voluntary reserve	3,723,729
Total profit for the year	**4,137,477**

The proposed distribution of the profit for the year ended 31 March 2017, which the Company's directors approved by the sole shareholder on 25 May 2017, is as follows:

	Euros
Distribution:	
To legal reserve	428,770
To voluntary reserve	3,858,936
Total profit for the year	**4,287,706**

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for the three-month period ended 31 March 2018, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Intangible Assets

As a general rule, intangible assets are recognised initially at acquisition cost and are subsequently measured at cost less any accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3. These assets are amortised over their years of useful life. When the useful life of these assets cannot be estimated reliably, they are amortised over a period of ten years.

Goodwill is allocated to the cash-generating units to which the economic benefits of the synergies of the business combination are expected to flow. Subsequent to initial recognition, goodwill is measured at cost, less any accumulated amortisation and any accumulated impairment losses recognised. Pursuant to the applicable legislation, the useful life of goodwill is set at ten years and it is amortised on a straight-line basis.

Also, the Company analyses if there are any indications of impairment of the aforementioned cash-generating units at least once a year and, if there are, they are tested for impairment according to the methodology described below and, where appropriate, they are written down.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Specifically, the Company recognises under this epigraph the goodwill that arose on acquisition of the assets of Rover España, S.A., as described in Note 5.

4.2. Fixed assets: Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost and are subsequently reduced by the related accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Depreciation rate
Plant	15 % - 25 %
Tools	30 %
Furniture and office equipment	10 %
Computer hardware	25 %

4.3. Impairment of intangible and fixed assets

At the end of each reporting period the Company analyses if there are any indications of impairment of its assets or cash generating units to which it allocated goodwill or other intangible assets and, if there are, the Company tests the assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Each year, Management Department prepares for each cash-generating unit a business plan by market and line of business. The main components of this plan are as follows:

- Earnings projections.

- Investment and working capital projections.

Other variables affecting the calculation of the recoverable amount are:

- The discount rate to be used, which is taken to be the weighted average cost of capital, the main variables with an effect on its calculation being interest costs and the risks specific to the assets.

- The cash flow growth rate used to extrapolate the cash flow projections to beyond the period covered by the budgets or forecasts.

The projections are prepared on the basis of past experience and of the best estimates available, which are consistent with the information obtained from external sources.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets of the cash-generating unit is then reduced, on the basis of their carrying amount, down to the limit of the highest of the following values: fair value less costs to sell; value in use and zero.

Where an impairment loss subsequently is reverted (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

At 31 March 2018 and 2017, the Company has not recognised any impairment losses on its assets.

4.4. Leasing

Leases are classified as financial leasing whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operational leasing.

Financial leasing

Financial leasing where the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value of the minimum lease payments agreed at the inception of the lease, including the price of the call option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment that are owned.

Operational leasing

Lease expenses from operational leasing are recognised at income statement on an accrual basis.

Any payment that might be made when arranging an operational leasing will be treated as a prepaid lease payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

4.5. Financial Instruments

4.5.1. Financial assets

Classification -

The financial assets held by the Company relate to loans and receivables, financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition -

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent valuation -

Loans, receivables, deposits and bails are measured at amortised cost.

The Company calculates valuation adjustments relating to trade and other receivables by recognising under “Losses on, Impairment of and Change in Allowances for Trade Receivables” the estimated amount of impairment of receivables in an irregular situation due to late payment, suspension of payments, insolvency, delinquency or other causes, by a case-by-case analysis of the collectability thereof. The impairment is recognised under “Impairment of Trade Receivables” by reducing the amount of “Trade Receivables for Sales and Services” in the accompanying balance sheet.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

4.5.2. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company’s business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist or when all the risks have been transferred to a third party.

4.5.3. Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all of its liabilities.

Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

4.6. Inventories

Inventories are valued at the lower of acquisition or net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price less the estimated costs to be incurred in marketing, selling and distribution.

The cost of inventories of spare parts is assigned by using the weighted average cost formula. In turn, the acquisition cost of the vehicles is itemised.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

Specifically, for used vehicles, the Company writes down the carrying amount on the basis of the best estimate available of the sale price of these vehicles by model and age.

4.7. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At each accounting period-end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

4.8. Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

4.9. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Specifically, the Company recognises the sale of new vehicles as soon as they leave the factory since the agreement entered into with Jaguar Land Rover Ltd. establishes ex-works conditions of sale. Also, the agreements entered into with the car dealers provide for the transfer of risks and rewards at that moment.

In addition, at that juncture the Company makes the corresponding provisions for discounts, incentives and volume rebates, which are recognised under "Current Provisions" on the liability side of the balance sheet, and the sales amounts are presented net of such amounts (see Note 14).

Interest income from financial assets is recognised using the effective interest method. Interest from financial assets accrued after the date of acquisition are recognised as income.

4.10. Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences, excluding discounting since the effect thereof is not is not material.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.11. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. No provisions were recognised in this connection in the periods ended 31 March 2018 and 2017 because situations of this nature are expected to arise.

4.12. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

4.13. Pension obligations

Defined contribution -

Jaguar Land Rover España, S.L.U. has undertaken to make a defined contribution for its employees, consisting in a percentage of their salary, to an external pension plan. This plan is outsourced to Seguros Vitalicio.

The contributions made each year by Jaguar Land Rover España, S.L.U. in this connection are recognised under "Staff Costs" in the statements of profit or loss. The expenditure for this purpose amounted to EUR 89,521 in the year ended 31 March 2018 and EUR 93,930 in the period ended 31 March 2017 (see Note 18.3).

Defined benefit -

Also, Jaguar Land Rover España, S.L.U. has undertaken with the management, the obligation of supplementing, according to the collective agreements currently in force, the Social Security benefits corresponding to its pensioners, current employees or their beneficiary rightholders, in the event of their retirement. These obligations have been outsourced and are covered by insurance policies.

The expenditure for this purpose amounted to EUR 155,167 in the year ended 31 March 2018 and EUR 93,157 in the period ended 31 March 2017 (see Notes 13 and 18.3).

4.14. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.15 Current/Non-current classification

Current assets are those related to the normal operating cycle, which, in general, is considered to be one year. Other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents have been also considered as current assets. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled within one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

5. Intangible assets

The changes in the year ended 31 March 2018 and 2017 in "Intangible Assets" in the balance sheet and the most significant information affecting this heading were as follows:

Year ended 31 March 2018

	Euros		
	Balances at 31/03/2017	Additions/ Charge for the Period	Balances at 31/03/2018
Goodwill	13,853,798	-	13,853,798
Total cost	**13,853,798**	**-**	**13,853,798**
Goodwill	(11,025,314)	(323,255)	(11,384,570)
Total accumulated amortisation	**(11,025,314)**	**(323,255)**	**(11,348,570)**
Total	**2,828,484**	**(323,255)**	**2,505,228**

Year ended 31 March 2017

	Euros		
	Balances at 31/03/2016	Additions/ Charge for the Period	Balances at 31/03/2017
Goodwill	13,853,798	-	13,853,798
Total cost	**13,853,798**	**-**	**13,853,798**
Goodwill	(10,702,059)	(323,255)	(11,025,314)
Total accumulated amortisation	**(10,702,059)**	**(323,255)**	**(11,025,314)**
Total	**3,151,739**	**(323,255)**	**2,828,484**

The goodwill arose as a result of the acquisition of the assets of the former Rover España, S.A. on 30 April 2000.

At 31 March 2018 and 2017 no impairment losses were recognised on the goodwill, as the transfer pricing policies established by the Group ensure that the profit from operations is positive on a recurring basis.

6. Fixed assets: property, plant and equipment

Changes in the year ended 31 March 2018 and 2017 in “Property, Plant and Equipment” in the balance sheet and the most significant information affecting this heading were as follows (in euros):

Year ended 31 March 2018

	Euros		
	Balances at 31/03/2017	Additions/ Charge for the year	Balances at 31/03/2018
Plant	2,435,962	669,883	3,105,845
Tools	85,220	13,495	98,715
Furniture and office equipment	225,041	8,230	233,271
Computer hardware	930	49,755	50,685
Total cost	**2,747,153**	**741,362**	**3,488,516**
Plant	(1,587,675)	(380,518)	(1,968,193)
Tools	(19,228)	(22,992)	(42,220)
Furniture and office equipment	(55,298)	(22,048)	(77,346)
Computer hardware	(341)	(508)	(849)
Total accumulated depreciation	**(1,662,542)**	**(426,066)**	**(2,088,608)**
Total, net	**1,084,611**	**315,297**	**1,399,908**

Year ended 31 March 2017

	Euros		
	Balances at 31/03/2016	Additions/ Charge for the year	Balances at 31/03/2017
Plant	1,969,846	466,116	2,435,962
Tools	10,000	75,220	85,220
Furniture and office equipment	151,714	73,327	225,041
Computer hardware	930	-	930
Total cost	**2,132,490**	**614,663**	**2,747,153**
Plant	(1,198,701)	(388,974)	(1,587,675)
Tools	(7,750)	(11,478)	(19,228)
Furniture and office equipment	(38,289)	(17,009)	(55,298)
Computer hardware	(247)	(94)	(341)
Total accumulated depreciation	**(1,244,987)**	**(417,555)**	**(1,662,542)**
Total, net	**887,503**	**197,108**	**1,084,611**

The main additions in the current period relate mainly to the corporate branding items at dealers, as well as the renovation and extension of the offices located at Plaza Pablo Ruiz Picasso, 1, Madrid.

The detail of the fully depreciated items of property, plant and equipment still in use (showing cost value) at 31 March 2018 and 2017, was as follows:

	Euros	
	31/03/2018	31/03/2017
Plant	1.116,992	400,783
Tools	10,000	10,000
Furniture and office equipment	7,986	7,986
	1,134,978	**418,769**

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject to. The Company's Directors consider that the insurance coverage of these risks is sufficient.

7. Leases

Operational leasing

At 31 March 2018 and 2017, the Company had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, or future increases in line with the CPI:

Minimum operating lease payments	Nominal value (euros)	
	31/03/2018	31/03/2017
Within one year	1,048,662	764,975
Between one and five years	4,559,182	478,403
Between five and ten years	2,972,543	-
Total	**8,580,387**	**1,243,378**

The amount of rental expense registered at 31 March 2018 and 2017 was EUR 683,990 and EUR 635,309 respectively (see Note 18.4).

The most significant operational leasing held by the Company as lessee were as follows:

1. Lease of offices of 1,041 square metres located in Madrid. The lease commenced on 1 January 2014 and has a term of 5 years. Once the initial term has expired, the lease will be renewed automatically for a single term of five years. On 15 July 2016, the leasable area of these offices was increased by 177 square metres, and this addenda to the lease expires on the same date as the lease formalised on 1 January 2014.

2. Leasing of training facilities of 344.3 square metres located in Tres Cantos (Madrid). The lease commenced on 1 April 2006 and has a term of 3 years, automatically renewable for one-year periods.

3. Leasing of Warehouse of 15.074 square metres located in Cabanillas del Campo (Guadalajara).The lease commenced on 6 June 2017 and has a term of 10 years, automatically renewable for two-year periods.

8. Information on the nature and level of risks of financial instruments

The Company's financial risk management is centralised at the Company's Financial Department and has the support of the central teams of the Group to which it belongs. In this connection, the Company has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its cash and cash equivalents at banks with high credit ratings. Additionally, most of its trade receivables are factored by the financial institution FCA Capital Spain, S.A. (see Note 11).

b) Liquidity risk:

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the Group current account (see Note 19.1).

c) Market risk:

Foreign currency risk is concentrated mainly on specific transactions with group companies denominated in sterling pounds. Neither the amount of these transactions, nor, therefore, the impact of fluctuations in the exchange rate, are material. Also, since it has no bank borrowings, the Company is not exposed to significant risks in relation to changes in interest rates.

9. Long term investments

At this epigraph the Company registers the constituted deposits from leasings on offices and other facilities used to develop its activity.

10. Inventories

The detail of "Inventories" at 31 March 2018 and 2017 is as follows:

	Euros	
	31/03/2018	31/03/2017
New cars	20,674,591	16,255,614
Used cars	35,487,373	34,161,459
Spare parts	11,426,482	9,484,889
Other	138,494	137,089
Total inventories	**67,726,940**	**60,039,051**
Inventory write-downs	(4,792,505)	(1,452,820)
Total, net	**62,934,435**	**58,586,231**

Vehicles guarantee is responsibility of Jaguar Land Rover Ltd. and, therefore, no provision is recognised on this issue.

Changes in the provision for inventory depreciation in the in the year ended 31 March 2018 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	1,452,820	7,013,342	(3,548,038)	(125,619)	4,792,505

Changes in the provision for inventory depreciation in the in the year ended 31 March 2017 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	535,215	3,560,928	(2,543,292)	(100,031)	1,452,820

The Company takes out insurance policies to cover the possible risks to which its inventories are subject to. These risks are sufficiently insured.

11. Trade and other receivables

The detail for Trade and other receivables is as follows:

	Euros	
	31/03/2018	31/03/2017
Group		
Trade Receivables	1,334,331	1,352,740
Not Related		
Trade Receivables	34,891,878	25.990,501
Personnel	19,699	19,606
Total	**36,245,908**	**27,362,847**

Substantially all of the sales of new vehicles by the Company to certain dealers were financed through FCA Capital Spain, S.A., which assumes the risk arising from the transaction. Also, FCA Capital Spain, S.A. grants a credit line to these dealers and pays the amount of the sale to the Company one day after the sale has taken place, and the Company recognises the amounts as customer collections.

In the periods ended 31 March 2018 and 2017 the Company sold without recourse accounts receivable of net amounts of EUR 669,354 thousand and EUR 662,980 thousand, respectively, and the accounts receivable factored without recourse yet to be settled at the end of the reporting period amounted to EUR 186,191 thousand and EUR 233,676 thousand, respectively.

The Company also recognises the accounts receivable from the spare parts business in these accounts.

"Trade and Other Receivables - Trade Receivables from Group Companies and Associates" includes mainly the warranties billed by dealerships that the Company reinvoices to the Group, as well as the billing of spare parts to Jaguar Land Rover Portugal Veiculos e Peças, Lda. (Note 19)

The changes in the provision for doubtful receivables in the periods ended 31 March 2018 and 2017 were as follows:

Year ended 31 March 2018

	Euros				
	Beginning balance	Additions due to merger	Reversals	Amounts used	Ending balance
Provision for doubtful receivables	444,823	-	-	(47)	444,776

Year ended 31 March 2017

	Euros				
	Beginning balance	Additions due to merger	Reversals	Amounts used	Ending balance
Provision for doubtful receivables	371,909	77,045	(2,531)	(1,600)	444,823

12. Equity

12.1. Share capital

At 31 March 2018 and 2017, the Company's share capital amounted to EUR 43,869,638 thousand and was represented by 4,386,963 fully subscribed and paid registered shares of EUR 10 par value each. All the shares have the same voting and dividend rights.

At the end of 31 March 2018 the Company's Sole Shareholder was Jaguar Land Rover, Ltd. (The Company domiciled in England).

In accordance with current Spanish corporate and commercial law, the Company was registered at the Mercantile Registry as a sole-shareholder company on 4 December 2003.

As at 31 March, 2018, the Company has a cash-pooling agreement and another agreement governing all operating activities with its sole shareholder, and the balances thereof are disclosed in Note 19.

The Company's shares are not officially listed.

12.2. Legal reserve

Accorded to Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At 31 March 2018, the balance of the legal reserve has not reached the minimum legally required.

12.3. Reserve for goodwill

Until the year ended 31 December 2015 and pursuant to the Spanish Limited Liability Companies Law, when distributing the profit for each year an appropriation of at least 5% of the goodwill recognised on the asset side of the balance sheet had to be made to a restricted reserve for that goodwill. If the Company did not report a profit, or reported an insufficient amount, unrestricted reserves were used for this purpose.

In accordance with the amendments to the Spanish Limited Liability Companies Law introduced by Spanish Audit Law 22/2015, of 20 July, and the approval in December 2016 of Royal Decree 602/2016 amending the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, the appropriations to the reserve for goodwill were discontinued, and the balance of the reserve which exceeds the goodwill recognised on the asset side of the balance sheet must be reclassified to voluntary reserves and become unrestricted from 2016 onwards. The amount reclassified in the year ended 31 March 2018 to voluntary reserves amounted to EUR 2,828 thousand.

12.4. Voluntary reserves

At 31 March 2018, voluntary reserves were unrestricted, except for the amount of goodwill yet to be amortised (EUR 2,505,228).

12.5. Reserves for actuarial gains and losses

The reserves for actuarial gains and losses relate to the differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in the actuarial assumptions of the defined benefit plans (described in Note 13), which are recognised directly as reserves in equity.

13. Obligations with employees

Long-term defined benefit obligations

The detail of the present value of the obligations assumed by the Company in relation with post-employment benefits and other long-term employee benefits, as well as of the related plan assets at 31 March 2018 and 2017 is as follows (in euros):

	31/03/2018	31/03/2017
Present value of the benefit	2,490,244	2,340,025
Fair value of the plan assets	(2,288,565)	(2,314,685)
Long-term provisions - Provisions for long-term employee benefit obligations	**201,678**	**25,340**

The present value of the obligations was determined by qualified independent actuaries using the following actuarial techniques:

- Valuation method: “Projected Unit Credit”

- Actuarial assumptions used: unbiased and mutually compatible. In general, the most significant actuarial assumptions used in the calculations for the period ended 31 March 2018 and 2017, were as follows:

Actuarial Assumptions	31/03/2018	31/03/2017
Discount rate	2,3%	2.06 %
Increase in CPI	1,75%	2%
Annual social security increase rate	1,75%	2%
Annual salary increase rate	3%	3%
Retirement age	65 years	65 years

At 31 March 2018, the Company had recognised a provision totalling EUR 201,679 (EUR 25,340 at 31 March 2017) for the difference between the obligations to employees undertaken by the Company and the value of the assets funding the obligations, calculated based on its best estimate.

As a result of the review of the actuarial assumptions in the calculation of benefits, the Company recognised an income of EUR 74,820 and EUR 18,760 in 2017 directly in equity. These changes are due primarily to changes in the discount rate used in calculating the present value of pension plan.

14. Short-term provisions

The balance recognised under "Short-Term Provisions" relates mainly to the provisions recognised in relation to the incentives and discounts to dealers, the detail at the end of the periods ended 31 March 2018 and 2017 being as follows:

	Euros	
	31/03/2018	31/03/2017
Marketing and advertising provision (*)	6,030,072	5,622,198
Provision for incentives (Note 4.9)	19,858,243	19,129,667
Volume discount provision (Note 4.9)	9,746,893	11,296,188
Total	**35,635,208**	**36,048,053**

(*)Relate to provisions for unreceived invoices for marketing and promotion campaigns and events already held.

15. Other financial liabilities

The company has begun to develop commercial operations with certain companies selling vehicles with a six months buyback agreement. Regarding this matter, as of 31 March 2018 and 2017, there is registered a liability amounting to 20,176,001 euros and 19,968,683 euros, which is equivalent to the repurchasement value of 504 and 533 vehicles, respectively, which are still part of the Company´s inventory stock.

16. Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	31/03/2018	31/03/2017
	Days	
Average period of payment to suppliers	31.91	31.26
Ratio of transactions settled	33.81	33.53
Ratio of transactions not yet settled	15.59	13,25
	Euros	
Total payments made	625,240,197	580,987,486
Total payments outstanding	72,887,542	73,260,583

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in "Payable to Suppliers, "Payable to Suppliers - Group Companies and Associates" and “Sundry Accounts Payable” under “Current Liabilities” in the accompanying balance sheet.

“Average period of payment to suppliers” is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

The statutory maximum payment period applicable to the Company in the year ended 31 March 2017 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, was 30 days, unless there is an agreement for a maximum payment period of 60 days.

17. Tax matters

17.1. Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

	Euros	
	31/03/2018	31/03/2017
Current income tax liability	407,599	4,264,654
Current income tax liability	**407,599**	**4,264,654**
Accrued social security taxes payable	116,211	109,752
Personnel income tax payable	123,673	116,944
VAT payable	17,507,941	18,071,898
Other accounts payable to tax authorities	**17,747,825**	**18,298,594**

17.2. Conciliation of the accounting profit and taxable profit/tax loss

The reconciliation of the accounting profit to the taxable profit for the year ended 31 March 2018 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			**5,600,499**
Permanent differences –			
Non-deductible expenses	205,808		205,808
Timing differences –			
Reversal of the limitation on deduction of depreciation and amortisation		(18,839)	(18,839)
Provisions	35,635,209	(36,048,053)	(412,844)
Goodwill		(369,435)	(369,435)
Tax loss			**5,005,188**

The reconciliation of the accounting profit to the taxable profit for the year ended 31 March 2017 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			**5.772.209**
Permanent differences –			
Non-deductible expenses	93,157	-	93,157
Timing differences –			
Provisions	-	(18,837)	(18,837)
Goodwill	36,048,053	(15,201,262)	20,846,791
Offset of prior years' tax losses	-	(369,435)	(369,435)
Tax loss			**26,323,885**

The increase in the temporary differences relating to provisions corresponds to the amount recognised at 31 March 2018 that will be deducted in the coming year. In turn, the decrease relates to the amount not deducted in the income tax return for the prior year filed in October 2017.

17.3. Conciliation of accounting profit and income tax expense

The reconciliation of the accounting profit to the income tax expense at 31 March 2018 and the period ended 31 March 2017, is as follows:

	Euros	
	31/03/2018	31/03/2017
Accounting profit before tax	5.600.499	5,772,209
Permanent differences	205.808	93,157
Adjusted accounting profit	**5,806,307**	**5,865,366**
Tax charge at 25%	**1,451,577**	**1,466,342**
Adjustment of the tax rate	11,445	18,161
Total income tax expense recognised in the income statement	**1,463,022**	**1,484,503**

17.4. Breakdown of income tax expense

The breakdown of the income tax expense at 31 March 2018 and 2017 is as follows (in euros):

	31/03/2018	31/03/2017
Current tax	1,251,297	6,580,971
Deferred tax	200,280	(5,114,629)
Adjustment of previous years	11,445	18,161
Total income tax expense	**1,463,022**	**1,484,503**

17.5. Deferred tax assets

The detail of “Deferred Tax Assets” for the periods ended 31 March 2018 and 2017 is as follows (in euros):

	31/03/2018	31/03/2017
Amortisation of goodwill	26,553	118,912
Provision for stock	1,994,066	2,118,022
Other provisions	6,914,736	6,893,991
Limitation on deduction of depreciation and amortisation	11,015	15,725
Total deferred tax assets	**8,946,370**	**9,146,650**

The deferred tax assets recognised at 31 March 2018 relate to non-deductible provisions at that date (see Note 14).

The deferred tax assets indicated above were recognised because the Company’s directors considered that, based on their best estimate of the Company’s future earnings, including certain tax planning measures, it is probable that these assets will be recovered within ten years.

17.6. Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 31 March 2018 the Company had the last five years open for review for income tax and the last four years for the other applicable taxes. The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

18. Income and expenses

18.1. Revenue

The breakdown, by business line, of the Company's revenue at the year ended 31 March 2018 and the period ended 31 March 2017 is as follows:

	Euros	
	31/03/2018	31/03/2017
Vehicles	510,320,013	527,802,570
Spare parts	51,667,204	49,332,711
Total	**561,987,217**	**577,135,281**

The total revenue of the Company refers to the sale of vehicles in Spain and Andorra.

18.2. Cost of goods held for resale used

The detail of "Cost of Goods Held for Resale Used" at the year ended 31 March 2018 and 2017 is as follows:

	Euros	
	31/03/2018	31/03/2017
Cost of goods held for resale used:		
Purchases	516,847,508	551,532,464
Changes in inventories (Note 10)	(7,687,889)	(20,300,647)
Total	**509,159,619**	**531,231,817**

Most purchases made by the Company relate to Jaguar Land Rover, Ltd. in the United Kingdom (see Note 19.1).

18.3. Staff costs and headcount

The detail of "Staff Costs" at the year ended 31 March 2018 and 2017 is as follows (in euros):

	31/03/2018	31/03/2017
Wages, salaries and similar expenses	4,615,408	4,384,108
Employee Benefit Costs	1,529,206	1,543,605
Provisions (Note 4.13 and 13)	155,167	93,157
Total	**6,299,781**	**6,020,870**

The detail of “Employee Benefit Costs” at the year ended 31 March 2018 and 2017 is as follows:

	Euros	
	31/03/2018	31/03/2017
Social security costs	1,180,474	1,092,460
Life insurance	85,047	83,714
Pension plans (defined contribution) (Note 4.13)	89,521	93,930
Other employee benefit costs	174,164	273,501
Total	**1,529,206**	**1,543,605**

The Company makes annual contributions to a life insurance policy for all its employees.

The average number of employees at the Company at the year ended 31 March 2018 and 2017, by category, was as follows:

Professional category	Permanent staff	
	31/03/2018	31/03/2017
Directors	5	5
Management	15	13
Other	67	67
Total	**87**	**85**

Also, the headcount at the end of 31 March 2018 and 2017, by category and gender, was as follows:

	31/03/2018			31/03/2017		
	Men	Women	Total	Men	Women	Total
Directors	4	1	5	4	1	5
Management	9	6	15	8	5	13
Other	45	22	67	45	22	67
Total	**58**	**29**	**87**	**57**	**28**	**85**

In the year ended 31 March 2018 and 2017 the Company did not have employees with a disability equal to or greater than 33%. However, the Company took alternative measures to meet the quota reserved for disabled employees, pursuant to current legislation.

18.4. Other operational expenses

The detail of "Other Operational Expenses" in the statements of profit or loss for the year ended 31 March 2018 and 2017 is as follows (in euros):

	31/03/2018	31/03/2017
Rent and royalties (Note 7)	683,990	635,309
Repairs and maintenance	3,645,788	3,077,579
Independent professional services	1,633,738	1,481,914
Transport expenses	1,586,484	1,591,612
Insurance premiums	145,542	12,732
Banking and similar services	6,574	18,088
Advertising, publicity and public relations	28,089,445	23,489,589
Utilities	30,173	40,679
Other operating expenses	1,994,940	2,381,529
Taxes other than income tax	82,676	91,630
Losses on, impairment of and change in allowances for trade receivables (Note 11)	(52,546)	74,514
Total	**37,846,805**	**32,895,175**

In periods ended 31 March 2018 the fees charged for financial audit and other services provided by the auditor of the Company's financial statements, KPMG, S.L., or by companies related to the auditor as a result of a relationship of control, common ownership or common management, were as follows (in euros):

Description	31/03/2018
Audit Fees	30,079
Total	**30,079**

In periods ended 31 March 2017 the fees charged for financial audit and other services provided by the auditor of the Company's financial statements, Deloitte S.L., or by companies related to the auditor as a result of a relationship of control, common ownership or common management, were as follows (in euros):

Description	31/03/2017
Audit Fees	33,839
Total	**30,839**

18.5. Financial income and costs

Finance income included EUR 41,833 and EUR 8,915 for the year ended 31 March 2018 and 2017, respectively, relating to the income arising from the sweep of the cash positions under the cash-pooling agreement with Jaguar Land Rover, Ltd. The average interest borne on these transactions in the period was tied to market rates (see Notes 12.1 and 19.1).

Finance costs relate to costs arising from interest on long term defined benefit remuneration (see Note 13).

19. Related party transactions and balances

19.1. Related party transactions and balances

The detail of the transactions and balances with related parties in the year ended 31 March 2018 is as follows (in euros):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	**Total**
Purchases (a)	(499,217,326)	-	-	(12,013)	**(499,229,339)**
Other operating expenses (b)	(3,186,640)	(3,746,089)	(146,450)	-	**(7,079,179)**
Guarantees (c)	13,546,508	-	-	-	**13,546,508**
Sales and services rendered (d)	591,941	-	-	31,186	**9,435,049**
Interest income (e) (Note 18.5)	41,833	-	-	-	**41,833**
Trade receivables from Group companies (Note 11)	31,874	-	-	-	**1,334,331**
Payable to Suppliers - Group companies (f)	(53,852,861)	(333,139)	(93,675)	-	**(54,279,676)**
Loans to Group companies (e)	92,254,659	-	-	-	**92,254,659**

The detail of the transactions and balances with related parties in the year ended 31 March 2017 is as follows (in euros):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	**Total**
Purchases (a)	(546,392,931)	(45,179)	(86,722)	-	**(546,524,832)**
Other operating expenses (b)	(2,525,806)	-	-	-	**(2,525,806)**
Guarantees (c)	10,148,380	-	-	-	**10,148,380**
Sales and services rendered (d)	686,491	48,689	191,804	6,354,676	**7,281,660**
Interest income (e) (Note 18.5)	8,915	-	-	-	**8,915**
Trade receivables from Group companies (Note 11)	27,478	-	17,266	1,307,996	**1,352,740**
Payable to Suppliers - Group companies (f)	(64,426,752)	-	(1,930)	-	**(64,428,683)**
Loans to Group companies (e)	101,829,670	-	-	-	**101,829,670**

Transactions with related party correspond mainly to:

a) Purchases relating to the acquisition of new cars and spare parts from Jaguar Land Rover, Ltd. under the terms and conditions of the internal policy on transfer pricing.

b) Other operating expenses relate to expenses incurred in the performance of agreements for the provision of services, mainly consisting of marketing costs.

c) The guarantees billed by the dealers, which the Company re-bills to the Group. The Company registers these billings as a reduction of the procurement costs.

d) Sales to Jaguar Land Rover Portugal Veiculos e Peças, Lda., corresponding to spare parts acquired from Jaguar Land Rover, Ltd. and services related to invoices corresponding to the distribution of selling costs.

e) Interest income relating to remuneration received by the Company from sweeping its cash positions in connection with the Cash Pooling agreement with Jaguar Land Rover Ltd. This agreement was entered into on 13 March 2008, with indefinite maturity and accruing interest, for both creditor and debtor balances, tied to Euribor.

f) The amount registered under "providers group companies" includes vehicle purchases made by the group which are subsequently sold by the Company.

19.2 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

Pursuant to its duty to avoid situations of conflict of interest, the Company has control procedures in place, through its Legal Department, in order to comply with Articles 228 et seq. of the Spanish Limited Liability Companies Law, on the duty of disclosure of the directors. Also, by means of this procedure the directors disclosed the ownership interests they held in the year ended 31 March 2018, in accordance with the aforementioned articles.

In the period and up to the date of preparation of the financial statements, no situations of conflict of interest as defined in Articles 229 and 231 of the Spanish Limited Liability Companies Law were disclosed, with the exception of the case of Luis Antonio Ruiz Álvarez and Barry Carsley, who held shares (the value and the related percentage of ownership of which was not significant) in Ford Motor Company Automotive NT.

19.3. Remuneration of Directors and senior executives

The members of the Board of Directors (2 men and 1 woman) did not receive remuneration for attending the Board of Directors meetings in the year ended 31 March 2018 and 2017. The remuneration received by the Company’s directors and senior executives in respect of wages and salaries was as follows:

	Euros	
	31/03/2018	31/03/2017
Company´s directors	448,524	424,734
Senior executives	494,351	445,885

The remuneration earned by the Board of Directors and senior executives in year ended 31 March 2018 and 2017 in relation to pension plans amounted to EUR 40,118 and 42,840, respectively. Also, no advances, credit facilities or loans were granted to the members of the Board of Directors or senior executives in the aforementioned periods.

The directors’ third-party liability insurance policies of all the subsidiaries belonging to the Tata Motors Group (including Jaguar Land Rover, S.L.U.) were arranged in a single insurance policy taken out and paid by Tata Motors.

In addition, there were no agreements between the Company and any of the directors or any person acting on their behalf in relation to transactions outside the course of the Company's ordinary business operations or transactions that were not performed on an arm's length basis.

20. Information on the environment

In view of the business activities carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

21. Guarantee commitments to third parties and other contingent liabilities

At 31 March 2018 and 2017, the guarantees provided by Jaguar Land Rover, S.L. to various entities in order to secure normal commercial transactions amounted to EUR 183,200 and EUR 245,820, respectively.

22. Events after the balance sheet date

Subsequent to the reporting date, no significant events took place that should be mentioned in these notes to the financial statements.

23. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Jaguar Land Rover España, S.L.U. (Sole-Shareholder Company)

Management Report of the fiscal year as of March 31, 2018

April 2017 to March 2018

The SUV market (competitive sector of Land Rover and also now of Jaguar, with models F-Pace and E-Pace) during the 12 months of fiscal year 2017-18 grew by 4.87% with respect to 2016-17. During that period of 2017-18, 47,918 units were registered in Spain, 2,335 more units than in the preceding year.

A total of 9,588 units of Land Rover were registered in the Peninsula and Balearic Islands in 2017-18, either directly by or through their dealerships. This is a 3.29% decrease from the preceding year. By models, Land Rover sales in the Peninsula and Balearic Islands were: Discovery 618 units, Discovery Sport 1,693 units, Range Rover Sport 1,198 units, Range Rover 319 units, Range Rover Velar 1,028 units, and Range Rover Evoque 4,732 units. The disappearance of the Defender, an important model in the sale of fleets, and the maturity of the Range Rover Evoque (expected to be replaced this year) have led to a reduction in Land Rover registrations.

Regarding the Premium segment of the automobile industry, in which Jaguar competes except for its models F-Pace and E-Pace, in fiscal year 2017-18, there was a drop of 3.30% with respect to fiscal year 2016-17. During that period 2017-18, 33,242 units were registered in Spain, 1,097 fewer than the preceding year.

A total of 3,506 units of Jaguar were registered in the Spanish market in that period, either directly or through their dealerships. This number represents 18.77% fewer than the preceding year. By models, Jaguar sales in the Peninsula and Balearic Islands were: XJ 43 units, XF 281 units, XE 768 units, F-Type 90 units, E-Pace 348 units and F-Pace 1,976 units. The drop in the Premium segment and the fact that the new model E-Pace was not available for the full year, since it began to be sold in the last 2 months of the year, prevented Jaguar registrations from increasing.

Prospects for 2018-19

The year 2018 continues with a growth in the automobile industry. The economic situation in Spain is expected to improve this year, and although the unemployment rate continues to be high, it has gone down in the last months. The improvement in the socio-economic situation suggests that there will be a recovery in the year.

With the new segmentation of the industry, in the competitive segment of Jaguar Land Rover, 81,160 units were registered in 2017-18, which was an increase of 1.5%. It is also forecast that 88,816 units will be registered during the year 2018-19, representing a 9.4% increase.

The standardization of the new ingenium, diesel and gas engines (with lower CO_2 emissions), the launch of plug-in hybrids (RR and RRS) and the sale of the Velar throughout the whole year, imply that Land Rover will follow the expected trend of the industry and, thus, will have an increase in registrations with respect to 2017-18. In the first quarter of 2019, Land Rover plans to launch the new Range Rover Evoque (the brand's most successful model to date) with which the units sold are expected to increase considerably.

In the first quarter of 2018, Jaguar launched the new E-Pace model, permitting an increase in its presence in the SUV Premium Medium segment, which is the one with the most growth within premium range vehicles. The sale of this model in a whole year, along with the launch of the new I-Pace (100% electric model), a pioneer in the important market niche, should lead to a growth in Jaguar sales.

Acquisition and situation of treasury stock

The Company does not have treasury stock and has never performed transactions with them since its formation.

Research and Development Costs

The Company has not performed any research and development activity from April to March 2018.

Personnel

During the year April 2017 – March 2018, the Company's workforce has increased by 3.

Financial instruments

The Company does not use complex financial instruments in its habitual operations.

Environmental Information

See note 20 of the Notes to the financial statements.

Information on deferrals of payments made to suppliers

The entry in force of Law 31/2014, of December 3, 2014, amending Law 15/2010, of July 5, 2010, which in turn amended Law 3/2004, of December 29, 2004, establishing measures for the prevention of default in commercial operations, stipulates the obligation for commercial companies to expressly publish in the notes to their financial statements and management report their average term of payment to suppliers. In relation to this information obligation, at the end of the fiscal year as of March 31, 2018, the average term of payment to suppliers has been 31 days.

Subsequent events

Since the close of the fiscal year until the date of preparation of the financial statements, there have been no relevant events.