

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

Financial Statements for the
three-month period
ended 31 March 2016
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.

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

BALANCE SHEET AS AT 31 MARCH 2016 (Euros)

ASSETS	Notes	31/03/2016	31/12/2015	EQUITY AND LIABILITIES	Notes	31/03/2016	31/12/2015
NON-CURRENT ASSETS:				EQUITY:	Note 12		
Intangible assets	Note 6	6,963,629	6,744,276	SHAREHOLDERS' EQUITY:		57,801,041	56,465,987
Property, plant and equipment	Note 8	3,151,739	3,232,563	Share capital		43,869,638	43,869,638
Long term investments	Note 9	887,503	926,437	Share premium		302,223	302,223
Deferred tax assets	Note 17.5	128,733	128,733	Reserves		12,294,126	9,506,864
		2,795,654	2,468,565	Profit for the year		1,336,054	2,787,262
				NON-CURRENT LIABILITIES	Note 13	33,565	-
				Long-term provisions		33,565	-
CURRENT ASSETS:				CURRENT LIABILITIES:	Note 14	133,353,171	109,467,425
Inventories	Note 10	184,224,148	159,189,134	Short-term provisions		31,236,747	27,390,921
Trade and other receivables-		39,203,189	44,936,972	Current payables-	Note 15	12,236,465	14,248,856
Trade receivables for sales and services		19,193,533	10,820,270	Other financial liabilities		89,713,884	67,636,666
Receivable from Group companies and associates	Note 11	18,207,725	9,955,511	Trade and other payables		4,415,058	4,188,702
Employee receivables	Notes 11 & 19.1	959,378	841,089	Payable to suppliers		65,859,370	50,944,450
Current investments in Group companies and associates		26,430	23,670	Payable to suppliers - Group companies and associates		1,352,384	265,243
Cash and cash equivalents	Note 19.1	124,362,185	98,491,033	Sundry accounts payable		442,863	384,001
		1,465,241	4,940,859	Remuneration payable		1,145,402	351,204
				Current tax liabilities		16,498,797	11,492,965
				Other accounts payable to tax authorities		166,076	191,083
				Current accruals and deferred income		191,187,777	165,933,412
TOTAL ASSETS				TOTAL EQUITY AND LIABILITIES			
		191,187,777	165,933,412				

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 March 2016.

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 PROFIT OR LOSS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

(Euros)

	Notes	31/03/2016	31/12/2015
CONTINUING OPERATIONS:			
Revenue	Note 18.1	181,797,315	454,103,752
Procurements-		(171,560,495)	(413,566,180)
Cost of goods held for resale used	Note 18.2	(171,610,572)	(415,104,703)
Impairment of goods held for resale	Note 10	50,077	1,538,523
Other operating income		310,539	320,619
Staff costs-	Note 18.3	(1,243,742)	(5,169,993)
Wages, salaries and similar expenses		(827,115)	(3,957,817)
Employee benefit costs		(383,062)	(1,102,741)
Provisions	Note 13	(33,565)	(109,435)
Other operating expenses-	Note 18.4	(7,339,685)	(30,807,661)
Outside services		(7,338,937)	(30,754,244)
Taxes other than income tax		(507)	(43,976)
Losses on, impairment of and change in allowances for trade receivables	Note 11	(241)	(9,441)
Depreciation and amortisation charge	Notes 5 & 6	(177,378)	(315,212)
PROFIT/LOSS FROM OPERATIONS		1,786,554	4,565,325
Finance income:		4,593	61,729
From marketable securities and other financial instruments		2,252	46,349
Group companies and associates	Notes 18.5 & 19.1	2,341	15,380
Finance costs:	Notes 13 & 18.5	-	(43,602)
- Interest cost relating to provisions		-	(43,602)
Exchange differences		114	266
FINANCIAL PROFIT		4,707	18,393
PROFIT BEFORE TAX		1,791,261	4,583,718
Income tax	Notes 17.3 & 17.4	(456,207)	(1,796,456)
PROFIT FOR THE YEAR		1,335,054	2,787,262

The accompanying Notes 1 to 23 are an integral part of the statement of profit or loss for the three-month period ended 31 March 2016.

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 CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Euros)

	Notes	31/03/2016	31/12/2015
PROFIT/LOSS PER INCOME STATEMENT (I)		1,335,054	2,787,262
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II) Arising from actuarial gains and losses	Note 13	-	131,215
		-	131,215
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II)		1,335,054	2,918,477

The accompanying Notes 1 to 23 are an integral part of the statement of recognised income and expense for the three-month period ended 31 March 2016.

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

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016 (Euros)

	Share Capital	Share Premium	Reserves			Profit for the Year	TOTAL
			Legal Reserve	Voluntary Reserves	Reserve for Goodwill		
2014 ENDING BALANCE	43,869,638	302,223	1,282,020	2,593,833	3,094,015	2,405,781	53,547,510
Total recognised income and expense for 2014	-	-	-	131,215	-	2,787,262	2,918,477
Other changes in equity	-	-	240,578	2,026,665	138,538	(2,405,781)	-
2015 ENDING BALANCE	43,869,638	302,223	1,522,598	4,751,713	3,232,553	2,787,262	56,465,987
Total recognised income and expense for 2015	-	-	-	-	-	1,335,054	1,335,054
Other changes in equity	-	-	278,726	2,589,350	(80,814)	(2,787,262)	-
ENDING BALANCE AT 31 MARCH 2016	43,869,638	302,223	1,801,324	7,341,063	3,151,739	1,335,054	57,801,041

The accompanying Notes 1 to 23 are an integral part of the statement of changes in total equity for the three-month period ended 31 March 2016.

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 THREE-MONTH PERIOD ENDED 31 MARCH 2016

(Euros)

	Notes	31/03/2016	31/12/2015
CASH FLOWS FROM OPERATING ACTIVITIES (I)		22,453,050	28,066,876
Profit for the year before tax		1,791,261	4,583,718
Adjustments for-			
Depreciation and amortisation charge	Notes 5 & 6	177,378	315,212
Impairment losses	Notes 10 & 11	(49,836)	(1,529,082)
Changes in provisions	Note 13	33,565	17,455
Finance income		(4,593)	(61,729)
Finance costs	Notes 13 & 18.5	-	43,602
Exchange differences		(114)	(266)
Changes in working capital-			
Inventories		5,783,860	(19,349,423)
Trade and other receivables		(8,373,504)	(470,571)
Other current assets		-	200
Trade and other payables		21,283,121	20,711,725
Other current liabilities		1,807,319	22,661,694
Other cash flows from operating activities-			
Interest paid	Notes 13 & 18.5	-	(43,602)
Interest received		4,593	61,729
Income tax recovered (paid)		-	(873,786)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		(25,928,782)	(24,678,102)
Payments due to investment-			
Group companies and associates		(25,871,152)	(24,631,625)
Property, plant and equipment	Note 6	(57,630)	(44,673)
Other financial assets		-	(1,804)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (III)		114	266
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		(3,475,618)	1,389,040
Cash and cash equivalents at beginning of year		4,940,859	3,551,819
Cash and cash equivalents at end of year		1,465,241	4,940,859

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows for the three-month period ended 31 March 2016.

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 three-month period ended 31 March 2016

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.

On 16 February 2016, the sole shareholder approved the amendment of the bylaws, establishing that from then on the financial and tax years of the Company would end on 31 March and begin on the immediately following 1 April.

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 2015, which were formally prepared by the Company's Directors at its Board Meeting held on 26 May 2015 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) Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations (R.D. 1159/2010).
- 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 2015.

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 the year ended 31 December 2015 were prepared by the Company's directors on 31 March, and have not yet been approved by the sole shareholder.

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. 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 2016, future events might make it necessary to change them (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.5. Comparative information

The information relating to the year ended 31 December 2015 included in these notes to the financial statements is presented for comparison purposes with that relating to the three-month reporting period ended 31 March 2016.

On 16 February 2016, the sole shareholder resolved to amend the Company bylaws and establish 31 March of each year as the financial year-end. Consequently, this fact must be taken into account for the purposes of comparing these financial statements for the period ended 31 March 2016 (three months) with those for the prior period, which covered twelve months.

2.6. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows 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.

2.7. Changes in accounting policies

In the three-month reporting period ended 31 March 2016, there were no significant changes in accounting policies with respect to those applied in 2015, except for the following:

Spanish Audit Law 22/2015, of 20 July, introduced certain amendments to the Spanish Commercial Code (Article 39.4) which affect intangible assets and goodwill. The new wording establishes that intangible assets are assets with finite useful lives and that when the useful lives of these assets cannot be reliably estimated they are amortised over a ten-year period, unless any other legal or regulatory provision establishes a different period. The Law specifies that it will be assumed that goodwill has a useful life of ten years, unless there is evidence to the contrary. These amendments will be applied to financial statements for the reporting periods commencing on or after 1 January 2016.

In addition, in December 2015, the Spanish Accounting and Audit Institute (ICAC) published the draft Royal Decree amending the Spanish National Chart of Accounts which implements the accounting changes included in the aforementioned Spanish Commercial Code, although at the date of authorisation for issue of these financial statements this Royal Decree had not yet been approved.

At the date of authorisation for issue of these financial statements for the three-month period ended 31 March 2016, the rules relating to transition had not yet been approved and, therefore, although the Company had begun to amortise goodwill, once the aforementioned Royal Decree is approved, it will assess the impact of the amendments described above.

3. Profit distribution

The proposed distribution of the profit for the three-month period ended 31 March 2016, which the Company's directors will submit for approval by the sole shareholder, is as follows:

	Euros
Distribution:	
To legal reserve	133,505
To voluntary reserve	1,201,549
Total profit for the year	1,335,054

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 2016, 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.

Goodwill is recognised as an asset when it arises in an acquisition for valuable consideration in the context of a business combination. Goodwill is allocated to the cash-generating units to which the economic benefits of the business combination. Instead, these cash-generating units are tested for impairment at least once a year using the methodology described below and, where appropriate, are written down.

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

In accordance with the provisions of Spanish Audit Law 22/2015, of 20 July, and for financial statements relating to periods beginning on or after 1 January 2016, intangible assets are assets with a finite useful life and when the useful life of these assets cannot be estimated reliably, they shall be amortised over a period of ten years, unless another legal provision or regulation establishes a different time period. The Law specifies that it will be assumed that goodwill has a useful life of ten years, unless there is evidence to the contrary (see Note 2.7).

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 (for goodwill) or whenever there is evidence of impairment, the Company develops a "Test of impairment" in order 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 2016 and 31 December 2015, 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.

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. The Company recognises a provision for 10% of the carrying amount of used vehicles over one year old and an additional 5% for vehicles over two years old.

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

The current income tax expense is calculated on the basis of the accounting profit before tax, increased or reduced, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits. The rates used to calculate the income tax expense are those in force at the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, recognising the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax assets and liabilities are calculated at the tax rates expected at the date on which the asset is realised or the liability is settled. Deferred tax assets and liabilities are recognised in full with a charge to the income statement, except when they relate to line items taken directly to equity accounts, in which case the deferred tax assets and liabilities are also recognised with a charge or credit to the related equity accounts.

Deferred tax assets and tax loss carryforwards are recognised when it is considered probable that the Company will be able to utilise them in the future, regardless of when they are recovered. Deferred tax assets and liabilities are not adjusted and are classified as non-current assets or liabilities in the balance sheet.

The income tax expense represents the sum of the current tax expense and the deferred tax assets and liabilities (see Note 17).

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. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

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 2016 and 31 December 2015 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 22,570 in the three-month period ended 31 March 2016 and EUR 75,699 in the year ended 31 December 2015 (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 33,565 in the period ended 31 March 2016 and EUR 109,435 in year ended 31 December 2015 (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 three-month period ended 31 March 2016 and the year ended 31 December 2016 in "Intangible Assets" in the balance sheet and the most significant information affecting this heading were as follows:

	Euros		
	Balances at 01/01/16	Additions/ Charge for the Period	Balances at 31/03/16
Goodwill	13,853,798	-	13,853,798
Total cost	13,853,798	-	13,853,798
Goodwill	(10,621,245)	(80,814)	(10,702,059)
Total accumulated amortisation	(10,621,245)	(80,814)	(10,702,059)
Total	3,232,553	(80,814)	3,151,739

In the year ended 31 December 2015 there were no changes with respect to 2014.

Goodwill arose as a result of the following acquisition:

Acquisition	Euros			
	Acquisition date	Cost	Accumulated amortisation at 31/12/2007	Net
Assets of Rover España, S.A.	30/04/2000	13,853,798	(10,621,245)	3,232,553

At 31 March 2016 and 31 December 2015 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 three-month period ended 31 March 2016 and the year ended 31 December 2015 in "Property, Plant and Equipment" in the balance sheet and the most significant information affecting this heading were as follows (in euros):

2016

	Euros		
	Balances at 01/01/2016	Additions/ Charge for the year	Balances at 31/03/2016
Plant	1,914,375	55,471	1,969,846
Tools	10,000	-	10,000
Furniture and office equipment	149,555	2,159	151,714
Computer hardware	930	-	930
Total cost	2,074,860	57,630	2,132,490
Plant	(1,115,993)	(82,708)	(1,198,701)
Tools	(7,000)	(750)	(7,750)
Furniture and office equipment	(25,206)	(13,083)	(38,289)
Computer hardware	(224)	(23)	(247)
Total accumulated depreciation	(1,148,423)	(96,564)	(1,244,987)
Total, net	926,437	(38,934)	887,503

2015

	Euros				
	Balances at 01/01/2015	Additions/ Charge for the year	Retirements	Transfers	Balances at 31/12/2015
Plant	1,984,302	43,335	(9,511)	(103,751)	1,914,375
Tools	10,000	-	-	-	10,000
Furniture and office equipment	44,466	1,338	-	103,751	149,555
Computer hardware	930	-	-	-	930
Total cost	2,039,698	44,673	(9,511)	-	2,074,860
Plant	(823,514)	(301,990)	9,511	-	(1,115,993)
Tools	(4,500)	(2,500)	-	-	(7,000)
Furniture and office equipment	(14,561)	(10,645)	-	-	(25,206)
Computer hardware	(147)	(77)	-	-	(224)
Total accumulated depreciation	(842,722)	(315,212)	9,511	-	(1,148,423)
Total, net	1,196,976	(270,539)	-	-	926,437

The main additions in the current period relate mainly to the corporate branding items at dealers.

The detail of the fully depreciated items of property, plant and equipment still in use (showing cost value) at 31 March 2016 and 31 December 2015, was as follows:

	Euros	
	31/03/2016	31/12/2015
Plant	124,616	105,732
Furniture	7,986	7,986
	132,602	113,718

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 2016 and 31 December 2015, 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)	
	31/03/2016	31/12/2015
Within one year	608,379	594,977
Between one and five years	1,013,397	1,139,928
Total	1,621,776	1,734,905

The amount of rental expense registered at 31 March 2016 and 31 December 2015 was EUR 172,897 and EUR 697,347 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.
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.

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. However, foreign currency risk impact is not significant. 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 2016 and 31 December 2015 is as follows:

	Euros	
	31/03/2016	31/12/2015
New cars	9,331,687	8,792,727
Used cars	21,143,398	27,726,464
Spare parts	9,126,230	8,897,877
Other	137,089	137,089
Total inventories	39,738,404	45,554,157
Inventory write-downs	(535,215)	(617,185)
Total, net	39,203,189	44,936,972

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 three-month period ended 31 March 2016 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	617,185	85,905	(135,982)	(31,893)	535,215

Changes in the provision for inventory depreciation in the year ended 31 December 2015 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	2,179,941	590,148	(2,128,671)	(24,233)	617,185

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

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 2016 and 31 December 2015 the Company sold without recourse accounts receivable amounting to EUR 187,451 thousand and EUR 526,985 thousand, respectively. The amount pending payment at 31 March 2016 was EUR 10,818,292 (31 December 2015: EUR 1,387,387).

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, and the billing of spare parts to Jaguar Land Rover Portugal Veículos e Peças, Lda. (Note 19)

The changes in the provision for doubtful receivables in the periods ended 31 March 2016 and 31 December 2015 were as follows:

31 March 2016

	Euros				
	Beginning balance	Additions due to merger	Reversals	Amounts used	Ending balance
Provision for doubtful receivables	371,957	563	(322)	(289)	371,909

31 December 2015

	Euros			
	Beginning balance	Additions due to merger	Reversals	Ending balance
Provision for doubtful receivables	362,516	71,721	(62,280)	371,957

12. Equity

12.1. Share capital

At 31 March 2016 and 31 December 2015, 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 2016 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, 2016, 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 2016, the balance of the legal reserve has not reached the minimum legally required.

12.3. Reserve for goodwill

Under 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 must be made to a restricted reserve for that goodwill. If a company does not report a profit, or reports an insufficient profit, unrestricted reserves must be used for this purpose.

At 31 March 2016, the balance of this reserve had reached the legally required minimum. However, due to the changes to the Spanish Commercial Code (see Note 2.7), the reserve for goodwill will be reclassified to the voluntary reserves of the Company and will be available in the amount exceeding the goodwill recognised on the asset side of the balance sheet.

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, of the related plan assets and of the amounts not recognised at 31 March 2016 and 31 December 2015 is as follows (in euros):

	31/03/2016	31/12/2015
Present value of the benefit	2,015,243	1,843,180
Fair value of the plan assets	(1,981,678)	(1,843,180)
Long-term provisions - Provisions for long-term employee benefit obligations	33,565	-

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 2016 and the year ended 31 December 2015 were as follows:

Actuarial Assumptions	31/03/2016	31/12/2015
Discount rate	2.68 %	2.68%
Increase in CPI	2%	2%
Annual social security increase rate	2%	2%
Annual salary increase rate	3%	3%
Retirement age	65 years	65 years

At 31 March 2016, the Company had recognised a provision totalling EUR 33,565 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.

The changes in the year ended 31 December 2015 in the employee benefit obligations assumed by the Company and in the value of the plan assets were as follows:

	Euros		
	Present value of the obligations	Fair value of the assets	Balance sheet balance
Balances at end of 2014	1,897,200	1,783,440	113,760
Current year costs (Notes 4.13 and 18.3)	109,435	-	
Interest cost (Note 18.5)	43,602	-	
Rate of return on plan assets	-	40,710	
Net actuarial gains	(207,057)	(79,574)	
Payments made by the sponsor	-	98,604	
Balances at end of 2015	1,843,180	1,843,180	-

As a result of the review of the actuarial assumptions in the calculation of benefits, the Company recognised an income of EUR 131,215 directly in equity in the year ended 31 December 2015. These changes were 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 2016 and 31 December 2015 being as follows:

	Euros	
	31/03/2016	31/12/2015
Marketing and advertising provision (*)	6,016,562	6,971,734
Provision for incentives (Note 4.9)	14,138,322	9,591,219
Volume discount provision (Note 4.9)	11,081,863	10,827,968
Total	31,236,747	27,390,921

(*)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 2016 and 31 December 2015, there is registered a liability amounting to 12,236,465 euros and 14,248,856 euros, which is equivalent to the repurchasement value of 479 and 26 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.

As permitted by the Single Additional Provision of the aforementioned Resolution, since this is the first reporting period in which it is applicable, no comparative information is presented.

	31/03/2016	31/12/2015
	Days	
Average period of payment to suppliers	33,44	35,05
Ratio of transactions settled	33,37	34,99
Ratio of transactions not yet settled	33,61	35,54
	Euros	
Total payments made	164,786,592	387,169,970
Total payments outstanding	62,964,410	46,560,290

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.

Law 11/2013, of 26 July, which, from the date it came into force, provides for a maximum legal period of 30 days unless the parties have entered into an agreement for a maximum 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	
	31/03/2016	31/12/2015
Current income tax liability	1,145,402	351,204
Current income tax liability	1,145,402	351,204
Accrued social security taxes payable	195,632	96,688
Personnel income tax payable	100,882	188,672
VAT payable	16,202,283	11,207,605
Other accounts payable to tax authorities	16,498,797	11,492,965

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

The reconciliation of the accounting profit to the taxable profit for the three-month period ended 31 March 2016 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			1,791,261
Permanent differences –			
Non-deductible expenses	33,565	-	33,565
Timing differences –			
Provisions	10,197,446	(7,838,761)	2,358,685
Goodwill	-	(57,724)	(57,724)
Offset of prior years' tax losses	-	(944,566)	(944,566)
Tax loss	10,231,011	(8,841,051)	3,181,221

The reconciliation of the accounting profit to the taxable profit for the year ended 31 December 2015 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			4,583,718
Permanent differences –			
Non-deductible expenses	134,261	(243,569)	(109,308)
Timing differences –			
Borrowing costs	7,838,761	(6,597,418)	1,241,343
Provisions	-	(138,538)	(138,538)
Goodwill	-	(621,537)	(621,537)
Offset of prior years' tax losses	-	(1,238,923)	(1,238,923)
Tax loss	7,973,022	(8,839,985)	3,716,755

17.3. Conciliation of accounting profit and income tax expense

The reconciliation of the accounting profit to the income tax expense for the periods ended 31 March 2016 and 31 December 2015 is as follows:

	Euros	
	31/03/2016	31/12/2015
Accounting profit before tax	1,791,261	4,583,718
Permanent differences	33,565	(109,308)
Adjusted accounting profit	1,824,826	4,474,410
Tax charge at 25% (28%)	456,207	1,252,835
Corporate tax adjustment from previous years	-	(15)
Adjustment of the tax rate	-	543,636
Total income tax expense recognised in the income statement	456,207	1,796,456

17.4. Breakdown of income tax expense

The breakdown of the income tax expense for the periods ended 31 March 2016 and 31 December 2015 is as follows (in euros):

	31/03/2016	31/12/2015
Current tax	795,305	1,040,691
Deferred tax	(339,098)	212,144
Adjustment of previous years	-	(15)
Adjustment of the tax rate	-	543,636
Total income tax expense	456,207	1,796,456

Spanish Income Tax Law 27/2014, of 27 November establishes, inter alia, the reduction over two years of the standard income tax rate, which until 31 December 2014 had been 30%, as follows:

	Tax rate
Tax periods beginning on or after:	
1 January 2015	28%
1 January 2016	25%

Company management considered that the Company's temporary differences would be deductible for tax purposes from 1 January 2016 onwards and, on the basis thereof, recognised the deferred tax assets in accordance with the tax rate applicable to the estimated period of reversal. As a result of this analysis, an expense of EUR 543,636 was recognised in the statement of profit or loss for the year ended 31 December 2015.

17.5. Deferred tax assets

The detail of "Deferred Tax Assets" for the periods ended 31 March 2016 and 31 December 2015 is as follows (in euros):

	31/03/2016	31/12/2015
Amortisation of goodwill	219,929	234,360
Provision for stock	1,819,722	1,275,500
Tax asset	-	236,142
Other provisions	729,682	684,232
Limitation on deduction of depreciation and amortisation	26,321	26,321
Total deferred tax assets	2,795,654	2,456,555

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 2016 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 for the three-month period ended 31 March 2016 and the year ended 31 December 2015 is as follows:

	Euros	
	31/03/2016	31/12/2015
Vehicles	170,930,696	411,739,807
Spare parts	10,866,619	42,363,945
Total	181,797,315	454,103,752

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" in the three-month period ended 31 March 2016 and the year ended 31 December 2015 is as follows:

	Euros	
	31/03/2016	31/12/2015
Cost of goods held for resale used:		
Purchases	177,426,325	395,779,513
Changes in inventories (Note 10)	(5,815,753)	19,325,190
Total	171,610,572	415,104,703

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" in the three-month period ended 31 March 2016 and in the year ended 31 December 2015 is as follows (in euros):

	31/03/2016	31/12/2015
Wages, salaries and similar expenses	827,115	3,957,817
Employee Benefit Costs	383,062	1,102,741
Provisions (Note 4.13 and 13)	33,565	109,435
Total	1,243,742	5,169,993

The detail of "Employee Benefit Costs" in the three-month period ended 31 March 2016 and the year ended 31 December 2015 is as follows:

	Euros	
	31/03/2016	31/12/2015
Social security costs	240,756	858,022
Life insurance	75,614	61,754
Pension plans (defined contribution) (Note 4.13)	22,570	75,699
Other employee benefit costs	44,122	107,266
Total	383,062	1,102,741

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

The average number of employees at the Company in the three-month period ended 31 March 2016 and in the year ended 31 December 2015, by category, was as follows:

Professional category	Permanent staff	
	31/03/2016	31/12/2015
Directors	5	5
Management	13	12
Other	59	59
Total	77	76

Also, the headcount at the end of 31 March 2016 and 31 December 2015, by category and gender, was as follows:

	31/03/2016			31/12/2015		
	Men	Women	Total	Men	Women	Total
Directors	4	1	5	4	1	5
Management	8	5	13	8	4	12
Other	39	20	59	39	20	59
Total	51	26	77	51	25	76

18.4. Other operational expenses

The detail of "Other Operational Expenses" in the statements of profit or loss for the three-month period ended 31 March 2016 and the year ended 31 December 2015 is as follows (in euros):

	31/03/2016	31/12/2015
Rent and royalties (Note 7)	172,897	697,347
Repairs and maintenance	672,038	2,737,558
Independent professional services	125,064	1,412,711
Transport expenses	312,830	1,552,294
Insurance premiums	8,199	98,392
Banking and similar services	10,557	46,636
Advertising, publicity and public relations	5,669,646	23,020,928
Utilities	6,672	16,167
Other operating expenses	361,034	1,172,211
Taxes other than income tax	507	43,976
Losses on, impairment of and change in allowances for trade receivables (Note 11)	241	9,441
Total	7,339,685	30,807,661

In periods ended 31 March 2016 and 31 December 2015 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):

	Fees for services charged by the auditor and by companies related to the auditor	
	31/03/2016	31/12/2015
Audit services	8,246	33,771
Total	8,246	33,771

18.5. Financial income and costs

Finance income included EUR 2,341 and EUR 15,380 for the three-month period ended 31 March 2016 and the year ended 31 December 2015, 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). In the three-month period ended 31 March 2016, no expenses accrued in relation to this item (31 December 2015: EUR 43,602).

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 period ended 31 March 2016 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)	(158,786,713)	(23,180)	(6,522)	-	(158,816,415)
Other operating expenses (b)	(347,685)	-	-	-	(347,685)
Guarantees (c)	1,869,447	-	-	-	1,869,447
Sales and services rendered (d)	190,421	31,560	83,893	1,685,423	1,991,297
Interest income (e) (Note 18.5)	2,341	-	-	-	2,341
Trade receivables from Group companies (Note 11)	54,300	15,534	55,527	834,017	959,378
Payable to Suppliers - Group companies (f)	(65,831,000)	(20,649)	(7,721)	-	(65,859,370)
Loans to Group companies (e)	124,362,185	-	-	-	124,362,185

The detail of the transactions and balances with related parties in the period ended 31 December 2015 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)	(419,058,637)	(73,924)	(74,910)	-	(419,207,471)
Other operating expenses (b)	(3,222,318)	-	-	-	(3,222,318)
Guarantees (c)	7,023,208	-	-	-	7,023,208
Sales and services rendered (d)	555,299	63,769	238,455	6,482,251	7,339,774
Interest income (e) (Note 18.5)	15,380	-	-	-	15,380
Trade receivables from Group companies (Note 11)	25,405	812	45,954	768,918	841,089
Payable to Suppliers - Group companies (f)	(50,931,481)	(1,736)	(11,233)	-	(50,944,450)
Loans to Group companies (e)	98,491,033	-	-	-	98,491,033

Transactions with related party correspond mainly to:

- 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.
- Other operating expenses relate to expenses incurred in the performance of agreements for the provision of services, mainly consisting of marketing costs.
- 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 three-month period ended 31 March 2016, 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, 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 three-month period ended 31 March 2016 or the year ended 31 December 2015. The remuneration received by the Company's directors and senior executives in respect of wages and salaries was as follows:

	Euros	
	31/03/2016	31/12/2015
Company's directors	62,091	471,283
Senior executives	101,906	620,315

The remuneration earned by the Board of Directors and senior executives in the three-month period ended 31 March 2016 and the year ended 31 December 2015 in relation to pension plans amounted to EUR 6,354 and EUR 26,430, 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.

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 2016, the guarantees provided by Jaguar Land Rover, S.L. to various entities in order to secure normal commercial transactions amounted to EUR 1,839,416 (31 December 2015: EUR 2,058,380).

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. (Sole-Shareholder Company)

Directors Report for the year Ended 31 December 2015

In March 2016, the statutory financial statements were changed from calendar year statutory financial statements to tax year statutory financial statements (1 April to 31 March) in line with the business integration being performed by the Jaguar Land Rover Group around the world and, therefore, there was a three-month reporting period (January to March 2016).

In the first quarter of 2016 the off-road market (Land Rover's competitive sector) increased by 22% with respect to the first quarter of 2015. In this period of 2016, 21,597 units were registered in Spain, 790 more than in the prior year.

Land Rover registrations in mainland Spain and the Balearic Islands in this period totalled 3,026 units, either directly or through dealerships. This figure represents an increase of 47.7% on the same period of the prior year. Sales of Land Rover vehicles by model in mainland Spain and the Balearic Islands were as follows: Defender, 326 units, Discovery, 57 units, Discovery Sport, 503 units, Range Rover Sport, 312 units, Range Rover, 43 units and Range Rover Evoque, 1,785 units. Sales of the Discovery Sport have led to an increase in Land Rover car registrations.

In the first quarter of 2016, the Premium segment of the automotive industry (Jaguar's competitive sector after the launch of the Jaguar XE) increased by 11.4% with respect to the same period of 2015. In this period of 2016, 9,134 units were registered in Spain, 106 more than in the prior year.

Jaguar registrations in the domestic market in this period totalled 494 units, either directly or through dealerships. This figure represents an increase of 136% on the same period of the prior year. Sales of vehicles by model in mainland Spain and the Balearic Islands were as follows: XJ, 15 units, XF, 122 units, XE, 337 units and F-Type, 20 units. Sales of the Jaguar XE and the new XF have led to an increase in Land Rover car registrations.

Outlook for 2016-2017

In 2016 the automotive industry will continue to grow. The economic situation in Spain will foreseeably improve in 2016, and although unemployment remains very high, it will also fall. The improved social and economic situation has raised expectations of a recovery in the year. We foresee 14% growth in the SUV industry, achieving 77,064 registrations in 2016. We expect the Premium sector to grow by 12%, including Jaguar's new competitive sector. However, at the date of these statutory financial statements, Spain finds itself with a caretaker government, three months after the general elections. We do not know the impact that any possible political instability may have on the economy in general and on the automotive industry in particular.

The standardisation of the new Ingenium engines and the remodelling of the Evoque (the brand's highest seller) point towards Land Rover following the trend forecast for the industry and, therefore, car registrations will increase with respect to 2015. In January 2017 the new generation of the Discovery model will foreseeably be launched. The statutory financial statements were changed in March 2016 and, therefore, there was a three-month reporting period (January - March 2016). As a result, expected registrations in the next full year (April 2016 to March 2017) total 11,008 units.

In April 2016, Jaguar will launch the new F-Pace model that will enable us to access the Premium Medium SUV segment, which is the segment of most growth as regards high-end vehicles. This launch, together with the marketing of the XF and XE from the second half of 2015 onwards, suggests that Jaguar will increase its sales, with expected registrations at the next reporting date for a full year (April 2016 to March 2017) amounting to 5,259 units.

Acquisition and situation of treasury shares

The Company does not hold any treasury shares and has not carried out any transactions involving treasury shares since its incorporation.

Research and development expenditure

The Company did not perform any research and development activities in the January-March 2016 period.

Employees

In the January-March 2016 period there were no significant changes in the Company's workforce. The main change was a one-employee increase in the staff headcount.

Financial instruments

The Company does not arrange compound financial instruments in its normal course of operations.

Information on the environment

See Note 20 to the financial statements.

Disclosures on the payment periods to suppliers

The entry into force of Law 31/2014, of 3 December, amending Law 15/2010, of 5 July, which in turn amended Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on the payment periods to their suppliers in the notes to the financial statements and the directors' report. In relation to this disclosure obligation, at 31 March 2016 year-end the average payment period to suppliers was 33 days.

Events after the reporting period

Subsequent to the process of analysing and restructuring our networks, from the 1 June 2016, the worldwide networks of the Jaguar and Land Rover brands will be progressively integrated in order to consolidate our brand business in the current economic and business environment and to strengthen our brand image in the framework of the global strategy and the new corporate objectives of Jaguar Land Rover.

These financial statements and directors' report of Jaguar Land Rover España, S.L. (Sole-Shareholder Company), were authorised for issue by the Board of Directors at its meeting on 31 May 2016. These financial statements and directors' report relate to the three-month reporting period ended 31 March 2016 and are set forth on 32 sheets, all of which are signed by the chairman and a director and this last page is signed by the directors.

Luis A. Ruiz
Chairman

Barry Carsley
Director

Cristina Ruiz
Director

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 SHEETS AS AT 31 DECEMBER 2015 (Euros)

ASSETS	Notes	2015	2014	EQUITY AND LIABILITIES	Notes	2015	2015
NON-CURRENT ASSETS: Intangible assets Property, plant and equipment Long term investments Deferred tax assets	Note 5 Note 6 Note 9 Note 17.5	6,744,278	7,200,194	EQUITY:	Note 12	56,465,987	53,547,510
		3,232,553	3,232,553	SHAREHOLDERS' EQUITY-		43,869,638	43,869,638
		926,437	1,196,976	Share Capital		302,223	302,223
		128,733	126,929	Share premium		9,506,864	6,969,868
		2,456,555	2,643,736	Reserves		2,787,262	2,405,781
				Profit for the year	Note 13	-	113,760
				NON-CURRENT LIABILITIES		-	113,760
				Long-term provisions		-	113,760
				CURRENT LIABILITIES:		109,467,425	65,742,802
				Short-term provisions		27,390,921	17,732,020
				Current payables-		14,248,856	1,437,146
				Other financial liabilities		14,248,856	1,437,146
				Current payables to Group companies and associates		67,636,565	46,573,636
				Trade and other payables-		4,198,702	3,822,881
				Payable to suppliers		50,944,450	33,503,436
CURRENT ASSETS:				Payable to suppliers - Group companies and associates	Note 19.1	265,243	1,138,035
Inventories	Note 10	159,189,134	112,203,878	Sundry accounts payable		384,001	258,306
Trade and other receivables-	Note 11	10,820,270	10,743,425	Remuneration payable		351,204	-
Receivable from Group companies and associates	Notes 11 & 19.1	9,955,511	8,887,603	Current tax liabilities		11,492,965	7,850,978
Employee receivables		841,089	1,451,487	Other accounts payable to tax authorities		191,083	-
Current income tax assets	Note 17.1	-	384,285	CURRENT ACCRUALS AND DEFERRED INCOME	Note 17.1	165,933,412	119,404,072
Current investments in Group companies and associates	Note 19.1	98,491,033	73,859,408	TOTAL EQUITY AND LIABILITIES		165,933,412	119,404,072
Current prepayments and accrued income		-	200				
Cash and cash equivalents		4,940,859	3,551,819				
TOTAL ASSETS		165,933,412	119,404,072				

The accompanying Notes 1 to 23 are an integral part of the balance sheet as at 31 December 2015.

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)

STATEMENTS OF PROFIT OR LOSS FOR 2015

(Euros)

	Notes	2015	2014
CONTINUING OPERATIONS:			
Revenue	Note 18.1	454,103,752	340,664,778
Procurements-		(413,566,180)	(310,610,120)
Cost of goods held for resale used	Note 18.2	(415,104,703)	(310,642,595)
Impairment of goods held for resale	Note 10	1,538,523	32,475
Other operating income		320,619	447,502
Staff costs-	Note 18.3	(5,169,993)	(4,365,324)
Wages, salaries and similar expenses		(3,957,817)	(3,382,712)
Employee benefit costs		(1,102,741)	(910,925)
Provisions		(109,435)	(71,687)
Other operating expenses-	Note 18.4	(30,807,661)	(22,434,579)
Outside services		(30,754,244)	(22,365,160)
Taxes other than income tax		(43,976)	(64,828)
Losses on, impairment of and change in allowances for trade receivables	Note 11	(9,441)	(4,591)
Depreciation and amortisation charge	Note 6	(315,212)	(350,950)
PROFIT/LOSS FROM OPERATIONS		4,565,325	3,351,307
Finance income:		61,729	165,767
From marketable securities and other financial instruments		46,349	56,960
Group companies and associates	Notes 18.5 & 19.1	15,380	108,807
Finance costs:	Note 18.5	(43,602)	(48,739)
Interest cost relating to provisions	Notes 13 & 18.5	(43,602)	(48,739)
Exchange differences		266	370
FINANCIAL PROFIT		18,393	117,398
PROFIT BEFORE TAX		4,583,718	3,468,705
Income tax	Notes 17.3 & 17.4	(1,796,456)	(1,062,924)
PROFIT FOR THE YEAR		2,787,262	2,405,781

The accompanying Notes 1 to 23 are an integral part of the statement of profit or loss for the year ended 31 December 2015.

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-SHARE HOLDER COMPANY)

STATEMENTS OF CHANGES IN EQUITY FOR 2015 **A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE**

(Euros)

	Notes	2015	2014
PROFIT/LOSS PER INCOME STATEMENT (I)		2,787,262	2,405,781
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	Note 13	131,215	(42,181)
Arising from actuarial gains and losses		131,215	(42,181)
TOTAL RECOGNISED INCOME AND EXPENSE (I+II)		2,918,477	2,363,600

The accompanying Notes 1 to 23 are an integral part of the statement of recognised income and expense for the year ended 31 December 2015.

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

STATEMENTS OF CHANGES IN EQUITY FOR 2015

B) STATEMENTS OF TOTAL CHANGES IN EQUITY

(Euros)

	Share Capital	Share Premium	Reserves			Profit for the Year	Total
			Legal Reserve	Voluntary Reserves	Reserve for Goodwill		
2013 ENDING BALANCE	43,869,638	302,223	1,139,134	1,511,669	2,932,388	1,428,858	51,183,910
Total recognised income and expense for 2014	-	-	-	(42,181)	-	2,405,781	2,363,600
Distribution of 2013 profit	-	-	142,886	1,124,345	161,627	(1,428,858)	-
2014 ENDING BALANCE	43,869,638	302,223	1,282,020	2,593,833	3,094,015	2,405,781	53,547,510
Total recognised income and expense for 2015	-	-	-	131,215	-	2,787,262	2,918,477
Distribution of 2014 profit	-	-	240,578	2,026,665	138,538	(2,405,781)	-
2015 ENDING BALANCE	43,869,638	302,223	1,522,598	4,751,713	3,232,553	2,787,262	56,465,987

The accompanying Notes 1 to 23 are an integral part of the statement of changes in total equity for the year ended 31 December 2015.

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)

STATEMENTS OF CASH FLOWS FOR 2015

(Euros)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES (I)		26,066,876	10,200,603
Profit for the year before tax		4,583,718	3,468,705
Adjustments for-			
Depreciation and amortisation charge	Note 6	315,212	350,950
Impairment losses	Notes 10 & 11	(1,529,082)	(32,475)
Changes in provisions		17,455	118,351
Finance income		(61,729)	(165,767)
Finance costs	Notes 13 & 18.5	43,602	48,739
Exchange differences		(266)	(370)
Changes in working capital-			
Inventories		(19,349,423)	(1,969,152)
Trade and other receivables		(470,571)	(6,179,060)
Other current assets		200	11,203
Trade and other payables		20,711,725	14,251,648
Other current liabilities		22,661,694	757,212
Other non-current liabilities		-	-
Other cash flows from operating activities-			
Interest paid	Notes 13 & 18.5	(43,602)	(48,739)
Interest received		61,729	165,767
Income tax recovered (paid)		(873,786)	(576,409)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		(24,678,102)	(8,811,850)
Payments due to investment-			
Group companies and associates	Note 6	(24,631,625)	(8,300,191)
Property, plant and equipment		(44,673)	(511,659)
Other financial assets		(1,804)	-
Proceeds from disposal			
- Other assets		-	53,575
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (III)		266	370
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		1,389,040	1,389,123
Cash and cash equivalents at beginning of year		3,551,819	2,162,696
Cash and cash equivalents at end of year		4,940,859	3,551,819

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows for 2015.