JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

BALANCE SHEETS AS OF 31 MARCH 2016 AND 2014

(Translation of the balance sheet originally issued in Portuguese - Note 25)

(Amounts stated in Euros)

ASSETS	Notes	31 March 2016	31 December 2014
NON CURRENT ASSETS:			
Tangible assets	5	65,483	75,945
Intangible assets	6	10,973,554	10,973,554
Deferred tax assets	7	454,964	220,174
Total non current assets		11,494,002	11,269,673
CURRENT ASSETS:			
Inventories	8	2,006,624	1,845,354
Customers	9	2,584,406	2,579,894
Loans granted	9 e 21	14,593,452	8,117,699
Other receivables	9	6,040	208,559
Cash and cash equivalents	4	1,912,423	1,459,679
Total non current assets		21,102,945	14,211,185
Total assets		32,596,947	25,480,858
EQUITY AND LIABILITIES			
EQUITY:			
Paid up capital	10	1,330,000	1,330,000
Other equity instruments	10	10,641,467	10,641,467
Legal reserve	10	53,410	38,749
Retained earnings	10	(2,346,170)	(2,624,733)
		9,678,707	9,385,483
Net income for the year		635,323	293,224
Total equity		10,314,030	9,678,707
LIABILITIES:			
NON CURRENT LIABILITIES:			
Provisions	13	123,745	118,176
Total non current liabilities		123,745	118,176
CURRENT LIABILITIES:			
Suppliers	11	9,483,134	5,363,872
Accounts payable to state entities	12	6,599,987	4,602,984
Other payables	11	6,076,052	5,717,119
Total current liabilities		22,159,172	15,683,975
Total liabilities		22,282,917	15,802,151
Total equity and liabilities		32,596,947	25,480,858

The accompanying notes form an integral part of this balance sheet as of 31 March 2016.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2016 AND THE YEAR ENDED 31 DECEMBER 2014

(Translation of income statements by nature originally issued in Portuguese - Note 25)

(Amounts stated in Euros)

INCOME AND EXPENSES	Notes	31 March 2016 (15 months)	31 December 2015 (12 months)
Sales and services rendered	14	88,091,117	43,832,963
Cost of sales	8	(79,635,427)	(39,482,494)
External supplies and services	15	(6,924,625)	(3,758,627)
Payroll expenses	16	(433,410)	(333,706)
Impairment of inventories (losses) / reversals	8	3,715	(3,715)
Impairment on accounts receivable (losses) / reversals	9	(1,786)	(13,469)
Provisions (gains / reversals)	13	(5,569)	(26,620)
Other operating income	18	70,365	369,235
Other operating expenses	19	(267,983)	(151,725)
Net income before depreciations, net financial expenses and income tax		896,395	431,842
Depreciation and amortization of tangible assets	17	(19,927)	(16,048)
Net operating profit (before net financial expenses and income tax)		876,468	415,794
Interest and similar income	20	1,739	7,081
Profit before income tax		878,207	422,875
Income tax	7	(242,884)	(129,651)
Net income for the year		635,323	293,224

The accompanying notes form an integral part of this statement of profit and loss for the fifteen months period ended 31 March 2016.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2016
AND THE YEAR ENDED 31 DECEMBER 2014

(Translation of statement of changes in equity originally issued in Portuguese - Note 25)

(Amounts stated in Euros)

Description	Notes	Paid up capital	Other equity instruments	Legal reserves	Retained earnings	Net income for the period	Total equity
Position as of 1 January 2014		1,330,000	10,641,467	34,438	(2,706,636)	86,214	9,385,483
Appropriation of net income for 2014	10	-	-	4,311	81,903	(86,214)	-
		1,330,000	10,641,467	38,749	(2,624,733)	-	9,385,483
Net profit for the year ended 2014						293,224	293,224
Comprehensive income						293,224	293,224
Position as of 31 December 2014		1,330,000	10,641,467	38,749	(2,624,733)	293,224	9,678,707
Position as of 1 January 2015		1,330,000	10,641,467	38,749	(2,624,733)	293,224	9,678,707
Appropriation of net income for 2014	10			14,661	278,563	(293,224)	-
		1,330,000	10,641,467	53,410	(2,346,170)	-	9,678,707
Net income for the fifteen months period ended 31 March 2016						635,323	635,323
Comprehensive income						635,323	635,323
Position as of 31 March 2016		1,330,000	10,641,467	53,410	(2,346,170)	635,323	10,314,030

The accompanying notes form an integral part of this statement of changes in equity for the fifteen months period ended 31 March 2016.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

STATEMENTS OF CASH FLOWS
FOR THE FIFTEEN MONTHS PERIOD ENDED 31 MARCH 2016
AND THE YEAR ENDED 31 DECEMBER 2014

(Translation of statement of cash flows originally issued in Portuguese - Note 25)

(Amounts stated in Euros)

	Notes	31 March 2016 (15 months)		31 December 2015 (12 months)	
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from costumers		108,534,825		52,554,884	
Payments to suppliers		(100,961,567)		(50,109,102)	
Payments to employees		(466,031)		(310,304)	
Cash flows generated from operations		7,107,227		2,135,478	
Payments / receipts of income tax		(280,784)		(86,021)	
Other receipts / payments		100,312		477,649	
Cash flows from operating activities [1]			6,926,755		2,527,106
CASH FLOW FROM INVESTING ACTIVITIES:					
Payments relating to:					
Tangible assets		-		(11,993)	
Loans granted to group companies	9	(6,475,753)	(6,475,753)	(2,226,596)	(2,238,589)
Receipts relating to:					
Interest and similar income		1,739		7,081	
Dividends		-	1,739	-	7,081
Cash flows from investing activities [2]			(6,474,014)		(2,231,508)
CASH FLOW FROM FINANCING ACTIVITIES:					
Payments relating to:					
Loans obtained		-		-	
Interests and similar expenses		-	-	-	-
Cash flows from financing activities [3]			-		-
Variation in cash and cash equivalents [4]=[1]+[2]+[3]			452,740		295,598
Cash and cash equivalents at the beginning of the period	4		1,459,679		1,164,081
Cash and cash equivalents at the end of the period	4		1,912,423		1,459,679

The accompanying notes form an integral part of this statement of cash flows for the fifteen months period ended 31 March 2016.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL – Veículos e Peças, Lda.

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 MARCH 2016

(Translation of notes originally issued in Portuguese – Note 25)

(Amounts stated in Euro)

1 INTRODUCTION

Jaguar Land Rover Portugal – Veículos e Peças, Lda. ("Entity") is a limited company incorporated on April 27, 2000, which has its head office in Edifício Escritório do Tejo, Rua do Polo Sul, Lote 1.01.1.1 – 3º- B-3, Lisbon, being 100% owned by Land Rover Group in the UK, and its main activity consists in the importation of motor vehicles and spare parts of Jaguar and Land Rover brands and their sales and distribution in Portugal, through a dealers network.

These financial statements are presented in Euro and were approved by the Board of Directors and authorised to issue on May 31st, 2016. However, these financial statements are still depending on the corresponding approval by the Quotaholders General Meeting, under the commercial legislation prevailing in Portugal.

The Management believes that these financial statements give a true and fair view of the operations of the Company as well as its financial position and performance and cash flows.

2 ACCOUNTING FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with framework in force in Portugal, effective for the economic years beginning 1 January 2010, in accordance with Decree-Law No. 158/2009 of 13 July, and according to the conceptual framework, financial statements models, accounting and reporting standards ("NCRF") and interpretive standards ("NI") applicable for the year ended 31 March 2016.

In December 2015, as result of the need to harmonize the Entity's reporting period with Tata Group reporting period and to ease its reporting requirements, the Quota holders deliberated to adopt a reporting period comprehended between 1 January 2015 and 31 March 2016, not coincident with the civil year calendar.

Consequently, the first reporting period after the referred decision corresponds to the period comprehended between 1 Januray 2015 and 31 March 2016.

The balance sheet as of 31 December 2016 and the statements of profit and loss by nature, cash flows, and changes in equity as of that date, presented for comparative purposes relate to a fifteen months period.

3 MAIN ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying financial statements are as follows:

3.1 Basis of the preparation

The accompanying financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting, from the accounting records of the Company maintained in accordance with the generally accepted accounting standards in Portugal (NCRF).

3.2 Tangible Assets

Tangible assets are stated at acquisition cost, which includes the purchase cost and any expenses directly attributable to activities necessary to place the assets in the location and condition necessary to operate as intended, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated from the moment the asset is able to be used, on a straight-line basis, in accordance with the estimated useful life period for each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

Assets	Years
Buildings and other constructions	7
Basic equipment	4 to 8

The useful lives and depreciation method of the various assets are reviewed annually. The effect of any changes to these estimates is recognized prospectively in the income statement.

Expenditures for maintenance and repair (subsequent expenditure) that are not likely to generate additional economic benefits are recorded as expenses in the period they are incurred.

Gains and/or losses arising from the sale or disposal (write-off) of tangible fixed are determined as being the difference between the sale price and the corresponding carrying amount as of the sale/disposal date, being recorded in the statement of profit and loss of the year in which they occur, under the captions "Other operating income" or "Other operating expenses".

3.3 Intangible assets - goodwill

Goodwill is measured as the positive differences between the transferred retribution (usually acquisition cost) and the fair value of identifiable net assets acquired and the assumed liabilities and contingent liabilities recognized following the acquisition of such business combinations.

Goodwill is recognized as an asset on the date on which control is acquired. Subsequently, goodwill is not amortized, being, instead, subject to impairment tests on at least an annual basis.

For the purpose of impairment testing, goodwill is allocated to the cash generating units acquired or the cash-generating units already held benefiting from synergies resulting from the merger. The cash-generating units to which goodwill was allocated are subject to impairment tests annually or more frequently (in the event that there is some indication that the unit may be impaired).

Goodwill impairment tests are based on the use of evaluation methods, supported on discounted cash flows techniques, considering the market conditions, time value and business risk. Eventual impairment losses that may be determined are not recognized as they are at all times recoverable through the transfer price applicable to the Entity (Note 6).

3.4 Inventories

Inventories are stated at the lower amount between its cost and net realizable value. The cost includes the purchase price of goods and other purchase expenses. The net realizable value represents the estimated selling price less all estimated costs necessary to complete the inventories and to make the sale. In situations where the cost is greater than the net realizable value, an adjustment is recorded (impairment loss) for the difference. Variations of the year in impairment losses of inventories are recorded in the profit and loss statement under the captions "Impairment losses on inventories" or "Reversal of inventory adjustments."

The specific tax paid with the purchase of motor vehicles and recoverable with its sale are included in the captions of state and other public entities.

The inventory costing method adopted by the Company consists of the specific purchase cost, in case of vehicles, and the weighted average cost for spare parts.

3.5 Financial assets and liabilities

Assets and liabilities are recognised in the balance sheet when the Company becomes part of the corresponding contract, being adopted the NCRF 27 - Financial Instruments.

Financial assets and liabilities are classified at cost or amortised cost.

Assets and financial liabilities that are classified as "at cost or amortized cost", are those that have the following characteristics:

- Are payable on demand or have a defined maturity, and
- Are associated with a fixed or determinable return, and
- Is not a derivative financial instrument or does not incorporate a derivative financial instrument.

The amortised cost is determined in accordance with the effective interest method.

This category includes, therefore, the following financial assets and liabilities:

a) <u>Customers and other receivables</u>

Accounts receivables from customers and other receivables are recorded at amortised cost less any eventual impairment losses. Usually, the amortised cost of these financial assets does not differ from its nominal value.

b) Cash and cash equivalents

The amounts included in caption "Cash and cash equivalents" relate to cash on hand, cash on demand and term deposits and other treasury applications which mature in less than twelve months.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

c) Suppliers and other payables

Accounts payable and other payables are stated at amortised cost. Usually, the amortised cost of these liabilities does not differ from its nominal value.

d) Loans obtained

Loans are stated as liabilities and measured at amortised cost.

Any expenses incurred in obtaining such financing, usually paid in advance on issue, namely the bank fees and stamp duty as well as interest expenses and similar expenses, are recognised using the effective interest method in the results of the year, over life time of such financing. The expenses prepaid are deducted from the caption "Loans obtained".

Impairment of financial assets

Financial assets included in the category "at cost or amortized cost" are tested for impairment in each reporting date. These financial assets are in impairment when there is evidence that as a result of one or more events conditions changed after the initial recognition, its estimated future cash flows are affected.

For financial assets measured at amortized cost, the impairment loss to be recognized is the difference between the asset's carrying amount and the present value at the reporting date of the new estimated future cash flows discounted at their original effective interest rate.

Financial assets measured at their acquisition cost, the impairment loss to be recognized corresponds to the difference between the carrying amount and the best estimate of fair value of the assets.

Impairment losses are recorded in the statement of profit and loss under the caption "Impairment on assets" in the period in which they are determined.

Subsequently, if the amount of the impairment loss decreases and this decrease can be related objectively to an event that took place after the recognition of an impairment loss, this should be reversed through the profit and loss. The reversal should be done by the amount that would be recognized (amortized cost) if the impairment loss had not been initially recorded. The reversal of impairment losses is recorded in the statement of profit and loss under the caption "Impairment on assets losses/ reversal".

Derecognition of financial assets and liabilities

The Company derecognises financial assets only when the contractual rights to its cash flows expire on recovery, or when the control of these financial assets is transferred to another entity and all significant risks and benefits associated with its possession.

The Company derecognises financial liabilities only when the corresponding obligation is settled, canceled or expires.

3.6 Revenue

Revenue is recognized at the fair value of the amount received or to be received. Revenue recognized is reduced by the amount of returns, rebates and other discounts and does not include VAT and other taxes charged related with the sale.

The revenue from sales of merchandise is recognised when all the following conditions are met:

- All the risks and rewards related with the property of the merchandises were transferred to the buyer;
- The Company does not control in any way the merchandise;
- The revenue amount can be reliably measured;
- It is likely that future economic benefits associated with the transaction will flow into the Company;
- The expenses incurred or to be incurred with the transaction can be reliably measured.

The revenue from the services rendered is recognised in the profit and loss statement observing the stage of completion of the service, since all the following conditions are met:

- The amount of the revenue can be reliably measured;
- It is likely that future economic benefits associated with the transaction will flow to the Company;
- The expenses incurred or to be incurred with the transaction can be reliably measured;
- The stage of completion of the transaction/service, can be reliably measured.

Revenue from interests is recognized using the effective interest method, and if it is probable that economic benefits will flow to the Company and its amount can be reliably measured.

3.7 Judgments and estimates

In the preparation of the accompanying financial statements judgments were made and estimations were used which are affecting the assets and liabilities and also the amounts booked as income and expenses during the reporting period.

The estimates were calculated using the best information available, at the date of approval of the financial statements, of the events and transactions in course and of the experience from current and/or past events. However, events may occur in subsequent periods that were not expectable as of the date of these financial statements and, consequently were not included in those estimates. Changes in the estimates after the closing of the financial statements will be booked on the subsequent year. For this reason and considering inherent uncertainty, the effective income from transactions in analysis may differ from the correspondent estimates.

The most important judgments and estimates performed in the preparation of the accompanying financial statements were the following:

i) Goodwill

"Goodwill" impairment tests are based on assumptions usually employed by the Company in evaluating companies, being performed on an annual basis and / or whenever there are indications of impairment.

ii) Deferred tax assets

The deferred tax assets are recognized only when there is reasonable expectation of future taxable income to use these deferred tax assets. At the end of each financial year a review of deferred taxes is

iii) Impairment losses on trade and other receivables

Whenever there is a reduced expectation of realization of accounts receivable from customers and / or other debt by the Company's management, taking into consideration the overall risk of collection of accounts receivable, an impairment loss is recognized.

iv) Impairment losses on inventories

Whenever the value of the inventories acquisition cost is lower than the expected sale value at the balance sheet date, the Company posts an impairment loss amounting the resulting difference.

3.8 Income tax

The income tax for the year recorded in the profit and loss statement results from the sum of current and deferred taxes. Current and deferred taxes are recognized in the profit and loss statement, except when deferred taxes relate to items recognized directly in equity, in which case are recorded in equity.

Current tax payable is calculated based on the Company's taxable income. The taxable income differs from accounting income because it excludes various income and expenses that will only be taxable or deductible in other years, as well as expenses and income that will never be taxable or deductible.

Deferred taxes relate to temporary differences between amounts of assets and liabilities for accounting reporting purposes and the amounts for tax purposes. The deferred tax assets and liabilities are measured using tax rates expected to be in place at the date of the corresponding reversal of the temporary differences, based on tax rates (and tax laws) that are formally issued at the reporting date.

The deferred tax liabilities are recognized for all taxable temporary differences and the deferred tax assets are recognized only for deductible temporary differences for which there is reasonable expectation of future taxable income to use these deferred tax assets, or taxable temporary differences that revert at the same reversal period of deductible temporary differences. At each reporting date a review is made of the deferred tax assets, and they are adjusted whenever their future use is no longer probable.

3.9 Balances and transactions expressed in foreign currencies

Transactions in foreign currencies (other than functional currency from Company), are translated to Euro using the exchange rate prevailing as of the transaction date. At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated at the exchange rates prevailing as of that date.

Exchange differences calculated on the date of receipt or payment of foreign currency transactions and those resulting from the above updates are recorded in the profit and loss statement for the period in which they are generated.

3.10 Provisions, contingent assets and liabilities

Provisions are recognised when, and only when, the Company has an obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation's amount.

The amount of provisions recorded is the best estimate, at the reporting date, of the required resources to settle the obligation. This estimate, revised at each reporting date, is determined taking into consideration the risks and uncertainties associated with each obligation.

Contingent liabilities are not recognized in the financial statements, being disclosed when the possibility of an outflow of resources incorporating economic benefits is not remote.

Contingent assets are not recognized in financial statements but are disclosed when it is probable that there will be an inflow of future economic resources.

3.11 Borrowing costs

Financial costs related to borrowings are expenses as incurred.

3.12 Accrual basis

The Company records its income and expense on an accrual basis, for which income and expenses are recognized as they are generated, despite the time of its receipt or payment. The differences between the amounts received and/or paid and the corresponding income and expenses generated are recorded as assets or liabilities.

3.13 Subsequent events

The events occurred after the balance sheet date that provide additional information about conditions that existed at balance sheet ("adjusting events") are reflected in financial statements. Events occurred after the balance sheet date that provide information on conditions that occur after that date (non-adjusting events) are disclosed in the financial statements, if considered material.

4 CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents includes cash on demand and term deposits payable on demand (with maturity equal or less than three months) net from bank overdrafts and other equivalent short-term financial liabilities. Cash and cash equivalents on the cash flows statement as of 31 March 2016 and 31 December 2014 is as follows:

	31-03-2016	31-12-2014
Cash deposits payable on demand	1,912,423	1,459,679

5 TANGIBLE ASSETS

During the periods ended 31 March 2016 and 31 December 2014 the movements in the carrying amount of tangible assets, as well as in the accumulated depreciation and accumulated impairment losses, were as follows:

	2016		
	Buildings and other constructions	Basic Equipment	Total
Assets			
Opening balance	127,426	176,056	303,482
Aquisitions		9,464	9,464
Closing balance	127,426	185,520	312,946
Accumulated depreciation and impairment losses			
Opening balance	51,845	175,691	227,536
Depreciation for the year (Note 17)	19,563	364	19,927
Closing balance	71,408	176,055	247,463
Net book value	56,018	9,465	65,483

	2014		
	Buildings and other constructions	Basic Equipment	Total
Assets			
Opening balance	115,433	176,056	291,489
Aquisitions	11,993	-	11,993
Closing balance	127,426	176,056	303,482
Accumulated depreciation and impairment losses			
Opening balance	36,167	175,322	211,489
Depreciation for the year (Note 17)	15,679	369	16,048
Closing balance	51,846	175,691	227,537
Net book value	75,580	365	75,945

As of 31 March 2016, the acquisitions of basic equipment amounting to 9,464 Euros refer, essentially, to the placement of logos in several dealers.

The tangible assets depreciation for the period ended 31 March 2016, amounting to 19,927 Euros (16,048 Euros as of 31 December 2014), was recorded in the profit and loss statement in the caption "Depreciation and amortization of tangible assets" (Note 17).

6 INTANGIBLE ASSETS

As of 31 March 2016 and 31 December 2014 the Company's intangible assets correspond to the goodwill generated with the Land Rover acquisition during the year 2000, and were made up as follows:

	2016					2014
Entity	Aquisition year	"Deemed cost" at the transition date	Impairment losses for the year	Accumulated impairment losses	Book value	Book value
Land Rover	2000	10,973,554	-	-	10,973,554	10,973,554

The commercial agreement with the group company on which the company's operation is based on, establishes that the transfer pricing policy grants an income before taxes of 1% on the sales and services rendered in accordance with group criteria. The Entity monthly margin is calculated and an adjustment is made, through a group debit or credit, in order to correct the resulting income before taxes to 1% of sales and services rendered. Since goodwill impairment losses are included in the calculation of the income before taxes, eventual impairment losses will always be recovered through the transfer price agreement, and expectations of the Entity is that of transfer pricing policy remains in future exercises.

7 INCOME TAX

In accordance with current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when tax losses have been incurred, tax benefits have been granted or tax inspections, claims or contestations are in progress, in which case the period can be extended or suspended, depending on the circumstances. Accordingly, the Company's tax returns for the years from 2012 to 2016 are still subject to review and correction.

The Company's Management believes that any correction to the tax returns that might result from reviews carried out by the tax authorities to these tax returns will not have a significant effect on the financial statements as of 31 March 2016 and 31 December 2014.

Accordingly to the Corporate Income Tax Code, the Company is also subject to autonomous taxation on a set of expenses at the tax rates established in the mentioned code.

The temporary differences between assets and liabilities for accounting and tax purposes as of 31 March 2016 were recognized by the Company, having the corresponding deferred tax assets and liabilities been calculated based on an aggregated income tax rate of 24.5% that corresponds to: (i) income tax rate of 23% and (ii) 1.5% of local tax over the taxable income.

The income tax for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Current income tax and adjustments:		
Current income tax for the period	516,189	166,881
Prior year adjustments	(38,515)	1,705
	477,674	168,586
Deferred taxes:		
Deferred taxes related to increase / reversal of temporary differences	(234,790)	(38,935)
	(234,790)	(38,935)
Income tax for the year	242,884	129,651

The numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate for the years ended 31 March 2016 and 31 December 2014 is as follows:

	31-03-2016	31-12-2014
Income before tax	878,207	422,875
Current income tax expense	215,161	105,718
Temporary differences:		
Accrued expenses (Comercial means)	234,790	101,862
Provisions	-	-
Impairment losses on account receivables	-	(73,952)
	449,951	133,628
Permanent differences:		
Others	30,197	12,556
	480,148	146,184
Autonomous taxation	36,042	20,697
Prior year adjustments	(38,515)	1,705
Current income tax	477,675	168,586

Deferred taxes

Deferred taxes for the years ended 31 March 2016 and 31 December 2014 is made up as follows:

	Deferred tax assets	
	31-03-2016	31-12-2014
Differences related to impairment losses on:		
accounts receivable from clients	-	-
other accounts receivables	-	-
Accrued expenses (Comercial)	445,593	210,800
Others	9,374	9,374
	454,967	220,174

The movement occurred in the deferred tax assets captions for the periods ended 31 March 2016 and 31 December 2014 is as follows:

	Deferred tax assets	
	31-03-2016	31-12-2014
Opening balance	220,174	181,239
Impact in results for the year ended:		
Differences related with impairment losses on:		
accounts receivable from clients	-	(60,727)
other accounts receivables	-	(17,661)
Non deductible provisions	-	-
Accrued expenses (Comercial)	234,790	107,949
Others	-	9,374
Closing balance	454,964	220,174

8 INVENTORIES

Inventories for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016			31-12-2014		
	Gross value	Impariment loss	Net book value	Gross value	Impariment loss	Net book value
Inventories	2,006,624	-	2,006,624	1,849,069	(3,715)	1,845,354

Cost of sales

The cost of goods sold during the periods ended 31 March 2016 and 31 December 2014 is determined as follows:

	Merchandise	
	31-03-2016	31-12-2014
Opening balance	1,849,069	1,442,110
Purchases	79,792,982	39,889,453
Closing balance	(2,006,624)	(1,849,069)
Cost of sales	79,635,427	39,482,494

Impairment losses

During the periods ended 31 March 2016 and 31 December 2014, the movement occurred in impairment losses of inventories is as follows:

	31-03-2016				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	-	-	(3,715)	-	(3,715)

	31-12-2014				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	-	3,715	-	-	3,715

The decreases of impairment losses of inventories for the period ended 31 March 2016, amounting to 3,715 Euros, was recorded in the profit and loss statement in the caption "Impairment of inventories (losses)/ reversals".

9 FINANCIAL ASSETS

Captions of financial assets

As of 31 March 2016 and 31 December 2014 these captions are made up as follows:

	31-03-2016			31-12-2014		
	Gross value	Accumulated impairment losses	Net book value	Gross value	Accumulated impairment losses	Net book value
Cash and cash equivalents						
Cash deposits payable on demand (Note 4)	1,912,423	-	1,912,423	1,459,679	-	1,459,679
Financial assets at amortised cost:						
Customers	2,599,662	(15,255)	2,584,407	2,593,363	(13,469)	2,579,894
Loans granted (Note 21)	14,593,452	-	14,593,452	8,117,699	-	8,117,699
Other receivables	6,039	-	6,039	208,559	-	208,559
	17,199,153	(15,255)	17,183,898	10,919,621	(13,469)	10,906,152
	19,111,576	(15,255)	19,096,321	12,379,300	(13,469)	12,365,831

Customers and other receivables

The detail of accounts receivable captions for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016			31-12-2014		
	Gross value	Accumulated impairment losses	Net book value	Gross value	Accumulated impairment losses	Net book value
Current:						
Customers:						
Trade accounts receivables	2,599,661	(15,255)	2,584,406	2,593,363	(13,469)	2,579,894
Suppliers debtor accounts	-	-	-	-	-	-
Loans granted (Note 21)	14,593,452	-	14,593,452	8,117,699	-	8,117,699
Other receivables:	-	-	-	-	-	-
New vehicles tax	-	-	-	-	-	-
Advanced payments to attorneys	-	-	-	-	-	-
Advanced payments to employees	4,500	-	4,500	6,000	-	6,000
Other accounts receivable	1,539	-	1,539	202,559	-	202,559
	6,039	-	6,039	208,559	-	208,559
	17,199,152	(15,255)	17,183,897	10,919,621	(13,469)	10,906,152

As of 31 March 2016, the caption "Loans granted" in the amount of 14,593,452 Euros (8,117,699 Euros as of 31 December 2014) corresponds to a cash pooling contract celebrated between the Company and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates.

Impairment losses

During the periods ended 31 March 2016 and 31 December 2014, the movement occurred in impairment losses of customers and other receivables is as follows:

	31-03-2016				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	13,469	4,718	(2,931)	-	15,255
Suppliers debtor accounts	-	-	-	-	-
New vehicles tax	-	-	-	-	-
	13,469	4,718	(2,931)	-	15,255

	31-12-2014				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	214,242	13,469	-	(214,242)	13,469
Suppliers debtor accounts	131,633	-	-	(131,633)	-
New vehicles tax	66,649	-	-	(66,649)	-
	412,524	13,469	-	(412,524)	13,469

During the year ended 31 March 2015, the Company, after approval at Group level, wrote-off old overdue account receivables.

10 EQUITY INSTRUMENTS

Paid up capital

As of 31 March 2016 and 31 December 2014, the Company's share capital was fully subscribed and realized and was composed by two quota's amounting to1,329,900 Euros and 100 Euros, owned by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited, respectively.

Supplementary capital

As of 31 March 2016 and 31 December 2014 the caption "Other equity instruments" corresponds to supplementary capital contributions, in the amount of 10,641,467 Euros. These capital contributions can only be reimbursed to quotaholders as long as the equity does not become less than the sum of the capital and legal reserve, after the reimbursement. The supplementary capital contributions do not bear interests.

Legal reserve

Portuguese legislation establishes that at least 5% of annual net income must be retained into a legal reserve until the reserve equals the minimum requirement of 20% of the capital. This reserve is not available for distribution, except in the case of liquidation, and may be used to on capital increases or to absorb retained losses once other reserves have been consumed. As of 31 March 2016, this caption amounts to 53,410 Euros.

Annual Net Result Application

By deliberation of the General Assembly of 30 March 2016, the net profit of the year ended 31 December 2014, in the amount of 293,223 Euros, was transferred to retained earnings and legal reserve by the amounts of 278,563 Euros and 14,661 Euros, respectively.

By deliberation of the General Assembly of 31 March 2014, the net profit of the year ended 31 December 2013, in the amount of 86,214 Euros, was transferred to retained earnings and legal reserve by the amounts of 81,903 Euros and 4,311 Euros, respectively.

11 FINANCIAL LIABILITIES

Suppliers and other accounts payable

As of 31 March 2016 and 31 December 2014 the breakdown of accounts payable is as follows:

	31-03-2016	31-12-2014
Suppliers		
Trade accounts payable	9,483,134	5,363,872
Other financial liabilities		
Other payables	6,076,052	5,717,119
	6,076,052	5,717,119
	15,559,186	11,080,991

As of 31 March 2016 the caption "Trade accounts payable" amounting to 9,483,134 Euros includes 9,006,581 Euros (5,088,448 Euros as of 31 December 2014) related with accounts payable to Group Companies (Note 21).

Other accounts payable

The breakdown of other accounts payable for the years ended 31 March 2016 and 2014 is made up as follows:

	31-03-2016	31-12-2014
Other accounts payable:		
Rents		-
Other creditors	32,825	28,949
	32,825	28,949
Accrued expenses:		
Bonus and incentives granted	4,504,254	3,150,186
Marketing	1,269,284	913,654
Vacation payable, social charges	136,248	103,627
Other accrued expenses	133,442	1,520,703
	6,043,227	5,688,170
	6,076,052	5,717,119

As of 31 March 2016 and 31 December 2014 the caption "Bonus and incentives to grant" amounting to 4,504, 254 Euros and 3,150,186 Euros, respectively, relates essentially to commercial bonuses and incentives conceded to the Company's dealers, based on the commercial strategy agreed and the annual sales performance.

The caption "Marketing" amounting to 1,269,284 Euros and 913,654 Euros as of 31 March 2016 and 31 December 2014, respectively, relates to expenses incurred by the Company regarding the promotion of its vehicles for which, until the year end, the correspondent invoice from the supplier was not yet received.

As of 31 March 2016 and 31 December 2014 the caption "Other accrued expenses" includes the amount of 133,442 Euros and 184.712 Euros related with services obtained for which the Company has not yet been invoiced. In addition, as of 31 December 2014 this caption included the adjustment from Jaguar Land Rover Limited, as result of Group transfer price policy, whose invoice was issued by that company in January 2015 (Note 21). Additionally, this caption relates with services rendered to the Company during 2014, for which the corresponding invoice from the supplier was not received.

12 STATE AND OTHER PUBLIC ENTITIES

The breakdown of "State and other public entities" for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Corporate Income Tax:		
Payments on account	(187,628)	(73,725)
Income tax (Note 7)	516,189	166,881
Individual income tax	5,707	5,748
Value added tax	4,486,825	2,980,643
Social security contributions	5,742	5,974
New vehicles tax	1,773,152	1,517,463
	6,599,987	4,602,984

The caption "New vehicles tax" amounting to 1,773,151 Euros and 1,517,463 Euros as of 31 March 2016 and 31 December 2014, respectively, relates to taxes to be paid by the Company over the imported vehicles already sold to its dealers.

13 PROVISIONS

During the years ended 31 March 2016 and 2014, the movements occurred in the caption "Provisions" are as follows:

	31-03-2016				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Litigations and legal processes	118,176	5,569			123,745
	118,176	5,569	-	-	123,745

	31-12-2014				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Litigations and legal processes	91,556	26,620	-	-	118,176
	91,556	26,620	-	-	118,176

As of 31 March 2016 the amount of 123,745 Euros (118,176 as of 31 December 2014), respects to the estimate of probable tax assessment contingency (stamp tax).

During the year ended 31 December 2014 the Company reverted the amount of 26,620 Euros.

14 REVENUE

The breakdown of "Revenue" for the years ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Sales:		
Automobile	89,622,602	41,968,520
Spare parts	8,429,724	7,413,411
Bonuses and discounts granted	(10,843,219)	(5,918,955)
Services rendered	882,011	369,987
	88,091,117	43,832,963

During the fifteen months period ended 31 March 2016 the Company sold: (i) 1.373 Land Rover vehicles (713 as of 31 December 2014) and (ii) 535Jaguar vehicles (172 as of December 2014).

The sales increase by Land Rover brand is mainly due to the release of a new Range Rover and Range Rover Sport models.

15 EXTERNAL SUPPLIES AND SERVICES

The breakdown of "External supplies and services" for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Publicity and advertising	3,780,973	1,654,139
Management fees	1,240,253	923,168
Specialized works	619,875	412,276
Professional fees	265,667	188,501
Expenses related to guarantees conceded	322,031	162,018
Merchandise freight	246,426	114,637
Travelling expenses	104,468	73,008
Bank fees	84,742	68,783
Service vehicles	135,946	66,982
Comunication	67,445	42,663
Others	56,798	52,452
	6,924,625	3,758,627

The caption "Publicity and advertising" amounting to 3,780,973 Euros and 1,654,1393 Euros as of 31 March 2016 and 31 December 2014, respectively, relates to expenses incurred by the Company for promoting its models, namely throughout events and media advertising (TV and specialized press).

The amounts included in the caption "Management fees" relate to charges from Group companies, regarding administrative, human resources and accounting services rendered by these entities during the years ended 31 March 2016 and 31 December 2014, amounting to 1,240,253 Euros and 923,168 Euros, respectively.

The caption "Professional fees", amounting to 265,667 Euros and 188,501 Euros as of 31 March 2016 and 31 December 2014, respectively, relates, essentially, to audit services, tax and fiscal advisory and legal consulting.

16 EMPLOYEES EXPENSES

The breakdown of "Employees expenses" for the years ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Wages and salaries	349,425	257,408
Social security contributions	72,481	57,448
Social costs	3,149	15,851
Insurances	8,355	2,999
	433,410	333,706

During 2016 and 2014 the average number of personnel was 4 employees.

17 DEPRECIATION

The caption "Depreciation and amortization of tangible assets" for the years ended 31 March 2016 and 31 December 2014, amounting to 19,927 Euros and 16,048 Euros, respectively, corresponds to the annual depreciation of tangible fixed assets (Note 5).

18 OTHER OPERATIONAL INCOME

The breakdown of caption "Other operational income" for the years ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Supplementary income:		
Comissions charged	34,559	7,174
Default interest charged to customers	35,805	54,805
Other operational income (Note 11)		307,256
	70,365	369,235

The caption "Supplementary income – commissions charged" amounting to 7,174 Euros as of 31 December 2014 relates to commissions obtained from Unipart for the sale of Jaguar brand spare parts in the Portuguese market. This contractual relationship ended as of 31 December 2014, and the Company sells the Jaguar spare parts directly to the dealers since 1 January 2015.

19 OTHER OPERATIONAL EXPENSES

The breakdown of "Other operational expenses" for the periods ended 31 March 2016 and 31 December 2014 is made up as follows:

	31-03-2016	31-12-2014
Contractual FGA fee	262,222	117,848
Penalties	-	17,456
Dues and subscription	5,762	16,421
	267,983	151,725

As of 31 March 2016 and 2014, the caption "Contractual FGA fee" amounting to 262,222 Euros and 117,848 Euros, respectively, corresponds to interest incurred by the Company towards the financial institution of Jaguar Land Rover group (named FGA), concerning the funding policy the Company grants to dealers. Accordingly to this policy, if a Jaguar or Land Rover motor vehicle is not paid by the dealer at the time of property transference, the Company incurs in interest for a maximum period of 60 days, which can be less if the dealer pays that motor vehicle before.

20 INTERESTS AND OTHER SIMILAR INCOME AND EXPENSES

The interests and other similar income for the periods ended 31 March 2016 and 31 December 2014 are made up as follows:

	31-03-2016	31-12-2014
Interest income	1,739	7,081
Others	-	-
	1,739	7,081

The caption "Interest income" as of 31 March 2016, amounting to 1,739 Euros (7,081 Euros as of 2014) includes related with interests charged by the Company for the loan granted to Land Rover Group, in the amount of 14,593,452 Euros Euros (8,117,699 Euros as of 2014). Interest rates are charged at normal market rates.

21 RELATED PARTIES

The Company is owned by Jaguar Land Rover Limited in 99.99% and Jaguar Land Rover Holdings Limited in 0.01%. These entities have their headquarters in England. The Company's financial statements are consolidated in Jaguar Land Rover Limited.

During the periods ended 31 March 2016 and 31 December 2014 the following transactions with related parties were made:

2016:

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U	6,619,639	1,534,246	-	-
JAGUAR LAND ROVER Limited	72,521,080	557,253	1,057,681	1,728
	79,140,719	2,091,499	1,057,681	1,728

2014:

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U	4,620,709	923,168	-	-
JAGUAR LAND ROVER Limited	34,759,019	324,376	690,720	6,224
	39,379,728	1,247,544	690,720	6,224

The balances as of 31 March 2016 and 31 December 2014 with group companies are as follows:

2016:

	Other Accounts Receivable (Note 9)	Loans granted (Note 9)	Suppliers (Note 11)	Other accounts payable (Note 11)
JAGUAR LAND ROVER ESPAÑA S.L.U	-	-	694,791	139,225
JAGUAR LAND ROVER Limited	17,529	14,593,452	8,311,789	30,619
	17,529	14,593,452	9,006,581	169,844

2014:

	Customers (Note 9)	Other Accounts Receivable (Note 9)	Loans granted (Note 9)	Other accounts payable (Note 11)	Suppliers (Note 11)
JAGUAR LAND ROVER ESPAÑA S.L.U	-	162,108	-	-	537,267
JAGUAR LAND ROVER Limited	17,529	38,162	8,117,699	1,335,991	4,551,181
	17,529	200,270	8,117,699	1,335,991	5,088,448

As of 31 March 2016 and 31 December 2014 the transactions with related parties included in "Services rendered", amounting to 1,057,681 Euros and 690,720 Euros, respectively, essentially relate with expenditures recharged to the manufacturers of each brand, for vehicles' repairs that are still within the warranty period.

The caption "Loans granted " amounting to 14,593,452 Euros and 8,117,699 Euros as of 31 March 2016 and 2014, respectively, corresponds to the cash pooling contract celebrated between the Company and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates (Note 9).

22 GUARANTEES PROVIDED

As of 31 March 2016, the Company has provided a bank guarantees to Direcção das Alfândegas de Lisboa amounting to 1,496,394 Euros and to Escritórios do Tejo – Empreendimentos Imobiliários, S.A. in the amount of 28,270 Euros.

23 DISCLOSURES LEGAL REQUIRED BY DIPLOMAS

The fees related with audit services provided to the Company during the year ended 31 March 2016 amounted to 24,066 Euros.

24 SUBSEQUENT EVENTS

There were no events occurred after 31 March 2016 that require adjustments or disclosures in the financial statements.

25 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with Portuguese law and with generally accepted accounting principles in Portugal ("Sistema de Normalização Contabilística – SNC"), which, in some aspects, may not conform to or be required by the law or generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

Management

<u>STATUTORY AUDIT REPORT</u>

(Translation of a report originally issued in Portuguese)

Introduction

1. We have examined the accompanying financial statements of Jaguar Land Rover Portugal – Veículos e Peças, Lda. ("the Company"), which comprise the balance sheet as of 31 December 2016 that presents a total of 32,596,947 Euros and equity of 10,314,030 Euros, including a net income of 635,323 Euros, the Statements of Profit and Loss by Nature, Changes in Equity and Cash Flows for the fifteen months period comprehended between 1 January 2015 and 31 March 2016 and the corresponding Notes.

Responsibilities

2. The preparation of financial statements that present a true and fair view of the financial position of the Company, the results of its operations, changes in equity and its cash flows, as well as the adoption of adequate accounting principles and criteria and the maintenance of an appropriate system of internal control are the responsibility of the Company's Management. Our responsibility is to express a professional and independent opinion on these financial statements, based on our examination.

Scope

3. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. An examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Management, used in their preparation. An examination also includes assessing the adequacy of the accounting principles used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the financial statements. An examination also comprises verifying that the financial information contained in the Management Report is in accordance with the financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material respects, the financial position of Jaguar Land Rover Portugal – Veículos e Peças, Lda. as of 31 March 2016 and the result of its operations, changes in equity and cash flows for the period comprehended between 1 January 2015 and 31 March 2016, in conformity with generally accepted accounting principles in Portugal.

Enphasis

6. As mentioned in the note 2 of the Notes to the financial statements, in 2015 the Company changed its reporting period that is from now comprehended between 1 April and 31 March of the following year. Consequently, the accompanying financial statements, referring to the period in which the change was made, correspond to the fifteen months period ended 31 March 2016, and as such are not comparable with the financial statements as of 31 December 2015 that refer to twelve months period and that are presented for informative purposes.

Report on other legal requirements

7. It is also our opinion that the financial information contained in the Management Report is consistent with the financial statements for the period.

Lisbon, __ ________ 2016

Deloitte & Associados, SROC S.A.
Represented by André Vinagre Dias Rodrigues