

JAGUAR LAND ROVER PORTUGAL - VEICULOS E PECAS, LDA

Annual Report 2014 – 15

BALANCE SHEETS AS OF 31 DECEMBER 2014 AND 2013

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

(Amounts stated in Indian Rupees)

ASSETS	Notes	31 December 2014	31 December 2013
NON CURRENT ASSETS:			
Tangible assets	5	5,833.791	6.802.240
Intangible assets	6	842.944.524	933.059.350
Deferred tax assets	7	16.912.886	15.410.390
Total non current assets		865.691.201	955.271.980
CURRENT ASSETS:			
Inventories	8	141.752.713	122.619.729
Customers	9	198.177.138	88.254.302
Loans granted	9 and 21	623.569.166	500.908.706
Other receivables	9	16.020.669	2.158.606
Cash and cash equivalents	4	112.126.702	98.979.479
Total non current assets		1.091.646.388	812.920.822
Total assets		1.957.337.589	1.768.192.802
EQUITY AND LIABILITIES			
EQUITY:			
Paid up capital	10	102.165.280	113.087.240
Other equity instruments	10	817.434.929	904.822.656
Legal reserve	10	2.976.543	2.928.194
Retained earnings	10	(201.621.490)	(230.140.016)
		720.955.262	790.698.074
Net income for the year		22.524.295	7.330.774
Total equity		743.479.557	798.028.848
LIABILITIES:			
NON CURRENT LIABILITIES:			
Provisions	13	9.077.808	7.784.824
Total non current liabilities		9.077.808	7.784.824
CURRENT LIABILITIES:			
Suppliers	11	412.031.192	400.992.048
Accounts payable to state entities	12	353.582.819	237.857.072
Other payables	11	439.166.213	323.530.010
Total current liabilities		1.204.780.224	962.379.130
Total liabilities		1.213.858.032	970.163.954
Total equity and liabilities		1.957.337.589	1.768.192.802

The accompanying notes form an integral part of this balance sheet as of 31 December 2014.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts stated in Indian Rupees)

INCOME AND EXPENSES	Notes	2014	2013
Sales and services rendered	14	3,367,072.888	2,804,587.360
Cost of sales	8	(3,032,887.259)	(2,410,841.057)
External supplies and services	15	(288,722.692)	(353,610.535)
Payroll expenses	16	(25,633.960)	(28,313.219)
Impairment of inventories (losses) / reversals	8	(285.371)	-
Impairment on accounts receivable (losses) / reversals	9	(1,034.634)	(3,006.760)
Provisions (gains / reversals)	13	(2,044.842)	9,930.420
Other operating income	18	28,363.156	23,027.878
Other operating expenses	19	(11,854.909)	(23,065.546)
Net income before depreciations, net financial expenses and income tax		33,172.375	18,708.541
Depreciation and amortization of tangible assets	17	(1,232.743)	(1,117.353)
Net operating profit (before net financial expenses and income tax)		31,939.632	17,591.188
Interest and similar income	20	543.934	474.966
Profit before income tax		32,483.566	18,066.154
Income tax	7	(9,959.271)	(10,735.380)
Net income for the year		22,524.295	7,330.774

The accompanying notes form an integral part of this statement of profit and loss for the year ended 31 December 2014.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013

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

(Amounts stated in Indian Rupees)

Description	Notes	Paid up capital	Other equity instruments	Legal reserves	Retained earnings	Net income for the year	Total equity
Position as of 1 January 2013		95,988,760	768,015,956	1,904,619	(206,387,598)	11,616,372	671,138,109
Appropriation of net income for 2012		-	-	580,819	11,035,553	(11,616,372)	-
Other variations in equity	10	-	-	-	10,118	-	10,118
		95,988,760	768,015,956	2,485,438	(195,341,927)	-	671,148,227
Net profit for the year ended 2013						7,330,774	7,330,774
Effect of exchange rate variations		17,098,480	136,806,700	442,756	(34,798,089)	-	119,549,847
Comprehensive income		17,098,480	136,806,700	442,756	(34,798,089)	7,330,774	126,860,621
Position as of 31 December 2013		113,087,240	904,822,656	2,928,194	(230,140,016)	7,330,774	798,028,848
Position as of 1 January 2014		113,087,240	904,822,656	2,928,194	(230,140,016)	7,330,774	798,028,848
Appropriation of net income for 2013	10	-	-	366,556	6,964,218	(7,330,774)	-
		113,087,240	904,822,656	3,294,750	(223,175,798)	-	798,028,848
Net income for the year 2014						22,524,295	22,524,295
Effect of exchange rate variations		(10,921,960)	(87,387,727)	(318,207)	21,554,308	-	(77,073,586)
Comprehensive income		(10,921,960)	(87,387,727)	(318,207)	21,554,308	22,524,295	(54,549,291)
Position as of 31 December 2014		102,165,280	817,434,929	2,976,543	(201,621,490)	22,524,295	743,479,557

The accompanying notes form an integral part of this statement of changes in equity for the year ended 31 December 2014.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL - Veículos e Peças, Lda.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

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

(Amounts stated in Indian Rupees)

	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from costumers		4,037,055,989	3,461,529,843
Payments to suppliers		(3,849,180,779)	(3,240,479,831)
Payments to employees		(23,836,312)	(24,970,343)
Cash flows generated from operations		164,038,878	196,079,670
Payments / receipts of income tax		(8,607,789)	(3,203,515)
Other receipts / payments		36,691,086	50,874,378
Cash flows from operating activities [1]		184,122,175	243,750,533
CASH FLOW FROM INVESTING ACTIVITIES:			
Payments relating to:			
Tangible assets		(921,254)	(4,629,009)
Loans granted to group companies	9	(171,038,198)	(192,350,257)
Receipts relating to:			
Interest and similar income		543,934	472,246
Dividends		-	472,246
Cash flows from investing activities [2]		(171,415,518)	(196,507,020)
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]		22,706,657	47,243,513
Effect of exchange differences		(9,559,434)	7,822,335
Cash and cash equivalents at the beginning of the year	4	98,979,479	43,913,631
Cash and cash equivalents at the end of the year	4	112,126,702	98,979,479

The accompanying notes form an integral part of this statement of cash flows for the year ended 31 December 2014.

The Chartered Accountant

Management

JAGUAR LAND ROVER PORTUGAL – Veículos e Peças, Lda.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

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

(Amounts stated in Indian Rupees)

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 Indian Rupee ("INR"), having assets, liabilities, equity, income and expenses payment and receipts were been translated using the exchange rate of 1 Euro = 76.816 INR as of and for the year ended 31 December 2014 and 1 Euro = 85.028 INR as of and for the year ended 31 December 2013, as defined by the Group. The financial statements presented in Euro (functional currency) were approved by the Board of Directors and authorised to issue on March 13, 2015. 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 December 2014.

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) Customers and other receivables

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 made, and they are reduced when it is no longer probable future use. The review carried out is based on future projections of the Company's activity.

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 December 2014 and 2013 is as follows:

	31/12/2014	31/12/2013
Cash deposits payable on demand	112,126,702	98,979,479

5 TANGIBLE ASSETS

During the years ended 31 December 2014 and 2013 the movements in the carrying amount of tangible assets, as well as in the accumulated depreciation and accumulated impairment losses, were as follows:

	2014		
	Buildings and other constructions	Basic Equipment	Total
Assets			
Opening balance	9,815,037	14,969,690	24,784,727
Aquisitions	921,254	-	921,254
Effect of exchange rate variations	(947,935)	(1,445,772)	(2,393,707)
Closing balance	9,788,356	13,523,918	23,312,274
Accumulated depreciation and impairment losses			
Opening balance	3,075,208	14,907,279	17,982,487
Depreciation for the year (Note 17)	1,204,398	28,345	1,232,743
Effect of exchange rate variations	(297,004)	(1,439,743)	(1,736,747)
Closing balance	3,982,602	13,495,880	17,478,483
Net book value	5,805,754	28,038	5,833,791

	2013		
	Buildings and other constructions	Basic Equipment	Total
Assets			
Opening balance	4,401,842	12,706,314	17,108,156
Aquisitions	4,629,094	-	4,629,094
Effect of exchange rate variations	784,101	2,263,376	3,047,477
Closing balance	9,815,037	14,969,690	24,784,727
Accumulated depreciation and impairment losses			
Opening balance	1,689,980	12,625,192	14,315,172
Depreciation for the year (Note 17)	1,084,192	33,161	1,117,353
Effect of exchange rate variations	301,036	2,248,926	2,549,962
Closing balance	3,075,208	14,907,279	17,982,487
Net book value	6,739,829	62,411	6,802,240

As of 31 December 2014, the acquisitions of fixed assets amounting to INR 921,254 (INR 4,629,094 as of 31 December 2013) refer, essentially, to the placement of logos in several dealers.

The tangible assets depreciation for the year ended 31 December 2014, amounting to INR 1,232,743 (INR 1,117,353 as of 31 December 2013), 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 December 2014 and 2013 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:

Entity	Acquisition year	2014				2013	
		"Deemed cost" at the transition date	Impairment losses for the year	Accumulated impairment losses	Effect of exchange rate variations	Book value	Book value
Land Rover	2000	842,944,524	-	-	50,981,185	842,944,524	791,983,339

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 2011 to 2014 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 December 2014 and 2013.

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 December 2014 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 years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Current income tax and adjustments:		
Current income tax for the period	12,819,131	3,491,760
Prior year adjustments	130,971	2,475,420
	<u>12,950,102</u>	<u>5,967,180</u>
Deferred taxes:		
Deferred taxes related to increase / reversal of temporary differences	(2,990,831)	4,768,200
	<u>(2,990,831)</u>	<u>4,768,200</u>
Income tax for the year	<u>9,959,271</u>	<u>10,735,380</u>

The numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013 is as follows:

	31/12/2014	31/12/2013
Income before tax	32,483,566	18,066,154
Current income tax expense	8,120,834	4,787,502
Temporary differences:		
Accrued expenses (Comercial means)	7,824,631	(1,388,337)
Provisions	-	(3,379,863)
Impairment losses on account receivables	(5,680,697)	-
	10,264,768	19,302
Permanent differences:		
Others	964,502	1,398,030
	11,229,270	1,417,332
Autonomous taxation	1,589,861	2,074,428
Prior year adjustments	130,971	2,475,420
Current income tax	12,950,102	5,967,180

Deferred taxes

Deferred taxes for the years ended 31 December 2014 and 2013 is made up as follows:

	Deferred tax assets	
	31/12/2014	31/12/2013
Differences related to impairment losses on:		
accounts receivable from clients	-	5,163,495
other accounts receivables	-	1,501,680
Accrued expenses (Comercial)	16,192,813	8,745,215
Others	720,073	-
	16,912,886	15,410,390

The movement occurred in the deferred tax assets captions for the years ended 31 December 2014 and 2013 is as follows:

	Deferred tax assets	
	31/12/2014	31/12/2013
Opening balance	15,410,390	17,127,643
Impact in results for the year ended:		
Differences related with impairment losses on:		
accounts receivable from clients	(4,664,805)	-
other accounts receivables	(1,356,647)	-
Non deductible provisions	-	(3,379,863)
Accrued expenses (Comercial)	8,292,210	(1,388,337)
Others	720,073	-
Effect of exchange rate variations	(1,488,335)	3,050,947
Closing balance	16,912,886	15,410,390

8 INVENTORIES

Inventories for the years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014			31/12/2013		
	Gross value	Impairment loss	Net book value	Gross value	Impairment loss	Net book value
Inventories	142,038,084	(285,371)	141,752,713	122,619,729	-	122,619,729

Cost of sales

The cost of goods sold during the years ended 31 December 2014 and 2013 is determined as follows:

	Merchandise	
	31/12/2014	31/12/2013
Opening balance	122,619,729	112,265,639
Purchases	3,064,148,222	2,401,197,267
Exchange rate variations	(11,842,608)	19,997,880
Closing balance	(142,038,084)	(122,619,729)
Cost of sales	3,032,887,259	2,410,841,057

Impairment losses

During the years ended 31 December 2014 and 2013, the movement occurred in impairment losses of inventories is as follows:

	31/12/2014					
	Opening balance	Increases	Decreases	Utilization	Exchange rate variation	Closing balance
Inventories	-	285,371	-	-	-	285,371

	31/12/2013					
	Opening balance	Increases	Decreases	Utilization	Exchange rate variation	Closing balance
Inventories	384,532	-	-	(384,532)	-	-

The increase of impairment losses of inventories for the year ended 31 December 2014, amounting to INR 285,371, was recorded in the profit and loss statement in the caption "Impairment of inventories (losses)/ reversals".

9 FINANCIAL ASSETS

As of 31 December 2014 and 2013 these captions are made up as follows:

	31/12/2014			31/12/2013		
	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)	112,126,702	-	112,126,702	98,979,479	-	98,979,479
Financial assets at amortised cost:						
Customers	198,177,138	-	198,177,138	117,663,361	(29,409,059)	88,254,302
Loans granted (Note 21)	623,569,166	-	623,569,166	500,908,706	-	500,908,706
Other receivables	16,020,669	-	16,020,669	7,825,637	(5,667,031)	2,158,606
	837,766,973	-	837,766,973	626,397,704	(35,076,090)	591,321,614
	949,893,675	-	949,893,675	725,377,183	(35,076,090)	690,301,093

Customers and other receivables

The detail of accounts receivable captions for the years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014			31/12/2013		
	Gross value	Accumulated impairment losses	Net book value	Gross value	Accumulated impairment losses	Net book value
Current:						
Customers:						
Trade accounts receivables	199,211,772	(1,034,634)	198,177,138	104,863,161	(18,216,569)	86,646,592
Suppliers debtor accounts	-	-	-	12,800,200	(11,192,490)	1,607,710
Loans granted (Note 21)	623,569,166	-	623,569,166	500,908,706	-	500,908,706
Other receivables:						
New vehicles tax	-	-	-	5,667,031	(5,667,031)	-
Advanced payments to attorneys	-	-	-	1,429,406	-	1,429,406
Advanced payments to employees	460,896	-	460,896	510,168	-	510,168
Other accounts receivable	15,559,773	-	15,559,773	219,032	-	219,032
	838,801,607	(1,034,634)	837,766,973	626,397,704	(35,076,090)	591,321,614

As of 31 December 2014, the caption "Loans granted" in the amount of INR 623,569,166 (INR 500,908,706 as of 31 December 2013) corresponds to a cash pooling contract celebrated between the Company and Jaguar Land Rover Limited during the year 2008, which bears interest at normal market rates.

As of 31 December 2014, the caption "Other accounts receivable" includes the amount of INR 15,383,940 related with correction of the spare parts acquisitions cost of the year 2014, whose credit note will be issued by the group companies in the year 2015 (Note 21).

Impairment losses

During the year ended 31 December 2014 and 2013, the movement occurred in impairment losses of customers and other receivable is as follows:

	31/12/2014					
	Opening balance	Increases	Reversals	Utilizations	Exchange rate variations	Closing balance
Trade accounts receivable	18,216,569	1,034,634	-	(16,457,213)	(1,759,356)	1,034,634
Suppliers debtor accounts	11,192,490	-	-	(10,111,520)	(1,080,970)	-
New vehicles tax	5,667,031	-	-	(5,119,709)	(547,322)	-
	<u>35,076,090</u>	<u>1,034,634</u>	<u>-</u>	<u>(31,688,442)</u>	<u>(3,387,648)</u>	<u>1,034,634</u>

	31-12-2013					
	Opening balance	Increases	Reversals	Utilizations	Exchange rate variations	Closing balance
Trade accounts receivable	11,742,817	4,382,003	-	-	2,091,749	18,216,569
Suppliers debtor accounts	10,667,527	-	(1,375,243)	-	1,900,206	11,192,490
New vehicles tax	4,810,192	-	-	-	856,839	5,667,031
	<u>27,220,536</u>	<u>4,382,003</u>	<u>(1,375,243)</u>	<u>-</u>	<u>4,848,794</u>	<u>35,076,090</u>

During the year ended 31 December 2014, the Company, after approval at Group level, wrote-off of old overdue account receivables.

10 EQUITY INSTRUMENTS

Paid up capital

As of 31 December 2014, the Company's capital was fully subscribed and realized and was composed by two quota's amounting to INR 102,165,280 (INR 113,087,240 as of 31 December 2013 due to exchange rate effect), owned by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited, respectively.

Supplementary capital

As of 31 December 2014 the caption "Other equity instruments" corresponds to supplementary capital contributions, in the amount of INR 817,434,929 (INR 904,822,656 as of 31 December 2013 due to exchange rate effect). 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 December 2014 this caption amounts to INR 2,976,543.

Annual Net Result Application

By deliberation of the General Assembly that occurred at 31 March 2014, the net profit of the year ended 31 December 2013, in the amount of INR 7,330,774, was transferred to retained earnings and legal reserve by the amounts of INR 6,964,218 and INR 366,556, respectively.

By deliberation of the General Assembly that occurred at 17 April 2013, the net profit of the year ended 31 December 2012, in the amount of INR 11,616,372, was transferred to retained earnings and legal reserve by the amounts of INR 11,035,553 and INR 580,819, respectively.

11 FINANCIAL LIABILITIES

Suppliers and other accounts payable

As of 31 December 2014 and 2013 the breakdown of accounts payable is as follows:

	31/12/2014	31/12/2013
Suppliers		
Trade accounts payable	412,031,192	400,992,048
Other financial liabilities		
Other payables	439,166,213	323,530,010
	<u>439,166,213</u>	<u>323,530,010</u>
	<u>851,197,405</u>	<u>724,522,058</u>

As of 31 December 2014 the caption "Trade accounts payables" amounting to INR 412,031,192 includes INR 390,874,212 (INR 384,905,685 as of 31 December 2013) related with accounts payable to Group Companies (Note 21).

Other accounts payable

The breakdown of other accounts payable for the years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Other accounts payable:		
Rents	-	26,125,363
Other creditors	2,223,746	357,968
	<u>2,223,746</u>	<u>26,483,331</u>
Accrued expenses:		
Bonus and incentives granted	241,984,688	228,943,502
Marketing	70,183,246	46,919,641
Vacation payable and social charges	3,351,252	3,618,962
Bonus to employees	4,608,960	3,202,409
Other accrued expenses	116,814,321	14,362,165
	<u>436,942,467</u>	<u>297,046,679</u>
	<u>439,166,213</u>	<u>323,530,010</u>

During 2014 the Company, after approval at Group level, made the write-off of the account payable related to rents, which was older than 3 years, in the amount of INR 26,125,363, which is no longer due as of December 31, 2014. The profit was recorded in the profit and loss statement in the caption "Other operational income".

As of 31 December 2014 and 2013 the caption "Bonus and incentives granted" amounting to INR 241,984,688 and INR 228,943,502, 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 INR 70,183,246 and INR 46,919,641 as of 31 December 2014 and 2013, 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 December 2014 the caption "Other accrued expenses" includes the amount of 102,625,485 Euros related with 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 years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Corporate Income Tax:		
Payments on account	(5,494,418)	(2,546,334)
Income tax (Note 7)	12,819,131	3,491,760
Income tax withheld	(168,842)	(13,179)
Individual income tax	441,538	477,857
Value added tax	228,961,073	186,710,774
Social security contributions	458,899	495,799
New vehicles tax	116,565,438	49,240,395
	<u>353,582,819</u>	<u>237,857,072</u>

The caption "New vehicles tax" amounting INR 116,565,438 and INR 49,240,395 as of 31 December 2014 and 2013, 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 December 2014 and 2013, the movements occurred in the caption "Provisions" are as follows:

31/12/2014						
	Opening balance	Increases	Reversals	Utilizations	Exchange rate variations	Closing balance
Litigations and legal processes	7,784,824	2,044,842	-	-	(751,858)	9,077,808
	<u>7,784,824</u>	<u>2,044,842</u>	<u>-</u>	<u>-</u>	<u>(751,858)</u>	<u>9,077,808</u>

31/12/2013						
	Opening balance	Increases	Reversals	Utilizations	Exchange rate variations	Closing balance
Litigations and legal processes	16,876,918	655,566	(10,585,986)	(2,167,958)	3,006,284	7,784,824
	<u>16,876,918</u>	<u>655,566</u>	<u>(10,585,986)</u>	<u>(2,167,958)</u>	<u>3,006,284</u>	<u>7,784,824</u>

As of 31 December 2014 the amount of INR 9,077,808 (INR 7,784,824 as of 31 December 2013) respects to the estimate of probable tax assessment contingency (stamp tax).

During the year ended 31 December 2013 the Company reverted the amount of INR 10,585,986 related to a legal process concluded during the year, which resulted in the payment of INR 2,167,958 in as result of the court decision.

14 REVENUE

The breakdown of "Revenue" for the years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Sales:		
Automobile	3,223,853,832	2,805,817,545
Spare parts	569,468,579	449,583,934
Bonuses and discounts granted	(454,670,447)	(478,083,024)
Services rendered	28,420,922	27,268,905
	<u>3,367,072,886</u>	<u>2,804,587,360</u>

During the year ended 31 December 2014 the Company sold: (i) 713 Land Rover vehicles, an increase when compared to the 611 vehicles sold during 2013 and (ii) 172 Jaguar vehicles, compared to 182 vehicles sold in during 2013.

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 years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Publicity and advertising	127,064,341	170,689,714
Management fees	70,914,073	81,255,053
Specialized works	31,669,393	24,771,377
Professional fees	14,479,893	18,346,577
Expenses related to guarantees conceded	12,445,575	16,893,703
Merchandise freight	8,805,956	9,754,752
Travelling expenses	5,608,183	8,957,615
Bank fees	5,283,635	5,887,849
Service vehicles	5,145,289	5,893,121
Communication	3,277,201	7,227,890
Others	4,029,153	3,932,884
	<u>288,722,692</u>	<u>353,610,535</u>

The caption "Publicity and advertising" amounting to INR 127,064,341 and INR 170,689,714 as of 31 December 2014 and 2013, 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 December 2014 and 2013, amounting to INR 70,914,073 and INR 81,255,053, respectively.

The caption "Professional fees", amounting to INR 14,479,893 and INR 18,346,577 as of 31 December 2014 and 2013, 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 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Wages and salaries	19,773,053	22,000,910
Social security contributions	4,412,926	4,590,152
Insurances	1,217,610	1,499,299
Social costs	230,371	222,858
	<u>25,633,960</u>	<u>28,313,219</u>

During the years 2014 and 2013 the average number of personnel was 4 employees.

17 DEPRECIATION

The caption "Depreciation and amortization of tangible assets" for the years ended 31 December 2014 and 2013, amounting to INR 1,232,743 and INR 1,117,353, 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 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Supplementary income:		
Commissions charged	551,078	23,027,878
Default interest charged to customers	4,209,901	-
Other operational income (Note 11)	23,602,177	-
	<u>28,363,156</u>	<u>23,027,878</u>

The caption "Supplementary income – commissions charged" amounting to INR 23,027,878 as of 31 December 2013 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 2013, and the Company sells the Jaguar spare parts directly to the dealers since 1 January 2014.

19 OTHER OPERATIONAL EXPENSES

The breakdown of "Other operational expenses" for the years ended 31 December 2014 and 2013 is made up as follows:

	31/12/2014	31/12/2013
Contractual FGA fee	9,052,612	17,137,648
Penalties	1,340,901	5,701,978
Dues and subscription	1,261,396	225,920
	<u>11,654,909</u>	<u>23,065,546</u>

As of 31 December 2014 and 2013, the caption "Contractual FGA fee" amounting to INR 9,052,612 and INR 17,137,648, 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.

As of 31 December 2013 the caption "Penalties" amounting INR 5,701,978 includes INR 4,973,288 regarding penalties related with "Imposto Único de Circulação".

20 INTERESTS AND OTHER SIMILAR INCOME AND EXPENSES

The interests and other similar income for the years ended 31 December 2014 and 2013 are made up as follows:

	31/12/2014	31/12/2013
Interest income	543,934	472,246
Others	-	2,720
	<u>543,934</u>	<u>474,966</u>

The caption "Interest income" as of 31 December 2014, amounting to INR 543,934 (INR 472,246 as of 2013) includes INR 478,103 (140,636 as of 2013) (Note 21) related with interests charged by the Company for the loan granted to Jaguar Land Rover Limited, in the amount of INR 623,569,166 (INR 500,908,706 as of 2013) (Note 21). 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 years ended 31 December 2014 and 2013 the following transactions with related parties were made:

2014:

	Inventory purchases	Services obtained	Services rendered	Interest income (Note 20)
JAGUAR LAND ROVER ESPAÑA S.L.U	270,255,050	70,914,073	-	-
JAGUAR LAND ROVER Limited	2,671,161,637	24,917,267	53,058,348	478,103
	<u>2,941,416,687</u>	<u>95,831,340</u>	<u>53,058,348</u>	<u>478,103</u>

2013:

	Inventory purchases	Services obtained	Services rendered	Interest income (Note 20)
JAGUAR LAND ROVER ESPAÑA S.L.U	249,177,105	72,339,866	-	-
JAGUAR LAND ROVER Ltd	2,147,358,587	32,091,693	53,626,139	140,636
	<u>2,396,535,692</u>	<u>104,431,559</u>	<u>53,626,139</u>	<u>140,636</u>

The balances as of 31 December 2014 and 2013 with group companies are as follows:

2014:

	Customers	Other Accounts Receivable (Note 9)	Loans granted (Note 9)	Suppliers (Note 11)	Other accounts payable (Note 11)
JAGUAR LAND ROVER ESPAÑA S.L.U	-	12,452,488	-	41,270,702	-
JAGUAR LAND ROVER Limited	1,346,508	2,931,452	623,569,166	349,603,510	102,625,485
	<u>1,346,508</u>	<u>15,383,940</u>	<u>623,569,166</u>	<u>390,874,212</u>	<u>102,625,485</u>

2013:

	Customers	Loans granted (Note 9)	Suppliers (Note 11)
JAGUAR LAND ROVER ESPAÑA S.L.U	-	-	42,253,899
JAGUAR LAND ROVER Ltd	5,331,086	500,908,706	342,651,786
	<u>5,331,086</u>	<u>500,908,706</u>	<u>384,905,685</u>

As of 31 December 2014 and 2013 the transactions with related parties included in "Services rendered", amounting to INR 53,058,348 and INR 53,626,139, 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 INR 623,569,166 and INR 500,908,706 as of 31 December 2014 and 2013, 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 December 2014, the Company has provided a bank guarantees to Direcção das Alfândegas de Lisboa amounting to INR 114,947,002 and to Escritório do Tejo – Empreendimentos Imobiliários, S.A. amounting to INR 2,171,588.

23 DISCLOSURES LEGAL REQUIRED BY DIPLOMAS

The fees related with audit services provided to the Company during the year ended 31 December 2014 amounted to INR 1,528,792.

24 SUBSEQUENT EVENTS

There were no events occurred after 31 December 2014 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