



Financial Statements and Audit Report

Jaguar Land Rover Japan Limited

10th fiscal period

From April 1, 2017

To March 31, 2018

KPMG AZSA LLC
June 2018

Independent Auditor's Report

June 20, 2018

Mr. Hansson Magnus
Jaguar LandRover Japan Limited

KPMG AZSA LLC

Naoki Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the income statement, the statement of changes in equity and the related notes of Jaguar LandRover Japan Limited as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Ordinance on Company Accounting (applying the Article 98-2(1) of the Ordinance) and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above are prepared, in all material respects, in accordance with the Ordinance on Company Accounting (applying the Article 98-2(1) of the Ordinance) and accounting principles generally accepted in Japan.

Other Matter

We have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report.

Balance Sheet

March 31, 2018

Jaguar Land Rover Japan Limited

(Thousands of Japanese Yen)

Account	Amount	Account	Amount
Assets	21,528,667	Liabilities	17,162,308
[Current Assets]	19,369,891	[Current Liabilities]	15,789,655
Cash and Cash Equivalents	2,772,810	Accounts Payable	4,900,742
Accounts Receivable	4,540,050	Other Accounts Payable	2,569,682
Finished Goods Inventory	7,667,179	Accrued Expenses	1,760,804
Goods in Transit	3,064,338	Accrued Income Taxes	295,173
Supplies	37,327	Accrued Bonuses	59,470
Prepaid Expenses	17,058	Director's Accrued Bonuses	2,046
Other Accounts Receivable	289,760	Deposits Received	16,813
Consumption Taxes Receivable	121,220	Accrued Interests Payable	4,100
Deferred Tax Assets	860,144	Provision for Product Warranties	725,058
		Short-term Borrowings	5,455,762
[Fixed Assets]	2,158,776		
(Property, Plant and Equipment)	1,134,926	[Long-term Liabilities]	1,372,653
Buildings	61,392	Retirement Allowance	206,333
Buildings Accompanying Facilities	16,584	Provision for Product Warranties	1,048,539
Machineries and Equipments	44,232	Guarantee Deposits	8,478
Vehicles and Transport Equipments	893,784	Long-term Deposits Received	89,844
Tools, Furniture and Fixtures	118,930	Asset Retirement Obligations	19,457
(Intangible Fixed Assets)	416,819	Equity	4,366,358
Software	582		
Goodwill	416,237	[Capital Stock]	480,000
(Investments and Other Assets)	607,030	Capital Stock	480,000
Guarantee Deposits	124,247		
Deferred Tax Assets	482,782	[Capital Surplus]	3,503,539
		Legal Capital Surplus	3,503,539
		[Retained Earnings]	382,818
		Other Retained Earnings	382,818
		Retained Earnings Brought Forward	382,818
Total Assets	21,528,667	Total Liabilities & Equity	21,528,667

Income Statement

From April 1, 2017

To March 31, 2018

Jaguar Land Rover Japan

(Thousands of Japanese Yen)

Account		Amount
Net Sales		42,519,604
Cost of Sales		36,103,983
Gross profit		6,415,620
Selling, General and Administrative Expenses		5,694,450
Operating Income		721,170
Non-Operating Income		
Interest Income	229	
Commission Fee	22,543	
Miscellaneous Income	51,565	74,337
Non-Operating Expense		
Foreign Currency Exchange Losses	610	
Interest Expense	15,675	
Sales Discounts	258,587	
Miscellaneous Losses	2	274,876
Ordinary Income		520,632
Income Before Income Taxes		520,632
Income Taxes		
Current	509,632	
Deferred	△ 371,818	137,814
Net Income		382,818

Statements of Changes in Equity

From April 1, 2017

To March 31, 2018

(Thousands of Japanese Yen)

	Capital Stock	Capital Surplus		Retained Earnings		Total Equity
		Legal Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings	
				Retained Earnings Brought Forward		
Balance at Apr 1, 2017	480,000	3,503,539	3,503,539	975,226	975,226	4,958,766
Changes in Current Fiscal Year						
Dividends Paid				△ 975,226	△ 975,226	△ 975,226
Net income				382,818	382,818	382,818
Total Change in Current Fiscal Year	-	-	-	△ 592,407	△ 592,407	△ 592,407
Balance at Mar.31, 2018	480,000	3,503,539	3,503,539	382,818	382,818	4,366,358

Notes to Financial Statements

1. Summary of Significant Accounting Policy

(1) Valuation Basis and Method for Significant Assets

Valuation Basis and Method for Inventory

Finished Goods Inventory and Goods in Transit

- ① Vehicles Individual cost method and lower of cost or market basis
 ② Parts Moving average cost method and lower of cost or market basis

Supplies Individual cost method and lower of cost or market basis

(2) Depreciation Method for Fixed Assets

Property, Plant and Equipment	Straight-line method	Useful lives
Buildings		18 years
Machineries and Equipments		5 years
Vehicles and Transport Equipments		6 years
Tools, Furniture and Fixtures		8 years

Intangible Assets

Straight-line method
 Software is amortized on a straight-line basis over the expected usable period (5 years).
 Goodwill is amortized on a straight-line basis over 20 years.

(3) Accounting Standards for Significant Allowances

Allowance for Doubtful Accounts	To prepare for an impairment loss for accounts receivable, a general reserve is provided using a rate determined by historical data. A specific reserve is provided for the estimated amount considered to be uncollectible after reviewing the individual collectability of certain doubtful accounts
Retirement Allowance	To prepare for payment of employee retirement benefits, accrued retirement benefits is provided based on the estimated liabilities at year-end measured under the internal rules.
Provision for Product Warranties	To prepare for payment of after services, a reserve for after service costs is provided based on the estimated future payments measured by the historical data.
Accrued Bonuses	To prepare for payment of bonuses for employees, an accrued bonuses is provided measured at the estimated future payment under the internal rules.
Director's Accrued Bonuses	The provision for bonuses to directors represents management's best estimate of bonus payments, based on the internal policies.

(4) Other Important Matters

Consumption Tax Treatment Tax exclusion method

2. Notes to Statements of Change in Equity

(1) Number and Type of Total shares Issued

(Unit: shares)

Type of Shares	At beginning of the current year	Increase in the current year	Decrease in the current year	At end of the current year
Common Stock	101	-	-	101

(2) Dividends Payment

① Amount of Dividends Payment

Resolved at the Annual General Meeting of Shareholders held on June, 27th, 2017

Dividends for Common Stock

1) Total Amount of Dividend Payment	975,226KJPY
2) Amount Per Share	9,655,702.97JPY
3) Basis Date	March, 31st, 2017
4) Effective Date	June, 30th, 2017

② Amount of Dividends Payment

Record date belongs to the current fiscal year but its effective date is in the next fiscal year

Dividends for Common Stock

1) Total Amount of Dividend Payment	382,818KJPY
2) Amount Per Share	3,790,277.22JPY
3) Basis Date	March, 31st, 2018
4) Effective Date	June, 30th, 2018

3 Other Notes

None