

JAGUAR LAND ROVER PORTUGAL – Veículos e Peças, Lda.

Annual Financial Statements

For the year ended March 31, 2019

JAGUAR LAND ROVER PORTUGAL – Veículos e Peças, Lda.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2019

(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 31, 2019. 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, according with Decree-Law No. 158/2009 of 13 July, which was modified by the Decree-Law No. 98/2015 of 2 June, 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 2019 and 2018. The changes resulting from the revision of the accounting and reporting standers in force since the 1st of January 2016 were applied in a perspective way being the major change related with the goodwill amortization in accordance with the NCFR 14 – Concentration of business activities.

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 Entity maintained in accordance with the generally accepted accounting standards in Portugal (NCRF).

The Management proceeded during the year to the evaluation of the capacity of the Entity to operate on a going concern basis based on all the relevant information, financial and commercial facts, including subsequent events that could affect the financial statements as of March 31, 2019. Although the current assets of the Entity are lower than the current liabilities, the management concluded that the Entity has the ability and the appropriate resources to maintain the operations and does not have the intention of closing the operations in the next year. Based on that the financial statements were prepared according to the going concern principle.

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 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.

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).

As a result of the normative revision introduced by the Decree-Law No. 98/2015, of 2nd of June, the goodwill started to be amortized from or after January 1st, 2016. The amortization should be recognized over goodwill's useful life or, if its useful life cannot be reliably estimated, for a period of 10 year.

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

3.6 Leases

Leases are classified as financial leases whenever their terms transfer substantially all the risks and rewards associated with ownership of the good to the Entity. The remaining leases are classified as operational.

Assets acquired under finance lease contracts, as well as corresponding liabilities, are recorded at the beginning of the lease at the lower of the fair value of the assets and the present value of the minimum lease payments. Payments of finance leases are divided between financial charges and reduction of liability, in order to obtain a constant interest rate on the outstanding balance of the liability.

Operating lease payments are recognized as expense on a straight-line basis over the lease period. The incentives received are recorded as a liability, being the aggregate amount recognized as a reduction of lease expense, also on a straight-line basis.

Leases in which the Entity acts as lessor

The Entity issues invoices for certain vehicles that are delivered to its customers and those vehicles returns to the Entity on a determined date at a pre-established price (Buy-Back). In these situations, the Entity does not recognize the revenue of the transaction at the time of issuing the invoice since the transaction does not comply with revenue recognition requirements. In the beginning of each contract, the Entity estimates the difference between the net sale price of the vehicles and its repurchase price at the end of the contract, which corresponds to the revenue of the transaction, as well as estimates the difference between the repurchase price of each vehicle and its market value at the time of return, which corresponds to the devaluation / depreciation of the vehicle during the lease period, both of which are recognized in the income statement on a straight-line basis during period of the lease.

If in the initial moment, the Entity estimates that the revenue of the contract is less than the value of the devaluation of each car, a provision for this differential is recognized from that moment.

The Entity classifies these assets as "Inventories" when the contract period is less than or equal to twelve months and as "Tangible Fixed Assets" when the contract period exceeds twelve months.

In addition, the amounts payable on the date of the return of the vehicles are recorded as "Other payables".

3.7 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 Entity 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 Entity;
- 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 Entity;
- 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 Entity and its amount can be reliably measured.

3.8 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 Entity in evaluating companies, being performed 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 Entity'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 Entity'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 Entity posts an impairment loss amounting the resulting difference.

3.9 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 Entity'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.

3.10 Balances and transactions expressed in foreign currencies

Transactions in foreign currencies (other than functional currency from Entity), 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.

3.11 Provisions, contingent assets and liabilities

Provisions are recognised when, and only when, the Entity 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.

3.12 Borrowing costs

Financial costs related to borrowings are expenses as incurred.

3.13 Accrual basis

The Entity 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.

3.14 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. As of 31 March 2019 and 31 March 2018 the caption cash and cash equivalents is composed as follows:

	<u>31-03-2019</u>	<u>31-03-2018</u>
Cash deposits payable on demand	275,171	889,179

5 ACCOUNTING POLICIES, CHANGES IN FORECAST AND MISTAKES

During the period ended 31 March 2019 there aren't changes in the accounting policies, forecast and there aren't registered any mistakes.

6 TANGIBLE ASSETS

During the periods ended 31 March 2019 and 31 March 2018 the movements in the carrying amount of tangible assets, as well as in the accumulated depreciation and accumulated impairment losses, were as follows:

	2019		
	Buildings and other constructions	Basix Equipment	Total
Assets			
Opening balance	127,426	284,765	412,191
Aquisitions	-	19,263	19,263
Closing balance	127,426	304,028	431,454
Accumulated depreciation and impairment losses			
Opening balance	96,880	185,729	282,609
Depreciation for the year (Note 18)	11,187	13,936	25,123
Closing balance	108,067	199,665	307,732
Net book value	30,546	104,363	123,722
	2018		
	Buildings and other constructions	Basix Equipment	Total
Assets			
Opening balance	127,426	207,476	334,902
Aquisitions	-	77,289	77,289
Closing balance	127,426	284,765	412,191
Accumulated depreciation and impairment losses			
Opening balance	85,371	178,395	263,766
Depreciation for the year (Note 18)	11,509	7,334	18,843
Closing balance	96,880	185,729	282,609
Net book value	42,055	99,036	129,582

The tangible assets depreciation for the period ended 31 March 2019, amounting to 25,123 Euros (18,843 Euros as of 31 March 2018), was recorded in the profit and loss statement in the caption "Depreciation and amortization of tangible assets" (Note 19).

7 GOODWILL

As of 31 March 2019 and 31 March 2018 the Entity's goodwill corresponds to the goodwill generated with the Land Rover acquisition during the year 2000, and were made up as follows:

		2019		
Entity	31-03-2018	Accumulated impairment losse	Depreciation for the year (Note 19)	31-03-2019
Goodwill Land Rover	5,835,843	-	(583,584)	5,252,259

		2018		
Entity	31-03-2017	Accumulated impairment losse	Depreciation for the year (Note 19)	31-03-2018
Goodwill Land Rover	9,876,198	(2,943,0009	(1,097,355)	5,835,843

The main assumptions for test of impairment were the following:

	WACC Rate	Annual increase for Revenue	Rate of growth in perpetuity
Budget 2019	7,10%	9%	2%

The Company annually tests for goodwill impairment analysis that it records in its financial position. The recoverable amounts of the cash flow generating units are determined based on the calculation of usage values and the fair value less cost of sale. These calculations require the use of estimates and assumptions that, in case of change, may have an impact on the estimated recoverable amount.

For the purpose of impairment tests to the Cash Generating Unit (CGU), namely Land Rover, the recoverable amount was determined based on the value in use, according to the Discounted Cash Flow (DCF) method. The calculations were based on the current performance of the entity, as well as the expectations of developing its business with the current organizational and corporate structure, and the budgets were used for the subsequent 5-year period.

The standardization of the Ingenium engines with lower CO2 emissions and the commercialization of the new Discovery Sport and Evoque Hybrid plug-in models (along with R.Rover and RR Sport), makes us believe that Land Rover will follow this expected trend for the market and therefore will increase the number of registration respect to the current year 2018-19.

The commercialization of the E-PACE model throughout the year allowed the brand to be present in the segment of the Premium Medium SUV, which is the one with the highest growth in high-end vehicles. This model, together with the commercialization of the I-Pace model (electric vehicle exempt from tax payments and recently winner of the World Car of the Year, World Car Design of the Year and World Green Car awards) makes us believe that Jaguar will definitely increase its sales next year.

8 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 Entity's tax returns for the years from 2015 to 2019 are still subject to review and correction.

The Entity'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 2019 and 31 March 2018.

Accordingly to the Corporate Income Tax Code, the Entity 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 2019 were recognized by the Entity, having the corresponding deferred tax assets and liabilities been calculated based on an aggregated income tax rate of 22.5% that corresponds to: (i) income tax rate of 21% and (ii) 1.5% of local tax over the taxable income.

The income tax for the periods ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Current income and adjustments:		
Current income tax for the period (Note 12)	96,663	1,006,122
Prior year adjustments	(2,085)	197,066
	<u>97,578</u>	<u>1,203,188</u>
Deferred taxes:		
Deferred taxes related to increase / reversal of temporary differences	309,176	197,065
	<u>309,176</u>	<u>197,065</u>
Income tax for the year	<u>406,753</u>	<u>1,203,187</u>

The numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate for the years ended 31 March 2019 and 31 March 2018 is as follows:

	31-03-2019	31-03-2018
Income before tax	<u>793,038</u>	<u>947,378</u>
Current income tax expense	166,537	192,679
Temporary differences:		
Accrued expenses (Commercial means)	-	(196,445)
Others	(208,606)	-
Provisions	-	5,610
	<u>(42,069)</u>	<u>1,844</u>
Permanent differences:		
Goodwill amortization	122,553	909,080
Others	(828)	(412)
	<u>79,656</u>	<u>910,512</u>
Autonomous taxation	12,116	19,208
Income statement surplus	5,805	76,401
Prior year adjustment	309,176	197,066
Current income tax	<u>406,753</u>	<u>1,203,187</u>

Deferred taxes

Deferred taxes for the years ended 31 March 2019 and 31 March 2018 is made up as follows:

	Deferred tax assets	
	31-03-2019	31-03-2018
Accrued expenses (Comercial)	825,775	1,134,950
	825,775	1,134,950

The movement occurred in the deferred tax assets captions for the periods ended 31 March 2019 and 31 March 2018 is as follows:

	Deferred tax assets	
	31-03-2019	31-03-2018
Opening balance	1,134,950	1,331,394
Accrued expenses (Comercial)	(309,176)	(196,444)
Correction tax rate	-	-
Closing balance	825,774	1,134,950

9 INVENTORIES

Inventories for the periods ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019			31-03-2018		
	Gross value	Impariment loss	Net book value	Gross value	Impariment loss	Net book value
Inventories	4,063,692	(277,550)	3,786,142	3,569,638	(357,154)	3,212,483
"Buy-Back" vehicles	1,033,969,	-	1,033,969	2,015,110	(95,917)	1,919,193)
	5,097,661	(277,550)	4,820,111	5,584,748	(453,071)	5,131,676

Cost of sales

The cost of goods sold during the periods ended 31 March 2019 and 31 March 2018 is determined as follows:

	Inventories	
	31-03-2019	31-03-2018
Opening balance	7,661,967	3,761,611
Purchases	58,098,333	74,840,240
Closing balance	(4,820,111)	(7,661,967)
Cost of sales	60,940,189	70,939,884

Impairment losses

During the periods ended 31 March 2019 and 31 March 2018, the movement occurred in impairment losses of inventories is as follows:

	31-03-2019				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	453,071	-	(237,630)	62,110	277,550

	31-03-2018				
	Opening balance	Increases	Decreases	Utilization	Closing balance
Inventories	57,322	395,749	-	-	453,071

A change in accumulated impairment losses in inventories in the period ended 31 March 2019, amounting 62,110 Euros, was included in caption "Impairment losses on inventories" or "Reversal of inventory adjustments". Increases in relation to the previous year it's due to the change in the impairment calculation criterion which is based on the realizable value of each vehicle in inventory.

Buy-Back Contracts

As of March 31, 2019 and 2018 the Entity has operating leases related with vehicles, called Buy-Back contracts, which are denominated in euros.

The effects of the Buy-Back agreements on the Entity's financial statements are as follows:

	Inventory – Gross amount	Impairment loss on inventor	Other accounts payable (Note 12)	Deferred liabilities (Note 15)
"Buy-Back" vehicles – 31.03.2019	1,033,969	-	947,182	20,565
	1,033,969	-	947,182	20,565

As of March 31, 2019, there were 26 vehicles that were assigned to third parties in operating leases of vehicles, called "Buy-Back" contracts. Thus, those vehicles leased for a period of 8 months amounting to 1,033,969 Euros are booked under the caption "Inventories" and are included in the impairment tests carried out.

The amount related to the recovery value of the vehicles that the Entity undertook to purchase at the end of the agreement (Note 13) is recorded under "Other payables - Vehicles Buy-Back".

The positive difference between the sale and the purchase value of the 26 Buy-Back vehicles is deferred over the period of the lease contract on a straight-line basis (Note 16).

10 FINANCIAL ASSETS

Captions of financial assets

As of 31 March 2019 and 31 March 2018 these captions are made up as follows:

	31-03-2019			31-03-2018		
	Accumulated		Net book	Accumulated		Net book
	Gross value	impairment losses		value	Gross value	
Cash and cash equivalents:						
Cash deposits payable on demand (Note 4)	275,171	-	275,171	889,179	-	889,179
Financial assets at amortised cost:						

Customers and other receivables

The detail of accounts receivable captions for the periods ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019			31-03-2018		
	Accumulated		Net book	Accumulated		Net book
	Gross value	impairment losses		value	Gross value	
Current:						
Customers:						
Trade accounts receivables	5,507,906	(350,841)	5,157,065	7,171,535	-	7,171,535
Loans granted (Note 24)	16,011,694	-	16,011,694	8,622,714	-	8,622,714
Other receivables:						
New vehicles tax	-	-	-	-	-	-
Advanced payments to attorneys	-	-	-	-	-	-
Advanced payments to employees	4,500	-	4,500	6,000	-	6,000
Other accounts receivable	1,440	-	1,440	1,534	-	1,534
	5,940	(350,841)	5,940	7,534	-	7,534
	21,525,540	(350,841)	21,174,699	15,801,783	-	15,801,783

As of 31 March 2019, the caption "Loans granted" in the amount of 16,011,694 Euros (8,622,714 Euros as of 31 March 2018) corresponds to a cash pooling contract celebrated between the Entity and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates.

Impairment losses

During the periods ended 31 March 2018 and 31 March 2017, the movement occurred in impairment losses of customers and other receivables is as follows:

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	-	350,841	-	-	350,841
Suppliers debtor accounts	-	-	-	-	-
New vehicles tax	-	-	-	-	-
	-	350,841	-	-	350,841

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Trade accounts receivable	-	-	-	-	-
Suppliers debtor accounts	-	-	-	-	-
New vehicles tax	-	-	-	-	-
	-	-	-	-	-

During the year ended 31 March 2019, the Entity, after approval at Group level, used old overdue account receivables, proceed to *an impairment* of account receivable from de REVOR dealer.

11 EQUITY INSTRUMENTS

Paid up capital

As of 31 March 2019 and 31 March 2018, the Entity's share capital was fully subscribed and realized and was composed by two quota's amounting to 1,329,900 Euros and 100 Euros, owned by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited, respectively.

Supplementary capital

As of 31 March 2019 and 31 March 2018 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 2019, this caption amounts to 100,065 Euros.

Annual Net Result Application

By deliberation of the General Assembly of 30 June 2018, the net losses of the year ended 31 March 2018, in the amount of 346,835 Euros, was transferred to retained earnings.

12 FINANCIAL LIABILITIES

Suppliers and other accounts payable

As of 31 March 2019 and 31 March 2018 the breakdown of accounts payable is as follows:

	31-03-2019	31-03-2018
Suppliers:		
Trade accounts payable	11,507,703	5,033,502
Other financial liabilities:		
Other payables	5,197,033	8,046,954
	16,704,736	13,080,456

As of 31 March 2019 the caption "Trade accounts payable" amounting to 11,507,703 Euros includes 10,896,117 Euros (7,492,404 Euros as of 31 March 2018) related with accounts payable to Group Companies (Note 24).

Other accounts payable

The breakdown of other accounts payable for the years ended 31 March 2019 and 2018 is made up as follows:

	31-03-2018	31-03-2017
Other accounts payable:		
Rents	-	-
Other creditors	51,025	112,088
	51,025	112,088
Accrued expenses:		
Bonus and incentives granted	3,383,997	4,338,995
Cars "buy back"	947,182	2,320,844
Fixed Marketing	135,811	705,224
Other accrued expenses	665,847	564,047
Vacation payable, social charges	13,171	5,756
	5,146,008	7,934,866
	5,197,033	8,046,954

As of 31 March 2019 and 31 March 2018 the caption "Bonus and incentives to grant" amounting to 3,383,997 Euros and 4,338,995 Euros, respectively, relates essentially to commercial bonuses and incentives conceded to the Entity's dealers, based on the commercial strategy agreed and the annual sales performance.

In the period ended as of March 31, 2019 the Entity celebrated a "Buy Back" contract for 61 cars amounting to 947,182 Euros. The positive difference between the sales amount and the repurchase value is being deferred over the term of the contract (Note 14).

The caption "Fixed Marketing" amounting to 135,811 Euros and 705,224 Euros as of 31 March 2019 and 31 March 2018, respectively, relates to expenses incurred by the Entity 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 2019 and 31 March 2018 the caption "Other accrued expenses" includes the amount of 665,847 Euros and 564,047 Euros related with services obtained for which the Entity has not yet been invoiced.

13 STATE AND OTHER PUBLIC ENTITIES

The breakdown of "State and other public entities" for the periods ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019		31-03-2018	
	Assets	Liabilities	Assets	Liabilities
Corporate Income Tax:				
Payments on account	870,989	-	1,077,122	-
Income tax (Note 7)	(99,663)	-	(1,006,121)	-
	771,326	-	71,001	-
Individual income tax	-	10,178	-	(5,622)
Value added tax	-	4,370,254	-	(2,327,706)
Social security contributions	-	10,557	-	(6,416)
New vehicles tax	-	300,695	-	(1,992,941)
	771,326	4,691,684	71,001	(4,332,685)

The caption "New vehicles tax" amounting to 300,695 Euros and 1,992,941 Euros as of 31 March 2019 and 31 March 2018, respectively, relates to taxes to be paid by the Entity over the imported vehicles already sold to its dealers.

The payments on account were calculated based on the income tax declaration submitted for the transitional taxation period of three months from April 1, 2018 and March 31, 2019.

14 PROVISIONS

During the years ended 31 March 2019 and 2018, the movement occurred in the caption "Provisions" is as follows:

	31-03-2019				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Tax contingencies	161,710	45,317	(7,713)	-	199,314
Litigations and legal processes	768,487	150,300	(238,488)	-	680,299
Restructuring costs provisions	-	120,000	-	-	120,000
	930,197	315,617	(246,201)	-	999,614

	31-03-2018				
	Opening balance	Increases	Reversals	Utilizations	Closing balance
Tax contingencies	146,738	48,902	(33,930)	-	161,170
Litigations and legal processes	-	768,487	-	-	768,487
	146,738	817,389	(33,930)	-	930,197

As of 31 March 2019 the amount of 199,314 Euros (161,710 Euros as of 31 March 2018), respects to the estimate of probable tax assessment contingency (stamp tax) valued on 161,170 Euros , and legal contingencies valued on 680,299 Euros (768,487 Euros as of 31 March 2018).

15 DEFERRALS

As of 31 March 2019 the caption "Deferrals" is made up as follows:

	31-03-2019		31-03-2018	
	Current	Non current	Current	Non current
Buy back contracts	20,565	-	145,839	-
Service assistance	97,180	78,032	134,768	105,008
	280,607	105,008	280,607	105,008

As of March 31, 2019 the deferred income of 20,565 Euros is the result of the positive difference between the sale value and the repurchase amount of the vehicles under the “Buy back” contracts (Note 12).

During the period ended March 31, 2019 the accounting criteria for the revenue associated with service assistance was reviewed. This service may be used for a three year period, thus the associated revenue is being deferred by this period.

16 REVENUE

The breakdown of “Revenue” for the years ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Sales:		
Automobile	78,964,287	87,811,898
Spare parts	9,105,713	8,333,969
Bonuses and discounts granted	(9,774,814)	(11,445,788)
Services rendered	718,760	1,083,787
	79,013,946	85,783,866

During the period ended 31 March 2019 the Entity sold: (i) 755 Land Rover vehicles (1,070 in period ended in 31 March 2018), and (ii) 759 Jaguar vehicles (753 in period ended in 31 March 2018).

17 EXTERNAL SUPPLIES AND SERVICES

The breakdown of “External supplies and services” for the periods ended 31 March 201 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Publicity and advertising	2,462,461	4,401,822
Management fees	1,841,293	1,354,358
Specialized works	403,508	372,786
Expenses related to guarantees conceded	1,969,696	1,511,427
Professional fees	235,951	176,367
Merchandise freight	169,260	200,048
Travelling expenses	76,966	87,855
Bank fees	-	91,026
Others	46,270	44,080
Comunication	54,157	53,880
Service vehicles	7,971	37,854
	6,908,481	8,331,503

The caption "Publicity and advertising" amounting to 2,462,461 Euros and 4,401,822 Euros as of 31 March 2019 and 31 March 2018, respectively, relates to expenses incurred by the Entity 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 2019 and 31 March 2018, amounting to 1,610,644 Euros and 1,354,358 Euros, respectively.

The caption "Professional fees", amounting to 235,951 Euros and 176,367 Euros as of 31 March 2019 and 31 March 2018, respectively, relates, essentially, to audit services, tax and fiscal advisory and legal consulting.

18 EMPLOYEES EXPENSES

The breakdown of "Employees expenses" for the years ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Wages and salaries	656,772	265,146
Social security contributions	66,135	60,562
Social costs	9,352	287
Insurances	-	6,751
	732,259	332,746

During 2019 and 2018 the average number of personnel was 4 employees.

19 DEPRECIATION

The caption "Depreciation and amortization of tangible assets" for the years ended 31 March 2019 and 31 March 2018, is composed as follows:

	31-03-2019	31-03-2018
Fixed Assets (Nota 6)	25,123	18,843
Goodwill (Nota 7)	583,585	1,097,355
	608,708	1,116,198

20 GOODWIL IMPAIRMENT

The caption "Goodwill impairment" for the years ended March 31, 2019 and March 31, 2018 is detailed as follows:

	31-03-2019	31-03-2018
Goodwill impairment	-	2.943.000
	-	2,943,000

21 OTHER OPERATIONAL INCOME

The breakdown of caption "Other operational income" for the years ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Comissions charged	20,811	5,486
Default interes charged to customers	-	-
Extraordinary income	17,775	17,207
	38,586	22,693

22 OTHER OPERATIONAL EXPENSES

The breakdown of "Other operational expenses" for the periods ended 31 March 2019 and 31 March 2018 is made up as follows:

	31-03-2019	31-03-2018
Contractural FGA fee	154,751	218,688
Other	130,613	63,944
	285,364	282,632

As of 31 March 2019 and 2018, the caption "Contractual FGA fee" amounting to 154,751 Euros and 218,688 Euros, respectively, corresponds to interest incurred by the Entity towards the financial institution of Jaguar Land Rover group (named FGA), concerning the funding policy the Entity 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 Entity incurs in interest for a maximum period of 60 days, which can be less if the dealer pays that motor vehicle before.

23 INTERESTS AND OTHER SIMILAR INCOME AND EXPENSES

The interests and other similar income for the periods ended 31 March 2019 and 31 March 2018 are made up as follows:

	31-03-2019	31-03-2018
Interest income	4,661	3,762
	4,661	3,762

The caption "Interest income" as of 31 March 2019, amounting to 4,661 Euros (3,762 Euros as of 2018) includes related with interests charged by the Entity for the loan granted to Land Rover Group (Note 25), in the amount of 16,011,124 Euros (8,622,510 Euros as of 2018). Interest rates are charged at normal market rates.

24 RELATED PARTIES

The Entity 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 Entity's financial statements are consolidated in Jaguar Land Rover Limited.

During the periods ended 31 March 2019 and 31 March 2018 the following transactions with related parties were made:

2019:

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U.	8,179,740	1,772,626	-	-
JAGUAR LAND ROVER Limited	59,833,934	245,928	2,547,087	4,661
SPARK 44 ESPAÑA	-	616,388	-	-
SPARK 44 Gmbh	-	-	-	-
	68,013,674	2,634,942	2,547,087	4,661

2018:

	Inventory purchases	Services obtained	Services rendered	Interest income
JAGUAR LAND ROVER ESPAÑA S.L.U.	7,222,055	1,589,868	-	-
JAGUAR LAND ROVER Limited	63,561,737	308,218	2,205,846	3,762
SPARK 44 ESPAÑA	-	694,220	-	-
SPARK 44 Gmbh	-	44,730	-	-
	70,783,792	2,637,036	2,205,846	3,762

The balances as of 31 March 2019 and 31 March 2018 with group companies are as follows:

2019:

	Loans Granted (Note 10)	Suppliers (Note 12)
JAGUAR LAND ROVER ESPAÑA S.L.U.	-	2,527,454
JAGUAR LAND ROVER Limited	16,011,124	8,327,332
SPARK 44 ESPAÑA	-	41,331
SPARK 44 Gmbh	-	-
	16,011,124	10,896,117

2018:

	Loans Granted (Note 10)	Suppliers (Note 12)
JAGUAR LAND ROVER ESPAÑA S.L.U.	-	1,302,457
JAGUAR LAND ROVER Limited	8,622,714	6,115,113
SPARK 44 ESPAÑA	-	49,180
SPARK 44 Gmbh	-	25,655
	8,622,714	7,492,404

As of 31 March 2019 and 31 March 2018 the transactions with related parties included in "Services rendered", amounting to 2,547,087 Euros and 2,205,846 Euros, respectively, essentially relates 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 16,011,124 Euros and 8,327,332 Euros as of 31 March 2019 and 2018, respectively, corresponds to the cash pooling contract celebrated between the Entity and Jaguar Land Rover Limited during 2008, which bears interest at normal market rates (Note 11).

25 GUARANTEES PROVIDED

As of 31 March 2019, the Entity has provided a bank guarantees to Direcção das Alfândegas de Lisboa amounting to 2,000,000 Euros and to PREOF VIII – Gestão e Investimento Imobiliário, S.A. in the amount of 28,270 Euros.

26 DISCLOSURES LEGAL REQUIRED BY DIPLOMAS

The fees related with audit services provided to the Entity during the year ended 31 March 2019 amounted to 24,600 Euros.

27 SUBSEQUENT EVENTS

There were no events occurred after 31 March 2019 that require adjustments or disclosures in the financial statements.

28 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