

SHANGHAIJAGUARLANDROVER
AUTOMOTIVESERVICECO.,LTD.

For the period from 10 March 2014 (date of establishment)
to 31 December 2014
Financial Statements and Auditors' Report

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE PERIOD FROM 10 MARCH 2014 (DATE OF ESTABLISHMENT) TO
31 DECEMBER 2014

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

We have audited the accompanying financial statements of Shanghai Jaguar Land Rover Automotive Service Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the period from 10 March 2014 (date of establishment) to 31 December 2014.

1. Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

2. Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and 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 the auditors' 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, the auditor considers the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 overall 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.

3. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the financial position of the Company as of 31 December 2014, and the results of its operations and cash flows for the period from 10 March 2014 (date of establishment) to 31 December 2014 in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises.

Deloitte Touche Tohmatsu CPA Ltd.
Shanghai, China

Chinese Certified Public Accountant

Hua Cheng Jie
Qian Zhen Chao
28 May 2015

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

BALANCE SHEET
AT 31 DECEMBER 2014

ASSETS	<u>NOTES</u>	<u>31/12/2014</u> <u>INR</u>
CURRENT ASSETS:		
Bank balances and cash		125,402,462.52
Accounts receivable	4	150,308,269.96
Other receivables	5	620,783.12
Prepayments		2,545,559.24
Inventories	6	461,832.97
Prepaid Expenses		5,509,737.44
Total current assets		<u>284,848,645.25</u>
FIXED ASSETS:		
Fixed assets - cost	7	61,846,414.77
Less: Accumulated depreciation	7	9,381,673.12
Fixed assets - net	7	<u>52,464,741.65</u>
Total fixed assets		<u>52,464,741.65</u>
INTANGIBLE ASSETS AND OTHER ASSETS:		
Long-term prepaid expenses	8	<u>14,790,067.51</u>
TOTAL ASSETS		<u><u>352,103,454.40</u></u>

(Continued)

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

BALANCE SHEET
AT 31 DECEMBER 2014

LIABILITIES AND OWNER'S EQUITY	<u>NOTES</u>	<u>31/12/2014</u> <u>INR</u>
CURRENT LIABILITIES:		
Accounts payable		155,530,704.12
Advances from customers		12,369,798.00
Tax payable	9	39,419,980.60
Other payables		1,046,295.80
Other payments		19,003.40
Accrued expenses		8,679,970.14
Total current liabilities		<u>217,065,752.06</u>
TOTAL LIABILITIES		<u>217,065,752.06</u>
OWNER'S EQUITY:		
Paid-in capital	10	165,344,000.00
Accumulated loss	11	(30,306,297.66)
Total owner's equity		<u>135,037,702.34</u>
TOTAL LIABILITIES AND OWNER'S EQUITY		<u><u>352,103,454.40</u></u>

The accompanying notes are part of the financial statements.

The financial statements on pages 3 to 18 were signed by the following:

Head of the Company

Chief Financial Officer

Head of Accounting Department

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

INCOME STATEMENT

FOR THE PERIOD FROM 10 MARCH 2014 (DATE OF ESTABLISHMENT) TO
31 DECEMBER 2014

Item	<u>NOTES</u>	Period from 10/03/2014 to 31/12/2014 <u>INR</u>
Revenue	12	194,317,506.69
Less: Cost of sales	13	186,687,939.19
Sales tax	14	1,857,913.28
Gross profit		5,771,654.22
Less: Selling expenses		9,381,673.12
General and administrative expenses		2,080,187.18
Financial expenses	15	(354,049.45)
Loss on operations		(5,336,156.63)
Less: Income tax	16	24,970,141.03
Net loss for the period		<u>(30,306,297.66)</u>

The accompanying notes are part of the financial statements.

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

CASH FLOW STATEMENT

FOR THE PERIOD FROM 10 MARCH 2014 (DATE OF ESTABLISHMENT) TO
31 DECEMBER 2014

	Period from 10/03/2014 to 31/12/2014 INR
Cash flows from operating activities:	
Cash received from sales of goods or rendering of services	212,315,863.71
Cash received relating to other operating activities	834,914.04
Sub-total of cash inflows	<u>213,150,777.75</u>
Cash paid for goods purchased and services received	45,476,338.90
Cash paid to and on behalf of employees	108,341,895.44
Taxes payments	19,657,640.79
Other cash paid relating to operating activities	17,770,025.32
Sub-total of cash outflows	<u>191,245,900.45</u>
Net cash flows from operating activities	<u>21,904,877.30</u>
Cash flows from investing activities:	
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	61,846,414.77
Sub-total of cash outflows	<u>61,846,414.77</u>
Net cash flows from investing activities	<u>(61,846,414.77)</u>
Cash flows from financing activities	
Cash received from capital contributions	165,344,000.00
Sub-total of cash inflows	<u>165,344,000.00</u>
Net cash flow from financing activities	<u>165,344,000.00</u>
Effect of foreign exchange rate changes on cash	-
Net increase in cash and cash equivalents	<u><u>125,402,462.53</u></u>

(Continued)

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

CASH FLOW STATEMENT

FOR THE PERIOD FROM 10 MARCH 2014 (DATE OF ESTABLISHMENT) TO
31 DECEMBER 2014

Supplemental Information

	Period from 10/03/2014 to 31/12/2014 INR
Reconciliation of net loss to cash flows from operating activities	
Net loss	(30,306,297.66)
Add: Depreciation of fixed assets	9,381,673.12
Increase in prepaid expenses	(5,509,737.44)
Amortization of long-term prepaid expenses	4,033,654.82
Increase in accrued expenses	8,679,970.14
Increase in inventories	(461,832.97)
Increase in receivables under operating activities	(172,298,334.63)
Increase in payables under operating activities	208,385,781.92
Net cash flows from operating activities	<u>21,904,877.30</u>
Net increase in cash and cash equivalents	
Cash and cash equivalents at the end of the period	125,402,462.53
Less: cash and cash equivalents at the beginning of the period	<u>-</u>
Net increase in cash and cash equivalents	<u>125,402,462.53</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM 10 MARCH 2014 (DATE OF ESTABLISHMENT) TO
31 DECEMBER 2014

1. GENERAL

Shanghai Jaguar Land Rover Automotive Service Co., Ltd. ("the Company") was established in Shanghai by Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd. as a foreign invested enterprise on 10 March 2014 with an operating period of 30 years. The Company mainly engages in automobile development business (exclude transportation) and consulting service in the area of automobile, sales of automobile assembly, craft gifts and clothes, automobile exhibition, conference exhibition service, advertisement, import and export of goods and technique and etc. There are two branches established by the Company, which are Huzhou branch and Changshu branch. Huzhou branch mainly engages in consulting service in the area of automobile, sales of automobile assembly, craft gifts and clothes, automobile exhibition, conference exhibition service, advertisement, import and export of goods and technique and etc. Changshu branch mainly engages in driving experience service, sales of automobile assembly, craft gifts and clothes, automobile exhibition, conference exhibition service, import and export of goods and technique and etc. The registered capital of the Company is INR165,344,000.00. Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd. contributed INR165,344,000.00 (representing 100%). Details of the capital contributions by the investing party are set out in Note 10.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting system and accounting standards adopted

The Company has adopted the "Accounting Standards for Business Enterprises", the "Accounting System for Business Enterprises" and the supplementary regulations thereto.

Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting and uses the historical cost convention as the principle of measurement. If there is any subsequent impairment loss, provision for decline in value should be made in accordance with appropriate standards.

Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. Current accounting year is from 10 March 2014 (date of establishment) to 31 December 2014.

Recording currency

The recording currency of the company is the Renminbi.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - CONTINUED

Foreign currency transaction

Transactions denominated in foreign currencies (currencies other than the recording currency) are translated into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the beginning of the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currency are translated into Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gains or losses are dealt with as finance expenses.

Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounting for bad debts

1) Criteria for recognition of bad debts

Bad debts are recognized in the following circumstances:

The irrecoverable amount of a bankrupt debtor after pursuing the statutory procedures;
The irrecoverable amount of a debtor who has deceased and has insufficient estate to repay; or
The amount owed by a debtor who is unable to repay the obligations after the debts fall due, and the amount is irrecoverable or unlikely to be recovered as demonstrated by sufficient evidence.

2) Accounting treatment for bad debt losses

Bad debt is accounted for using the allowance method and provided according to the recoverability of receivables at the year-end. The appropriate percentages of provision for bad debts relating to significant receivable accounts are reasonably determined based on relevant information such as past experience, actual financial position and cash flows of the debtors, as well as other relevant information.

Inventories

Inventories are initially recorded at cost. The cost of inventories comprises of purchase cost, costs of conversion, and other costs incurred to bring inventories to their present location and condition. Inventories mainly include merchandise.

Inventories are accounted for using actual costing method. In determining the cost of inventories transferred out or issued for use, the actual costs are determined by the specific identification method.

The Company has perpetual inventory records.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - CONTINUED

Provision for decline in value of inventories

Inventories are measured at the lower of cost and net realizable value at the end of a period. When the net realizable value is lower than the cost, the difference is recognized as a provision for decline in value. Provision for decline in value of inventories is made on an individual item basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated expenses and related taxes necessary to make the sale.

Fixed assets and depreciation

Fixed assets are recorded at actual cost on acquisition. Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are put into use, using the straight-line method. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

<u>Category of fixed assets</u>	<u>Residual value</u>	<u>Useful life</u>	<u>Annual depreciation rate</u>
Vehicles	0%	5 years	20%
Leasehold improvement	0%	shorter of lease period and remaining useful life	

Subsequent expenditure relating to a fixed asset should be added to the carrying amount of the asset when the expenditure will result in expected future economic benefits, in excess of those originally assessed, to flow to the enterprise. The subsequent expenditure is added to the carrying amount of the fixed asset to the extent that the resulting carrying amount does not exceed the recoverable amount of the fixed asset.

Recoverable amount

Recoverable amount is the higher of (a) an asset's net selling price and (b) the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Impairment of fixed assets

At the end of each period, the Company determines whether an impairment loss should be recognized for a fixed asset by considering the indications that such a loss may have occurred. Where the recoverable amount of any fixed asset is lower than its carrying amount, an impairment loss on fixed asset is recognized for the difference.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - CONTINUED

Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

Revenue recognition

Revenue from sales of goods:

Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, will receive the economic benefits associated with the transaction, and can reliably measure the relevant amount of revenue and costs.

Revenue from rendering of services:

Where the outcome of a transaction involving the rendering of services can be estimated reliably, at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. The stage of completion of a transaction involving the rendering of services is determined according to the proportion of services performed to date to the total services to be performed.

Revenue is otherwise recognized at the balance sheet date only to the extent of the costs incurred that are recoverable and service costs are recognized as expenses in the period in which they are incurred. If the service costs incurred are not expected to be recovered, revenue is not recognized.

Interest income:

Interest income is measured based on the length of time for which the enterprise's cash is used by others and the applicable interest rate.

Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. All other leases are classified as operating leases.

Lease payments under operating leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

Income tax

Income tax is provided under the tax payable method. The income tax provision is calculated based on the accounting profit for the year as adjusted in accordance with the relevant tax laws.

3. TAXATION

Income tax

The effective tax rate for the Company is 25% in current year.

Other taxes

Business tax is levied at 5% of revenue subject to business tax.

City construction and maintenance tax of Shanghai, Huzhou branch and Changshu branch is levied at 1%, 5% and 5% of actual payment of turnover tax, respectively.

The education fund and regional education fund is levied at 3% and 2% of actual payment of turnover tax, respectively.

4. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable is as follows:

	<u>31/12/2014</u>			
	<u>Amount</u>	%	<u>Bad debt Provision</u>	<u>Net book value</u>
	INR		INR	INR
Within 1 year	<u>150,308,269.96</u>	<u>100</u>	<u>-</u>	<u>150,308,269.96</u>

5. OTHER RECEIVABLES

The aging analysis of other receivables is as follows:

	<u>31/12/2014</u>			
	<u>Amount</u>	%	<u>Bad debt Provision</u>	<u>Net book value</u>
	INR		INR	INR
Within 1 year	<u>620,783.12</u>	<u>100</u>	<u>-</u>	<u>620,783.12</u>

6. INVENTORIES & PROVISION FOR DECLINE IN VALUE

	<u>31/12/2014</u>
	INR
Merchandise	461,832.97
Less: provision for decline in value	-
Inventories-net	<u>461,832.97</u>

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

7. FIXED ASSETS AND ACCUMULATED DEPRECIATION

	<u>Leasehold improvement</u> INR	<u>Vehicles</u> INR	<u>Total</u> INR
Cost			
Additions & balance			
At 31 December 2014	<u>32,285,057.87</u>	<u>29,561,356.90</u>	<u>61,846,414.77</u>
Accumulated depreciation			
Charge for the period & balance			
At 31 December 2014	<u>6,918,226.72</u>	<u>2,463,446.40</u>	<u>9,381,673.12</u>
Net book value			
At 31 December 2014	<u><u>25,366,831.15</u></u>	<u><u>27,097,910.50</u></u>	<u><u>52,464,741.65</u></u>

8. Long-term prepaid expenses

	<u>31/12/2014</u> INR
Track and vehicle facility lease payment	<u><u>14,790,067.51</u></u>

9. Tax Payable

	<u>31/12/2014</u> INR
Income tax	24,970,141.03
Value-add tax	271,477.38
Others	<u>14,178,362.19</u>
	<u><u>39,419,980.60</u></u>

SHANGHAI JAGUAR LAND ROVER AUTOMOTIVE SERVICE CO., LTD.

10. PAID-IN CAPITAL

The registered capital of the Company is INR165,344,000.00 which has been fully paid up as at 31 December 2014. Details are as follows:

	<u>31/12/2014</u>	
	Ratio %	INR
Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	100	165,344,000.00

The above capital contributed by the investor has been verified by capital verification report Hu Ling Fang Kuai Shi Bao Zi (2014) No. SY0016 issued by Shanghai Lingfang Certified Public Accountant Co., Ltd.

11. ACCUMULATED LOSS

	<u>2014</u> INR
Net loss and accumulated loss	(30,306,297.66)

12. REVENUE

	<u>Period from</u> <u>10/03/2014</u> <u>to 31/12/2014</u> INR
Revenue from sale of goods	2,388,970.10
Revenue from rendering of services	191,928,536.59
	<u>194,317,506.69</u>

13. COST OF SALES

	<u>Period from</u> <u>10/03/2014</u> <u>to 31/12/2014</u> INR
Cost of goods sold	3,068,256.68
Cost of rendering of services	183,619,682.51
	<u>186,687,939.19</u>

14. SALES TAX

	Period from 10/03/2014 to 31/12/2014 INR
Business tax	1,621,404.60
City construction, maintenance tax and extra education fund	233,605.65
Others	2,903.03
	<u>1,857,913.28</u>

15. FINANCIAL EXPENSES

	Period from 10/03/2014 to 31/12/2014 INR
Interest income	(390,397.95)
Bank charges	36,348.50
Total	<u>(354,049.45)</u>

16. INCOME TAX

	Period from 10/03/2014 to 31/12/2014 INR
Income tax for the period	<u>24,970,141.03</u>

The income tax provision is 25% of the taxable income which is calculated by adjusting the accounting loss before tax for the period in accordance with the relevant tax laws.

17. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) The following are related parties where a control relationship exists:

<u>Name</u>	<u>Place of registration</u>	<u>Principal business</u>	<u>Relationship</u>	<u>Nature or type of business</u>
Jaguar Land Rover Automotive PLC	United Kingdom	Production and sales of motorcars	Ultimate holding company	Foreign enterprise
Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	Shanghai	Trading of motorcars	Parent company	Foreign invested enterprise

(2) Nature of relationship with related parties where a control relationship does not exist

<u>Name</u>	<u>Relationship with the Company</u>
Jaguar Land Rover Ltd.	Controlled by the same ultimate holding company
Chery Jaguar Land Rover Automotive Co., Ltd.	Associate of parent company

(3) Significant transactions between the Company and the above related companies in the current year:

(a) International service employee charge

	<u>Period from 10/03/2014 to 31/12/2014 INR</u>
Revenue	
Chery Jaguar Land Rover Automotive Co., Ltd.	<u>150,251,514.59</u>
Expense	
Jaguar Land Rover Ltd.	<u>78,391,862.95</u>

(b) Sales of driving experience coupons

	<u>Period from 10/03/2014 to 31/12/2014 INR</u>
Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	<u>4,753,640.00</u>

The above transactions are conducted based on the contract price.

17. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - CONTINUED

(3) Significant transactions between the Company and the above related companies in the current year: - continued

(c) Purchase of goods

	Period from 10/03/2014 to 31/12/2014 INR
Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	3,530,089.65

The above transactions are conducted based on the contract price.

(d) Purchase of fixed assets

	Period from 10/03/2014 to 31/12/2014 INR
Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	32,285,057.87

The above transactions are conducted based on the contract price.

(e) Amounts due to/from related companies:

<u>Accounts</u>	<u>Name of the related companies</u>	<u>31/12/2014</u> INR
Accounts receivable	Chery Jaguar Land Rover Automotive Co., Ltd.	150,251,514.59
Prepayments	Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	2,545,559.24
Accounts payable	Jaguar Land Rover Ltd. Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	78,391,862.95 68,530,779.34
		146,922,642.29
Other payables	Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.	1,446,760.00

18. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company has outstanding commitments in respect of non-cancellable operating leases as follows:

	<u>31/12/2014</u> INR '000
The minimum lease payments under non-cancelable operating leases:	
Within one year	28,026
Within the second year	14,251
In and after the third year	14,850
Total	<u>57,127</u>

19. CONVERSION NOTE

The financial information is expressed in the local currency of the relevant company (Chinese Yuan Renminbi) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate CNY 1 = Rs 10.186 for the year ended 31 December 2014. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.

* * * END OF FINANCIAL STATEMENTS * *