

JAGUAR LAND ROVER ITALIA S.p.A.

LOCAL STATUTORY ACCOUNTS AS AT 31.03.2019

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FINANCIAL STATEMENTS AT 31/03/2019

BALANCE SHEET

ASSETS	31/03/2019		31/3/2018	
	EURO	EURO	EURO	EURO
(B) FIXED ASSETS				
I - Intangible fixed assets:				
(5) Goodwill	3.234.868		4.411.184	
(7) Other	1.562.341		2.005.849	
Total		4.809.471		6.441.553
II - Tangible fixed assets:				
(2) Plant and machinery	204.960		47.133	
(3) Industrial and commercial equipment	1.006.930		1.399.166	
(4) Other assets	596.309		747.858	
Total.		1.808.199		2.194.157
III - Financial fixed assets:				
(1) Equity investments in: d) Other companies	130		130	
Total.		130		130
Total fixed assets (B)		6.617.800		8.635.840
(C) CURRENT ASSETS:				
I - Inventories:				
(4) Goods	73.935.534		66.947.813	
Total.		73.935.534		66.947.813
II - Receivables:				
(1) Trade receivables due within subsequent FY	15.370.794		39.136.850	
(4) Receivables from parent companies	149.482.687		166.925.768	
(5) Receivables from companies controlled by parent companies	2.232.042		64.932	
(5) - bis) Tax receivables	113.413		113.413	
(5) - ter) Deferred tax asset	13.252.377		11.367.026	
(5) - quater) Other receivables	269.956		286.446	
Totale.		180.721.269		217.894.435
IV - Cash and cash equivalents:				
(1) Bank and postal accounts	10.910.211		27.843.792	
Total.		10.910.211		27.843.792
Total current assets (C)		265.567.014		312.686.040
(D) ACCRUALS AND DEFERRALS		316.657		229.599
TOTAL ASSETS		272.501.471		321.551.479

JAGUAR LAND ROVER ITALIA S.p.A.
Sede legale in Roma - Viale Alessandro Marchetti, 105
Capitale sociale Euro 25.000.000,00 i.v.
R.E.A. n. 944215 - Azionista Unico.
Codice fiscale, partita IVA e iscrizione nel registro delle imprese di Roma n. 06070621005

FINANCIAL STATEMENTS AT 31/03/2019

BALANCE SHEET

LIABILITIES:	31/03/2019		31/3/2018	
	EURO	EURO	EURO	EURO
(A) SHAREHOLDERS' EQUITY:				
I - Share capital		25.000.000		25.000.000
IV - Legal reserve		2.212.526		1.703.688
VII - Other reserves - Merger surplus		2.102.935		2.102.935
VIII - Profit (Loss) carried forward		0		36.406.734
IX - Profit (loss) for the year		4.486.424		10.176.769
Total		33.801.885		75.390.126
(B) PROVISIONS FOR LIABILITIES AND CHARGES:				
(3) Other	43.360.145		37.478.148	
Total.		43.360.145		37.478.148
(C) PROVISION FOR EMPLOYEE SEVERANCE PAY.		2.978.136		2.819.056
(D) PAYABLES:				
(6) Advances	140.000		1.860.866	
(7) Trade payables	39.706.655		34.930.090	
(11) Payables to parent companies	111.534.915		107.007.549	
(11 bis) Payables to companies controlled by parent companies	605.443		595.296	
(12) Tax liabilities	26.453.997		32.768.119	
(13) Payables to social security authorities	375.948		370.319	
(14) Other payables	9.034.677		23.597.727	
Totale.		187.851.635		201.129.966
(E) ACCRUALS AND DEFERRALS		4.509.670		4.734.183
TOTAL LIABILITIES		272.501.471		321.551.479

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FINANCIAL STATEMENTS AT 31/03/2019

INCOME STATEMENT

	31/03/2019		31/3/2018	
	EURO	EURO	EURO	EURO
(A) VALUE OF PRODUCTION:				
(1) Revenue from sales and services		1.200.800.230		1.239.513.280
(5) Other revenue and income		63.574.646		48.899.072
Total value of production (A)		1.264.374.876		1.288.412.352
(B) COST OF PRODUCTION:				
(6) Raw and ancillary materials, consumables and goods		1.118.009.945		1.117.895.300
(7) Services		104.789.862		98.390.091
(8) Lease and rental costs		1.606.278		830.416
(9) Personnel costs:				
(a) Wages and salaries	8.064.504		8.061.996	
(b) Social security charges	2.433.080		2.305.598	
(c) Employee severance indemnity	586.547		587.220	
(e) Other costs	607.845		0	
Total personnel costs.		11.691.976		10.954.814
(10) Depreciation, amortisation and write-downs:				
(a) Amortisation of intangible fixed assets	1.643.778		1.642.699	
(b) Depreciation of tangible fixed assets	583.363		375.488	
(d) Write-downs of current receivables and cash and cash equivalents	139.928		219.162	
Total depreciation, amortisation and write-downs		2.367.069		2.237.349
Changes in inventories of raw and ancillary materials, consumables and goods		(6.987.721)		25.831.678
(11) and goods				0
(12) Accruals for risks		180.000		
(13) Other allowances		14.992.128		12.768.883
(14) Sundry operating expenses		1.877.107		2.220.986
Total cost of production (B)		1.248.526.644		1.271.129.517
Difference between value of production and cost of production (A-B)		15.848.232		17.282.835
(C) FINANCIAL INCOME AND CHARGES:				
Other financial income:				
(d) Income other than the above	68.972		66.523	
(17) Interest and other financial expenses	(3.862.949)		(3.179.161)	
(17-bis) Exchange-rate profit and loss	(1.751)		(494)	
Total (16-17)		(3.795.728)		(3.113.132)
PROFIT BEFORE TAX (A-B+/-C);		12.052.504		14.169.703
(20) Tax				
(a) Current income tax	(5.551.516)		(7.480.537)	
(b) Prior years tax	(3.899.915)		(153)	
(c) Deferred/prepaid tax	1.885.351		3.487.756	
Total income tax		(7.566.080)		(3.992.934)
(21) Profit (loss) for the year		4.486.424		10.176.769

Jaguar Land Rover Italia S.p.A.

Jaguar Land Rover Italia S.p.A. –A sole shareholder company (*Azionista Unico*)
Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 25,000,000 fully paid-in
Chamber of Commerce (R.e.a.) reg. No. 944215
Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005

Notes to the Financial Statements at 31.03.2019

Fiscal year

On 7 March 2016, the Company's articles of association were amended by deed executed by notary public Pierandrea Fabiani (notary public's file reg. No 92801, folder no. 17773) and the year-end was changed to 31 March of each year.

Layout and content of the Financial Statements

These Financial Statements, composed of the Balance Sheet, Profit and Loss Account, Notes and Cash Flow Statement, are in line with the relevant Italian Italian Civil Code provisions and EU directives.

The Financial Statements have been drawn up pursuant to the provisions of articles 2423 ff of the Italian Italian Civil Code as amended by Legislative Decree No 139 of 18 August 2015 implementing Directive 2013/34/EU on the annual Financial Statements and consolidated Financial Statements.

The Balance Sheet, Profit and Loss Account and Financial Statements layout is that prescribed by articles 2424, 2425 and 2425 ter of the Italian Italian Civil Code.

The corresponding amount for the prior year has been reported next to each item of the Balance Sheet and Profit and Loss Account and, if necessary, has been adjusted for comparison

purposes: a mention of the relevant adjustment, or non-adjustment as the case may be, has been made in the description of each item.

Items of the Balance Sheet and Profit and Loss Account with a nil balance have not been included; their exclusion did not, however, result in changes in the numbering sequence prescribed for the statutory Balance Sheet and Profit and Loss Account layout. All figures of the Balance Sheet and Profit and Loss Account are in whole Euros.

Main valuation criteria

The valuation criteria adopted in the preparation of the Financial Statements at 31 March 2018 are in line with those provided by article 2426 of the Italian Civil Code, having regard, where necessary, to the accounting principles issued by the Italian accounting standard setting board (*Organismo Italiano di Contabilità, O.I.C.*) or, if none are available, to the IAS-IFRS.

More generally, the valuation of Financial Statements items was made on a prudent, accrual and going concern basis.

The Company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited. Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

As mentioned in the prior year's Financial Statements, the manufacturer Jaguar Land Rover Limited has been applying this transfer pricing methodology to all group companies since 2012.

No exceptional events occurred in the fiscal year ended 31 March 2018 which made it necessary to adopt one of the derogations pursuant to article 2423(5) of the Italian Civil Code.

The following main valuation criteria have been adopted in the preparation of the Financial Statements:

Fixed assets

Intangible assets

They are recorded at the historical cost less the amortisation of prior years, the amortisation charge for the year and any write-downs due to permanent value impairments. Amortisation charges have been calculated on a straight line basis having regard to the remaining useful life of the assets.

In particular, the goodwill purchased in the year 2000 has been recorded in the assets section in an amount corresponding to the price paid less amortisation and any write-downs. Goodwill amortisation is calculated on a straight line basis having regard to its remaining useful life (based on remaining term of the distribution agreement entered into with Jaguar Land Rover Limited) expiring 31 December 2021.

As mentioned in prior years, in the Financial Statements at 31/12/2002 the Company had made a goodwill write-down to adjust the value of the asset to its potential recovery value as estimated by an expert.

Pursuant to the terms of article 12 of legislative decree 139/2015, the Company took advantage of the possibility not to apply retroactively the new goodwill amortisation method introduced by the decree.

The “Other intangible assets”, which consist of leasehold improvements, have been amortised on the basis of the remaining term of the relevant property lease agreement.

Tangible assets

These have been recorded at their purchase cost adjusted by the corresponding accumulated depreciation. No financial costs have been capitalised either in the year in question or in prior

years. The depreciation charges recorded in the profit and loss account have been calculated having regard to the use and the economic and technical life of the assets based on their remaining useful life. This principle is deemed to be well reflected by the following rates, and have been halved in the year in which the asset entered operation:

Breakdown	
Electronic office machines	20%
Non automatic generic installations	10%
Sundry small tools	25%
Furniture and office furniture	12%
Industrial and commercial equipment	10%

Assets of a minor amount (less than 516 Euro) have been wholly depreciated in the year.

Financial fixed assets

Shareholdings “in other undertakings” have been measured at the subscription or purchase price.

Accounts receivable

Accounts receivable have been recorded at the amortised cost, having regard to time discounting and to their presumed realisable value. The nominal value of the accounts receivable was adjusted, whenever necessary, to their presumed realisable value by a write-down.

Cash-in-hand and cash-at-bank

Cash-in-hand and cash-at-bank has been measured at the nominal value.

Accounts payable

They have been recorded using the amortised cost method, taking into account time discounting.

Accrued income/liabilities and prepayments/deferred income

Accrued income and prepayments consist of income accrued in the year which will be received in future years and costs incurred before the year-end which will accrue in subsequent years; accrued liabilities and deferred income include costs accrued in the year which however will

be paid in future years, and income received before the year-end but accruing in subsequent years.

A detail of prepayments is provided in the relevant section of these Notes.

Inventory

Inventory has been recorded at the lower of purchase cost and realisable value as inferred from market trend at the year-end adjusted by any write-downs. The year-end inventory valuation methods adopted were the specific cost method for cars and the weighted average cost method for spare parts.

The book value of the inventory does not significantly depart from its current costs value at the year-end.

Provisions for contingent liabilities and charges

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudent and accruals basis and the relevant accruals have been determined at the best possible estimate based on the available information.

Employees' termination pay

This item includes the amounts actually accrued to the benefit of Company employees pursuant to article 2120 of the Italian Civil Code, in accordance with the law and the current collective bargaining agreements, taking into account all forms of continuous remuneration.

Income taxes

Current income taxes are determined on the basis of a conservative interpretation of the tax rules in force.

Deferred tax assets and liabilities are calculated based on a reasonable certainty that future taxable amounts may be offset against any temporary differences between the statutory value

and the tax basis of an asset or liability. The impact on the result of operations of this method of recognition is stated in the description of the relevant item of the P&L Account.

Financial risks management policies

The Company aims at managing and containing its financial risks by relying both on the directors' prudent evaluations and on specific risks management processes put in place as part of corporate procedures, as well as through special-purpose centralized group functions.

The Company's financial risks are as follows:

- Liquidity risk: this risk is mainly related to the Company's current financial requirements to carry out its selling activities. This risk is managed by implementing financial plans which estimate future cash flows; in this respect, consider, for example, the Deposit Agreement with Jaguar Land Rover group companies.
- Risk of cash flow changes: this is mainly in connection with the Deposit Agreement, under which interest accrues at variable market rates.
- Credit risk: the risk of the counterparty's insolvency is limited to accounts receivable from the public authorities and some car rental companies which account for a small percentage of the Company's total receivables. Instead, car sales to dealers are only subject to a minor credit risk since the relevant accounts receivable are sold on a without-recourse basis to the factoring companies FCA Bank S.p.A., SG Factoring S.p.A. and Ifitalia S.p.A.. Accounts receivables from the sale of spare parts are sold to Ifitalia S.p.A.. The credit management function estimates the recoverability of accounts receivable and calculates the relevant bad debt reserve to be recorded in the financial statements. At 31 March 2018, the bad debt reserve amounted to approx. 1.6 million Euro.

Translation of items in foreign currency

Accounts receivable and payable originally denominated in foreign currency are recorded at the spot exchange rates ruling at the year-end; any translation gains or losses are recognised in

the profit and loss account and any net gain is set aside to a reserve which is non-distributable until the gain is realized.

Any non-monetary items in foreign currency are recorded at the exchange rate ruling at the time of purchase.

Guarantees, engagements, leases and risks

Any risks in connection with personal guarantees or collaterals for third-party debts have been recognised in these Notes at an amount corresponding to the value of the guarantee; the amount of the guaranteed third-party debt at the reporting date is mentioned in these Notes if lower than the value of the underlying guarantee.

Engagements are recognised at their nominal value as inferred from the relevant documentation.

Given the high probability of customers exercising the buyback option, i.e. the choice for the customer to sell back and the obligation on the Company to repurchase vehicles, relative amounts are included in the Memorandum Accounts in these Notes.

ANALYSIS OF THE MAIN FINANCIAL STATEMENTS ITEMS

Unless otherwise expressly stated, all amounts in these Notes are in Euros.

Assets

We set out below a description of and the main changes in the composition of the Company's assets.

B) Fixed assets

I. Intangible assets

At 31 March 2019 and at 31 March 2017 they amounted respectively to Euro 4,809,471 and Euro 6,441,553, with a net decrease of Euro 1.632,082.

The following tables show the composition of and the changes in the value of the single intangible assets:

Concessions, licences and trademarks	Historical cost	Amortisation	Net value
Balance at 31/03/2018	705,352	(680,832)	24,520
Additions for the year	0	0	0
Amortisation for the year	0	(12,258)	(12,258)
Sales and disposals	0	0	0
Balance at 31/03/2019	705,352	(693,090)	12,262

Item B. I. 4. “Concessions, licences, trademarks”, recorded in the Financial Statements as to Euro 12,262, refers to software licences.

Goodwill	Historical cost	Amortisation and value adjustments	Net value
Balance at 31/03/2018	36,713,533	(32,302,349)	4,411,184
Additions for the year			0
Amortisation for the year		(1,176,316)	(1,176,16)
Value adjustments			0
Balance at 31/03/2019	36,713,533	(33,478,665)	3,234,868

Item B. I. 5. “Goodwill”, recorded in the Financial Statements as to Euro 3,234,868 reflects the value paid for the goodwill, less amortisation and any value adjustments.

Other intangibles	Historical cost	Amortisation	Net value
Balance at 31/03/2018	2,967,875	(962,026)	2,005,849
Additions for the year	11,696		11,696
Amortisation for the year		(455,204)	(455,204)
Sales and disposals		(0)	(0)
Reclassifications			0
Balance at 31/03/19	2,979,571	(1,417,230)	1,562,341

Item B. I. 7. “Other intangible assets” as to Euro 1,562,341, consists of the costs incurred for improvements to the head offices, the Training Academy and the spare parts warehouse which are currently on lease.

The above intangibles did not undergo any write-downs or write-ups either in the current year or in prior years, with the exception of goodwill, which in prior years was written down by Euro 2,141,924.

II. Tangible assets

At 31 March 2019 and at 31 March 2018 they amounted respectively to Euro 1,808,199 and Euro 2,194,157, with a net Euro 385,958 decrease.

The following tables show the composition of and the changes in the value of the single tangible assets:

Generic installations	Historical cost	Amortisation	Net value
Balance at 31/03/2018	183,292	(136,159)	47,133
Additions for the year	172,345		172,345
Amortisation for the year		(14,517)	(14,517)
Sales and disposals			0
Reclassifications			0
Balance at 31/03/19	355,636	(150,676)	204,960

Industrial and commercial equipment	Historical cost	Amortisation	Net value
Balance at 31/03/18	2,469,394	(1,070,228)	1,399,166
Additions for the year	19,765		19,765
Amortisation for the year		(410,376)	(410,376)
Sales and disposals	(6,500)	4,875	(1,625)
Reclassifications			0
Balance at 31/03/19	2,482,659	(1,475,729)	1.006,930

Other assets (furniture, office machines, computers)	Historical cost	Amortisation	Net value
Balance at 31/03/2018	1,570,488	(822,630)	747,858
Additions for the year	6,921		6,921
Amortisation for the year		(158,470)	(158,470)
Sales and disposals	(0)		(0)
Reclassifications			0
Balance at 31/03/2019	1,577,409	(981,100)	596,309

The purchases for the year mainly consist of equipment and other assets for the Training Academy.

Assets of a unit value lower than 516 Euro

Assets of a unit value lower than 516 Euro have been wholly depreciated in the year in which they were purchased and entered operation. They have in any case been included by category in the above summary tables.

The above tangible assets did not undergo any write-downs or write-ups either in the current year or in prior years.

III. Financial fixed assets

Shareholdings

Description	Value at 31/03/2018	Increases for the year	Decreases for the year	Write-downs for the year	Value at 31/03/2019
Other	130	0	0	0	130

Item B. III. 1 d. “Shareholdings in other undertakings”, in an amount of 130 Euro, is in connection with the purchase of the shareholding in CO.NA.I (the Italian National Packaging Consortium).

C) Current assets

I. Inventory

At 31 March 2019 inventory amounted to Euro 73,935,534, compared to Euro 66,947,813 at 31 March 2018, with a net increase of Euro 6,987,721. The composition of and changes in the inventory recorded under item C. I. 4. “Goods” can be summarised as follows:

Descrizione	Value at 31/03/2018	Value at 31/03/2019	Difference 31.03.2019 / 31.03.2018
a) Cars	37,886,031	45,547,942	7,661,911
b) Other cars	19,056,197	14,121,921	-4,934,276
c) Spare parts	14,814,005	18,322,069	3,508,064
Write-downs	(4,808,420)	(4,056,398)	752,022
Total inventory	66,947,813	73,935,534	6,987,721

The item a) “Cars” consists of the stock of new vehicles whereas item b) “Other cars”, consists of cars which, although meant for sale, are used by the Company for a short period of time. Item c) consists of the inventory of spare parts and accessories.

During the year, the inventory write-down – recorded in the Financial Statements to reduce the value of inventory and amounting to Euro 4,056,398 at 31/03/2019 – underwent the following changes during the year:

Description	Value at 31/03/2018	Decreases	Increases	Value at 31/03/2019
a) Cars	213,854	-213,854		0
b) Other cars	3,607,102	-1,415,774		2,191,328
c) Spare parts	987,464	0	877,606	1,865,070
Total inventory	4,808,420	-1,629,628	877,606	4,056,398

II. Accounts receivable

Accounts receivable from customers

Item C. II. 1 consists of the trade accounts receivable to customers and the other group companies recorded in the Financial Statements at 31 March 2019 in an amount of Euro 15,370,794, with a net year-on-year decrease of Euro 23,766,056 as compared to previous year, mainly as a result of accounts receivable for car sales to rental companies near year end.

We set out below a detailed analysis of the changes in this item:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Accounts receivable from customers from sale of cars, spare parts and other products	40,708,821	16,977,245	(23,731,576)
Write-down	(1,571,970)	(1,606,451)	(34,481)
Balance	39,136,850	15,370,794	(23,766,056)

All accounts receivable from customers fall due within one year.

The nominal value of the accounts receivable was adjusted to their presumed realisable value by a bad debt reserve which during the year underwent the following changes:

Description	Value at 31/03/2018	Decreases for the year	Increases for the year	Value at 31/03/2019
Write-down of accounts receivable	1,571,970	105,448	139,929	1,606,451
Total write-down	1,571,970	105,448	139,929	1,606,451

Accounts receivable from companies under control by the controlling companies

Item C. II 5, whose balance at 31.03.2019 was Euro 2,232,042 (Euro 64,932 at 31.03.2018) consists of the account receivable from Jaguar Land Rover Austria GmbH for spare parts.

Tax credits

Item C. II. 5 Bis consists of the tax credit of Euro 113,413 at 31 March 2019 and did not undergo any changes, as shown in the following table:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Income tax credits	113,413	113,413	0
Balance	113,413	113,413	0

The balance at 31.03.2019 wholly refers to the IRES tax credit for FYs 2007 to 2011 claimed for refund (pursuant to article 2(1 quater) of decree law No 201/2011) and arising in connection with the non-deduction of IRAP on employee and quasi-employee costs.

Deferred tax assets

Item C. II. 5 Ter shows the value of deferred tax assets, less deferred tax liabilities, which amounts to Euro 13,252,377. The item can be broken down as follows:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
IRES	9,517,943	11,059,177	1,41,234
IRAP	1,849,083	2,193,200	344,117
Balance	11,367,026	13,252,377	1,885,351

The following table provides a description of the temporary differences for IRES and IRAP which resulted in the separate posting of the relevant deferred tax assets and liabilities compared to the prior year. For a description of the amounts credited or charged to the P&L account, reference should be made to the comments to item 20 of the Profit and Loss Account. The IRAP rate adopted to determine the future tax effect is 4.82%, namely the rate currently in force, whereas the IRES rate used to this effect is 24%.

Jaguar Land Rover Italia S.p.A.
Notes to the Financial Statements at 31 March 2019

Breakdown	31/03/2019				31/03/2018			
	Temporary differences + deductible differences		Deferred taxes + def. Tax assets (-) def.ta liabilities		Temporary differences + deductible differences		Deferred taxes + def. Tax assets (-) def.ta liabilities	
	(-) taxable differences	IRES	IRAP	Total	(-) taxable differences	IRES	IRAP	Total
tax rate								
Deferred tax assets								
Write-down of fixed assets IRES	2.141.924	514.062		514.062	2.141.924	514.062		514.062
Write-down of fixed assets IRAP	2.141.924		103.241	103.241	2.141.924		103.241	103.241
Provisions for contingent liabilities and charges IRES	43.360.145	10.406.435		10.406.435	36.220.793	8.692.990		8.692.990
Provisions for contingent liabilities and charges IRAP	43.360.145		2.089.959	2.089.959	36.220.793		1.745.842	1.745.842
Write-down of inventory IRES	4.056.398	973.535		973.535	4.808.420	1.154.021		1.154.021
Write-down of accounts receivable	1.606.451	385.548		385.548	1.571.970	377.273		377.273
Other costs with deferred IRES deductibility	0	0		0	0	0		0
Total deferred tax assets		12.279.580	2.193.200	14.472.780		10.738.346	1.849.083	12.587.429
Deferred tax liabilities								
Additional goodwill amortisation for IRES	(5.085.012)	(1.220.403)		(1.220.403)	(5.085.012)	(1.220.403)		(1.220.403)
Total deferred tax liabilities		(1.220.403)	0	(1.220.403)		(1.220.403)	0	(1.220.403)
Total		11.059.177	2.193.200	13.252.377		9.517.943	1.849.083	11.367.026

Impact on the P&L account	2018/19	2017/18
Deferred tax assets at the beginning of the year (B)	12,587,429	9,099,673
Deferred tax assets at the end of the year (A)	14,472,780	12,587,429
Impact on the P&L account (A - B)	1,885,351	3,487,756
Deferred taxes at the beginning of the year (B)	(1,220,403)	(1,220,403)
Deferred taxes at the end of the year (A)	(1,220,403)	(1,220,403)
Impact on the P&L account (A - B)	0	0
Total impact on the P&L account	1,885,351	3,487,756

The € 14,472,780 deferred tax assets were recognised on the assumption that the medium term business forecasts - supported by the distribution agreement (based on the TNMM) which ensures the Company's steady profitability – give reasonable certainty that in future years the Company's taxable income will not be lower than the temporary differences that will be reversed.

Accounts receivable from others

Item C. II. 5 Quater decreased from Euro 286,446 at 31.03.2018 to Euro 269,956 at 31 March 2019, with a year-on-year decrease of Euro 16,490, as detailed below:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Accounts receivable from personnel	221,794	222,465	671
Accounts receivable from others	64,652	47,491	(17,161)
Balance	286,446	269,956	(16,490)

Accounts receivable from controlling companies

This item includes the account receivable from Jaguar Land Rover Limited in connection with the Deposit agreement, remunerated at market rates, whose balance at 31 March 2019 was Euro 144,628,908 (Euro 163,478,080 at the prior year-end), and the account receivable in connection with the recharge of warranty repair costs.

The decrease is mainly due to the transfer to Jaguar Land Rover Limited of cash flows in connection with the ordinary sale activity.

IV. Cash-in-hand and cash-at-bank

The balance of item C. IV. consists of the cash-at-bank, cash-in-hand and cash equivalents at the year-end, as shown below:

Description	Value at 31.03.2018	Value at 31.03.2019	Difference 2019-2018
Bank and P.O. accounts	27,843,792	10,910,211	(16,933,581)
Cash-in-hand and cash equivalents	0	0	0
Total	27,843,792	10,910,211	(16,933,581)

D) Accrued income and prepayments

This item consists of the portion of costs and income pertaining to more than one accounting period accruing before or after the relevant collection/payment and/or billing. At 31 March 2019 there were no accrued income and prepayments of a duration exceeding five years. The item can be broken down as follows:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference 2019-2018
Excise duty and prepaid insurance premium	229,599	118,847	(110,752)
Real estate deferred income receivable	0	197,809	197,809
Total	229,599	316,657	87,058

Liabilities

We set out below the composition of and the main changes in the liabilities:

A) Shareholders' equity

The following table summarises the changes in the items of shareholders' equity in FYs 2016/17, 2017/18 and 2018/2019:

Description	Value at 31/03/2017	Increases (Decreases)	Decreases Allocations	Value at 31/03/2018	Increases (Decreases)	Decreases Allocations	Value at 31/03/2019
Share capital	25,000,000			25,000,000			25,000,000
Legal reserve	1,303,712	399,976	0	1,703,688	508,838		2,212,526
Share exchange surplus	2,102,935			2,102,935			2,102,935
Retained earnings	28,807,178	7,599,556	0	36,406,734	9,667,931	(46,074,665)	0
Profit (loss) for the year	7,999,533	10,176,769	(7,999,533)	10,176,769	4,486,424	(10,176,769)	4,486,424
Total shareholders' equity	65,213,358	18,176,301	(7,999,533)	75,390,126	14,663,193	(56,251,434)	33,801,885

The Share capital has been wholly paid-in and at 31 March 2019 amounted to Euro 25,000,000 divided into 25,000,000 shares each having a nominal value of 1 Euro, subscribed by the Sole Shareholder.

The Legal Reserve increased by Euro 508,838 as a result of the allocation of the relevant share of the 2017/18 profit, as resolved by the general meeting in accordance with article 2430 of the Italian Italian Civil Code.

Pursuant to the general meeting resolution, retained earnings decrease from Euro 36,406,734 to 0 following the appropriation of the 2017/18 profit to retained earnings as to Euro 9,667,931 and to Euro 46,074,665 profit distribution.

The item "Other reserves – Share exchange surplus" derives from the 2011 merger and did not undergo any changes in the year.

We set out below the table containing the information required by article 2427(7-bis)(1) of the Italian Italian Civil Code and recommended by the Italian Accounting Standard Setting Board.

Nature/Description	Amount	Possibility of use	Available amount	Summary of amounts used in the three prior fiscal years	
				for loss coverage	for other reasons
Share capital	25,000,000				
Equity reserve:					
Reserve for treasury shares					
Reserve for shares or equity interests in the controlling company					
Reserve for share exchange	2,102,935	A,B	2,102,935		
Reserve from conversion of bonds					
Earnings reserves:					
Legal reserve	2,212,526	B	2,212,526		
Reserve for treasury shares					
Reserve from net exchange gains					
Reserve from valuation of shareholdings using the Net Equity method					
Reserve from derogations pursuant to article 2423(4)					
Retained earnings	0	A,B,C	0		
Total			0		
Non-distributable amount			4,315,461		
Remaining distributable amount			4,315,461		

Legend:

A: share capital increase

B: loss coverage

C: distribution to the shareholders

B) Provisions for contingent liabilities and charges

Other provisions

Item B. 3. “Other Provisions for contingent liabilities and charges” amounts to Euro 43,360,145 at 31 March 2019, with a year-on-year decrease of Euro 5,881,997.

These provisions are set aside for the coverage of losses, liabilities, risks and charges related to the conduct of business, that are certain or likely to arise, but whose amount and date of occurrence could not be determined at the year-end. The following table shows the composition of and changes in this item:

Description	Value at 31.03.2018	Increases for the year	Decreases/ Allocation	Value at 31.03.2019
Provision for maintenance and warranty costs	152,615		93,231	59,384
Provision for miscellaneous contingent liabilities and charges	37,325,533	39,603,101	33,627,873	43,300,761
Total B.3	37,478,148	39,603,101	33,721,104	43,360,145

The “*Provision for maintenance and warranty costs*,” of Euro 59,384 at 31.03.2019, has been set aside to cover for the estimated maintenance costs for vehicles sold in prior years to the Public Authorities.

No amount was accrued in the year, whereas the amount used in the year is Euro 93,231.

The balance of the “*Provision for miscellaneous contingent liabilities and charges*”, of Euro 43,300,761, consists of provisions for legal risks as to Euro 615,000, for commercial costs as to Euro 38,759,962, for costs regarding the possible return of worn-core replacement parts by dealers and authorised repair shops as to Euro 2,188,841, for employee bonuses as to Euro 961,413 and marketing costs payable to the dealers as to Euro 746,968.

Commercial costs are partly deducted directly from sales revenue as they consist of discounts and allowances granted to dealers on the cars purchased from the Company during the year and partly recorded under item B13 “Other accruals”.

C) Employees’ termination pay

The provision recorded under item C of the liabilities section of the Balance Sheet reflects the amount due by the Company to its employees on payroll at 31 March 2019:

Descrizione	Value at 31.03.2018	Increases for the year	Decreases for the year	Value at 31.03.2019
Employees' termination pay	2,819,056	363,330	204,250	2,978,136
Total	2,819,056	363,330	204,250	2,978,136

Pursuant to law 296/2006 and relevant implementation decrees, we inform you that 73 employees decided to keep their termination pay with the Company, whereas 31 employees opted for its allocation to the relevant pension funds.

The balance at 31.03.2019 is adequate to meet the relevant legal and collective bargaining agreement obligations.

Headcount information

The Company’s average headcount, broken down by category, is as follows:

Headcount	at 31/03/2018	at 31/03/2019
Managers/Executives (Dirigenti)	19	20
Employees	89	84
Total	108	104

D) Accounts payable

Accounts payable have been measured at their nominal value and can be broken down as follows by due date:

Description	Balance at 31/03/2018	Balance at 31.03.2019			Difference 2019/2018	
		31.03.2019	falling due within one year	falling due after more than one year		falling due after more than 5 years
D (6) Advances	1,860,866	140,000	140,000		(1,720,866)	
D (7) Accounts payable to suppliers	34,930,090	39,706,655	39,706,655		4,776,565	
D (11)Accounts payable to controlling companies	107,007,549	111,534,915	111,534,915		4,527,366	
D (11 bis) Accounts payable to undertakings under control by the controlling companies	595,296	605,443	605,443		10,147	
D (12) Tax liabilities	32,768,119	26,453,997	26,453,997		(6,314,122)	
D (13) Accounts payable to social security agencies	370,319	375,948	375,948		5,629	
D (14) Other accounts payable	23,597,727	9,034,677	9,034,677		(14,563,050)	
Balance	201,129,966	187,851,635	187,851,635	0	0	(13,278,331)

The "Accounts payable to suppliers", item D. 7., fall due within one year and are in connection with trade payables to third party suppliers for the purchase of goods and services.

Item D.11 "Accounts payable to controlling companies", which amounted to Euro 111,007,549 at 31 March 2019, mainly consists of the payable to Jaguar Land Rover Limited for cars and spare parts purchased but still unpaid for at 31.03.2019.

Item D.11 bis "Accounts payable to undertakings under control by controlling companies", totalling Euro 605,443 at 31.03.2019 (Euro 595,296 at 31.03.2018), is mainly in connection with the payable to Spark44 S.r.l..

Item D. 12. "Tax liabilities" amounted to Euro 26,453,997 at 31 March 2019 and can be broken down as follows:

Description	Balance at 31/03/2019	Balance at 31/03/2018	Balance at 31/03/2017
VAT liabilities (March 2019)	25,034,026	32,548,126	31,519,026
IRES and IRAP payable	1,238,498	46,374	5,212,392
Withholding levied from employees and self-employed (March 2019)	181,473	173,619	166,717
Total	26,453,997	32,768,119	36,898,135

Item D. 13. consists of “Accounts payable to social security agencies” which at 31 March 2019 amounted to Euro 375,948.

Item D. 14. “Other accounts payable” amounts to Euro 9,034,677, with a net decrease of Euro 14,563,050, mainly resulting from a decrease in accounts payable to dealers in connection with outstanding commercial incentives. This item may be broken down as follows:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Accounts payable to employees in respect of accrued holidays and other dues	1,388,387	1,415,903	27,516
Accounts payable to dealers	22,173,911	7,606,242	(14,567,669)
Other accounts payable	35,429	12,532	(22,897)
Totale	23,597,727	9,034,677	(14,563,050)

E) Accrued liabilities and deferred income

This item consists of deferred revenue from the sale of “Connected car” services, included in the sale price of car accessories, which will accrue in future years.

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Deferred income scheduled maintenance packages	1,480,521	1,711,948	231,427
Deferred revenue on "connected car" service	3,253,662	2,797,722	-455,940
Totale	4,734,183	4,509,670	-224,513

Memorandum accounts

At 31 March 2019 memorandum accounts can be broken down as follows:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Third party guarantees issued on our behalf	7,899,493	7,824,179	(75,314)
Guarantees issued to third parties	8,054,648	0	(8,054,648)
Commitments for the repurchase of cars sold under the buyback clause	22,399,494	36,591,034	14,191,540
Total	38,353,635	44,415,212	6,061,578

Third party guarantees issued on our behalf consist of bank guarantees issued to third parties on our behalf.

Comments to and analysis of Profit and Loss Account items

In view of the itemised presentation of costs and income in the P&L Account and of the description of Balance Sheet items set out above, in this section we will deal with the main cost and revenue items; for a detailed analysis of operating costs and income, reference should be made to the Directors' report.

A) Revenue

The item Revenue from sales and services consists of revenue from the sale of cars, spare parts and other assets, and from the provision of services, as set out below.

Revenue by category of business

The following table shows a breakdown of revenue from sales and services:

Description	Value at 31/03/2018	Value at 31/03/2019	Difference
Sale of cars	1,162,107,656	1,105,049,252	-57,058,404
Sale of spare parts and accessories	77,405,624	95,750,978	18,345,354
Total	1,239,513,280	1,200,800,230	-38,713,051

Revenue from sales of goods and service supplies is stated after deduction of discounts, allowances and premiums. Revenue decreases from Euro 1,239,513,280 to Euro 1,200,800,230, with a net year-on-year decrease of Euro 38,713,051.

The difference is mainly due to the decrease in car sales.

B) Expenditure

Costs for raw materials, subsidiary materials, consumables and goods and Costs for services

Costs for raw materials, subsidiary materials and consumables recorded an increase of Euro 114,645, from Euro 1,117,895,300 at 31 March 2018 to Euro 1,118,009,945 at 31 March 2019. The costs for services amount to Euro 104,789,862, with Euro 6,399,771 increase mainly due to marketing costs (advertisement and events).

Personnel costs

This item includes all costs for employees including performance increases, promotions, cost of living increases, untaken holidays and any accruals made in accordance with the law and the collective bargaining agreements, for a total of Euro 11,691,976.

C) Financial income and costs

Other financial income

This item refers to the interest income accrued on the Deposit agreement with Jaguar Land Rover Limited as to Euro 67,509 and to bank interest income as to Euro 1,463.

Interest and other financial costs

The item “Interest and other financial costs” amounts to Euro 3,862,949, with a year-on-year increase of Euro 683,788, and is in connection with the interest payable to factoring companies and with the fees due to American Express.

Income taxes

The taxes for the year total Euro 7,566,080. The following table shows the current and deferred taxes for the year:

Description	Value at 31/03/2018	Value at 31/03/2019
Current taxes		
IRES	5,787,954	4,406,571
IRAP	1,692,583	1,144,945
Deferred tax assets		
IRES	(2,985,514)	(1,541,234)
IRAP	(502,242)	(344,117)
Deferred tax liabilities		
IRES		
IRAP		
Taxes of prior years	153	3,899,915
Total income taxes	3,992,934	7,566,080

The taxes for the year, accounting for 30.4% of the pre-tax result (28.2% in the prior year), have decreased by Euro 326,616.

Deferred tax assets and liabilities are calculated on the temporary differences between statutory values and tax bases, at the tax rate in force at the time such differences are reversed. For a detailed analysis, see the table providing a breakdown of item C II 5 ter.

In order to outline in detail the effects of deferred assets, we set out below a reconciliation of the statutory profit with the notional tax liability:

Determination of the IRES taxable amount

Description	Value	Tax
Pre-tax result	12,052,504	
Notional tax liability (24%)		2,892,601
Temporary differences deductible in subsequent years	41,915,411	
Temporary differences deductible from prior years	(35,501,925)	
Permanent differences that will not be reversed in subsequent years	(105,275)	
Taxable amount	18,360,715	
Current IRES on the result of operations		4,406,572

Determination of the IRAP taxable amount

Description	Value	Tax
Difference between revenue and expenditure (A-B)	15,848,232	
Costs non relevant for IRAP	27,004,032	
Total	42,852,264	
Notional tax liability (4,82%)		2,065,479
Temporary differences deductible in subsequent years	25,325,524	
Temporary differences from prior years	(33,637,517)	
Permanent differences that will not be reversed in subsequent years	(10,786,234)	
Taxable amount	23,754,036	
Current tax on the IRAP taxable amount		1,144,945

*:levied on the taxable amount attributable to *Regione Lazio*

F) Related-party transactions

All related-party transactions carried out by Jaguar Land Rover Italia S.p.A., including intragroup transactions, are ordinary day-by-day transactions made at arm's length conditions. There are no unusual, non-arm's length related-party transactions of a significant amount that fall outside the Company's ordinary course of business.

Other information

No Directors' fees are payable.

Pursuant to article 2427(16-bis)(1) of the Italian Civil Code, the fees payable to the Board of Statutory Auditors amount to Euro 70,000, the Auditor's fee for the annual audit of the accounts is Euro 35,000 and the fees for consulting services amount to Euro 171,900.

No significant events have occurred after the year-end which deserve a mention in these notes.

The parent company which prepares the consolidated Financial Statements is Tata Motors Limited, a company organized and existing under the laws of India, with registered office in Mumbai. The consolidated Financial Statements are available at Tata Motors Limited.

As mentioned in the 2018 Financial Statements, in 2013 the Revenue Agency (*Agenzia delle Entrate – Direzione Regionale Lazio – Ufficio Grandi Contribuenti*) served an Assessment Notice on the Company for a deficiency covering FY2009 IRES and IRAP.

As regards the ongoing dispute on transfer pricing, in May 2014 the Company filed an application for a Mutual Agreement Procedure under article 6 of the Arbitration Convention (Convention 90/436/EEC of 23 July 1990 on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, transposed in Italy by law No 99 of 22 March 1993) and under the Mutual Agreement Procedure clause (article 26) of the Italy/UK double tax treaty. In October 2014, the Ministry of Economy and Finance informed the Company of the start of the MAP.

On 27 December 2018, the Revenue Agency, with reference to the aforementioned MAP, communicated by way of certified e-mail that the relevant Italian and British authorities had agreed that there are insufficient grounds to support the tax claim by the Italian tax authorities and requested that Jaguar Land Rover Italia S.p.A. confirm such conclusions.

On 10 January 2019, Jaguar Land Rover Italia communicated by certified e-mail its willingness to accept the conclusions.

Lastly, it should be noted that on 14 December 2017, the Tax Police completed the tax audit of our Company, which was begun on 25 September 2017. After the audit, the inspectors served a Tax Audit Report on the Company, which included proposals for tax recovery regarding intragroup transfer prices for the 2013-2016 tax periods.

On 2 July 2018 the Revenue Agency served an Assessment Notice on the Company for those tax periods and on 25 July 2018 Jaguar Land Rover Italia S.p.A. signed a Settlement Proposal for the tax periods from 2013 to 31 March 2017.

Distribution of revenue by geographical area

Geographical area	2017/18		2018/19	
	Revenue	%	Revenue	%
Northern Italy	706,522,570	57%	684,456,131	57%
Central and Southern Italy and the Isles	532,990,711	43%	516,344,099	43%
Total	1.239,513,280		1,200,800,230	

Information relating to management and coordination pursuant to art. 2497 ss. of the Italian Civil Code

Main financial data relating to the latest approved Financial Statements of the parent company Jaguar Land Rover Limited:

Value at 31.03.2018	Million of pounds (GBP)
Non current assets	14,544
Current assets	10,302
Total assets	24,846
Current liabilities	10,516
Non current liabilities	5,265
Total liabilities	15,781
Net assets	9,065
Revenues	21,945
Net profit (loss) in the year	545

Dear Shareholder,

the Financial Statements we are submitting to you for approval show a profit of euro 4,486,424 which we propose be appropriated as follows:

- Euro 224,321, accounting for 5% of the profit for the year, to the legal reserve as required by article 2430 of the Italian Civil Code;
- Euro 4,262,103 to retained earnings.

Rome, 21 May 2019

For and on behalf of the Board of Directors

The Managing Director

CASH FLOW STATEMENT*Cash flow determined using the direct method*

	April 2018-March 2019	April 2017-March 2018
A. Cash flow from operating activities		
Payments from customers	1.619.555.844	1.551.573.313
Other payments received	0	0
(Payments to suppliers fro good and services)	(281.337.138)	(206.136.360)
(Payments to personnel)	(4.547.925)	(4.392.629)
(VAT payments)	(260.338.837)	(266.925.870)
(Other payments)	(286.993)	(395.843)
(Income taxes paid)	(14.714.206)	(19.261.933)
Interest received/ (paid)	(2.464.325)	(3.264.590)
Cash flow from operating activities (A)	1.055.866.419	1.051.196.089
<i>Tangible assets</i>		
(Tangible assets- Investments)	0	(1.717.603)
<i>Intangible assets</i>		
(Intangible assets - Investments)	0	(955.228)
<i>Other investment activities</i>		
(Loans made to) controlling company - "Deposit agreement"	(1.176.800.000)	(1.051.225.944)
Repayment of loans made to controlling company "Deposit agreement"	104.000.000	10.000.000
Cash flow investment activities (B)	(1.072.800.000)	(1.043.898.775)
C. Cash flow from financing activities		
Cash flow from financing activities (C)	0	0
Increase (decrease) of cash-in-hand and cash-at-bank (A ± B ± C)	(16.933.581)	7.297.314
Cash-in-hand and cash-at-bank at 1° April	27.843.792	20.546.478
Cash-in-hand and cash-at-bank at 31° March	10.910.211	27.843.792

Jaguar Land Rover Italia S.p.A.
A sole shareholder company (*Azionista Unico*)
Registered office in Rome, Viale Alessandro Marchetti, 105 – Share capital € 25,000,000 fully paid-in
Chamber of Commerce (R.e.a.) reg. No. 944215
Fiscal code, VAT number and Rome Companies Registry reg. No 06070621005

DIRECTORS' REPORT FOR FY 2018/19

Dear Shareholders,

The financial statements at 31 March 2019 of Jaguar Land Rover Italia S.p.A. showed a profit of Euro 4,486,424, after amortisation, depreciation and value adjustments of approx. 2.4 million Euro and after current and deferred taxes of approx. 7.6 million Euro.

During the period April 2018 – March 2019, 1,884,514 vehicle registrations were made in the Italian car market, of which 96,877,102 were effected by Jaguar Land Rover, with a decrease of 4.9% compared to the same period of the prior year.

In this market scenario, the Land Rover brand totalled 17,875 vehicle registrations, accounting for an 18.5% share of the SUV market.

In particular, the Range Rover Evoque model retained its sound market position with 5,894 registrations and a 12.4% market share; the same applies to the Discovery Sport model, with 4,130 registrations and a 8.7% market share.

The sale of the new Evoque model began in March 2019.

The Jaguar brand totalled 9,450 vehicle registrations, accounting for a 9.8% market share.

Specifically, the Jaguar E-Pace was quite a success with the public, with 5,607 registrations accounting for a 11.8.9% market share, whereas the Jaguar F-Pace reached a total of 2,296 new registered vehicles accounting for a 16.6% market share.

The sale of the Jaguar E-Pace began in January 2018 and was a success with the public, with 1,302 registrations and a 2.8% market share.

In the period April 2018 – March 2019, Jaguar Land Rover Italia invoiced 26,195 vehicles, of which 16,956 Land Rover branded vehicles and 9,239 Jaguar branded vehicles.

As regard the composition of the main items of the profit and loss account, we set out below some financial information concerning FY 2018/19.

The net revenue from sales and services in 2018/19, for a total of 1,201 million Euro, can be broken down as follows:

- car sales amounted to 1,105 million Euro, of which 756 million Euro for Land Rover branded vehicles and 349 million Euro for Jaguar branded vehicles;
- sales of Land Rover and Jaguar spare parts and accessories amounted to 79 and 16 million Euro respectively.

The cost of goods sold was in line with the trend of revenue.

For information on amortisation, depreciation and value adjustments, see the exhaustive comments made in the notes to the financial statements.

The company makes use of Factoring as a financial instrument for the realization of accounts receivable from the sale of cars, spare parts and accessories through the dealer network. Accounts receivables are sold on a without-recourse basis to FCA Bank SpA and to a limited extent, principally on a without-recourse basis, to other finance companies. Therefore, the company's credit and financial risk is simply in connection with accounts receivable from direct sales to Public Authorities and to major car rental companies. For a detailed description of the company's financial risk management policies, see the Notes to the financial statements

The company's commercial transactions are almost exclusively in euro and therefore there are no particular exchange risks.

The Company is a commercial entity and therefore did not engage in R&D activities which are conducted at the Group level.

As regards relationships with the direct controlling company Jaguar Land Rover Limited and the other group companies, we remind you that the company has been a Tata group company since June 2008 and that in FY 2018/19 it entered into financial and commercial relationships with several group companies.

In particular, the costs incurred in FY 2018/19 for the purchase of cars from Jaguar Land Rover Limited amounted to approx. 1,024 million Euro.

The purchase of spare parts from Jaguar Land Rover Limited and other group companies amounted to approx. 91 million Euro.

During FY 2018/19 the company started to distribute spare parts to Jaguar Land Rover Austria GmbH.

The net result from financial activities was a 3.8 million Euro loss.

As regards financial relationships, the company entered into a 'Deposit Agreement' with Jaguar Land Rover Limited, as described in the Notes, which during the year generated about Euro 68,000 in financial income.

As regards commercial transactions during the year, purchases of both Jaguar and Land Rover vehicles and spare parts were principally made from the controlling company Jaguar Land Rover Limited, thus mitigating the price risk.

The company carries on business pursuant to a distribution agreement with Jaguar Land Rover Limited.

Under the agreement, which involves a low business risk for Jaguar Land Rover Italia S.p.A., transfer prices are determined in such a way that the distribution company is guaranteed a profit margin as a percentage of sales revenue (Transactional Net Margin Method – TNMM). Such margin rate is established by specific comparability analyses conducted at group level based on similar transactions carried out between independent parties.

With regard to the main highlights and indicators for FY 2018/19, enclosures 1, 2 and 3 provide the information required by article 2428, paragraph 2 of the Italian Civil Code.

FY 2019/20 generally confirms the 2018/2019 trend. In particular, a significant number of registrations for new Jaguar and Land Rover vehicles took place in April 2019.

The next part of FY 2018/19 will be crucial for Jaguar Land Rover, as new Jaguar and Land Rover models are going to be launched on the market to enhance the company's competitiveness and market presence.

As mentioned in the financial statements for the prior period, in 2013 the Revenue Agency (*Agenzia delle Entrate – Direzione Regionale per il Lazio – Ufficio Grandi Contribuenti*) served on the Company a notice of deficiency in respect of 2009 IRES and IRAP.

As regards the transfer pricing litigation, in May 2014 the company filed an application for a Mutual Agreement Procedure under article 6 of the Arbitration Convention (Convention 90/436/EEC of 23 July 1990 on the elimination of double taxation in connection with the adjustment of profits of associated enterprises, transposed in Italy by law No 99 of 22 March 1993) and under the Mutual Agreement Procedure clause (article 26) of the Italy/UK double tax treaty. In October 2014, the Ministry of Economy and Finance informed the Company of the start of the MAP.

With reference to the aforementioned Mutual Agreement Procedure, on 27 December 2018 the Revenue Agency informed the Company by way of certified e-mail that the relevant Italian and British authorities had agreed that the tax claim by the Italian tax authorities are groundless and requested that Jaguar Land Rover Italia S.p.A. confirms such conclusions.

On 10 January 2019 Jaguar Land Rover Italia accepted the conclusions by certified e-mail.

On 14 December 2017, the Tax Police completed the tax audit of our Company, which was begun on 25 September 2017. After the audit, the inspectors served a Tax Audit Report on the Company, which included proposals for tax recovery regarding intragroup transfer prices for the 2013-2016 tax periods.

On 2 July 2018 the Revenue Agency served an Assessment Notice on the Company for the above mentioned tax periods subject to audit and on 25 July 2018 Jaguar Land Rover Italia signed a Settlement Proposal for the tax periods from 2013 to 31 March 2017.

On 25 March 2019 the shareholders passed a resolution to distribute the net profits of Euro 46,074,664 (equivalent to Euro 1,84 per share).

We inform you that personal data are processed in accordance with the Italian Privacy Code (Decree Law No 196/2003), supplemented and amended by Legislative Decree No 51/218 following the implementation of the European Regulation No 679/2016.

For an on behalf of the Board of Directors
The Managing Director



Jaguar Land Rover Italia S.p.A.

Independent auditor's report pursuant to
article 14 of Legislative Decree n. 39
Financial Statements as at March 31,
2019

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

To the shareholder of Jaguar Land Rover Italia S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Jaguar Land Rover Italia S.p.A. (the Company), which comprise the balance sheet as at March 31, 2019, the income statement and the cash flow statement for the year then ended and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2019 and of the result of its operations and its cash flows for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The Company, as requested by the Italian Law, included in the explanatory notes the key figures from the latest financial statements of the company that exercises the management and coordination activities over it. Our opinion on Jaguar Land Rover Italia S.p.A. financial statements does not extend to such figures.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations and accounting principles governing financial statements and, within the limits of the law, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit 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 Company's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level as required by the ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The directors of Jaguar Land Rover Italia S.p.A. are responsible for the preparation of the report on operations of Jaguar Land Rover Italia S.p.A. as at March 31, 2019, including its consistency with the financial statements and the compliance with the applicable laws and regulations.



We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of Jaguar Land Rover Italia S.p.A. as at March 31, 2019 and on its compliance with the applicable laws and regulations, and in order to assess whether its contain material misstatements.

In our opinion, the report on operations is consistent with the financial statements of Jaguar Land Rover Italia S.p.A. as at March 31, 2019 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, May 21, 2019

BDO Italia S.p.A.

Signed by Alessandro Fabiano

Partner