

**Jaguar Land Rover
España, S.L.
(Sole-Shareholder
Company)**

Financial Statements for the
year ended 31 March 2017
and Directors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Notes to the financial statements for the year ended 31 March 2017

1. Company description

Jaguar Land Rover España, S.L.U. ("the Company") was incorporated on 12 January 2000 in Madrid in accordance with the Spanish Public Limited Liability Companies Law under the company name Osa Menor, S.L. On 30 April 2000, the Company acquired certain assets and liabilities from Rover España, S.A. On 5 May 2000, it changed its company name to Jaguar Land Rover España, S.L.U. The Company's registered office is at Paseo de la Castellana 130, 8ª Planta, Madrid. On 31 May 2013, following the absorption of Jaguar Hispania, S.L.U. by Land Rover España, S.L.U., the Company changed its name to Jaguar Land Rover España, S.L.U. The disclosures required under Article 93 of Royal Decree-Law 4/2004, of 5 March, approving the Consolidated Spanish Income Tax Law, were included in the financial statements for 2013.

The Company's registered office and tax domicile are located at Plaza Pablo Ruiz Picasso 1, Planta 42, Madrid.

On 16 February 2017, the sole shareholder approved the amendment of the bylaws, establishing that from then on the financial and tax years of the Company would end on 31 March and begin on the immediately following 1 April.

Its business activities consist of the distribution, import, export and sale of Land Rover and Jaguar-brand cars in Spain, as well as the maintenance and repair thereof. In practice, the Company has entered into an agreement with Jaguar Land Rover, Ltd. which regulates its entire operating activity and pursuant to which the applicable economic terms and conditions are established.

The Company forms part of the Tata Motors Group, whose Parent is Tata Motors Limited with registered office in the Republic of India. Tata Motors Ltd has formulated the consolidated financial statements as of 31 March 2016, which were formally prepared by the Company's Directors at its Board Meeting held on 30 May 2016 and are placed in the Mercantile Register Office of Mumbai (India).

2. Basis of presentation of the financial statements

2.1. Regulatory framework for financial reporting applicable to the Group

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.
- c) Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations (R.D. 1159/2010).
- d) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- e) All other applicable Spanish accounting legislation.

2.2. Fair presentation

These financial statements were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2016.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the sole shareholder, and it is considered that they will be approved without any changes. The financial statements for the three-month period ended 31 March 2016 were approved by the sole shareholder on 30 June 2016.

2.3. Accounting principles

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

Estimations made by the Company's Directors were used for the elaboration of these financial statements in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimations relate basically to the following aspects:

- Assessment of possible impairment losses on certain assets (see Notes 4.3, 4.5 and 4.6).
- Calculation of provisions for short-term commercial incentives (see Notes 4.9 and 4.10).
- Recoverability of deferred tax (see Note 4.8).
- Temporary recognition of sales revenue (see Note 4.9).

Although these estimates were made on the basis of the best information available at 31 March 2017, future events might make it necessary to change them (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.5. Comparative information

On 16 February 2016, the sole shareholder resolved to amend the Company bylaws and establish 31 March of each year as the financial year-end. Therefore, the financial statements for the prior reporting period related to a three-month period. Consequently, this fact must be taken into account for the purposes of comparing these financial statements for the period ended 31 March 2017 with those for the prior period, which covered three months.

The information relating to the three-month period ended 31 March 2016 included in these notes to the financial statements is presented for comparison purposes with that relating to the year ended 31 March 2017.

Royal Decree 602/2016, of 2 December (amending the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, of 16 November), was approved in December 2016. The aforementioned Royal Decree 602/2016 is applicable to reporting periods beginning on or after 1 January 2016. The main amendments introduced by Royal Decree 602/2016 that affect the Company relate to the following:

- I. New disclosures in the notes to the financial statements, including most notably, apart from those arising from the changes referred to in point II below, the following: a) the amount of the premiums paid under directors' third-party liability insurance policies; b) employees with a disability equal to or greater than 33%; and c) the conclusion, amendment or early termination of any agreement between a business entity and any of its shareholders or directors, or any person acting on their behalf, in relation to transactions outside the course of a company's ordinary business operations or transactions not performed on an arm's length basis.

In relation to the new disclosure requirements and in accordance with the option envisaged in the aforementioned Royal Decree 602/2016, the Company did not disclose comparative information (see Notes 18 and 19).

- II. Amendments to the recognition and measurement standard for intangible assets (in particular, goodwill)
In line with the amendments to the Spanish Commercial Code introduced by Law 22/2015, of 20 July, intangible assets are assets with a finite useful life and, therefore, should be amortised systematically over the period in which it can reasonably be foreseen that the economic benefits incidental to the asset will generate income for the company. When the useful life of these assets cannot be estimated reliably, they shall be amortised over a period of ten years, notwithstanding the time periods established in the specific standards on intangible assets. The Law specifies that goodwill will be amortised over its useful life which it is assumed will be over ten years and on a straight-line basis, unless there is evidence to the contrary. Formerly, the aforementioned intangible assets and goodwill were assets with indefinite useful lives not subject to systematic amortisation but to impairment.

With regard to the amortisation of goodwill, and as permitted by the Single Transitional Provision of Royal Decree 602/2016, from 1 January 2016 the Company applied prospectively the new amortisation methods envisaged in the legislation to the carrying amount of the goodwill existing at 31 December 2015 (see Note 5).

2.6. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are have been grouped together to facilitate their understanding. However, whenever involved amounts are significant, the information is broken down in the related notes of the financial statements.

2.7. Changes in accounting policies

In the reporting period ended 31 March 2017, there were no significant changes in accounting policies with respect to those applied in the three-month period ended 31 March 2016.

2.8. Correction of errors

In preparing the financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for the three-month period ended 31 March 2016.

3. Profit distribution

The proposed distribution of the profit for the year ended 31 March 2017, which the Company's directors will submit for approval by the sole shareholder, is as follows:

	Euros
Distribution:	
To legal reserve	428,770
To voluntary reserve	3,858,936
Total profit for the year	4,287,706

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for the three-month period ended 31 March 2017, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Intangible Assets

As a general rule, intangible assets are recognised initially at acquisition cost and are subsequently measured at cost less any accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3. These assets are amortised over their years of useful life. When the useful life of these assets cannot be estimated reliably, they are amortised over a period of ten years.

Goodwill is allocated to the cash-generating units to which the economic benefits of the synergies of the business combination are expected to flow. Subsequent to initial recognition, goodwill is measured at cost, less any accumulated amortisation and any accumulated impairment losses recognised. Pursuant to the applicable legislation, the useful life of goodwill is set at ten years and it is amortised on a straight-line basis.

Also, the Company analyses if there are any indications of impairment of the aforementioned cash-generating units at least once a year and, if there are, they are tested for impairment according to the methodology described below and, where appropriate, they are written down.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Specifically, the Company recognises under this epigraph the goodwill that arose on acquisition of the assets of Rover España, S.A., as described in Note 5.

4.2. Fixed assets: Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost and are subsequently reduced by the related accumulated amortization and by any impairment losses recognised according to the criteria mentioned in Note 4.3.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Depreciation rate
Plant	15 % - 25 %
Tools	30 %
Furniture and office equipment	10 %
Computer hardware	25 %

4.3. Impairment of intangible and fixed assets

At the end of each reporting period the Company analyses if there are any indications of impairment of its assets or cash generating units to which it allocated goodwill or other intangible assets and, if there are, the Company tests the assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Each year, Management Department prepares for each cash-generating unit a business plan by market and line of business. The main components of this plan are as follows:

- Earnings projections.
- Investment and working capital projections.

Other variables affecting the calculation of the recoverable amount are:

- The discount rate to be used, which is taken to be the weighted average cost of capital, the main variables with an effect on its calculation being interest costs and the risks specific to the assets.
- The cash flow growth rate used to extrapolate the cash flow projections to beyond the period covered by the budgets or forecasts.

The projections are prepared on the basis of past experience and of the best estimates available, which are consistent with the information obtained from external sources.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets of the cash-generating unit is then reduced, on the basis of their carrying amount, down to the limit of the highest of the following values: fair value less costs to sell; value in use and zero.

Where an impairment loss subsequently is reverted (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

At 31 March 2017 and 2016, the Company has not recognised any impairment losses on its assets.

4.4. Leasing

Leases are classified as financial leasing whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operational leasing.

Financial leasing

Financial leasing where the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value of the minimum lease payments agreed at the inception of the lease, including the price of the call option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment that are owned.

Operational leasing

Lease expenses from operational leasing are recognised at income statement on an accrual basis.

Any payment that might be made when arranging an operational leasing will be treated as a prepaid lease payment which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

4.5. Financial Instruments

4.5.1. Financial assets

Classification -

The financial assets held by the Company relate to loans and receivables, financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition -

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent valuation -

Loans, receivables, deposits and bails are measured at amortised cost.

The Company calculates valuation adjustments relating to trade and other receivables by recognising under "Losses on, Impairment of and Change in Allowances for Trade Receivables" the estimated amount of impairment of receivables in an irregular situation due to late payment, suspension of payments, insolvency, delinquency or other causes, by a case-by-case analysis of the collectability thereof. The impairment is recognised under "Impairment of Trade Receivables" by reducing the amount of "Trade Receivables for Sales and Services" in the accompanying balance sheet.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

4.5.2. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist or when all the risks have been transferred to a third party.

4.5.3. Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all of its liabilities.

Capital instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

4.6. Inventories

Inventories are valued at the lower of acquisition or net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Net realisable value is the estimated selling price less the estimated costs to be incurred in marketing, selling and distribution.

The cost of inventories of spare parts is assigned by using the weighted average cost formula. In turn, the acquisition cost of the vehicles is itemised.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than acquisition or production cost.

Specifically, for used vehicles, the Company writes down the carrying amount on the basis of the best estimate available of the sale price of these vehicles by model and age.

4.7. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At each accounting period-end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

4.8. Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised

deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

4.9. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Specifically, the Company recognises the sale of new vehicles as soon as they leave the factory since the agreement entered into with Jaguar Land Rover Ltd. establishes ex-works conditions of sale. Also, the agreements entered into with the car dealers provide for the transfer of risks and rewards at that moment.

In addition, at that juncture the Company makes the corresponding provisions for discounts, incentives and volume rebates, which are recognised under "Current Provisions" on the liability side of the balance sheet, and the sales amounts are presented net of such amounts (see Note 14).

Interest income from financial assets is recognised using the effective interest method. Interest from financial assets accrued after the date of acquisition are recognised as income.

4.10. Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain to its amount and/or timing will be required to settle the obligations; and
- b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences, excluding discounting since the effect thereof is not material.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.11. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. No provisions were recognised in this connection in the periods ended 31 March 2017 and 2016 because situations of this nature are expected to arise.

4.12. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

4.13. Pension obligations

Defined contribution -

Jaguar Land Rover España, S.L.U. has undertaken to make a defined contribution for its employees, consisting in a percentage of their salary, to an external pension plan. This plan is outsourced to Seguros Vitalicio.

The contributions made each year by Jaguar Land Rover España, S.L.U. in this connection are recognised under "Staff Costs" in the statements of profit or loss. The expenditure for this purpose amounted to EUR 93,930 in the year ended 31 March 2017 and EUR 22,570 in the three-month period ended 31 March 2016 (see Note 18.3).

Defined benefit -

Also, Jaguar Land Rover España, S.L.U. has undertaken with the management, the obligation of supplementing, according to the collective agreements currently in force, the Social Security benefits corresponding to its pensioners, current employees or their beneficiary rightholders, in the event of their retirement. These obligations have been outsourced and are covered by insurance policies.

The expenditure for this purpose amounted to EUR 93,157 in the year ended 31 March 2017 and EUR 33,565 in the three-month period ended 31 March 2016 (see Notes 13 and 18.3).

4.14. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.15 Current/Non-current classification

Current assets are those related to the normal operating cycle, which, in general, is considered to be one year. Other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents have been also considered as current assets. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled within one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

5. Intangible assets

The changes in the year ended 31 March 2017 and the three-month period ended 31 March 2016 in "Intangible Assets" in the balance sheet and the most significant information affecting this heading were as follows:

Year ended 31 March 2017

	Euros		
	Balances at 31/03/2016	Additions/ Charge for the Period	Balances at 31/03/2017
Goodwill	13,853,798	-	13,853,798
Total cost	13,853,798	-	13,853,798
Goodwill	(10,702,059)	(323,255)	(11,025,314)
Total accumulated amortisation	(10,702,059)	(323,255)	(11,025,314)
Total	3,151,739	(323,255)	2,828,484

Three-month period ended 31 March 2016

	Euros		
	Balances at 01/01/2016	Additions/ Charge for the Period	Balances at 31/03/2016
Goodwill	13,853,798	-	13,853,798
Total cost	13,853,798	-	13,853,798
Goodwill	(10,621,245)	(80,814)	(10,702,059)
Total accumulated amortisation	(10,621,245)	(80,814)	(10,702,059)
Total	3,232,553	(80,814)	3,151,739

The goodwill arose as a result of the acquisition of the assets of the former Rover España, S.A. on 30 April 2000.

At 31 March 2017 and 2016 no impairment losses were recognised on the goodwill, as the transfer pricing policies established by the Group ensure that the profit from operations is positive on a recurring basis.

6. Fixed assets: property, plant and equipment

Changes in the year ended 31 March 2017 and the three-month period ended 31 March 2016 in "Property, Plant and Equipment" in the balance sheet and the most significant information affecting this heading were as follows (in euros):

Year ended 31 March 2017

	Euros		
	Balances at 31/03/2016	Additions/ Charge for the year	Balances at 31/03/2017
Plant	1,969,846	466,116	2,435,962
Tools	10,000	75,220	85,220

Furniture and office equipment	151,714	73,327	225,041
Computer hardware	930	-	930
Total cost	2,132,490	614,663	2,747,153
Plant	(1,198,701)	(388,974)	(1,587,675)
Tools	(7,750)	(11,478)	(19,228)
Furniture and office equipment	(38,289)	(17,009)	(55,298)
Computer hardware	(247)	(94)	(341)
Total accumulated depreciation	(1,244,987)	(417,555)	(1,662,542)
Total, net	887,503	197,108	1,084,611

Three-month period ended 31 March 2016

	Euros		
	Balances at 01/01/2016	Additions/ Charge for the year	Balances at 31/03/2016
Plant	1,914,375	55,471	1,969,846
Tools	10,000	-	10,000
Furniture and office equipment	149,555	2,159	151,714
Computer hardware	930	-	930
Total cost	2,074,860	57,630	2,132,490
Plant	(1,115,993)	(82,708)	(1,198,701)
Tools	(7,000)	(750)	(7,750)
Furniture and office equipment	(25,206)	(13,083)	(38,289)
Computer hardware	(224)	(23)	(247)
Total accumulated depreciation	(1,148,423)	(96,564)	(1,244,987)
Total, net	926,437	(38,934)	887,503

The main additions in the current period relate mainly to the corporate branding items at dealers, as well as the renovation and extension of the offices located at Plaza Pablo Ruiz Picasso, 1, Madrid.

The detail of the fully depreciated items of property, plant and equipment still in use (showing cost value) at 31 March 2017 and 2016, was as follows:

	Euros	
	31/03/2017	31/03/2016
Plant	400,783	124,616
Tools	10,000	-
Furniture and office equipment	7,986	7,986
	418,769	132,602

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject to. The Company's Directors consider that the insurance coverage of these risks is sufficient.

7. Leases

Operational leasing

At 31 March 2017 and 2016, the Company had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, or future increases in line with the CPI:

Minimum operating lease payments	Nominal value (euros)	
	31/03/2017	31/03/2016
Within one year	764,975	608,379
Between one and five years	478,403	1,013,397
Total	1,243,378	1,621,776

The amount of rental expense registered at 31 March 2017 and the three-month period ended 31 March 2016 was EUR 635,309 and EUR 172,897 respectively (see Note 18.4).

The most significant operational leasing held by the Company as lessee were as follows:

1. Lease of offices of 1,041 square metres located in Madrid. The lease commenced on 1 January 2014 and has a term of 5 years. Once the initial term has expired, the lease will be renewed automatically for a single term of five years. On 15 July 2016, the leasable area of these offices was increased by 177 square metres, and this addenda to the lease expires on the same date as the lease formalised on 1 January 2014.
2. Leasing of training facilities of 344.3 square metres located in Tres Cantos (Madrid). The lease commenced on 1 April 2006 and has a term of 3 years, automatically renewable for one-year periods.

8. Information on the nature and level of risks of financial instruments

The Company's financial risk management is centralised at the Company's Financial Department and has the support of the central teams of the Group to which it belongs. In this connection, the Company has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its cash and cash equivalents at banks with high credit ratings. Additionally, most of its trade receivables are factored by the financial institution FCA Capital Spain, S.A. (see Note 11).

b) Liquidity risk:

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the Group current account (see Note 19.1).

c) Market risk:

Foreign currency risk is concentrated mainly on specific transactions with group companies denominated in sterling pounds. Neither the amount of these transactions, nor, therefore, the impact of fluctuations in the exchange rate, are material. Also, since it has no bank borrowings, the Company is not exposed to significant risks in relation to changes in interest rates.

9. Long term investments

At this epigraph the Company registers the constituted deposits from leasings on offices and other facilities used to develop its activity.

10. Inventories

The detail of "Inventories" at 31 March 2017 and 2016 is as follows:

	Euros	
	31/03/2017	31/03/2016
New cars	16,255,614	9,331,687
Used cars	34,161,459	21,143,398
Spare parts	9,484,889	9,126,230
Other	137,089	137,089
Total inventories	60,039,051	39,738,404
Inventory write-downs	(1,452,820)	(535,215)
Total, net	58,586,231	39,203,189

Vehicles guarantee is responsibility of Jaguar Land Rover Ltd. and, therefore, no provision is recognised on this issue.

Changes in the provision for inventory depreciation in the in the year ended 31 March 2017 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	535,215	3,560,928	(2,543,292)	(100,031)	1,452,820

Changes in the provision for inventory depreciation in the three-month period ended 31 March 2016 were as follows:

	Euros				
	Beginning balance	Additions	Amount released	Disposals	Ending balance
Inventory write-downs	617,185	85,905	(135,982)	(31,893)	535,215

The Company takes out insurance policies to cover the possible risks to which its inventories are subject to. These risks are sufficiently insured.

11. Trade and other receivables

Substantially all of the sales of new vehicles by the Company to certain dealers were financed through FCA Capital Spain, S.A., which assumes the risk arising from the transaction. Also, FCA Capital Spain, S.A. grants a credit line to these dealers and pays the amount of the sale to the Company one day after the sale has taken place, and the Company recognises the amounts as customer collections.

In the periods ended 31 March 2017 and 2016 the Company sold without recourse accounts receivable of net amounts of EUR 662,980 thousand and EUR 187,451 thousand, respectively, and the accounts receivable factored without recourse yet to be settled at the end of the reporting period amounted to EUR 233,676 thousand and EUR 167,459 thousand, respectively.

The Company also recognises the accounts receivable from the spare parts business in these accounts.

"Trade and Other Receivables - Trade Receivables from Group Companies and Associates" includes mainly the warranties billed by dealerships that the Company reinvoices to the Group, as well as the billing of spare parts to Jaguar Land Rover Portugal Veiculos e Peças, Lda. (Note 19)

The changes in the provision for doubtful receivables in the periods ended 31 March 2017 and 2016 were as follows:

Year ended 31 March 2017

	Euros				
	Beginning balance	Additions due to merger	Reversals	Amounts used	Ending balance
Provision for doubtful receivables	371,909	77,045	(2,531)	(1,600)	444,823

Three-month period ended 31 March 2016

	Euros				
	Beginning balance	Additions due to merger	Reversals	Amounts used	Ending balance
Provision for doubtful receivables	371,957	563	(322)	(289)	371,909

12. Equity

12.1. Share capital

At 31 March 2017 and 2016, the Company's share capital amounted to EUR 43,869,638 thousand and was represented by 4,386,963 fully subscribed and paid registered shares of EUR 10 par value each. All the shares have the same voting and dividend rights.

At the end of 31 March 2017 the Company's Sole Shareholder was Jaguar Land Rover, Ltd. (The Company domiciled in England).

In accordance with current Spanish corporate and commercial law, the Company was registered at the Mercantile Registry as a sole-shareholder company on 4 December 2003.

As at 31 March, 2017, the Company has a cash-pooling agreement and another agreement governing all operating activities with its sole shareholder, and the balances thereof are disclosed in Note 19.

The Company's shares are not officially listed.

12.2. Legal reserve

Accorded to Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At 31 March 2017, the balance of the legal reserve has not reached the minimum legally required.

12.3. Reserve for goodwill

Until the year ended 31 December 2015 and pursuant to the Spanish Limited Liability Companies Law, when distributing the profit for each year an appropriation of at least 5% of the goodwill recognised on the asset side of the balance sheet had to be made to a restricted reserve for that goodwill. If the Company did not report a profit, or reported an insufficient amount, unrestricted reserves were used for this purpose.

In accordance with the amendments to the Spanish Limited Liability Companies Law introduced by Spanish Audit Law 22/2015, of 20 July, and the approval in December 2016 of Royal Decree 602/2016 amending the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, the appropriations to the reserve for goodwill were discontinued, and the balance of the reserve which exceeds the goodwill recognised on the asset side of the balance sheet must be reclassified to voluntary reserves and become unrestricted from 2016 onwards. The amount reclassified in the year ended 31 March 2017 to voluntary reserves amounted to EUR 3,152 thousand.

12.4. Voluntary reserves

At 31 March 2017, voluntary reserves were unrestricted, except for the amount of goodwill yet to be amortised (EUR 2,828,484).

12.5. Reserves for actuarial gains and losses

The reserves for actuarial gains and losses relate to the differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in the actuarial assumptions of the defined benefit plans (described in Note 13), which are recognised directly as reserves in equity.

13. Obligations with employees

Long-term defined benefit obligations

The detail of the present value of the obligations assumed by the Company in relation with post-employment benefits and other long-term employee benefits, as well as of the related plan assets at 31 March 2017 and 2016 is as follows (in euros):

	31/03/2017	31/03/2016

Present value of the benefit	2,340,025	2,015,243
Fair value of the plan assets	(2,314,685)	(1,981,678)
Long-term provisions - Provisions for long-term employee benefit obligations	25,340	33,565

The present value of the obligations was determined by qualified independent actuaries using the following actuarial techniques:

- Valuation method: “Projected Unit Credit”
- Actuarial assumptions used: unbiased and mutually compatible. In general, the most significant actuarial assumptions used in the calculations for the period ended 31 March 2017 and 2016, were as follows:

Actuarial Assumptions	31/03/2017	31/03/2016
Discount rate	2.06 %	2.68%
Increase in CPI	2%	2%
Annual social security increase rate	2%	2%
Annual salary increase rate	3%	3%
Retirement age	65 years	65 years

At 31 March 2017, the Company had recognised a provision totalling EUR 25,340 (EUR 33,565 at 31 March 2016) for the difference between the obligations to employees undertaken by the Company and the value of the assets funding the obligations, calculated based on its best estimate.

As a result of the review of the actuarial assumptions in the calculation of benefits, the Company recognised an income of EUR 18,760 directly in equity. These changes are due primarily to changes in the discount rate used in calculating the present value of pension plan.

14. Short-term provisions

The balance recognised under “Short-Term Provisions” relates mainly to the provisions recognised in relation to the incentives and discounts to dealers, the detail at the end of the periods ended 31 March 2017 and 2016 being as follows:

	Euros	
	31/03/2017	31/03/2016
Marketing and advertising provision (*)	5,622,198	6,016,562
Provision for incentives (Note 4.9)	19,129,667	14,138,322
Volume discount provision (Note 4.9)	11,296,188	11,081,863
Total	36,048,053	31,236,747

(*)Relate to provisions for unreceived invoices for marketing and promotion campaigns and events already held.

15. Other financial liabilities

The company has begun to develop commercial operations with certain companies selling vehicles with a six months buyback agreement. Regarding this matter, as of 31 March 2017 and 2016, there is registered a liability amounting to 19,968,683 euros and 12,236,465 euros, which is equivalent to the repurchasement value of 533 and 389 vehicles, respectively, which are still part of the Company's inventory stock.

16. Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2017 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	31/03/2017	31/03/2016
	Days	
Average period of payment to suppliers	31,26	33,44
Ratio of transactions settled	33,53	33,37
Ratio of transactions not yet settled	13,25	33,61
	Euros	
Total payments made	580,987,486	164,786,592
Total payments outstanding	73,260,583	62,964,410

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in "Payable to Suppliers, "Payable to Suppliers - Group Companies and Associates" and "Sundry Accounts Payable" under "Current Liabilities" in the accompanying balance sheet.

"Average period of payment to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

The statutory maximum payment period applicable to the Company in the year ended 31 March 2017 under Law 3/2004, of 29 December, on combating late payment in commercial transactions, was 30 days, unless there is an agreement for a maximum payment period of 60 days.

17. Tax matters

17.1. Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

	Euros	
	31/03/2017	31/03/2016
Current income tax liability	4,264,654	1,145,402
Current income tax liability	4,264,654	1,145,402
Accrued social security taxes payable	109,752	195,632
Personnel income tax payable	116,944	100,882
VAT payable	18,071,898	16,202,283
Other accounts payable to tax authorities	18,298,594	16,498,797

17.2. Conciliation of the accounting profit and taxable profit/tax loss

The reconciliation of the accounting profit to the taxable profit for the year ended 31 March 2017 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			5,772,209
Permanent differences –			
Non-deductible expenses	93,157	-	93,157
Timing differences –			
Reversal of the limitation on deduction of depreciation and amortisation	-	(18,837)	(18,837)
Provisions	36,048,053	(15,201,262)	20,846,791
Goodwill	-	(369,435)	(369,435)
Tax loss			26,323,885

The reconciliation of the accounting profit to the taxable profit for the three-month period ended 31 March 2016 for income tax purposes is as follows:

	Euros		
	Increase	Decrease	Total
Accounting profit before tax			1,791,261
Permanent differences –			
Non-deductible expenses	33,565	-	33,565
Timing differences –			
Provisions	10,197,446	(7,838,761)	2,358,685
Goodwill	-	(57,724)	(57,724)
Offset of prior years' tax losses	-	(944,566)	(944,566)
Tax loss			3,181,221

The increase in the temporary differences relating to provisions corresponds to the amount recognised at 31 March 2017 that will be deducted in the coming year. In turn, the decrease relates to the amount not deducted in the income tax return for the prior year filed in October 2016.

17.3. Conciliation of accounting profit and income tax expense

The reconciliation of the accounting profit to the income tax expense at 31 March 2017 and the three-month period ended 31 March 2016, is as follows:

	Euros	
	31/03/2017	31/03/2016
Accounting profit before tax	5,772,209	1,791,261
Permanent differences	93,157	33,565
Adjusted accounting profit	5,865,366	1,824,826
Tax charge at 25%	1,466,342	456,207
Adjustment of the tax rate	18,161	-
Total income tax expense recognised in the income statement	1,484,503	456,207

17.4. Breakdown of income tax expense

The breakdown of the income tax expense at 31 March 2017 and the three-month period ended 31 March 2016 is as follows (in euros):

	31/03/2017	31/03/2016
Current tax	6,580,971	795,305
Deferred tax	(5,114,629)	(339,098)
Adjustment of previous years	18,161	-
Total income tax expense	1,484,503	456,207

17.5. Deferred tax assets

The detail of "Deferred Tax Assets" for the periods ended 31 March 2017 and 2016 is as follows (in euros):

	31/03/2017	31/03/2016
Amortisation of goodwill	118,912	219,929
Provision for stock	2,118,022	1,819,722
Other provisions	6,893,991	729,682
Limitation on deduction of depreciation and amortisation	15,725	26,321
Total deferred tax assets	9,146,650	2,795,654

The deferred tax assets recognised at 31 March 2017 relate to non-deductible provisions at that date (see Note 14).

The deferred tax assets indicated above were recognised because the Company's directors considered that, based on their best estimate of the Company's future earnings, including certain tax planning measures, it is probable that these assets will be recovered within ten years.

17.6. Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 31 March 2017 the Company had the last five years open for review for income tax and the last four years for the other applicable taxes. The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

18. Income and expenses

18.1. Revenue

The breakdown, by business line, of the Company's revenue at the year ended 31 March 2017 and the three-month period ended 31 March 2016 is as follows:

	Euros	
	31/03/2017	31/03/2016
Vehicles	527,802,570	170,930,696
Spare parts	49,332,711	10,866,619
Total	577,135,281	181,797,315

The total revenue of the Company refers to the sale of vehicles in Spain and Andorra.

18.2. Cost of goods held for resale used

The detail of "Cost of Goods Held for Resale Used" at the year ended 31 March 2017 and the three-month period ended 31 March 2016 is as follows:

	Euros	
	31/03/2017	31/03/2016
Cost of goods held for resale used:		
Purchases	551,532,464	177,426,325
Changes in inventories (Note 10)	(20,300,647)	(5,815,753)
Total	531,231,817	171,610,572

Most purchases made by the Company relate to Jaguar Land Rover, Ltd. in the United Kingdom (see Note 19.1).

18.3. Staff costs and headcount

The detail of "Staff Costs" at the year ended 31 March 2017 and the three-month period ended 31 March 2016 is as follows (in euros):

	31/03/2017	31/03/2016
Wages, salaries and similar expenses	4,384,108	827,115
Employee Benefit Costs	1,543,605	383,062
Provisions (Note 4.13 and 13)	93,157	33,565
Total	6,020,870	1,243,742

The detail of "Employee Benefit Costs" at the year ended 31 March 2017 and the three-month period ended 31 March 2016 is as follows:

	Euros	
	31/03/2017	31/03/2016
Social security costs	1,092,460	240,756
Life insurance	83,714	75,614
Pension plans (defined contribution) (Note 4.13)	93,930	22,570
Other employee benefit costs	273,501	44,122
Total	1,543,605	383,062

The Company makes annual contributions to a life insurance policy for all its employees.

The average number of employees at the Company at the year ended 31 March 2017 and the three-month period ended 31 March 2016, by category, was as follows:

Professional category	Permanent staff	
	31/03/2017	31/03/2016
Directors	5	5
Management	13	13
Other	67	59
Total	85	77

Also, the headcount at the end of 31 March 2017 and 2016, by category and gender, was as follows:

	31/03/2017			31/03/2016		
	Men	Women	Total	Men	Women	Total
Directors	4	1	5	4	1	5
Management	8	5	13	8	5	13
Other	45	22	67	39	20	59
Total	57	28	85	51	26	77

In the year ended 31 March 2017 the Company did not have employees with a disability equal to or greater than 33%. However, the Company took alternative measures to meet the quota reserved for disabled employees, pursuant to current legislation.

18.4. Other operational expenses

The detail of “Other Operational Expenses” in the statements of profit or loss for the year ended 31 March 2017 and the three-month period ended 31 March 2016 is as follows (in euros):

	31/03/2017	31/03/2016
Rent and royalties (Note 7)	635,309	172,897
Repairs and maintenance	3,077,579	672,038
Independent professional services	1,481,914	125,064
Transport expenses	1,591,612	312,830
Insurance premiums	12,732	8,199
Banking and similar services	18,088	10,557
Advertising, publicity and public relations	23,489,589	5,669,646
Utilities	40,679	6,672
Other operating expenses	2,381,529	361,034
Taxes other than income tax	91,630	507
Losses on, impairment of and change in allowances for trade receivables (Note 11)	74,514	241
Total	32,895,175	7,339,685

In periods ended 31 March 2017 and 2016 the fees charged for financial audit and other services provided by the auditor of the Company’s financial statements, Deloitte, S.L., or by companies related to the auditor as a result of a relationship of control, common ownership or common management, were as follows (in euros):

	Fees for services charged by the auditor and by companies related to the auditor	
	31/03/2017	31/03/2016
Audit services	33,839	8,246
Total	33,839	8,246

18.5. Financial income and costs

Finance income included EUR 8,915 and EUR 2,341 for the year ended 31 March 2017 and the three-month period ended 31 March 2016, respectively, relating to the income arising from the sweep of the cash positions under the cash-pooling agreement with Jaguar Land Rover, Ltd. The average interest borne on these transactions in the period was tied to market rates (see Notes 12.1 and 19.1).

Finance costs relate to costs arising from interest on long term defined benefit remuneration (see Note 13). In the three-month period ended 31 March 2016, no expenses were incurred in relation to this item.

19. Related party transactions and balances

19.1. Related party transactions and balances

The detail of the transactions and balances with related parties in the year ended 31 March 2017 is as follows (in euros):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	Total
Purchases (a)	(546,392,931)	(45,179)	(86,722)	-	(546,524,832)
Other operating expenses (b)	(2,525,806)	-	-	-	(2,525,806)
Guarantees (c)	10,148,380	-	-	-	10,148,380
Sales and services rendered (d)	686,491	48,689	191,804	6,354,676	7,281,660
Interest income (e) (Note 18.5)	8,915	-	-	-	8,915
Trade receivables from Group companies (Note 11)	27,478	-	17,266	1,307,996	1,352,740
Payable to Suppliers - Group companies (f)	(64,426,752)	-	(1,930)	-	(64,428,683)
Loans to Group companies (e)	101,829,670	-	-	-	101,829,670

The detail of the transactions and balances with related parties in the three-month period ended 31 March 2016 is as follows (in euros):

	Jaguar Land Rover, Ltd.	Land Rover Italia, Spa	Land Rover Francia	Jaguar Land Rover Portugal Veiculos e Peças, Lda.	Total
Purchases (a)	(158,786,713)	(23,180)	(6,522)	-	(158,816,415)
Other operating expenses (b)	(347,685)	-	-	-	(347,685)
Guarantees (c)	1,869,447	-	-	-	1,869,447
Sales and services rendered (d)	190,421	31,560	83,893	1,685,423	1,991,297
Interest income (e) (Note 18.5)	2,341	-	-	-	2,341
Trade receivables from Group companies (Note 11)	54,300	15,534	55,527	834,017	959,378
Payable to Suppliers - Group companies (f)	(65,831,000)	(20,649)	(7,721)	-	(65,859,370)
Loans to Group companies (e)	124,362,185	-	-	-	124,362,185

Transactions with related party correspond mainly to:

- Purchases relating to the acquisition of new cars and spare parts from Jaguar Land Rover, Ltd. under the terms and conditions of the internal policy on transfer pricing.
- Other operating expenses relate to expenses incurred in the performance of agreements for the provision of services, mainly consisting of marketing costs.
- The guarantees billed by the dealers, which the Company re-bills to the Group. The Company registers these billings as a reduction of the procurement costs.

- d) Sales to Jaguar Land Rover Portugal Veiculos e Peças, Lda., corresponding to spare parts acquired from Jaguar Land Rover, Ltd. and services related to invoices corresponding to the distribution of selling costs.
- e) Interest income relating to remuneration received by the Company from sweeping its cash positions in connection with the Cash Pooling agreement with Jaguar Land Rover Ltd. This agreement was entered into on 13 March 2008, with indefinite maturity and accruing interest, for both creditor and debtor balances, tied to Euribor.
- f) The amount registered under "providers group companies" includes vehicle purchases made by the group which are subsequently sold by the Company.

19.2 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors

Pursuant to its duty to avoid situations of conflict of interest, the Company has control procedures in place, through its Legal Department, in order to comply with Articles 228 et seq. of the Spanish Limited Liability Companies Law, on the duty of disclosure of the directors. Also, by means of this procedure the directors disclosed the ownership interests they held in the year ended 31 March 2017, in accordance with the aforementioned articles.

In the period and up to the date of preparation of the financial statements, no situations of conflict of interest as defined in Articles 229 and 231 of the Spanish Limited Liability Companies Law were disclosed, with the exception of the case of Luis Antonio Ruiz Álvarez and Barry Carsley, who held shares (the value and the related percentage of ownership of which was not significant) in Ford Motor Company Automotive NT.

19.3. Remuneration of Directors and senior executives

The members of the Board of Directors (2 men and 1 woman) did not receive remuneration for attending the Board of Directors meetings in the year ended 31 March 2017 and the three-month period ended 31 March 2016. The remuneration received by the Company's directors and senior executives in respect of wages and salaries was as follows:

	Euros	
	31/03/2017	31/03/2016
Company's directors	424,734	62,091
Senior executives	445,885	101,906

The remuneration earned by the Board of Directors and senior executives in year ended 31 March 2017 and the three-month period ended 31 March 2016 in relation to pension plans amounted to EUR 42,840 and EUR 6,354, respectively. Also, no advances, credit facilities or loans were granted to the members of the Board of Directors or senior executives in the aforementioned periods.

The directors' third-party liability insurance policies of all the subsidiaries belonging to the Tata Motors Group (including Jaguar Land Rover, S.L.U.) were arranged in a single insurance policy taken out and paid by Tata Motors.

In addition, there were no agreements between the Company and any of the directors or any person acting on their behalf in relation to transactions outside the course of the Company's ordinary business operations or transactions that were not performed on an arm's length basis.

20. Information on the environment

In view of the business activities carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

21. Guarantee commitments to third parties and other contingent liabilities

At 31 March 2017 and 2016, the guarantees provided by Jaguar Land Rover, S.L. to various entities in order to secure normal commercial transactions amounted to EUR 245,820 and EUR 1,839,416, respectively.

22. Events after the balance sheet date

Subsequent to the reporting date, no significant events took place that should be mentioned in these notes to the financial statements.

23. Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Jaguar Land Rover España, S.L. (Sole-Shareholder Company)

Directors' Report for the year ended 31 March 2017

April 2016 to March 2017

The off-road market (Land Rover's competitive sector and now also for Jaguar with the F-Pace) in the twelve months of the year 2016-17 grew by 23.21% compared with 2015-16. In 2016-17, 45,586 units were registered in Spain, 10,180 more than in the prior year.

Land Rover registrations in mainland Spain and the Balearic Islands in this period totalled 9,903 units, either directly or through dealerships. This figure represents an increase of 6.72% on the same period of the prior year. Sales of Land Rover vehicles, by model, in mainland Spain and the Balearic Islands were as follows: Defender, 80 units; Discovery, 239 units; Discovery Sport, 2,136 units; Range Rover Sport, 1,414 units; Range Rover, 243 units and Range Rover Evoque, 5,791 units. The updated Evoque has led to an increase in Land Rover car registrations.

In 2016-17, the Premium segment of the automotive industry (Jaguar's main competitive sector, excluding the Jaguar F-Pace) increased by 19.21% with respect to 2015-16. In the year 2016-17, 34,072 units were registered in Spain, 1,179 more than in the prior year.

Jaguar registrations in the domestic market in this period totalled 4,163 units, either directly or through dealerships. This figure represents an increase of 19.72% on the same period of the prior year. Sales of vehicles, by model, in mainland Spain and the Balearic Islands were as follows: XJ, 44 units; XF, 515 units; XE, 1,368 units; F-Type, 66 units and F-Pace, 2,170 units. Sales of the Jaguar F-Pace have led to an increase in Jaguar car registrations.

Outlook for 2017-18

In 2017 the automotive sector will continue to growth. It is considered that the economic situation in Spain will improve during the year, and although the unemployment rates remain high, they are also decreasing. The improvement in the socio-economic situation suggests a recovery throughout the year.

With the new industry segmentation, in Jaguar Land Rover's competitive segment 79,922 units were registered in 2016-17, representing an increase of 16.1%. 81,945 units are expected to be registered in 2017-18, an increase of 2.9%.

The standardisation of the new ingenium engines and the launch of new models such as the Velar and the new Discovery suggest that Land Rover will follow the predicted industry trend and, therefore, registrations will increase compared with 2016. The new generation of the Discovery model was launched in February 2017, which is expected to be accompanied by an increase in sales compared with the prior year. In the last quarter of the year, Land Rover plans to launch Range Rover and Range Rover Sport plug-in hybrid derivatives.

In January 2018 Jaguar will launch the new E-Pace model, which will enable us to increase our presence in the Premium Mid-size SUV segment, which is the high-end vehicle segment experiencing the highest growth. This launch, together with the F-Pace sales, suggests that Jaguar's sales will increase and 5,510 units are expected to be registered by the end of the next full year (April 2017 to March 2018).

Acquisition and status of treasury shares

The Company does not have treasury shares and has not performed, since its incorporation, transactions relating thereto.

Research and development expenditure

The Company did not carry out any research and development activities in the year April 2016 - March 2017.

Employees

In the year April 2016 - March 2017, the Company increased its headcount by 8 people.

Financial instruments

The Company does not use complex financial instruments in the course of its normal operations.

Information on the environment

See Note 20 to the financial statements.

Disclosures on the periods of payment to suppliers

The entry into force of Law 31/2014, of 3 December, amending Law 15/2010, of 5 July, which in turn amended Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, establishes the obligation for companies to expressly publish information on their average period of payment to suppliers in the notes to the financial statements and the directors' report. In relation to this disclosure requirement, at 31 March 2017 the Company's average period of payment to supplies was 31 days.

Events after the reporting period

No significant events occurred in the period from year-end to the date of preparation of these financial statements.

These financial statements and directors' report of Jaguar Land Rover España, S.L. (Sole-Shareholder Company), were authorised for issue by the Board of Directors at its meeting on 25 May 2017. These financial statements and directors' report relate to the three-month reporting period ended 31 March 2017 and are set forth on 32 sheets, all of which are signed by the chairman and a director and this last page is signed by the directors.

Luis A. Ruiz
Chairman

Barry Carsley
Director

Cristina Ruiz
Director