

**JAGUAR LAND ROVER TAIWAN COMPANY
LIMITED**

FINANCIAL STATEMENTS

**March 31, 2018
(With Independent Auditor's Report Thereon)**



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of Jaguar Land Rover Taiwan Company Limited:

We have audited the accompanying balance sheets of Jaguar Land Rover Taiwan Company Limited (the "Company") as of March 31, 2018 and the statements of comprehensive income, changes in equity, and cash flows for the years ended March 31, 2018. The Company's management is responsible for the preparation and presentation of the financial statements. Our responsibility is to issue a report on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of March 31, 2018, and of its financial performance and its cash flows for the years then ended, in conformity with the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
May 30, 2018

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Balance Sheets

March 31, 2018

(Amounts Expressed in New Taiwan Dollars)

	March 31, 2018	
	Amount	%
Assets		
Current assets:		
Cash and cash equivalents (note 5(a))	\$ 36,297,285	11
Inventory (note 5(b))	301,740,964	89
Prepayments	29,874	-
Total current assets	<u>338,068,123</u>	<u>100</u>
Non-current assets:		
Non-current financial assets	208,248	-
Total assets	<u>\$ 338,276,371</u>	<u>100</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable (note 5(c))	\$ 3,156,377	1
Accounts payable-related parties (note 5(c) and 6)	298,584,587	88
Other payable (note 5(c))	2,232,316	1
Other payable-related parties (note 5(c) and 6)	3,071,642	1
Other current liabilities	90,054	-
Total current liabilities	<u>307,134,976</u>	<u>91</u>
Total liabilities	<u>307,134,976</u>	<u>91</u>
Equity (note 5(f)):		
Ordinary shares	38,500,000	11
Unappropriated retained earnings	(7,358,605)	(2)
Total equity	<u>31,141,395</u>	<u>9</u>
Total liabilities and equity	<u>\$ 338,276,371</u>	<u>100</u>

See accompanying notes to financial statements.

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Statements of Comprehensive Income

For the period from December 18, 2017 (date of establishment) to March 31, 2018

(Amounts Expressed in New Taiwan Dollars)

	December 18, 2017 ~ March 31, 2018	
	Amount	%
Operating Revenue	\$ -	-
Operating Cost	-	-
Operating Profit	-	-
Operating expenses (note 5(d) and 6)	(7,358,974)	-
Net operating loss	(7,358,974)	-
Non-operating income and expenses:		
Interest income	595	-
Interest expense	(226)	-
Total non-operating income and expenses	369	-
Loss before income tax	(7,358,605)	-
Less : Income tax expense (note 5(e))	-	-
Net loss	(7,358,605)	-
Other comprehensive income (loss), net	-	-
Total comprehensive income (loss), net	\$ (7,358,605)	-

See accompanying notes to financial statements.

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Statements of Changes in Equity

For the period from December 18, 2017 (date of establishment) to March 31, 2018

(Amounts Expressed in New Taiwan Dollars)

	Ordinary Shares	Unappropriated retained earnings	Total equity
Balance on December 18, 2017 (date of establishment)	\$ 38,500,000	-	38,500,000
Net loss	-	(7,358,605)	(7,358,605)
Other comprehensive income (loss)	-	-	-
Total comprehensive income (loss)	-	(7,358,605)	(7,358,605)
Balance on March 31, 2018	\$ 38,500,000	(7,358,605)	31,141,395

See accompanying notes to financial statements.

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Statements of Cash Flows

For the period from December 18, 2017 (date of establishment) to March 31, 2018

(Amounts Expressed in New Taiwan Dollars)

	<u>December 18, 2017</u> <u>~March 31, 2018</u>
Cash flows from (used in) operating activities:	
Loss before income tax	\$ (7,358,605)
Adjustments:	
Adjustments to reconcile profit (loss):	
Interest income	595
Interest expense	(226)
	<u>(7,358,236)</u>
Changes in operating assets and liabilities:	
Prepayments	(29,874)
Other payables (including related parties)	5,303,958
Other current liabilities	90,054
Cash outflow generated from operations	(1,994,098)
Interest received	(595)
Interest paid	226
Net cash flows used in operating activities	<u>(1,994,467)</u>
Cash flows from (used in) investing activities:	
Increase in non-current financial assets	(208,248)
Net cash flows used in investing activities	<u>(208,248)</u>
Cash flows from (used in) financing activities:	
Issuance of common stock	38,500,000
Net cash flows from financing activities	<u>38,500,000</u>
Net increase in cash and cash equivalents	<u>36,297,285</u>
Cash and cash equivalents at end of period	<u>\$ 36,297,285</u>

See accompanying notes to financial statements.

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED
Notes to the Financial Statements
For the years ended March 31, 2018
(Expressed in New Taiwan Dollars Unless Otherwise Specified)

(1) Company history

Jaguar Land Rover Taiwan Company Limited(the “Company”), was incorporated with the approval of the Ministry of Economic Affairs in December 2017, under the laws of the Republic of China (ROC), with its registered address at 12F, No. 40 Section1 Chengde Road, Datong Distrist. Taipei City. The Company’s main business is the sale of passenger cars and the provision of after sales business.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the board of directors on May 30, 2018.

(3) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China. (hereinafter referred to as “EAS”).

(b) Basis of preparation

- (i) The financial statements have been prepared on a historical cost basis.**
- (ii) Functional and presentation currency**

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency exchange differences are recognized in profit or loss.

(Continued)

JAGUAR LAND ROVER TAIWAN COMPANY LIMITED**Notes to the Financial Statements**

Non-monetary items in a foreign currency that are measured at fair value are retranslated using the exchange rate at the date when fair value was measured. When a gain or loss on a non-monetary item is recognized in other comprehensive income, the related exchange gain or loss is recognized in other comprehensive income. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent, unless, the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting periods, even if the original term was for a period longer than twelve months, and an agreement to re-finance, or to reschedule payments of an existing loan, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issuance.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Notes to the Financial Statements

(f) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

(i) Financial assets

Financial assets are classified into the following categories: loans and receivables.

1) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expenses.

2) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED**Notes to the Financial Statements**

An impairment loss in respect of a financial asset is reflected in an allowance account against the carrying amount. When it is determined a financial asset is uncollectible, it is written off from the allowance account. The amounts that were previously written off and subsequently withdrawn are credited to the allowance account. Changes in the amount of the allowance account are recognized in profit or loss. An impairment loss in respect of a financial asset measured at cost is reflected directly against the carrying amount.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

3) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on available-for-sale financial assets” in profit or losses are included in non-operating income and expenses.

The Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED**Notes to the Financial Statements**

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capitalized cost is recognized in profit or loss, and included in non-operating income and expenses.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and included in non-operating income or expenses.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the specific cost identification and weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Lease

(i) Lessee

Other leases are operating leases and are not recognized in the Company's balance sheets. Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

Contingency rent is recognized as expense in the period in which it is incurred.

(i) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, the entity retains neither continuing management involvement with the goods nor effective control over the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and the cost incurred or to be incurred in respect of the transaction can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED
Notes to the Financial Statements

Revenue is derived from vehicle sale and recognized at the timing of delivery of goods, and the transfers of risks and rewards.

(j) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value, less costs to sell and its value-in-use. When evaluating value-in-use, the pre-tax discount rate is used to estimate the future cash flows. The discount rate should reflect the evaluation of specific risk resulting from the impact of the current market on the time value of money and on the asset or CGU.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount, as a reversal of a previously recognized impairment loss.

(k) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(l) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year, calculated using the statutory tax rate on the reporting date, the tax payables that are calculated based on the part of prior-year earnings that the shareholders' meeting in the current year decides not to distribute to shareholders using the statutory tax rate, as well as the tax adjustments related to prior years.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED
Notes to the Financial Statements

Except for the following situation, a deferred tax asset shall be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. At the end of each reporting period, an entity reassesses the unrecognized deferred tax asset and decreases the tax benefits related to those benefits that are not likely to be realized.

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.
- (ii) An entity recognizing a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches, associates, and interests in joint arrangements, to the extent, and only to the extent, it is probable that:
 - 1) the temporary difference will reverse in the foreseeable future; and
 - 2) taxable profit will be available against which the temporary difference can be utilized.

Except for the following situations, the Company shall recognize a deferred tax liability for all taxable temporary differences:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.
- (ii) A deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches, associates, and interests in joint arrangements for which the company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company shall offset current tax assets and current tax liabilities if, and only if, the Company:

- (i) has a legally enforceable right to offset the recognized amounts; and
- (ii) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Significant accounting assumptions and judgments and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the EAS requires management to make estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Notes to the Financial Statements

Information about assumptions and estimation uncertainties that have no significant risk of resulting in a material adjustment within the next financial year.

(5) Explanation of significant accounts

(a) Cash and cash equivalents

	March 31, 2018
Cash and cash equivalents in the statement of cash flows	\$ 36,297,285

(b) Inventory

	March 31, 2018
Goods in transit-vehicles	\$ 295,036,826
Goods in transit-spare parts	3,547,761
Spare parts	3,156,377
	\$ 301,740,964

There were no write-downs of inventories from December 18, 2017 (date of establishment) to March 31, 2018.

As of March 31, 2018, the inventories of the Company had not been pledged as collateral for borrowings.

(c) Payables

	March 31, 2018
Accounts payable	\$ 3,156,377
Accounts payable-related parties	298,584,587
Other payables	2,322,316
Other payables-related parties	3,071,642
	\$ 307,134,922

(d) Employee benefits

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the to the Bureau of the Labor Insurance amounted to \$175,306 from December 18, 2017 (date of establishment) to March 31, 2018.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Notes to the Financial Statements

(e) Income taxes

(i) Income tax expense

The components of income tax from December 18, 2017 (date of establishment) to March 31, 2018 were as follows:

	December 18, 2017 ~March 31, 2018
Current tax expense:	
Current period	\$ <u> -</u>
Income tax expense	\$ <u> -</u>

(ii) Information related to the ICA is summarized as follows

	March 31, 2018
Unappropriated earnings of 1998 and after	(Note)
Balance of imputation credit account	(Note)
	December 18, 2017 ~March 31, 2018
Tax deduction ratio for earnings distribution to ROC residents	(Note)

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(f) Share capital and other equity

(i) Share capital

As of March 31, 2018, the authorized capital of the Company consisted of 3,850,000 shares, with par value of \$10 per share, and its outstanding capital consisted of 3,850,000 shares. All issued shares were paid upon issuance.

(ii) Retained earnings

According to the Company's Articles, if the Company makes a profit in a fiscal year, the profit shall first be utilized for paying taxes, offsetting losses of previous years, and setting aside 10% of the remaining profit as legal reserve, and then any remainder, together with any undistributed retained earnings, shall be distributed according to the distribution plan to be submitted during the stockholders' meeting for approval.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED

Notes to the Financial Statements

1) Legal reserve

According to the amendment of the ROC Company Act in November 2016, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash.

2) Earnings distribution

None.

(g) Remuneration for employees

In accordance with the Company's Articles, the earnings shall first be offset against any accumulated deficit, then, 0.1% will be distributed as employee remuneration.

The Company need not accrue any employee remuneration due to an incurred loss before tax for the period from December 18, 2017 (date of establishment) to March 31, 2018.

(h) Classification of financial assets and financial liabilities

(i) Financial assets

	March 31,2018
Loans and receivables:	
Cash and cash equivalents	\$ 36,297,285
Other financial assets(non-current)	208,248
Total	\$ 36,505,533

(ii) Financial liabilities

	March 31,2018
Accounts payable (including related parties)	\$ 301,740,964
Other payable (including related parties)	5,303,958
Total	\$ 307,044,922

(i) Fair value of financial instruments

The fair value of financial assets and liabilities is determined by using the discounted cash flow analysis.

(6) Related-party transactions

(a) Parent company and ultimate controlling company

Jaguar Land Rover Limited is the parent company of the Company and owns 100 percent of all shares outstanding of the Company. Tata Motors Limited is the ultimate controlling party of the Company.

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JAGUAR LAND ROVER TAIWAN COMPANY LIMITED
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Purchases

The amounts of significant purchases by the Company from related party were as follows:

	December 18, 2017 ~ March 31, 2018
Parent company	\$ 298,584,587

The terms and pricing of purchase transactions with related parties were incomparable due to the parent company being the only vendor. The payment terms are 120 days after the end of the month.

(ii) Payable to related party

The amounts of payables by the Company to its related party were as follows:

Accounts	Related parties	March 31, 2018
Account payable	Parent company	\$ 298,584,587
Other payable	Parent company	2,586,367
Other payable	Other related parties	485,275
		\$ 301,656,229

(iii) Others

For the period from December 18, 2017 (the date of establishment) to March 31, 2018, the Company recognized its payroll and promotion expenses of \$2,586,367 and \$485,275, respectively, due to the services offered by its parent company and other related parties for the purpose of developing its business.

(7) Other

(a) A summary of current-period employee benefits depreciation and amortization is as follows:

By item	By function	2018	
	Cost of sales	Operating expenses	Total
Employee benefits			
Salaries	-	1,778,870	1,778,870
Labor and health insurance	-	114,384	114,384
Pension	-	175,306	175,306
Others	-	-	-
Depreciation	-	-	-
Amortization	-	-	-