

JAGUAR LAND ROVER AUTOMOTIVE  
TRADING (SHANGHAI) CO., LTD.

Financial Statements and Auditors' Report  
For the year ended 31 December 2014

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

FINANCIAL STATEMENTS AND AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF JAGUAR LAND ROVER AUTOMOTIVE TRADING  
(SHANGHAI) CO., LTD.

We have audited the accompanying financial statements of Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd. (the "Company"), which comprise the balance sheet as of 31 December 2014, and the related income statement and cash flow statement for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

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

2. Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 3. Opinion

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprise and the Accounting System for Business Enterprise, and present fairly, in all material respect, the financial position as of 31 December 2014, and the results of its operations and cash flows for the year then ended.

Deloitte Touche Tohmatsu CPA LLP  
Shanghai, China

Chinese Certified Public Accountant  
Hua Cheng Jie  
Qian Zhen Chao

28 May 2015

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

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2014

<u>ASSET</u>	<u>NOTES</u>	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
<b>CURRENT ASSETS:</b>			
Bank balances and cash	4	31,718,407,350.31	34,887,178,638.19
Short-term investments	5	-	8,161,600,000.00
Interest receivables		132,861,689.84	302,038,816.41
Accounts receivable	6	875,003,767.69	684,450,475.14
Prepayments		2,507,339,794.42	32,150,653,538.22
Other receivables	7	59,408,171,842.23	59,852,099,168.62
Inventories	8	55,387,529,394.49	43,751,032,690.46
Prepaid Expenses		17,925,469.25	35,109,029.97
Total current assets		<u>150,047,239,308.23</u>	<u>179,824,162,357.01</u>
<b>LONG-TERM INVESTMENT:</b>			
Long-term equity investments	9	<u>14,990,162,702.34</u>	<u>8,289,125,000.00</u>
<b>NON-CURRENT ASSETS:</b>			
Fixed assets - cost	10	3,145,763,538.85	3,557,909,490.91
Less: Accumulated depreciation	10	<u>1,100,888,411.70</u>	<u>912,727,614.04</u>
Fixed assets - net book value	10	<u>2,044,875,127.15</u>	<u>2,645,181,876.87</u>
Construction in progress	11	<u>9,403,940.00</u>	<u>-</u>
Total fixed assets		<u>2,054,279,067.15</u>	<u>2,645,181,876.87</u>
<b>INTANGIBLE ASSETS AND OTHER ASSETS</b>			
Intangible assets	12	<u>724,828,978.92</u>	<u>431,404,924.01</u>
<b>TOTAL ASSETS</b>		<u><u>167,816,510,056.64</u></u>	<u><u>191,189,874,157.89</u></u>

(Continued)

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

<u>LIABILITIES AND OWNER'S EQUITY</u>	<u>NOTES</u>	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
<b>CURRENT LIABILITIES:</b>			
Accounts payable		38,067,175,061.54	17,930,642,568.16
Advances from customers		1,294,450,897.55	3,248,001,076.87
Salaries and wages payable		249,541,300.78	178,535,000.00
Taxes payable	13	3,524,761,271.13	9,242,668,624.35
Other payables		17,968,061,383.73	20,999,858,025.16
Accrued expenses		35,553,588,059.17	40,585,881,414.50
Total current liabilities		<u>96,657,577,973.90</u>	<u>92,185,586,709.04</u>
Total liabilities		<u>96,657,577,973.90</u>	<u>92,185,586,709.04</u>
<b>OWNER'S EQUITY:</b>			
Paid-in capital	14	692,462,325.44	683,617,248.32
Surplus reserves	15	346,231,162.72	341,808,624.16
Retained earnings	16	<u>70,120,238,594.58</u>	<u>97,978,861,576.37</u>
Total owners' equity		<u>71,158,932,082.74</u>	<u>99,004,287,448.85</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u><u>167,816,510,056.64</u></u>	<u><u>191,189,874,157.89</u></u>

The accompanying notes are part of the financial statements.

The financial statements on pages 3 to 25 were signed by the following:

Head of the Company:

Chief Financial Officer:

Head of Accounting Department:

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JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014

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<u>Items</u>	<u>NOTES</u>	<u>Year ended</u> <u>31/12/2014</u> INR	<u>Year ended</u> <u>31/12/2013</u> INR
Revenue	17	828,098,958,829.48	631,139,829,076.44
Less: Cost of sales	18	707,116,761,252.12	522,587,759,317.41
Sales tax	19	<u>1,840,473,866.22</u>	<u>1,728,426,018.74</u>
Gross profit		119,141,723,711.14	106,823,643,740.29
Add: Other operating profit		133,366,430.92	294,285,448.62
Less: Operating expenses		31,269,985,975.71	27,175,009,353.37
General and administrative expenses		4,189,598,929.75	3,097,211,711.83
Finance costs	20	<u>(2,808,937,981.35)</u>	<u>404,240,631.45</u>
Profit from operations		86,624,443,217.95	76,441,467,492.26
Add: Investment income (loss)	21	2,983,367,739.56	381,618,807.04
Subsidy income	22	5,696,570,939.34	6,984,327,792.74
Non-operating income		122,872,860.43	34,907,796.13
Less: Non-operating expenses		<u>186,012,000.00</u>	<u>29,799,642.80</u>
Profit before tax		95,241,242,757.28	83,812,522,245.37
Less: Income tax	23	<u>25,121,004,162.69</u>	<u>22,070,650,600.84</u>
Net profit for the year		<u><u>70,120,238,594.59</u></u>	<u><u>61,741,871,644.53</u></u>

The accompanying notes are part of the financial statements.

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JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Year ended 31/12/2014 INR	Year ended 31/12/2013 INR
Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	969,403,794,746.01	734,630,109,355.72
Cash received relating to other operating activities	7,453,509,223.35	13,669,196,661.23
Sub-total of cash inflows	<u>976,857,303,969.36</u>	<u>748,299,306,016.95</u>
Cash paid for goods and services	633,186,869,671.01	458,227,526,406.84
Cash paid to and on behalf of employees	2,683,980,638.21	2,050,256,781.36
Taxes payments	212,303,643,127.59	202,085,962,682.45
Cash paid relating to other operating activities	45,057,156,473.29	21,457,012,142.37
Sub-total of cash outflows	<u>893,231,649,910.10</u>	<u>683,820,758,013.02</u>
Net cash flow from operating activities	<u>83,625,654,059.26</u>	<u>64,478,548,003.93</u>
Cash flow from investing activities:		
Cash receipts from disposal of investment in joint-venture	-	102,020,000.00
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	1,360,710,032.31	1,257,227,727.19
Cash receipts from investment income	3,186,759,135.13	340,986,341.43
Cash receipts from returns on investments	22,769,722,905.61	3,617,504,572.37
Sub-total of cash inflows	<u>27,317,192,073.05</u>	<u>5,317,738,640.99</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,774,974,398.37	2,721,868,569.19
Cash payments to acquire investments	6,624,094,000.00	8,289,125,000.00
Cash paid relating to other investing activities	-	66,313,000,000.00
Sub-total of cash outflows	<u>8,399,068,398.37</u>	<u>77,323,993,569.19</u>
Net cash flow from investing activities	<u>18,918,123,674.68</u>	<u>(72,006,254,928.20)</u>
Cash flow from financing activities:		
Dividends payment	99,246,574,743.21	-
Sub-total of cash outflows	<u>99,246,574,743.21</u>	<u>-</u>
Net cash flow from financing activities	<u>(99,246,574,743.21)</u>	<u>-</u>
Effect of foreign exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	<u>3,297,202,990.73</u>	<u>(7,527,706,924.27)</u>

(Continued)

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

<u>Supplemental information</u>	<u>NOTES</u>	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
Reconciliation of net profit to cash flow from operating activities			
Net Profit		70,120,238,594.58	61,741,871,644.54
Add: Provision of impairment loss on assets		394,661,496.61	63,334,779.93
Depreciation of fixed assets		698,459,820.35	601,542,802.98
Amortization of intangible assets		174,343,460.63	88,766,951.62
Decrease (increase) decrease in prepaid expenses		17,637,823.80	(19,672,234.00)
Gains on disposal of fixed assets		(121,253,312.64)	(32,950,203.01)
Decrease (increase) in accrued expenses		(5,557,419,443.03)	4,483,579,048.86
Investment income		(2,983,367,739.56)	(381,618,807.04)
Increase in inventories		(11,465,079,361.66)	(26,844,311,624.07)
Decrease in receivables under operating activities		23,510,778,084.24	22,710,143,775.07
Increase in payables under operating activities		<u>8,836,654,635.95</u>	<u>2,067,861,869.07</u>
Net cash flow from operating activities		<u>83,625,654,059.27</u>	<u>64,478,548,003.95</u>
Net increase (decrease) in cash and cash equivalents:			
Cash at the end of the year	4	31,718,407,350.31	28,058,169,815.73
Less: Cash at the beginning of the year		<u>28,421,204,359.54</u>	<u>35,585,876,740.00</u>
Net increase (decrease) in cash and cash equivalents		<u><u>3,297,202,990.77</u></u>	<u><u>(7,527,706,924.27)</u></u>

The accompanying notes are part of the financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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1. GENERAL

Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd. (the "Company") was established in Shanghai Pudong New District by Land Rover as a wholly foreign-owned enterprise on 9 May 2008 with an operating period of 20 years. Acting as the authorized general distributor of JLR brand vehicle, the Company mainly engages in the import and sale of JLR vehicles in domestic market (excluding retail), and in carrying trading, inter-company trade within the tariff-free zone and intra-regional trade agency services; and in wholesale, import and export of vehicles' auxiliary equipments, chemicals (excluding dangerous, special and precursor chemicals), hardware tools, textiles, lubricants and; it also serves as a commission agent (excluding auction); it also operates in the above business related marketing, technical support, training and backup service (excluding the goods subject to state trading administration; for the commodities controlled by quota and licenses, relevant state regulations shall be followed); in addition, the Company also provides consulting services in the area of enterprise management, economic information and investing activities (subject to license where a license is required).

The registered capital of the Company was INR 692,462,325.44 Details of capital contribution of the investing party are disclosed in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting system and accounting standards adopted

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

Basis of accounting and principle of measurement

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

Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

Recording currency

The recording currency of the Company is Renminbi ("RMB").

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

Foreign currency translation

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

Cash equivalents

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

Accounting for bad debts

1) Criteria for recognition of bad debts

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

2) Accounting treatment for bad debt losses

Bad debt is accounted for using the allowance method and provided according to the recoverability of receivables. The provision for bad debts is reasonably determined case by case and based on relevant information such as past experience, actual financial position and cash flows of the debtors, as well as other relevant information.

Inventories

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

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

The Company has perpetual inventory records.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

Provision for decline in value of inventories

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

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

Short-term investments

A short-term investment is initially recorded at its cost of acquisition. The initial cost of an investment is the total price paid on acquisition, including incidental expenses such as tax payments and handling charges. However, cash dividends declared but unpaid or bond interest due but unpaid that are included in the acquisition cost are accounted for separately as receivables.

Cash dividends or interest on short-term investments, other than those recorded as receivables as noted in the preceding paragraph, are off-set against the carrying amount of investments upon receipt.

Short-term investments are carried at the lower of cost and market value at the end of each period. Where the market value is lower than cost, the difference is recognized as a provision for decline in value of short-term investments, which is calculated on the basis of individual investment.

Indirect loans to others via an authorized lending institution

Indirect loans to others via an authorized lending institution are accounted for at the actual amount lent out. The principal and interest receivable due within one year is recorded as “other receivables”, while due over one year is recorded as “long-term receivables”.

Interest income from such loans is accrued at the interest rate specified in the loan agreement and recognized in the income statement on a periodic basis. Accruing interest is stopped and any interest that has previously been accrued is reversed if that interest cannot be collected on its due date. Indirect loans are carried at the lower of cost and market value at the end of each period. Where the recoverable amount is lower than the principal amount of an indirect loan, the difference is recognized as a provision for impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

Long-term investments

(1) Accounting treatment for long-term investments

A long-term investment is initially recorded at its acquisition cost.

The cost method is used when the Company cannot control, jointly control or has no significant influence over the investee enterprise.

The equity method is used when the Company can control, jointly control or has significant influence over the investee enterprise.

Under the cost method, a long-term equity investment is measured at initial investment cost. Investment income recognised shall be limited to the amount distributed to it out of accumulated net profits of the investee that arose after the investment was made. Any cash dividends or distributions received in excess of this amount shall be treated as return of initial investment cost to reduce the carrying amount of the investment.

When the equity method is adopted, the investment income for the current period is recognized according to the attributable share of the net profit or loss of the investee enterprises. The attributable share of net losses incurred by the investee enterprise is recognized to the extent that the carrying amount of the investment is reduced to zero. If the investee enterprise realizes net profits in subsequent periods, the carrying amount of the investment is resumed by the excess of the Company's attributable share of profits over the share of unrecognized losses.

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any changes in the owners' equity of the investee (other than net profits or losses) included in the owners' equity of the investing enterprise, shall be transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

(2) Impairment of long-term investments

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

Fixed assets and depreciation

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

Fixed assets and depreciation - continued

<u>Category of fixed assets</u>	<u>Residual value</u>	<u>Useful lives</u>	<u>Annual depreciation rate</u>
Vehicles	0%	5 years	20%
Electronic equipment, furniture and fixtures	0%	3 to 5 years	20%~33%
Leasehold improvement	0%	shorter of lease period and remaining useful life	

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

Impairment of fixed assets

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

Recoverable amount

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

Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Company assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If the recoverable amount of an asset is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

Intangible assets

Intangible assets are recorded at the actual cost of acquisition. For a purchased intangible asset, the actual cost is the actual purchase price.

The cost of an intangible asset is amortized evenly over its expected useful life from the month in which it is obtained. If the expected useful life exceeds the beneficial period prescribed in the relevant contract or the effective period stipulated by law, the amortization period is limited to the shorter of the beneficial period and the effective period. If the relevant contract does not prescribe the beneficial period and the law does not stipulate the effective period, the amortization period is 10 years.

Revenue recognition

*Revenue from sales of goods:*

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

*Interest income:*

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

*Subsidy income:*

Subsidy income is recognized when actually received.

Leasing

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

*The Company as lessee under operating leases*

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

Income tax

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

3. TAXATION

Value added tax

Value added tax ("VAT") on sales is calculated at 6% or 17% on revenue from principal operations and paid after deducting input VAT on purchases.

Income tax

The income tax rate is 25%.

Other taxes

The business tax rate is levied at 5% of service income.

The consumption tax rate is levied at 12%~40% of price including custom.

The city maintenance tax is levied at 1% of VAT, consumption tax and business tax.

The education fund is levied at 5% of VAT, consumption tax and business tax.

The river management fee is levied at 1% of VAT, consumption tax and business tax.

4. BANK BALANCES AND CASH

		<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Cash on hand and in bank	(1)	31,718,407,350.31	34,887,178,638.19
Less: Restricted funds	(2)	-	6,829,008,822.44
Cash and cash equivalents		31,718,407,350.31	28,058,169,815.75

(1) Cash on hand and in bank includes the money market fund of RMB1,301,518,335.67 (As of 31 December 2013: RMB1,544,270,401.84 ).(2014 INR equivalent: 13,449,890,480.81, 2013 INR equivalent 15,754,646,639.57)

(2) The opening balance is the pledged cash in bank for obtaining credit facility, which is used by Jaguar Land Rover Ltd.

5. SHORT-TERM INVESTMENTS

	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Financial products	-	8,161,600,000.00

The above financial product is non-guaranteed fund purchased from China Construction Bank and its annualized return was 4.60%.

6. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable is as follows:

	<u>31/12/2014</u>				<u>31/12/2013</u>			
	<u>Gross amount</u> INR	<u>Ratio</u> %	<u>Bad debt provision</u> INR	<u>Net book value</u> INR	<u>Gross amount</u> INR	<u>Ratio</u> %	<u>Bad debt provision</u> INR	<u>Net book value</u> INR
Within 1 year	<u>875,003,767.69</u>	<u>100.00</u>	<u>-</u>	<u>875,003,767.69</u>	<u>684,450,475.14</u>	<u>100.00</u>	<u>-</u>	<u>684,450,475.14</u>

7. OTHER RECEIVABLES

The aging analysis of other receivables is as follows:

	<u>31/12/2014</u>				<u>31/12/2013</u>			
	<u>Gross amount</u> INR	<u>Ratio</u> %	<u>Bad debt provision</u> INR	<u>Net book value</u> INR	<u>Gross amount</u> INR	<u>Ratio</u> %	<u>Bad debt provision</u> INR	<u>Net book value</u> INR
Within 1 year	59,172,032,798.75	99.60	-	59,172,032,798.75	59,491,783,801.63	99.40	-	59,491,783,801.63
1 to 2 years	135,759,824.90	0.23	-	135,759,824.90	137,042,744.72	0.23	-	137,042,744.72
2 to 3 years	100,379,218.58	0.17	-	100,379,218.58	182,328,004.84	0.30	-	182,328,004.84
Over 3 years	-	-	-	-	<u>40,944,617.43</u>	<u>0.07</u>	<u>-</u>	<u>40,944,617.43</u>
Total	<u>59,408,171,842.23</u>	<u>100.00</u>	<u>-</u>	<u>59,408,171,842.23</u>	<u>59,852,099,168.62</u>	<u>100.00</u>	<u>-</u>	<u>59,852,099,168.62</u>

The balance of other receivables includes the X border lending of RMB4,966,000,000.00 (INR equivalent: 51,318,644,000.00) to relate parties of the Company (31 December 2013: Related party entrust loan of RMB 5,700,000,000.00 ,INR equivalent: 58,151,400,000.00). Detail refers to Note 24(3) (b).

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

8. INVENTORIES & PROVISION FOR DECHINE IN VALUE

	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Merchandise	56,265,816,733.64	44,228,481,001.44
Less: provision for decline in value	<u>878,287,339.15</u>	<u>477,448,310.98</u>
Inventories-net	<u>55,387,529,394.49</u>	<u>43,751,032,690.46</u>

Movements of the provision for decline in value are as follows:

	<u>31/12/2013</u> INR	<u>Addition</u> INR	<u>31/12/2014</u> INR
Provision for decline in value:			
Merchandise	<u>477,448,310.98</u>	<u>400,839,028.17</u>	<u>878,287,339.15</u>

9. LONG-TERM EQUITY INVESTMENTS

	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Initial investments in associations(Note 1)	14,855,125,000.00	8,289,125,000.00
Initial investments in subsidiary(Note 1)	165,344,000.00	-
Less: investment adjustment(Note 2)	<u>(30,306,297.66)</u>	<u>-</u>
Long-term equity investments – net	<u>14,990,162,702.34</u>	<u>8,289,125,000.00</u>

Note 1: Refer to the initial investment to Chery Jaguar Land Rover Automobile Co., Ltd. (called "CJLR" for short), and Shanghai Jaguar Land Rover Automotive Service Co., Ltd. (called "LRE" for short) (As of 31 December 2013: Refer to the initial investment to CJLR).

CJLR is a sino-foreign joint venture established in Changshu, Jiangsu Province by Chery Automobile Co., Ltd. (called "Chery" for short), Jaguar Land Rover Limited (called "JLRL" for short) and the Company. CJLR was established on 16 November 2012 and the registered capital was RMB7,000,000,000.00(INR equivalent: 71,414,000,000.00), of which Chery should contribute RMB3,500,000,000.00 (representing 50%)(INR equivalent: 35,707,000,000.00), JLRL should contribute RMB 1,750,000,000.00 (representing 25%), and the Company should contribute RMB1,750,000,000.00 (representing 25%). As of 31 December 2014, all investors have contributed RMB5,750,000,000.00(INR equivalent: 17,853,500,000.00), of which the Company has contributed RMB1,437,500,000.00(INR equivalent: 14,855,125,000.00).

9. LONG-TERM EQUITY INVESTMENTS - continued

Note 1: - continued

As a limited company, LRE was established in Shanghai by the Company. The registered capital of LRE was RMB16,000,000.00(INR equivalent: 165,344,000.00), all of which should be paid by the Company. As of 31 December 2014, the Company has contributed RMB16,000,000.00 (INR equivalent: 165,344,000.00).

Note 2: The net loss of LRE in 2014 is RMB2,932,678.31(INR equivalent: 30,306,297.66). The long-term equity investment adjustment recognised by the Company is RMB2,932,678.31 (INR equivalent: 30,306,297.66).

Note 3: The management of the Company considers no consolidated financial statements to be prepared for management purpose.

10. FIXED ASSETS AND ACCUMULATED DEPRECIATION

	<u>Vehicle</u> INR	Electronic equipment, furniture and <u>fixtures</u> INR	Leasehold <u>improvements</u> INR	<u>Total</u> INR
Cost				
At 1 January 2014	2,837,137,293.76	208,022,537.30	512,749,659.86	3,557,909,490.92
Addition	1,221,350,089.46	50,313,457.76	68,737,369.93	1,340,400,917.15
Transfer from CIP	-	7,088,013.51	1,930,313.18	9,018,326.69
Disposal	<u>(1,761,565,195.90)</u>	<u>-</u>	<u>-</u>	<u>(1,761,565,195.90)</u>
At 31 December 2014	<u>2,296,922,187.32</u>	<u>265,424,008.57</u>	<u>583,417,342.97</u>	<u>3,145,763,538.86</u>
Accumulated depreciation				
At 1 January 2014	531,904,723.59	94,095,835.94	286,727,054.52	912,727,614.05
Charge for the year	543,927,676.51	50,169,497.10	116,172,100.28	710,269,273.89
Eliminated on disposals	<u>(522,108,476.23)</u>	<u>-</u>	<u>-</u>	<u>(522,108,476.23)</u>
At 31 December 2014	<u>553,723,923.87</u>	<u>144,265,333.04</u>	<u>402,899,154.80</u>	<u>1,100,888,411.71</u>
Net book value				
At 1 January 2014	<u>2,305,232,570.17</u>	<u>113,926,701.36</u>	<u>226,022,605.34</u>	<u>2,645,181,876.87</u>
At 31 December 2014	<u>1,743,198,263.45</u>	<u>121,158,675.53</u>	<u>180,518,188.17</u>	<u>2,044,875,127.15</u>

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11. Construction in progress

	<u>31/12/2013</u> INR	<u>Additions</u> INR	<u>Transfer to fixed assets</u> INR	<u>31/12/2014</u> INR
Construction in progress	-	18,422,266.69	(9,018,326.69)	9,403,940.00

12. INTANGIBLE ASSETS

	<u>Software</u> INR
Cost	
At 1 January 2014	595,413,813.45
Addition	<u>469,889,567.43</u>
At 31 December 2014	<u>1,065,303,380.88</u>
Accumulated amortization	
At 1 January 2014	164,008,889.44
Charge for the year	<u>176,465,512.52</u>
At 31 December 2014	<u>340,474,401.96</u>
Net book value	
At 1 January 2014	<u>431,404,924.01</u>
At 31 December 2014	<u>724,828,978.92</u>

13. TAXES PAYABLE

	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Income tax	13,228,935,582.94	13,245,743,191.84
(Deductible) value added tax	(9,765,168,354.82)	(4,107,315,849.00)
Others	<u>60,994,043.01</u>	<u>104,241,281.50</u>
	<u>3,524,761,271.13</u>	<u>9,242,668,624.34</u>

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

14. PAID-IN CAPITAL

	31/12/2013 & 31/12/2014		
	USD	Ratio %	INR equivalent
Jaguar Land Rover Holdings Ltd.	<u>10,000,000.00</u>	<u>100</u>	<u>692,462,325.44</u>

The capital contribution has been verified by verification report Xinyanpuwai (2008) No. 0011, Xinyanpuwai (2008) No. 0012, Huhaipuyanwai (2009) No. 0002 and Hulingfangkuaijibao (2010) No. BY 0105 issued by Shanghai Xinzhong CPA Ltd., Shanghai Haiming CPA Ltd. and Shanghai Lingfang CPA Ltd. respectively.

15. SURPLUS RESERVES

	31/12/2014 and <u>31/12/2013</u> INR
Reserve fund	<u>346,231,162.72</u>

The reserve fund can be used to offset accumulated losses. The reserve fund can be used to increase capital upon approval from the relevant authority. The reserve fund balance has reached 50% of paid-in capital as of 31 December 2014.

16. RETAINED EARNINGS

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
At 1 January	99,246,574,743.21	36,236,989,931.83
Add: Net profit for the year	<u>70,120,238,594.58</u>	<u>61,741,871,644.54</u>
Profit to be distributed	169,366,813,337.79	97,978,861,576.37
Less: Dividend declared	<u>99,246,574,743.21</u>	<u>-</u>
At 31 December	<u>70,120,238,594.58</u>	<u>97,978,861,576.37</u>

Note: Upon resolution from board meeting on 16 June 2014, the Company distributed profit of RMB9,603,887,627.56 (INR equivalent: 99,246,574,743.21) to the shareholder.

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

17. REVENUE

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
Revenue from sale of goods	<u>828,098,958,829.48</u>	<u>631,139,829,076.44</u>

18. COST OF SALES

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
Cost of goods sold	<u>707,116,761,252.12</u>	<u>522,587,759,317.41</u>

19. SALES TAXES

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
City maintenance tax and extra education fund	1,447,905,613.70	1,410,347,893.59
River management fee	241,317,602.27	235,057,982.27
Business tax	151,250,650.25	83,020,142.88
Others	-	-
	<u>1,840,473,866.22</u>	<u>1,728,426,018.74</u>

20. FINANCE COSTS

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
Interest income	(924,729,768.89)	(1,252,253,554.68)
Exchange difference	(1,893,202,598.27)	1,597,868,826.21
Others	8,994,385.81	58,625,359.93
	<u>(2,808,937,981.35)</u>	<u>404,240,631.45</u>

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

21. INVESTMENT INCOME

	Year ended 31/12/2014 INR	Year ended 31/12/2013 INR
X border lending interest income	2,957,326,518.19	253,115,812.61
Entrust loan interest income	-	14,139,972.00
Short-term investment income		
Interests from financing products	56,347,519.03	12,343,022.43
Long-term investment		
Loss recognized under equity method	(30,306,297.66)	-
Gains from long-term investment disposal	-	102,020,000.00
	<u>2,983,367,739.56</u>	<u>381,618,807.04</u>

22. SUBSIDY INCOME

Subsidy income is granted by the management committee of Shanghai Free Trade Zone and the Finance Bureau of Pudong New Area.

23. INCOME TAX

	Year ended 31/12/2014 INR	Year ended 31/12/2013 INR
Income tax for the year	25,121,004,162.6 <u>9</u>	22,070,650,600.8 <u>4</u>

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

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

<u>Name</u>	<u>Registration</u>	<u>Place of Principal business</u>	<u>Relationship with the Company</u>	<u>Nature or Type of business</u>
Jaguar Land Rover Automotive PLC	UK	Production and sales of motorcars	Ultimate holding company	Foreign enterprise
Jaguar Land Rover Holdings Ltd. (Former: Land Rover)	UK	Production and sales of motorcars	Holding company	Foreign enterprise
Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	China	Automobile service	Subsidiary	Foreign invested enterprise

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

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

<u>Name</u>	<u>Relationship with the Company</u>
Jaguar Land Rover Ltd.	Controlled by the same ultimate holding company
Chery Jaguar Land Rover Automotive Co., Ltd.	Associate
JLR North America Suzhou Chery Jaguar Land Rover Trading Co., Ltd.	Controlled by the same ultimate holding company
	Subsidiary of Chery Jaguar Land Rover Automotive Co., Ltd.

(3) Significant transactions between the Company and the above related parties are as follows:

(a) Purchases

	Year ended <u>31/12/2014</u> INR	Year ended <u>31/12/2013</u> INR
- Jaguar Land Rover Ltd.	466,036,957,886.28	261,399,976,632.39
- Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	<u>6,200,400.00</u>	<u>-</u>
	<u>466,043,158,286.28</u>	<u>261,399,976,632.39</u>

The above transactions are conducted based on the contract price.

(b) Sales of goods

	Year ended <u>31/12/2014</u> RMB	Year ended <u>31/12/2013</u> RMB
- Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	<u>3,530,089.65</u>	<u>-</u>

The above transactions are conducted based on the contract price.

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Significant transactions between the Company and the above related parties are as follows:  
- continued

(c) Sales of fixed assets

	<u>Year ended</u> <u>31/12/2014</u> RMB	<u>Year ended</u> <u>31/12/2013</u> RMB
- Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	32,285,057.87	-
- Chery Jaguar Land Rover Automotive Co., Ltd.	15,187,982.31	-
	<u>47,473,040.18</u>	<u>-</u>

The above transactions are conducted based on the contract price.

(d) Borrowings/loans

Details of borrowings and loans between the Company and its related parties were as follows:

	<u>Amount Incurred</u> <u>in 2014</u> INR	<u>Closing balance</u> <u>2014</u> INR	<u>Amount Incurred</u> <u>in 2013</u> INR	<u>Closing balance</u> <u>2013</u> INR	<u>Annual</u> <u>interest rate</u> %
Lend to (return) X border lending and entrust loan Jaguar Land Rover Ltd.	(7,585,156,000.00)	51,318,644,000.00	58,151,400,000.00	58,151,400,000.00	2.60%
Suzhou Chery Jaguar Land Rover Trading Co., Ltd.	-	-	(785,554,000.00)	-	5.40%
	<u>(7,585,156,000.00)</u>	<u>51,318,644,000.00</u>	<u>57,365,846,000.00</u>	<u>676,060,000.00</u>	

(e) Interests income from X border lending and entrust loan

	<u>Year ended</u> <u>31/12/2014</u> INR	<u>Year ended</u> <u>31/12/2013</u> INR
- Jaguar Land Rover Ltd.	2,957,326,518.18	253,115,812.61
- Suzhou Chery Jaguar Land Rover Trading Co., Ltd.	-	14,139,972.00
	<u>2,957,326,518.18</u>	<u>267,255,784.61</u>

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Significant transactions between the Company and the above related parties are as follows:  
- continued

(f) Internation service employee charge

	Year ended 31/12/2014 INR	Year ended 31/12/2013 INR
Revenue		
- Chery Jaguar Land Rover Automotive Co., Ltd.	942,534,611.22	1,336,962,428.71
Expense		
- Jaguar Land Rover Ltd.	461,091,999.27	414,469,860.90
- JLR North America	39,575,090.95	-
	<u>500,667,090.22</u>	<u>414,469,860.90</u>

(g) Accounts due to/from related companies

<u>Accounts</u>	<u>Name of the related parties</u>	31/12/2014 INR	31/12/2013 INR
Interest receivable	- Jaguar Land Rover Ltd.	132,861,689.84	-
Accounts payable	- Jaguar Land Rover Ltd.	2,403,955,045.25	2,403,955,045.25
	- JLR North America	-	12,760,873.50
		<u>2,403,955,045.25</u>	<u>2,416,715,918.75</u>
Other receivables	- Jaguar Land Rover Ltd.	58,449,609,089.54	59,515,399,823.79
	- Chery Jaguar Land Rover Automotive Co., Ltd.	484,109,397.17	72,934,878.04
	- Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	6,631,583.06	-
		<u>58,940,350,069.77</u>	<u>59,588,334,701.83</u>
Other payables	- Jaguar Land Rover Ltd.	1,177,737,034.78	621,800,279.92
	- JLR North America	135,682,294.90	-
	- Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	2,545,559.03	-
		<u>1,315,964,888.71</u>	<u>621,800,279.92</u>
Advance to suppliers	- Jaguar Land Rover Ltd.	-	26,115,028,994.82
Advance from customers	- Chery Jaguar Land Rover Automotive Co., Ltd.	1,332,363.14	-

JAGUAR LAND ROVER AUTOMOTIVE TRADING (SHANGHAI) CO., LTD.

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Significant transactions between the Company and the above related parties are as follows:  
- continued

(g) Accounts due to/from related companies – continued

<u>Accounts</u>	<u>Name of the related parties</u>	<u>31/12/2014</u> INR	<u>31/12/2013</u> INR
Accrued expense	- Jaguar Land Rover Ltd.	-	336,546,236.68
	- JLR North America	-	79,574,858.42
		<u>-</u>	<u>416,121,095.10</u>

25. OPERATING LEASE COMMITMENTS

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

	<u>31/12/2014</u> INR'000	<u>31/12/2013</u> INR'000
The minimum lease payments under non-cancelable operating leases:		
Within one year	229,591	365,487
In the second year	105,045	199,296
In and after the third year	<u>128,131</u>	<u>110,161</u>
Total	<u>462,767</u>	<u>674,944</u>

26. CAPITAL COMMITMENTS

	<u>31/12/2014</u> INR'000	<u>31/12/2013</u> INR'000
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- External investment commitment	<u>3,229,375</u>	<u>9,564,375</u>

\* \* END OF FINANCIAL STATEMENTS \* \*

## CONVERSION INTO INDIAN RUPEES

The financial information is expressed in the local currency of the relevant company (Chinese Yuan Renminbi) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate CNY 1 = Rs 10.186 and Rs 10.202 for the years ended 31 December 2014 and 2013 respectively. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.