

# **Goodyear Dunlop Tires Danmark A/S**

c/o Accura Advokatpartnerselskab, Tuborg Boulevard 1, 2900 Hellerup

Company reg. no. 54 03 73 17

## **Annual report**

**1 January - 31 December 2015**

The annual report have been submitted and approved by the general meeting on the 20 May 2016.

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**Henrik Juul Hansen**

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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## **Management's report**

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The board of directors and the executive board have today presented the annual report of Goodyear Dunlop Tires Danmark A/S for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hellerup, 20 May 2016

### **Executive board**

Per Johan Ludvig Nauckhoff

### **Board of directors**

Henrik Juul Hansen  
Chairman

Per Johan Ludvig Nauckhoff

Leszek Cichocki

## **The independent Auditor's Reports**

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**To the shareholder of Goodyear Dunlop Tires Danmark A/S**

### **Report on the Financial Statements**

We have audited the Financial Statements of Goodyear Dunlop Tires Danmark A/S for the financial year 1 January to 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

The audit has not resulted in any qualification.

## **The independent Auditor's Reports**

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### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Statement on Management's Review**

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Management's Review is consistent with the Financial Statements.

Hellerup, 20 May 2016

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 33 77 12 31

Thomas P. Blohm

State Authorised Public Accountant

## Company data

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### **The company**

Goodyear Dunlop Tires Danmark A/S  
c/o Accura Advokatpartnerselskab  
Tuborg Boulevard 1  
2900 Hellerup

Company reg. no. 54 03 73 17  
Domicile: Gentofte  
Financial year: 1 January - 31 December

### **Board of directors**

Henrik Juul Hansen, Chairman  
Per Johan Ludvig Nauckhoff  
Leszek Cichocki

### **Managing Director**

Per Johan Ludvig Nauckhoff

### **Auditors**

PricewaterhouseCoopers

### **Parent company**

Goodyear Dunlop Tires Europe B.V.  
Herikerbergweg 238  
Lund Arena, 1101 CM Amsterdam Zuidoost  
Netherlands

## **Management's review**

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### **Principal activities**

The company imports and distributes tires for cars, trucks and other vehicles in Denmark.

### **Development in activities and financial affairs**

The gross profit for the year is TDKK 28.127 compared to TDKK 28.083 last year. The results from ordinary activities after tax are TDKK 1.113 compared TDKK 3.373 last year.

The management considers the result to be satisfactory.

### **The past year and follow-up on development expectations from last year**

The Danish tire market have weakened in 2014 and 2015 and the net sales have decreased by 10 % from last year. Defined operating cost related to distribution expenses have increased and are mainly driven by higher cost for employees. Combined with a slightly higher financing costs the result for the year decreased by TDKK 2.260 (67 %).

The company will continue to have a strong focus on liquidity, and the external debt is extremely low.

The capital tied up in current assets has decreased in 2015 primarily due to a lower level of trade receivables. The liquidity situation can be stated as good in general.

### **Capital resources**

The company's debt is mainly to group enterprises.

### **The Company's prospects**

The company predicts a slightly stronger market in 2016 and expect to strengthen its position in the market.

### **Events subsequent to the end of the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the Company.

## **Accounting policies used**

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The annual report for Goodyear Dunlop Tires Danmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

### **Leases**

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.



## **Accounting policies used**

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### The profit and loss account

#### **Gross profit**

With reference to section 32 of the Danish Financial Statements Act revenue has not been disclosed in the Annual Report. The gross profit comprises the net turnover, production costs and other operating income.

#### **Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

#### **Administration costs**

Administrative expenses comprise costs for Management, administrative staff, office expenses, depreciation, etc.

#### **Net financial**

Net financials are recognised with the amounts concerning the financial year.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

### The balance sheet

#### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

#### **Prepayments**

Prepayments comprise prepaid expenses concerning insurance premiums.

#### **Cash funds**

Cash funds comprise cash at bank and in hand.

#### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the assets and settlement of the liability, respectively.

## **Accounting policies used**

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Deferred tax assets, including the tax base of loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. Any changes in the deferred tax due to change to tax rates are recognised in the income statement.

### **Liabilities**

Debt are measured to amortised cost, substantially corresponding to nominal value.

## Profit and loss account 1 January - 31 December

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DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Gross profit</b>	<b>28.127</b>	<b>28.083</b>
Distribution expenses	-13.717	-11.924
Administration expenses	<u>-12.442</u>	<u>-12.584</u>
<b>Operating profit</b>	<b>1.968</b>	<b>3.575</b>
1 Other financial income	16	157
2 Other financial costs	<u>-370</u>	<u>-383</u>
Financing, net	<u>-354</u>	<u>-226</u>
<b>Results before tax</b>	<b>1.614</b>	<b>3.349</b>
3 Tax of the results for the year	<u>-501</u>	<u>24</u>
<b>Results for the year</b>	<b><u>1.113</u></b>	<b><u>3.373</u></b>
<b>Proposed distribution of the results:</b>		
Allocated to results brought forward	<u>1.113</u>	<u>3.373</u>
<b>Distribution in total</b>	<b><u>1.113</u></b>	<b><u>3.373</u></b>

## Balance sheet 31 December

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DKK in thousands.

<b>Assets</b>			
<u>Note</u>		<u>2015</u>	<u>2014</u>
<b>Current assets</b>			
	Trade receivables	9.752	13.523
	Receivables from group enterprises	690	1.541
4	Deferred tax assets	3.375	3.876
	Other receivables	14	30
	Prepayments	63	0
	Debtors in total	<u>13.894</u>	<u>18.970</u>
	Cash funds	<u>20.283</u>	<u>19.158</u>
	<b>Current assets in total</b>	<u><b>34.177</b></u>	<u><b>38.128</b></u>
	<b>Assets in total</b>	<u><b>34.177</b></u>	<u><b>38.128</b></u>

## Balance sheet 31 December

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DKK in thousands.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2015</u>	<u>2014</u>
<b>Equity</b>			
5	Share capital	500	500
6	Results brought forward	7.900	6.787
	<b>Equity in total</b>	<b>8.400</b>	<b>7.287</b>
<b>Liabilities</b>			
	Trade payables	1.593	2.667
	Debt to group enterprises	7.610	7.717
	Loans from group enterprises	11.726	14.648
	Other liabilities	4.848	5.809
	Short-term liabilities in total	25.777	30.841
	<b>Liabilities in total</b>	<b>25.777</b>	<b>30.841</b>
	<b>Equity and liabilities in total</b>	<b>34.177</b>	<b>38.128</b>
7	<b>Staff matters</b>		
8	<b>Contingent assets, liabilities and other financial obligations</b>		
9	<b>Related parties and ownership</b>		

## Notes

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DKK in thousands.

	<u>2015</u>	<u>2014</u>
<b>1. Other financial income</b>		
Interest, trade debtors	0	12
Exchange differences	<u>16</u>	<u>145</u>
	<u><b>16</b></u>	<u><b>157</b></u>
<b>2. Other financial costs</b>		
Interest, group enterprises	311	372
Other interest costs	<u>59</u>	<u>11</u>
	<u><b>370</b></u>	<u><b>383</b></u>
<b>3. Tax of the results for the year</b>		
Adjustment for the year of deferred tax	<u>501</u>	<u>-24</u>
	<u><b>501</b></u>	<u><b>-24</b></u>
<b>4. Deferred tax assets</b>		
Deferred tax assets 1 January 2015	3.876	3.852
Deferred tax of the results for the year	-501	-770
Adjustment of deferred tax, opening account	<u>0</u>	<u>794</u>
	<u><b>3.375</b></u>	<u><b>3.876</b></u>
The following items are subject to deferred tax:		
Losses brought forward from previous years	<u>3.375</u>	<u>3.876</u>
	<u><b>3.375</b></u>	<u><b>3.876</b></u>

The Company's total deferred tax assets amount to DKK 5,698 thousand at 31 December 2015. The Company's unrecognised part of the tax asset amounts to DKK 2,323 thousand.

## Notes

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DKK in thousands.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>5. Share capital</b>		
Share capital 1 January 2015	<u>500</u>	<u>500</u>
	<b><u>500</u></b>	<b><u>500</u></b>

The share capital consists of 5 shares, each with a nominal value of DKK 100.000. No shares hold particular rights.

<b>6. Results brought forward</b>		
Results brought forward 1 January 2015	6.787	3.414
Profit or loss for the year brought forward	<u>1.113</u>	<u>3.373</u>
	<b><u>7.900</u></b>	<b><u>6.787</u></b>

<b>7. Staff matters</b>		
Salaries and wages	8.111	5.783
Pension costs	666	583
Other costs for social security	26	38
Other staff costs	<u>5</u>	<u>288</u>
	<b><u>8.808</u></b>	<b><u>6.692</u></b>

Staff costs are recognised as follows in the annual report:

Distribution expenses	<u>8.809</u>	<u>6.692</u>
	<b><u>8.809</u></b>	<b><u>6.692</u></b>

Executive board and board of directors	<u>0</u>	<u>0</u>
Average number of employees	<u>11</u>	<u>10</u>

## Notes

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### 8. Contingent assets, liabilities and other financial obligations

#### Operational leasing

Lease obligations under operating leases. Total future lease payments:

Within 1 year: TDKK 586

Between 1 and 5 years: TDKK 567

### 9. Related parties and ownership

#### Controlling interest

Goodyear Dunlop Tires Europe B.V.

Parent Company

Herikerbergweg 238

Lund Arena, 1101 CM Amsterdam Zuidoost

Netherlands

#### Transactions

Goodyear Dunlop Tires Danmark A/S has transactions with related parties which constitute a number of enterprises in the Goodyear Dunlop Tires Group.

The Company is a wholly owned subsidiary of Goodyear Dunlop Tires Europe B.V. - Rue Neeveld Straat 107, B-1200 Brussels, Belgium. The ultimate Parent Company is The Goodyear Tire and Rubber Company, 1144 East Market Street Akron, Ohio 44316-0001. The Company is incorporated into the consolidated financial statements of this company.

The consolidated financial statements can be obtained from this company.