

Tobøl Dæk A/S
Central Business Registration No
58698113
Vesterbyvej 29
6683 Føvling

Annual report 2015

The Annual General Meeting adopted the annual report on 31.05.2016

Chairman of the General Meeting

Name: Ulrik Uhrenholt

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Entity details

Entity

Tobøl Dæk A/S
Vesterbyvej 29
6683 Føvling

Central Business Registration No: 58698113

Registered in: Vejen

Financial year: 01.01.2015 - 31.12.2015

Phone: +4575398300

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Board of Directors

Henrik Kjær Christensen, chairman

John Roy Folliss

Keld Degn Andersen

Executive Board

John Roy Folliss

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tobøl Dæk A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Tobøl, 31.05.2016

Executive Board

John Roy Folliss

Board of Directors

Henrik Kjær Christensen
chairman

John Roy Folliss

Keld Degn Andersen

Independent auditor's reports

To the owners of Tobøl Dæk A/S

Report on the financial statements

We have audited the financial statements of Tobøl Dæk A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 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 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 31.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Buch
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Company's activities comprise trade and production of retread tyres.

Development in activities and finances

Profit for the year is considered satisfactory. An improved profit is expected for 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Danish parent. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		6.603.903	6.008.293
Staff costs	1	(5.766.670)	(5.057.328)
Depreciation, amortisation and impairment losses	2	<u>(400.693)</u>	<u>(608.876)</u>
Operating profit/loss		436.540	342.089
Other financial income		406	0
Other financial expenses	3	<u>(4.522)</u>	<u>(8.866)</u>
Profit/loss from ordinary activities before tax		432.424	333.223
Tax on profit/loss from ordinary activities	4	<u>(89.145)</u>	<u>(85.009)</u>
Profit/loss for the year		<u>343.279</u>	<u>248.214</u>
Proposed distribution of profit/loss			
Retained earnings		<u>343.279</u>	<u>248.214</u>
		<u>343.279</u>	<u>248.214</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Land and buildings		1.534.063	1.660.145
Plant and machinery		966.861	997.148
Other fixtures and fittings, tools and equipment		62.500	0
Property, plant and equipment in progress		<u>0</u>	<u>256.422</u>
Property, plant and equipment		<u>2.563.424</u>	<u>2.913.715</u>
Fixed assets		<u>2.563.424</u>	<u>2.913.715</u>
Raw materials and consumables		<u>1.756.590</u>	<u>2.060.029</u>
Inventories		<u>1.756.590</u>	<u>2.060.029</u>
Trade receivables		31.341	219.932
Receivables from group enterprises		1.395.070	1.412.192
Prepayments		<u>6.789</u>	<u>11.801</u>
Receivables		<u>1.433.200</u>	<u>1.643.925</u>
Cash		<u>1.421.976</u>	<u>938.037</u>
Current assets		<u>4.611.766</u>	<u>4.641.991</u>
Assets		<u><u>7.175.190</u></u>	<u><u>7.555.706</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	5	1.000.000	1.000.000
Retained earnings		<u>3.678.844</u>	<u>3.335.565</u>
Equity		<u>4.678.844</u>	<u>4.335.565</u>
Provisions for deferred tax		<u>66.000</u>	<u>85.000</u>
Provisions		<u>66.000</u>	<u>85.000</u>
Trade payables		203.639	204.560
Debt to group enterprises		845.713	1.930.507
Income tax payable		108.145	139.009
Other payables	6	<u>1.272.849</u>	<u>861.065</u>
Current liabilities other than provisions		<u>2.430.346</u>	<u>3.135.141</u>
Liabilities other than provisions		<u>2.430.346</u>	<u>3.135.141</u>
Equity and liabilities		<u><u>7.175.190</u></u>	<u><u>7.555.706</u></u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	1.000.000	3.335.565	4.335.565
Profit/loss for the year	0	343.279	343.279
Equity end of year	1.000.000	3.678.844	4.678.844

Notes

	2015 DKK	2014 DKK	
1. Staff costs			
Wages and salaries	5.363.982	4.683.181	
Pension costs	275.214	261.314	
Other social security costs	127.474	112.833	
	5.766.670	5.057.328	
	2015 DKK	2014 DKK	
2. Depreciation, amortisation and impairment losses			
Depreciation of property, plant and equipment	491.718	605.626	
Profit/loss from sale of intangible assets and property, plant and equipment	(91.025)	3.250	
	400.693	608.876	
	2015 DKK	2014 DKK	
3. Other financial expenses			
Financial expenses from group enterprises	1.291	8.083	
Other financial expenses	3.231	783	
	4.522	8.866	
	2015 DKK	2014 DKK	
4. Tax on ordinary profit/loss for the year			
Current tax	108.145	139.009	
Change in deferred tax for the year	(19.000)	(54.000)	
	89.145	85.009	
	Number	Par value DKK	Nominal value DKK
5. Contributed capital			
Ordinary shares	1.000.000	1,00	1.000.000
	1.000.000		1.000.000

Notes

	2015	2014
	DKK	DKK
6. Other short-term payables		
VAT and duties	305.919	39.745
Wages and salaries, personal income taxes, social security costs, etc. payable	754.936	716.464
Other costs payable	211.994	104.856
	1.272.849	861.065
	2015	2014
	DKK	DKK
7. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	505.012	784.015

8. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Bridgestone Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.