FORD MOTOR COMPANY A/S

Annual Report for 2017

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The Annual Report was presented and
adopted at the Annual General Meeting
of the company.

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Chairman

30/5-2018

FORD MOTOR COMPANY A/S
INTERNATIONAL FINANCIAL REPORTING STANDARDS
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FORD MOTOR COMPANY A/S
DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 December 2017 for Ford Motor Company A/S (the "Company") prepared under International Financial Reporting Standards as adopted by the European Union.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Janne Kämäräinen	Erling Kaas	Bence Gabor ***
Jakob Alkil*	Neil Humphries**	

** Jakob Alkil was a director until May 2017. Janne Kämäräinen appointed director on Jakob Alkil's resignation.*
*** Neil Humphries was a director until 30 June 2017. Bence Gabor has been a director since 1 July 2017.*
**** Bence Gabor has been a director since 1 July 2017.*

Principal activities and review of the business

The company is engaged in importing and distributing Ford motor vehicles and ancillary products in Denmark. Further, the company has sales (motor vehicles) to one dealership located in Iceland.

The market conditions and results for passenger vehicles are lower than expectations set for the financial year as stated in the annual report for 2016. However, the sale of commercial vehicles in 2017 met expectations.

The company's revenue for 2017 was MDKK 2,943, an increase of 6% versus the previous year. Profit before income tax for 2017 was MDKK 77 compared with MDKK 10 in 2016.

Due to changes in vehicle registration tax, 2017 did not meet the record setting levels for car sales of 2016, although despite these tax changes, 2017 sales were very close to 2016.

The company sold 12,385 passenger cars in 2017 which is a decrease of 12.7% compared to 2016. This caused Ford's market share for passenger cars to decrease from 6.4% in 2016 to 5.6% in 2017. Ford closed the year as the eighth best-selling brand in respect of passenger cars in 2017.

The company's sale of commercial vehicles amounted to 7,203 units which was in line with 2016 levels. This confirmed Ford's position as the best-selling brand for commercial vehicles with a 17.6 % market share versus a share of 19.9% in 2016.

The total Danish market share (including sales in Iceland) held by Ford was thus 7.4% in 2017 compared to 8.1% in 2016.

*The figures for the number of registered units are based on statistics from the Danish Car Importers Association (De danske bilimportører).

Future developments

The Danish car market is expected to continue at the same level as 2017 with approximately 265,000 units sold in 2018.

For commercial vehicles, sales are also expected to remain in line with 2017 at approximately 42,000 units with a small increase in medium-sized vans. The demand for medium-sized vans is still high since the new, modern models are more economic and fuel-efficient, and after-sales service agreements are often bought in order to keep the operating expenses at a low level.

During 2018 we are launching the New Ford EcoSport to SUV customers in the B class. Additional launches include the New Focus, the Transit Custom and even wider choices of the Fiesta.

The company expects that 2018 will show an increase in sales and growth leading to a market share of 7.8% (20,600 units).

FORD MOTOR COMPANY A/S
DIRECTORS' REPORT

Financial Highlights

Set over a five year period, the development of the Company is shown below:

Key figures	2017 TDKK IFRS	2016 TDKK IFRS	2015 TDKK IFRS	2014 TDKK IFRS	2013 TDKK Danish GAAP
Income Statement:					
Revenue	2,943,600	2,781,242	2,718,312	2,383,399	2,036,054
Operating Profit	11,353	13,189	8,021	3,662	16,472
Net Profit/Loss from financial items	(2,592)	(3,537)	(3,000)	(1,494)	6,013
Net Profit/Loss for the year after tax	77,207	10,468	5,385	2,327	22,485
Statement of Financial Position					
Total Assets	563,126	481,413	483,076	422,156	427,743
Equity	195,263	119,290	108,773	102,868	182,644
Investment in property, plant and equipment	(6,282)	6,383	6,622	6,243	-
Number of employees	49	49	48	45	44

Political donations

There were no contributions to political parties (2016: nil).

Financial risks

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and exchange rate risk. The company has in place a risk management programme that sets out the guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Corporate Social Responsibility

The Company has well established policies for safeguarding and improving the social and environmental impact of its operations. For example, all the Company's manufacturing locations are ISO14001 certified and, as part of a joint initiative agreed with its European Works Council, it operates to agreed social rights and social responsibility principles. We also encourage our suppliers both to work to achieve ISO14001 certification and to operate their own plants to a standard consistent with our principles. Globally 100% of our production suppliers, who wish to seek future business with Ford, are ISO14001 certified. We also operate a diversity award; this is the Chairman's leadership award for diversity (CLAD) to celebrate our efforts in Europe for an inclusive culture. This is also mirrored by our Purchasing team who evaluate and reward Ford suppliers for their diversity efforts.

Social responsibility is equally demonstrated through a focus on vehicle safety and our commitment to the community. This feature has been awarded an advanced safety award by EuroNCAP. The new Ford Fiesta was awarded a 5 star EuroNCAP rating and includes a number of remarkable technologies. These include lane departure systems, automatic speed limiter devices, and upgrades with pre-collision assist with pedestrian and cyclist detection, and traffic sign detection, all to improve safety and customer peace of mind.

Diversity

Ford Motor Company A/S is a sales company characterised by high numbers of vehicles sold through the company and with a limited number of employees. Ford Motor Company A/S pursues a policy of providing equal opportunities for both genders at all levels.

FORD MOTOR COMPANY A/S
DIRECTORS' REPORT

Diversity (Continued)

When choosing between equally qualified candidates, the diversity among the employees will be taken into consideration, as it is the aim that both genders attain a representation at management levels of at least 25%. Ford has defined a target that by 2020, at least one member of the Board of Directors must belong to the under-represented gender. However, this target must not rank above the other competency requirements in the nomination of board candidates. The Board of Directors currently consists of three male members.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Ford Motor Company A/S for the financial year 1 January – 31 December 2017.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Moreover, the Financial Statements are prepared in accordance with additional Danish disclosure requirements. Management's Review is also prepared in accordance with Danish disclosure requirements.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 May 2018

Executive Board

Janne Kämäräinen
CEO

Board of Directors

Janne Kämäräinen

Erling Kaas

Bence Gabor
Chairman

FORD MOTOR COMPANY A/S
INCOME STATEMENT
(in thousands)

	Note	For the years ended December 31, 2017	2016
Revenues			
Automotive	5	2,943,600	2,781,242
Total revenues		2,943,600	2,781,242
Cost of sales and other expenses			
Cost of sales	6	2,798,807	2,633,434
Selling, administrative, and other expenses	6	133,440	134,619
Total costs and expenses		2,932,247	2,768,053
Dividends received		66,995	-
Other interest expense and finance cost	7	(2,592)	(3,537)
Other income	8	1,451	831
Profit/(Loss) before income tax		77,207	10,483
Income tax (benefit)/expense	10	-	15
Net profit/(loss)		77,207	10,468

STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Note	For the years ended December 31, 2017	2016
Net profit/(loss)		77,207	10,468
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Remeasurement of the liability for the post-employment benefit	16	(3,510)	(325)
Interest income impact on irrecoverable surplus	16	(1,020)	64
Movement in asset ceiling	16	3,305	265
Total other comprehensive income/(loss), net of tax	21	(1,225)	4
Comprehensive income/(loss)		75,982	10,472

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY A/S
STATEMENT OF FINANCIAL POSITION
(in thousands)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Cash and cash equivalents		26,851	10,775
Trade and other receivables, net	11	394,076	346,540
Inventories	12	104,414	82,389
Other assets	13	4,249	1,663
Total current assets		529,590	441,367
Property, plant, and equipment	14	828	7,386
Trade and other receivables, net	11	976	928
Investment in subsidiaries	15	25,732	25,732
Deferred income taxes	10	6,000	6,000
Total non-current assets		33,536	40,046
Total assets		563,126	481,413
LIABILITIES			
Accounts payable	17	220,700	128,761
Deferred revenue and other liabilities	18	26,763	19,172
Provisions	19	105,377	187,317
Income taxes payable		-	-
Pension and other post-employment obligations		-	-
Total current liabilities		352,840	335,250
Deferred revenue and other liabilities	18	-	-
Provisions	19	15,023	26,873
Total non-current liabilities		15,023	26,873
Total liabilities		367,863	362,123
EQUITY			
Common stock	20	108,000	108,000
Capital in excess of par value of stock		90	99
Accumulated other comprehensive income/(loss)	21	-	-
Retained Earnings		87,173	11,191
Total equity		195,263	119,290
Total liabilities and equity		563,126	481,413

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY A/S
STATEMENT OF CASH FLOWS
(in thousands)

	For the years ended December 31,	
	2017	**2016**
Cash flows from operating activities		
Net profit/(loss) excluding cash dividends	10,212	10,468
Depreciation	275	317
Share-based payment expense	(9)	45
Pension/OPEB expense	(1,225)	4
Foreign currency adjustments	(633)	(1,550)
Decrease/(Increase) in inventory	(22,025)	(21,593)
Decrease/(Increase) in trade and other receivables and other assets	(50,121)	16,993
(Decrease)/Increase in provisions	(93,790)	71,949
(Decrease)/Increase in accounts payable and other liabilities	100,115	(82,586)
Net cash provided by/(used in) operating activities	(57,201)	(5,953)
Cash flows from investing activities		
Capital spending	6,282	(6,383)
Proceeds from sale of Property, plant and equipment	-	6,622
Net cash provided by/(used in) investing activities	6,282	239
Cash flows from financing activities		
Cash dividends	66,995	-
Net cash provided by/(used in) financing activities	66,995	-
Net increase/(decrease) in cash and cash equivalents	16,076	(5,714)
Cash and cash equivalents at January 1	10,775	16,489
Net increase/(decrease) in cash and cash equivalents	16,076	(5,714)
Cash and cash equivalents at December 31	26,851	10,775

FORD MOTOR COMPANY A/S
STATEMENT OF CHANGES IN EQUITY
(in thousands)

	Capital Stock	Cap. In Excess of Par Value of Stock	Accum. Other Comprehensive Income/(Loss)	Retained Earnings	Total
Balance at January 1, 2016	108,000	54	-	719	108,773
Comprehensive income/(loss)					
Net profit/(loss)	-	-	-	10,468	10,468
Other comprehensive income/(loss)	-	-	4	-	4
Reclassifications	-	-	(4)	4	-
Comprehensive income/(loss)	-	-	-	10,472	10,472
Transactions with shareholders					
Dividends	-	-	-	-	-
Share-based compensation	-	45	-	-	45
Total transactions with shareholders	-	45	-	-	45
Balance at December 31, 2016	108,000	99	-	11,191	119,290
Balance at January 1, 2017	108,000	99	-	11,191	119,290
Comprehensive income/(loss)					
Net profit/(loss)	-	-	-	77,207	77,207
Other comprehensive income/(loss)	-	-	(1,225)	-	(1,225)
Reclassifications	-	-	1,225	(1,225)	-
Comprehensive income/(loss)	-	-	-	75,982	75,982
Transactions with shareholders					
Dividends	-	-	-	-	-
Share-based compensation	-	(9)	-	-	(9)
Total transactions with shareholders	-	(9)	-	-	(9)
Balance at December 31, 2017	108,000	90	-	87,173	195,263

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY A/S
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

Ford Motor Company A/S was founded in 1919. The company operates as an importer and wholesaler of passenger and commercial vehicles as well as spare parts and accessories. Ford Motor Company A/S operates in Denmark and has sales externally to one dealership in Iceland.

Ford Motor Company A/S's registered office is Borupvang 5 D-E, Ballerup, 2750, Denmark.

Basis of Preparation

Statement of Compliance

We prepared our financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union, together with any additional Danish disclosure requirements for large enterprises. We present the financial statements on the going concern basis.

With reference to section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Presentation

The financial statements are presented in Danish Kroners, being the functional currency of the company. All financial information has been rounded to the nearest thousand, except where otherwise indicated.

The statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they mature within one year.

Recognition and Measurement

The financial statements have been prepared under the historical cost basis except when IFRS explicitly requires use of fair value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is generated primarily by sales of vehicles, parts and accessories. Revenue is recorded when obligations under the terms of a contract with our customer are satisfied; generally, this occurs with the transfer of control of our vehicles, parts or accessories. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. When we give our dealers the right to return eligible parts for credit, we reduce the related revenue for expected returns.

Sales and Marketing Incentives

Sales and marketing incentives generally are recognised as revenue reductions in *Revenues*. The incentives generally take the form of cash payments to dealers and dealers' customers. The reduction to revenue is accrued at the later of the date the related vehicle is sold or the date the incentive program is both approved and communicated. We generally estimate these accruals using incentive programs that are approved as of the balance sheet date and are expected to be effective at the beginning of the subsequent period.

Foreign Currency Revaluation

We re-measure monetary assets and liabilities denominated in a currency that is different from Ford Motor Company A/S's functional currency.

The effect of this remeasurement process is reported in *Cost of sales*, *Selling, administrative, and other expenses*, and *Other interest income/(expense) and finance income/(cost), net*.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Receivables

Trade receivables, recorded on our balance sheet in *Trade and other receivables, net,* consist primarily of receivables for vehicles, parts, and accessories. Trade receivables initially are recorded at the transaction amount. We record an allowance for doubtful accounts representing our estimate of the probable losses. Each reporting period, we assess the adequacy of our allowance for doubtful accounts taking into consideration recoveries received during that period. Additions to the allowance for doubtful accounts are made by recording charges to bad debt expense reported in *Cost of sales*. Receivables are charged to the allowance for doubtful accounts when an account is deemed to be uncollectible.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, items recognised directly in equity, or items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred Taxes

Deferred tax is recognised for temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the company has no uncertain tax positions to take into consideration.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Presentation of Sales and Sales-Related Taxes

We collect and remit taxes assessed by the Danish government that are both imposed on and concurrent with a revenue-producing transaction between us and our customers. These taxes may include, but are not limited to, sales, use, value-added, and some excise taxes. We report the collection of these taxes on a net basis (excluded from revenues).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in local bank accounts available upon demand and are recognised at fair value.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined by methods approximating the first-in first-out ("FIFO") principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, net of accumulated depreciation and impairments. We capitalise new assets when we expect to use the asset for more than one year. Routine maintenance and repair costs are expensed when incurred.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of the property, plant, and equipment, taking into consideration our best estimate of its residual value.

Property and equipment are depreciated primarily using the straight-line method over the estimated useful life of the asset. Useful lives range from 1 year to 14.5 years. The estimated useful lives generally are 14.5 years for machinery and equipment and 1 year for vehicles.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provisions for impairment.

Employee Benefits

We provide short-term and long-term benefits to our employees. Short-term employee benefit obligations generally take on the form of salaries, bonuses and profit sharing and are measured on an undiscounted basis. We generally expense short-term benefits in the period the related benefit is provided. Long-term employee benefit obligations generally take on the form of post-employment benefits.

Defined benefit pensions are measured based on the present value of projected future benefit payments for all participants for services rendered to-date. The measurement of projected future benefits is dependent on the provisions of each specific plan, demographics of the group covered by the plan, and other key measurement assumptions. For plans that provide benefits dependent on salary assumptions, we include a projection of salary growth in our measurements. No assumption is made regarding any potential changes to benefit provisions beyond those to which we are presently committed (e.g., in existing labour contracts).

The net periodic benefit costs associated with the company's defined benefit pension plans are determined using assumptions regarding the benefit obligation and the plan assets (where applicable) as of the beginning of each year. Net periodic benefit costs are recorded in *Cost of sales* and *Selling, administrative, and other expenses*.

The funded status of the benefit plans, which represents the difference between the benefit obligation and fair value of plan assets, is calculated on a plan-by-plan basis. The benefit obligation and related funded status are determined using assumptions as of the end of each year. The impact of plan amendments and actuarial gains and losses are recorded in *Accumulated other comprehensive income/(loss),* and then reclassified to retained earnings at the end of the year.

Curtailment gains or losses are recorded when an event occurs that significantly reduces the number of employees covered by the plan. We record a curtailment gain when the employees who are entitled to the benefits terminate their employment; we record a curtailment loss when it becomes probable a loss will occur.

Ford Motor Company A/S shall recognise a settlement gain or loss in the period in which a transaction that permits derecognition of the net defined benefit liability. The gain or loss on a settlement shall comprise: (a) the present value of the obligation being settled, as determined on the date of the settlement; and (b) the settlement price, including any assets transferred and/or payments made.

Ford Motor Company A/S shall re-measure the plan as of the date of the action if there is a significant curtailment or settlement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Our policy for funded pension plans is to contribute annually, at a minimum, amounts required by applicable laws and regulations. We may make contributions beyond those legally required.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The net pension asset is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (asset ceiling).

Provisions

A provision is recognised if, as a result of a past event, we have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. We record provisions for warranty, dealer and customer claims and similar matters.

Due to the inherent uncertainty of the amount and timing of expected payments, we measure our provisions using patterned estimation models that take into consideration historical experience with similar matters, recent facts and circumstances, as well as assumptions about current trends. Each measurement reflects our best assumptions at each reporting period but the ultimate outcome of any matter could result in an amount different than the amount we have accrued and/or disclosed.

Provisions expected to be paid in a period of greater than one year are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in *Other interest income/(expense) and finance income/(cost), net.*

Warranties

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale. We establish estimates for warranty and field service action obligations using a patterned estimation model using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate the adequacy of our accruals on a regular basis and any revisions to our estimated obligation for warranties and field service actions are reported as *Changes in accrual related to pre-existing warranties.*

Dealer and Customer Claims

We accrue for dealer and customer claims related to incentive programs that are approved as of the reporting date and are expected to be effective at the beginning of the subsequent period.

Share-Based Payments

Share-based payment arrangements include awards that will be settled by the delivery of shares. The shares are measured at fair value on the grant date. The fair value of the awards that employees are expected to earn is recognised as compensation cost over the vesting period. Changes in the number of awards that employees are expected to earn are recognised in profit or loss over the vesting period.

We measure the fair value of stock options using an option-pricing model and the fair value of restricted stock units using the closing market price of our Common Stock on the grant date.

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

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

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: 1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and 2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

The Management of the ultimate parent company has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors. In addition, there are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Warranty and Product Recalls

Nature of Estimates Required. We provide warranties on the products we sell. Separately, we also periodically perform field service actions related to safety recalls, emission recalls, and other product campaigns. Pursuant to these warranties and field service actions, we will repair, replace or adjust all parts on a vehicle that are defective in factory-supplied materials or workmanship. We accrue the estimated cost of both basic warranty coverages and field service actions at the time of sale.

Assumptions and Approach Used. We establish estimates for warranty and field service action obligations using a patterned estimation model. We use historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate our estimate of warranty and field service obligations on a regular basis. Experience has shown that the initial data for any given model year may be volatile; therefore, our process relies on long-term historical averages until sufficient data are available. As actual experience becomes available, we use the data to modify the historical averages in order to ensure that the estimate is within the range of likely outcomes. We then compare the resulting accruals with present spending rates to ensure that the balances are adequate to meet expected future obligations. Based on these data, we revise our estimates as necessary. Warranty coverages vary; therefore, our warranty accruals vary depending on the type of product and the geographic location of its sale for specific periods of time and/or mileage. Field service actions are distinguishable from warranties in that they may occur in periods beyond the basic warranty coverage period. Our best estimate of the obligation related to field service actions includes expected future payments related to vehicles produced in the most recent eight model years and announced field service actions for vehicles produced before this period.

Due to the uncertainty and potential volatility of these factors, changes in our assumptions could materially affect our financial condition and results of operations. See Note 19 of the Notes to the Financial Statements for information regarding warranty and product recall related costs.

Pensions

Nature of Estimates Required. The estimation of our defined benefit pension plan obligations and expenses requires that we make use of estimates of the present value of projected future payments to all participants, taking into consideration the likelihood of potential future events such as demographic experience and health care cost increases. Plan obligations and expenses are based on existing retirement plan provisions. No assumption is made regarding any potential future changes to benefit provisions beyond those to which we are presently committed (e.g., in existing labour contracts).

Assumptions and Approach Used. The assumptions used in developing the required estimates include the following key factors:

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

- *Discount rates.* Our discount rate assumption is based primarily on the results of a cash flow matching analysis, which matches the future cash outflows for each major plan to a yield curve based on high-quality bonds specific to the country of the plan. Benefit payments are discounted at the rates on the curve and a single discount rate specific to the plan is determined.
- *Salary growth.* Our salary growth assumption reflects our long-term actual experience, outlook, and assumed inflation.
- *Inflation.* Our inflation assumption is based on an evaluation of external market indicators, including real gross domestic product growth and central bank inflation targets.
- *Expected contributions.* Our expected amount and timing of contributions is based on an assessment of minimum requirements, cash availability, and other considerations (e.g., funded status, avoidance of regulatory premiums and levies, and tax efficiency).
- *Retirement rates.* Retirement rates are developed to reflect actual and projected plan experience.
- *Mortality rates.* Mortality rates are developed to reflect actual and projected plan experience.

Assumptions are set at each year end and are generally not changed unless there is a major plan event such as a significant curtailment or settlement that would trigger a plan remeasurement.

The effects of actual results differing from our assumptions and the effects of changing assumptions are recognised in *Accumulated Other Comprehensive Income/(Loss)* on our balance sheet.

See Note 16 for more information regarding pension costs and assumptions.

Income Taxes

Nature of Estimates Required. We must make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, and (ii) the calculation of differences in the timing of recognition of revenue and expense for tax and financial statement purposes that will ultimately be reported in tax returns. Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs.

Assumptions and Approach Used. We are subject to the income tax laws and regulations of the Danish tax jurisdiction. We must assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income. IFRS recognises deferred tax assets to the extent that it is more likely than not (defined as a likelihood of more than 50%) that sufficient taxable profits will be available to utilise the deductible temporary difference or unused tax losses.

Changes in our judgment regarding the ability to recover our deferred tax assets are reflected in our tax provision in the periods in which the changes occur.

NOTE 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Accounting Standards Issued But Not Yet Adopted

The following represent the standards that will, or are expected to, result in a significant change in practice and/or have a significant financial impact to Ford

Insurance Contracts. In May 2017, the IASB issued IFRS 17 Insurance contracts, which sets out the requirements that a company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The new standard is effective January 1, 2021 and early adoption is permitted. We are assessing the potential impact to our financial statements and disclosures.

NOTE 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

Leases. In January 2016, the IASB issued International Financial Reporting Standards (IFRS) 16 Leases, which provides guidance on the recognition, measurement, presentation and disclosure of leases. The new standard supersedes present IFRS guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease obligations. We plan to adopt the new standard on its effective date of January 1, 2019. We anticipate adoption of the standard will not have a material impact on our statement of financial position. We are in the process of cataloging our existing lease contracts and implementing changes to our systems.

Financial Instruments. In July 2014, the IASB issued IFRS 9 Financial Instruments, incorporating a new expected loss impairment model and providing certain amendments to the classification and measurement requirements for financial assets. IFRS 9 also requires additional disclosures resulting from amendments to IFRS 7 Financial Instrument - Disclosures. We will adopt the new standard January 1, 2018 by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance of retained earnings. We anticipate adoption will decrease the amount of expected credit losses for finance receivables reported in Financial Services finance receivables, net on our consolidated statement of financial position. In addition, a portion our marketable debt securities will be reclassified from fair value through profit and loss to fair value through other comprehensive income consistent with our business objective to both collect the contractual cash flows and sell these financial assets. We do not anticipate changes implemented as the result of adopting the new standard will have a material impact on our consolidated income statement.

The International Accounting Standards Board ("IASB") has also issued the following amendments, which are not expected to have a material impact to our financial statements or financial statement disclosures.

Amendments	Effective Date (a)
Transfers of Investment Property (Amendments to IAS 40 Investment Property)	January 1, 2018
Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)	January 1, 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4 Insurance Contracts)	January 1, 2018
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2020

(a) Early adoption for each of the standards is permitted.

Accounting Standards Adopted

IFRS 15 - Revenue from Contracts with Customers. On January 1, 2017, we early adopted the new accounting standard IFRS 15, Revenue from Contracts with Customers and all the related clarifications ("new revenue standard") to all contracts using the modified retrospective method.

This has not resulted in any cumulative effect in respect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings.

We do not expect the adoption of the new revenue standard to have a material impact to our net income on an ongoing basis.

The majority of our sales revenue continues to be recognized when products are shipped from our manufacturing facilities. This is deemed to be the point at which the customer obtains control of the product, having obtained the ability to direct the use of and obtain substantially all of the remaining benefits from that product. For certain vehicle sales where revenue was previously deferred, such as vehicles subject to a guaranteed resale value recognized as a lease and transactions in which a Ford-owned entity delivered vehicles, we now recognize revenue when vehicles are shipped in accordance with the new revenue standard.

The new revenue standard also provided additional clarity that resulted in reclassifications to or from Revenue, Cost of sales, and Financial Services other income/(loss), net.

NOTE 5. REVENUES

Amounts included in *Revenues* on our income statement were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Sales of new vehicles, parts, and accessories	2,934,254	2,771,853
Sales of vehicles previously leased under operating leases	-	-
Other (a)	9,346	9,389
Total revenues	2,943,600	2,781,242

There are four dealer groups that the company had sales to in 2017 and 2016, who each represent in excess of 10% of the company's total revenue: Andersen Biler A/S, Autohuset Vestergaard A/S Personvogne, Via Biler A/S and Bjarne Nielsen A/S.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our vehicles, parts, accessories, or services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 19). We recognize revenue for vehicle service contracts that extend mechanical and maintenance coverages beyond our base warranties over the life of the contract. We do not have any material significant payment terms as payment is received at or shortly after the point of sale.

Vehicles, Parts, and Accessories. For the majority of vehicles, parts, and accessories, we transfer control and recognize a sale when we ship the product from our manufacturing facility to our customer (dealers and distributors). We receive cash equal to the invoice price for most vehicle sales at the time of wholesale. When the vehicle sale is financed by Forso Nordic Ab, the dealer pays Forso Nordic Ab when it sells the vehicle to the retail customer (see Note 17). Payment terms on part sales to dealers, distributors, and retailers range from 30 to 120 days. The amount of consideration we receive and revenue we recognize varies with changes in marketing incentives and returns we offer to our customers and their customers. When we give our dealers the right to return eligible parts and accessories, we estimate the expected returns based on an analysis of historical experience. We adjust our estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed.

Used Vehicles. We sell used vehicles both at auction and/or through our dealers. Proceeds from the sale of these vehicles are recognised in revenues upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognised in Cost of sales.

Other revenue. Other revenue consists primarily of net commissions received for serving as the agent in facilitating the sale of a third party's products or services to our customers. We transfer control and recognise the net commission when the products are delivered to our customer (dealer and distributor).

NOTE 6. TOTAL COST OF SALES AND SELLING, ADMINISTRATIVE, AND OTHER EXPENSES

Amounts included in *Cost of sales* and *selling, administrative, and other expenses* on our income statement were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Purchase of new vehicles, parts and accessories	2,794,219	2,630,566
Depreciation	275	317
Warranty	26,490	28,667
Advertising	52,077	56,066
Other	59,186	52,437
Total cost of sales and selling, administrative, and other expenses	2,932,247	2,768,053

NOTE 7. OTHER INTEREST INCOME/(EXPENSE) AND FINANCE INCOME/(COST), NET

Amounts included in *Other interest income/(expense) and finance income/(cost), net* on our income statement were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Interest income	-	-
Interest expense	(2,592)	(3,537)
Total other interest (expense)/income, net	(2,592)	(3,537)

NOTE 8. OTHER INCOME/(EXPENSE), NET

Amounts included in *Other income/(expense), net* on our income statement were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Commission	1,451	831
Total	1,451	831

NOTE 9. NET FOREIGN CURRENCY EXCHANGE GAINS/(LOSSES)

Net foreign currency exchange gains/(losses) recognised on our income statement were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Cost of sales	633	1,550
Net foreign currency exchange (losses)/gains	633	1,550

NOTE 10. INCOME TAX BENEFIT/(EXPENSE)

The *Income tax benefit/(expense)* on our income statement was estimated as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Current		
Current tax on profits for the year	-	-
Change in estimates related to prior years	-	(15)
Total current	-	(15)
Deferred		
Origination and reversal of temporary differences	(3,910)	(2,779)
Changes in tax losses carried forward	1,661	409
Valuation Allowance	2,249	2,370
Total deferred	-	-
Income tax benefit/(expense)	-	(15)

The amount of reported income taxes in the statement of comprehensive income reconciled with income taxes calculated using Ford Motor Company A/S' applicable tax rate at December 31 was as follows (in TDKK). Ford Motor Company A/S' applicable tax rate is 22.0%. Income tax paid during the years ended December 31, 2017 and 2016 were DKK 0,00 and DKK 663,663 respectively

NOTE 10. INCOME TAX BENEFIT/(EXPENSE) (Continued)

	For the years ended December 31,	
	2017	2016
Income before income taxes	77,207	10,483
Tax calculated at domestic tax rates applicable to profits (2017 - 22.0% and 2016 – 22.0%).	(16,986)	(2,306)
Tax effects of:		
Expenses/(Income) not (taxable)/deductible for tax purposes	14,737	(4)
Change in tax rates		
Change in estimate related to prior years		(75)
Valuation allowances	2,249	2,370
Income tax benefit/(expense)	-	(15)
Effective tax rate	0%	(1%)

The deferred tax amounts shown on the balance sheet at December 31 were as follows (in TDKK):

	2017	2016
Deferred tax assets	6,000	6,000
Deferred tax liabilities	-	-
Net deferred tax assets	6,000	6,000

Deferred taxes by major category at December 31 were as follows (in TDKK):

	2017	2016
Deferred tax assets		
Tax losses carried forward	11,876	10,214
Dealer and customer claims	2,110	6,242
Reserve for doubtful debts	2	-
Compensation accruals	1,167	977
Deferred tax assets	15,154	17,433
Less: valuation allowance	(9,076)	(11,324)
Total deferred tax assets	6,079	6,109
Deferred tax liabilities		
Depreciation and amortization (excluding leasing transactions)	(79)	(109)
Total deferred tax liabilities	(79)	(109)
Net deferred tax assets	6,000	6,000

At December 31, 2017, Ford Motor Company A/S had pre-tax operating loss carry-forwards for income tax purposes in the amount of DKK 53,980,248. Tax benefits of operating loss carry-forwards are evaluated on an ongoing basis, including a review of historical and projected future operating results, the eligible carry forward period, and other circumstances.

The current and non-current portions of deferred income taxes expected to be recovered or settled within and after one year at December 31 were as follows (in TDKK):

	2017	2016
Deferred tax assets		
Current portion	2,000	2,000
Non-current portion	4,000	4,000
Total deferred tax asset	6,000	6,000
Deferred tax liabilities		
Current portion	-	-
Non-current portion	-	-
Total deferred tax liabilities	-	
Net deferred tax assets	6,000	6,000

NOTE 11. TRADE AND OTHER RECEIVABLES, NET

Trade and other receivables, net on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Trade receivables	1,634	4,839
Amounts owed by group undertakings	391,567	301,411
Amounts owed by joint ventures of the ultimate parent company	-	39,415
Other	1,851	1,803
Total	395,052	347,468
Current	394,076	346,540
Non-current	976	928
Total	395,052	347,468

Amounts owed by group undertakings are unsecured; elements bear interest at a variable rate which is capitalised monthly and are repayable on demand.

The fair value of all trade and other receivables is approximate to the carrying value. Amounts overdue do not have a material impact on these financial statements.

Excess liquidity is placed with a finance centre within the Ford Group and carries interest. In the Financial Statements this item is classified as part of receivables from group undertakings of DKK 342mils (2016: DKK 270mils). The deposit in the finance centre ranks subordinate in relation to the debt of the finance centre to Ford Motor Company, to debt to certain other companies in the Ford Motor Company group and to debt to certain external lenders.

A Group company exercised a call option to buy the shares of the joint venture partner (Forso Nordic Ab) in August 2017. The equivalent joint venture receivable to 2016 is now categorized as "Amounts owed by group undertakings."

NOTE 12. INVENTORIES

Inventories on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Finished products	99,267	82,389
Company service vehicles	5,147	-
Total	104,414	82,389

There was no impairment of inventories for the years ended December 31, 2017 and 2016.

Company Service Vehicles have been transferred to Inventories from Fixed Assets to better reflect the period of use of the assets.

NOTE 13. OTHER ASSETS

Other assets on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Prepayments	4,249	1,663
Total	4,249	1,663

All other assets fall due within one year and the fair value is approximate to the carrying value.

NOTE 14. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment includes machinery and equipment, vehicles and other assets that we use in our normal operations. Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of the property, plant, and equipment, taking into consideration our best estimate of its residual value.

Useful lives range from 1 year to 14.5 years. The estimated useful lives generally are 14.5 years for machinery and equipment and 1 year for vehicles.

Changes in *Property, plant, and equipment* balances on our statement of financial position were as follows (in TDKK):

	For the year ended December 31, 2017		
	Leasehold Improvements	Machinery, Equipment, and Other	Total
Cost			
Beginning balance at January 1	249	11,756	12,005
Reclassifications (a)	-	(6,383)	(6,383)
Additions	-	101	101
Disposals	(249)	(67)	(316)
Ending balance at December 31	-	5,407	5,407
Accumulated depreciation and impairment			
Beginning balance at January 1	(241)	(4,378)	(4,619)
Depreciation	(8)	(267)	(275)
Disposals	249	67	316
Ending balance at December 31	-	(4,578)	(4,578)
Total	-	829	829

	For the year ended December 31, 2016		
	Leasehold Improvements	Machinery, Equipment, and Other	Total
Cost			
Beginning balance at January 1	249	12,601	12,850
Additions	-	6,383	6,383
Disposals	-	(7,228)	(7,228)
Ending balance at December 31	249	11,756	12,005
Accumulated depreciation and impairment			
Beginning balance at January 1	(210)	(4,699)	(4,909)
Depreciation	(31)	(286)	(317)
Disposals	-	607	607
Ending balance at December 31	(241)	(4,378)	(4,619)
Total	8	7,378	7,386

(a) Following further clarification under IFRS 15, company service vehicles have been reallocated to Inventory.

There are no assets under finance lease arrangements included in *Property, plant, and equipment*.

NOTE 15. INTERESTS IN SUBSIDIARIES

Ownership Percentage and Investment Balances

Investment in subsidiaries on our statement of financial position was as follows (in TDKK, except percentages):

	Ownership Percentage	Investment Balance		
	December 31, 2017	December 31, 2017	December 31, 2016	January 1, 2016
Ford Motor Norge A/S (Jurisdiction: Norway)	100.0%	25,732	25,732	25,732
		25,732	25,732	25,732

The investment in Ford Motor Norge A/S is held at historical cost, no impairment has been recorded against the investment value. According to the latest filed accounts dated 31st December 2016, income was TNOK 12,578 and equity was TNOK 141,249.

NOTE 16. EMPLOYEE BENEFITS

We provide retirement benefits including the following:

Defined Benefit Pension Plans. We have defined benefit pension plans covering salaried employees. Our defined benefit plans are closed to new participants. Our defined benefit pension plans are funded (i.e., have restricted assets from which benefits are paid).

Defined Contribution and Savings Plans. We have also established defined contribution and savings plans for our employees. Contributions to these plans, if any, are made from general Company cash and are expensed as incurred. The expense for our defined contribution and savings plans was DKK 1.8mils and DKK 1.7mils for the years ended December 31, 2017 and 2016, respectively.

Assumptions

The assumptions used to determine expense and benefit obligations were as follows (in TDKK):

	Pension Plans (Funded)	
	Pension Plans (Unfunded)	
	2017	2016
Assumptions used to determine net benefit cost for the year ended December 31		
Discount rate	2.00 %	0.62 %
Average rate of increase in compensation	2.00 %	2.00 %

Benefit Plans - Expense and Status

The net expense/(income) and remeasurement cost for our defined benefit pension plan for the years ended December 31, were as follows (in TDKK):

	Pension Plans (Funded)	
	2017	2016
Income/(Expense)		
Current service cost	4,736	6,811
Net expense/(income)	4,736	6,811
Remeasurements		
Return on plan assets (greater)/less than discount rate	14,619	(7,241)
(Gain)/loss from changes in financial assumptions	(11,692)	12,838
Experience (gains)/losses	583	(5,272)
Total remeasurements	3,510	325
Total	8,246	7,136

NOTE 16. EMPLOYEE BENEFITS (Continued)

The year-end status of the plan was as follows (in TDKK):

	Pension Plans (Funded)	
	2017	2016
Change in benefit obligation		
Benefit obligation at January 1	162,762	153,606
Current service cost	4,736	6,811
Interest expense	1,020	2,573
Plan participant contributions	375	364
Benefits paid	(7,351)	(8,158)
(Gain)/loss from change in financial assumptions	(11,692)	12,838
Experience (gains)/losses	583	(5,272)
Benefit obligation at December 31	150,433	162,762
Change in plan assets		
Fair value of plan assets at January 1	166,288	157,397
Interest income	-	2,637
Return on plan assets greater/(less) than discount rate	(14,619)	7,241
Company contributions	5,961	6,807
Plan participant contributions	375	364
Benefits paid	(7,351)	(8,158)
Fair value of plan assets at December 31	150,654	166,288
Total	221	3,526
Change in asset ceiling/minimum funding requirement		
Asset ceiling/minimum funding requirement at January 1	(3,526)	(3,791)
Change in asset ceiling, excluding amounts included in interest cost/(income)	2,285	329
Interest expense/(income)	1,020	(64)
Asset ceiling/minimum funding requirement at December 31	(221)	(3,526)
Total at December 31	-	-

Pension Plan Contributions

In 2017, we contributed DKK 5.9mils to our fully funded pension plans (most of which were mandatory contributions). During 2018, we expect to contribute about DKK 7.9mils from cash and cash equivalents.

Estimated Future Benefit Payments

Estimated future gross benefit payments were as follows (in TDKK):

	Pension Plans (Funded)
2018	7,909
2019	7,710
2020	7,477
2021	7,144
2022	6,545
2023-2027	37,041

There are no current expectations to receive a refund from the defined benefit scheme.

The defined benefit pension scheme's obligations and assets are covered by the Danica Pension Plan.

Risks

Substantial pension liabilities impairing liquidity or financial condition. If our cash flows and capital resources were insufficient to fund our pension obligations, we could be forced to suspend dividend payments or seek additional capital.

NOTE 16. EMPLOYEE BENEFITS (Continued)

Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates). The measurement of our obligations, costs, and liabilities associated with benefits pursuant to our postretirement benefit plans requires that we estimate the present value of projected future payments to all participants. We use many assumptions in calculating these estimates, including assumptions related to discount rates and demographic experience (e.g., mortality and retirement rates). To the extent actual results are less favourable than our assumptions, there could be a substantial adverse impact on our financial condition and results of operations.

Pension Plan Asset Information

Investment Objective and Strategies. All assets are externally managed and most assets are actively managed. Managers are not permitted to invest outside of the asset class (e.g., fixed income, public equity, alternatives) or strategy for which they have been appointed. We use investment guidelines and recurring audits as tools to ensure investment managers invest solely within the investment strategy they have been provided.

Fair Value of Plan Assets. Pension assets are recorded at fair value, and include primarily fixed income and equity securities, derivatives, and alternative investments, which include hedge funds, private equity, and real estate.

Sensitivity Analysis

There are no material sensitivities to disclose.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Trade Payables	43,635	38,355
Amounts owed to group undertakings	153,524	47,185
Amounts owed to joint ventures of the ultimate parent company	-	9,521
Social security and other taxes	23,541	33,700
Total	220,700	128,761

The fair value of *accounts payable* is approximate to the carrying value and measured at amortized cost.

A Group company exercised a call option to buy the shares of the joint venture partner (Forso Nordic Ab) in August 2017. The equivalent joint venture receivable to 2016 is now categorized as "Amounts owed by group undertakings."

NOTE 18. DEFERRED REVENUE AND OTHER LIABILITIES

Deferred revenue and other liabilities on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Deferred Revenue	13,004	4,036
Social security and other taxes	41	41
Other	13,718	15,095
Total	26,763	19,172
Current portion	26,763	19,172
Non-current portion	-	-
Total	26,763	19,172

NOTE 18. DEFERRED REVENUE AND OTHER LIABILITIES (Continued)

Deferred revenue relates to revenue received in relation to Extended Service Plans. Revenue is deferred and recognized to income on a straight-line basis over the contract period except in those circumstances where sufficient historical evidence indicates that the costs of performing the services under the contract are incurred on an other than a straight-line basis. In those circumstances, revenue is recognised over the contract period in proportion to the costs expected to be incurred in performing services under the contract.

The fair value of *deferred revenue and other liabilities* is approximate to the carrying value and measured at amortized cost.

NOTE 19. PROVISIONS

Provisions on our statement of financial position were as follows (in TDKK):

	December 31, 2017	December 31, 2016
Warranties	46,289	49,557
Dealer and customer claims	73,611	164,633
Other	500	-
Total	120,400	214,190
Current portion	105,377	187,317
Non-current portion	15,023	26,873
Total	120,400	214,190

Warranties

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale. We establish estimates for warranty and field service action obligations using a patterned estimation model using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We re-evaluate the adequacy of our accruals on a regular basis and any revisions to our estimated obligation for warranties and field service actions are reported as *Changes in accrual related to pre-existing warranties* in the table below.

The changes in provisions for warranties were as follows (in TDKK):

	For the years ended December 31, 2017	2016
Beginning balance	49,557	47,878
Provisions made	38,421	28,378
Changes related to pre-existing provisions	(6,430)	3,290
Payments made	(35,245)	(29,994)
Accretion of discounting	(14)	5
Ending balance	46,289	49,557
Current portion	31,266	22,684
Non-current portion	15,023	26,873
Total	46,289	49,557

NOTE 19. PROVISIONS (Continued)

Dealer and Customer Claims

We accrue for dealer and customer claims related to incentive programs that are approved as of the reporting date and are expected to be effective at the beginning of the subsequent period.

The changes in provisions for dealer and customer claims were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Beginning balance	164,633	94,363
Provisions made	152,400	141,508
Payments made	(243,422)	(71,238)
Ending balance	73,611	164,633
Current portion	73,611	164,633
Non-current portion	-	-
Total	73,611	164,633

NOTE 20. CAPITAL STOCK

The number of *Common stock* shares outstanding at December 31 was as follows:

	2017	2016
Beginning balance	900,000	900,000
Shares issued	-	-
Shares reacquired	-	-
Ending balance	900,000	900,000

Par value per share is DKK 120 and all shares are fully paid.

NOTE 21. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in the accumulated balances for each component of *Accumulated other comprehensive income/(loss)* attributable to Ford Motor Company A/S were as follows (in TDKK):

	For the years ended December 31,	
	2017	2016
Pension and other postretirement benefits		
Beginning balance	-	-
Gains/(Losses) arising during the period	(1,225)	4
Less: Tax/(Tax benefit)	-	-
Other comprehensive income/(loss), net of tax	(1,225)	4
Reclassification to retained earnings, net of tax	1,225	(4)
Total AOCI ending balance at December 31	-	-

NOTE 22. SHARE-BASED PAYMENTS

Ford Motor Company A/S's ultimate parent company issues restricted stock units ("RSUs") to our employees, which consist of time-based and performance-based awards. RSUs provide the recipients with the right to shares of Common Stock following a specified performance period and/or vesting period. Time-based awards generally have a vesting feature whereby one-third of each grant of RSUs vests after the first anniversary of the grant date, one-third after the second anniversary, and one-third after the third anniversary. Performance-based RSUs vest at the end of the specified performance period, generally three years, assuming required metrics are met. Performance-based RSUs have two components: one based on Ford's internal financial performance metrics, and the other based on Ford's total shareholder return relative to total shareholder returns of an industrial and automotive peer group. We issue new shares of Common Stock upon vesting of RSUs. All awards issued under the incentive plan are equity settled.

The fair value of both the time-based and the portion of the performance-based RSUs pertaining to internal performance metrics is determined using the closing price of our Common Stock. The fair value of time-based RSUs is expensed over the shorter of the vesting period, using the graded vesting method, or the time period an employee becomes eligible to retain the award at retirement. The fair value of performance-based RSUs is expensed when it is probable and estimable as measured against the performance metrics over the shorter of the performance or required service periods. Expense is recorded in *Selling, administrative, and other expenses*.

The expense recorded in Ford Motor Company A/S in relation to Share Based payments was DKK (9,000) and DKK 44,920 for the years ended December 31, 2017 and 2016, respectively.

NOTE 23. LEASE COMMITMENTS

We lease office buildings and equipment under agreements that expires over a number of years. Minimum non-cancellable operating lease commitments at December 31, 2017 were as follows (in TDKK):

	2018	2019	2020	Total
Land and Buildings	2,983	2,048	-	5,031
Machinery, Equipment and Office Furniture	68	68	68	203
Total	3,051	2,116	68	5,234

Operating lease expense for the years ended December 31 was as follows (in TDKK):

	2017	2016	2015
Land and Buildings	2,896	2,292	1,941
Machinery, Equipment and Office Furniture	111	268	214
Total	3,006	2,560	2,155

NOTE 24. FINANCIAL RISK MANAGEMENT

Ford Motor Company A/S is exposed to a variety of risks in the normal course of its business. Its financial condition depends on the extent to which it effectively identifies, assesses, monitors, and manages these risks. The principal types of risk to which the company is exposed include:

- Market risk
- Liquidity risk
- Credit risk

Ford Motor Company, the ultimate parent company of Ford Motor Company A/S, manages each of these types of risk on a global consolidated basis in the context of its contribution to its overall risk. It makes business decisions on a risk-adjusted basis and prices its services consistent with these risks. Ford's global risk management policies are established to identify and analyse the risk exposures, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly at a global consolidated level to reflect changes in market conditions and Ford's activities.

Changes in interest rates or exchange rates do not have a material impact to the financial position of Ford Motor Company A/S.

NOTE 25. CONTROLLING PARTIES

The company's immediate and ultimate parent company and controlling party is Ford Motor Company, a company incorporated in the State of Delaware in the USA, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the ultimate parent company's financial statements may be obtained from: Ford Motor Company, One American Road, Dearborn, Michigan 48126, USA.

NOTE 26. RELATED PARTIES TRANSACTIONS

Our related parties include group undertakings, joint ventures of the ultimate parent company and key management personnel.

Transactions with our group undertakings and joint ventures of our ultimate parent company

In the ordinary course of business we buy from/sell various products and services including vehicles, parts, and components to/from entities under the control of our ultimate parent company and joint venture of the ultimate parent company.

The income statement effects of transactions with entities under the control of our ultimate parent company and joint venture of the ultimate parent company were as follows (in TDKK):

	For the years ended December 31,			
	2017		2016	
	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company
Sales included in *Revenue*	2,815,156			2,678,683
Purchases included in *Cost of sales*	2,794,219		2,630,566	

The effect of transactions with entities under the control of the ultimate parent company and joint ventures of the ultimate parent company on the statement of financial position was as follows (in TDKK):

	For the years ended December 31,			
	2017		2016	
	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company	Entities under the control of ultimate parent company	Joint Ventures with the ultimate parent company
Trade and other receivables	391,567	-	301,411	39,415
Trade and other payables	(153,524)	-	(47,185)	(9,521)

A Group company exercised a call option to buy the shares of the joint venture partner (Forso Nordic Ab) in August 2017. Sales included in Revenue and Trade and other receivables is now all categorized under "Entities under the control of ultimate parent company".

NOTE 26. RELATED PARTIES TRANSACTIONS (Continued)

Transactions with key management personnel

Key management personnel are the Board of Directors. Compensation costs for key management personnel were as follows (in TDKK):

	For the years ended December 31, 2017	2016
Salaries and other short-term benefits	2,423	1,983
Retirement, and other post-employment and other long-term benefits - defined benefit scheme	97	88
Retirement, and other post-employment and other long-term benefits - other	37	121
Share-based compensation	(9)	45
Other compensation	-	-
Total compensation	2,548	2,237

During the year 0 Directors (2016: 0 Directors) exercised share options in the ultimate parent company and 1 Director (2016: 1 Director) was eligible to receive shares in the ultimate parent company under a long term incentive programme.

There were no other transactions with key management personnel during 2017. All transactions were on an arm's length basis.

NOTE 27. SEGMENT INFORMATION

Our operating activity consists of the Automotive sector. Segment selection is based on the organisational structure we use to evaluate performance and make decisions on resource allocation, as well as availability and materiality of separate financial results consistent with that structure.

Automotive segment results are presented on a "where-sold," absolute-cost basis, which reflects the profit/(loss) on the sale within the segment in which the ultimate sale is made to our external customer. The presentation generally includes the effect of legal entity transfer prices within the Automotive sector for vehicles, components, and product engineering.

Key operating data for our business segment for the years ended or at December 31 were as follows (in TDKK):

	For the years ended December 31, 2017	2016
Revenue	2,943,600	2,781,242
Profit before income tax	77,207	10,483
Other disclosures:		
Depreciation	(267)	(275)
Interest income	-	-
Interest expense	2,592	3,537
Cash outflow for capital spending	(6,282)	6,383
Total assets	563,126	481,413

Employment costs

	For the years ended December 31, 2017	2016
Wages and salaries	27,043	25,812
Social security costs	111	108
Pension costs	5,323	6,795
Other	523	515
Total	33,000	33,230

NOTE 27. SEGMENT INFORMATION (Continued)

Total number of employees for the year ended December 31, 2017 and 2016 were 49 and 49 respectively.

Auditor's fees

Auditors' remuneration for the statutory audit of the company's annual financial statements (which included technical assistance with financial statements) was DKK 398,500 (2016: DKK 648,500). Remuneration for provision of other services was split as follows: tax advisory (which included technical assistance with the tax return) was DKK 150,000 (2016: DKK 150,000) and assistance with pension related matters was DKK 76,899 (2016: DKK 220,000).

NOTE 28. GEOGRAPHIC INFORMATION

Total Company revenues and non-current assets, split geographically, for the years ended December 31 were as follows (in TDKK):

	December 31, 2017		December 31, 2016	
	Revenues	Long-Lived Assets (a)	Revenues	Long-Lived Assets (a)
Domestic	2,815,156	828	2,678,683	7,386
Iceland	128,444	-	102,559	-
Total company	2,943,600	828	2,781,242	7,386

(a) *Property, plant, and equipment.*

NOTE 29. BUSINESS COMBINATIONS

No transactions were undertaken in 2017 that would qualify as Business Combinations.

NOTE 30. DISCONTINUED OPERATIONS, HELD-FOR-SALE OPERATIONS, AND OTHER DISPOSITIONS

No transactions were undertaken in 2017 that would qualify as a discontinued operation, held-for-sale operation or other disposition.

NOTE 31. EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no events subsequent to the reporting date that require adjustments or disclosure in the financial statements.

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Independent Auditor's Report

To the Shareholders of Ford Motor Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Ford Motor Company A/S for the financial year 1 January - 31 December 2017, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further re-

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quirements in 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Boje Andreassen
State Authorised Public Accountant
Mne2338