FORD MOTOR COMPANY A/S

Annual Report for 2018

Borupvang 5 D-E
2750 Ballerup

CVR-nr. 62 53 23 19

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

Jacob Ørstov Rasmussen

07/06-19

Chairman

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 2018 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

Principal activities and review of the business

The Company is engaged in importing and distributing Ford motor vehicles and ancillary products in Denmark. In addition, the company also sells vehicles to one dealership located in Iceland.

The Company's sale of passenger vehicles in 2018 was as expected by management. The sale of commercial vehicles in 2018 was higher than the expected level.

The Company's revenue for 2018 was MDKK 2,936, a decrease of 0.3% versus the previous year. Profit before income tax for 2018 was MDKK 2 compared with MDKK 77 in 2017.

The Company sold 13,268 passenger vehicles in 2018 which is an increase of 7.1% compared to 2017. This caused Ford's market share for passenger vehicles to increase from 5.6% in 2017 to 6.1% in 2018. Ford closed the year as the fifth best-selling brand in respect of passenger vehicles in 2018.

The Company's sale of commercial vehicles amounted to 7,203 units which was in line with 2017 levels. This confirmed Ford's position as the best-selling brand for commercial vehicles with a 19.1% market share versus a share of 17.6% in 2017.

The total Danish market share (excluding sales in Iceland) held by Ford was thus 8.1% in 2018 compared to 7.4% in 2017.

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

Future developments

The passenger vehicle market in Denmark is expected to grow in 2019 with approximately 223,500 units projected to be sold (220,000 in 2018).

For commercial vehicles, sales are expected to remain in line with 2018 at approximately 40,000 units.

The company expects that 2019 will show an increase in sales and growth leading to a market share of approximately 8%.

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	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK
Income Statement:					
Revenue	2,935,595	2,943,600	2,781,242	2,718,312	2,383,399
Operating Profit	3,460	11,353	13,189	8,021	3,662
Net Profit/(Loss) from financial items	(2,845)	(2,592)	(3,537)	(3,000)	(1,494)
Net Profit/(Loss) for the year after tax	890	77,207	10,468	5,385	2,327
Statement of Financial Position					
Total Assets	702,475	563,126	481,413	483,076	422,156
Equity	199,144	195,263	119,290	108,773	102,868
Investment in property, plant and equipment	-	(6,282)	6,383	6,622	6,243
Number of employees at the end of the financial year	49	49	49	48	45

Proposed Dividend

The Board of Directors proposes to declare a dividend out of 2018 profit for the year and retained profits of MDKK 85 (2017: nil)

Political donations

There were no contributions to political parties (2017: 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.

Statement of Corporate Social Responsibility

With reference to section 99a(6) of the Danish Financial Statements Act and to the Sustainability Report of Ford Motor Company, the Company has not disclosed this information in its own Management's Review.

The report is available on the Group's website:

www.sustainability.ford.com

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.

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%. The Board of Directors currently consists of three male members. Ford has defined a target that by 2020, at least one member of the Board of Directors must belong to the under-represented gender. This will however only be possible whenever a replacement in any of the three mentioned positions becomes relevant, and the goal is therefore presently not fulfilled. This target must not rank above the other competency requirements in the nomination of board candidates. On other management levels Ford Motor Company A/S has equal distribution between genders according to the guidelines from the Danish Business Authority.

FORD MOTOR COMPANY A/S
DIRECTORS' REPORT

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 2018.

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 2018 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2018.

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, 6 June 2019

Executive Board

Janne Kämäräinen
CEO

Board of Directors

Janne Kämäräinen

Erling Kaas

Bence Gabor
Chairman
06/JUNE/2019

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

	Note	For the years ended December 31, 2018	2017
Revenues			
Automotive	5	2,935,595	2,943,600
Total revenues		2,935,595	2,943,600
Cost of sales and other expenses			
Cost of sales	6	2,728,761	2,798,807
Selling, administrative, and other expenses	6	203,374	133,440
Total costs and expenses		2,932,135	2,932,247
Dividends received		-	66,995
Other interest expense and finance cost, net	7	(2,845)	(2,592)
Other income, net	8	1,536	1,451
Profit/(Loss) before income tax		2,151	77,207
Income tax (benefit)/expense	10	1,261	-
Net profit/(loss)		890	77,207

STATEMENT OF COMPREHENSIVE INCOME
(in DKK thousands)

	Note	For the years ended December 31, 2018	2017
Net profit/(loss)		890	77,207
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	(359)	(3,510)
Interest income/(expense) impact on irrecoverable surplus	16	7	(1,020)
Movement in pension asset	16	3,321	3,305
Total other comprehensive income/(loss), net of tax	21	2,969	(1,225)
Comprehensive income/(loss)		3,859	75,982

The accompanying notes are part of the financial statements.

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

	Note	December 31, 2018	December 31, 2017
ASSETS			
Cash and cash equivalents		26,787	26,851
Trade and other receivables, net	11	568,901	394,076
Inventories	12	63,426	104,414
Other assets	13	7,079	4,249
Total current assets		666,193	529,590
Property, plant, and equipment	14	569	828
Trade and other receivables, net	11	-	976
Investment in subsidiaries	15	25,732	25,732
Pension Asset	16	2,968	-
Deferred income taxes	10	6,000	6,000
Other assets	13	1,013	-
Total non-current assets		36,282	33,536
Total assets		702,475	563,126
LIABILITIES			
Accounts payable	17	281,614	220,700
Deferred revenue and other liabilities	18	24,578	26,763
Provisions	19	161,120	105,377
Income taxes payable	10	1,261	-
Pension and other post-employment obligations		-	-
Total current liabilities		468,573	352,840
Deferred revenue and other liabilities	18	221	-
Provisions	19	34,537	15,023
Total non-current liabilities		34,758	15,023
Total liabilities		503,331	367,863
EQUITY			
Common stock	20	108,000	108,000
Capital in excess of par value of stock		112	90
Accumulated other comprehensive income/(loss)	21	-	-
Retained Earnings		91,032	87,173
Total equity		199,144	195,263
Total liabilities and equity		702,475	563,126

The accompanying notes are part of the financial statements.

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

	For the years ended December 31,	
	2018	2017
Cash flows from operating activities		
Net profit/(loss) excluding cash dividends	890	10,212
Depreciation	259	275
Share-based payment expense/(income)	22	(9)
Pension/OPEB expense/(income)	2,969	(1,225)
Foreign currency adjustments	300	(633)
Decrease/(Increase) in inventory	40,988	(22,025)
Decrease/(Increase) in trade and other receivables and other assets	(181,636)	(50,121)
(Decrease)/Increase in provisions	75,257	(93,790)
(Decrease)/Increase in accounts payable and other liabilities	60,887	100,115
Other	-	-
Net cash provided by/(used in) operating activities	(64)	(57,201)
Cash flows from investing activities		
Capital spending	-	6,282
Proceeds from sale of Property, plant and equipment	-	-
Net cash provided by/(used in) investing activities	-	6,282
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	(64)	16,076
Cash and cash equivalents at January 1	26,851	10,775
Net increase/(decrease) in cash and cash equivalents	(64)	16,076
Cash and cash equivalents at December 31	26,787	26,851

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

	Common Stock	Cap. In Excess of Par Value of Stock	Accum. Other Comprehensive Income/(Loss)	Retained Earnings	Total
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
Balance at January 1, 2018	108,000	90	-	87,173	195,263
Comprehensive income/(loss)					
Net profit/(loss)	-	-	-	890	890
Other comprehensive income/(loss)	-	-	2,969	-	2,969
Reclassifications	-	-	(2,969)	2,969	-
Comprehensive income/(loss)	-	-	-	3,859	3,859
Transactions with shareholders					
Dividends	-	-	-	-	-
Share-based compensation	-	22	-	-	22
Total transactions with shareholders	-	22	-	-	22
Balance at December 31, 2018	108,000	112	-	91,032	199,144

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

Trade Receivables

Trade and other receivables consists primarily of receivables from contracts with our customers for the sale of vehicles, parts, and accessories. Trade receivables initially are recorded at the transaction amount and are typically outstanding for less than 30 days. Each reporting period, we evaluate the collectability of the receivables and record an allowance for doubtful accounts representing our estimate of the expected losses that result from all possible default events over the expected life of a receivable. Expected bad debt loss rates are applied to receivables that are grouped based on their number of days past due (aging buckets) to calculate the overall allowance. Default occurs when a receivable is 90 days or more past due. The allowance for doubtful accounts is measured using a provision matrix method based on the number of days a receivable is past due. Separate provision matrices are developed for each major type of receivable for each country. A receivable is written-off when it is deemed uncollectible and all collection efforts have been exhausted. Additions to the allowance for doubtful accounts are made by recording charges to bad debt expense reported in *Selling, administrative, and other expenses.*

Ford's exposure to credit risk arising from trade receivables is influenced primarily by the default risk of customer base and the risk associated with the industry and the country in which the customers operate. Our credit policy requires that credit limits be established for each external customer before the first shipment is released. The process of establishing or reaffirming credit limits considers the financial conditions and creditworthiness of the customer based on information such as current and historical financial statements, credit agency reports, and trade references. The credit limits are monitored and reviewed at least annually. Sales exceeding the limits are placed on hold if necessary to limit risk.

The carrying amount of trade receivables represents the maximum credit exposure. Ford may require a mortgage collateral from certain dealers for vehicle sales. In a few markets, we may require bank guarantees for direct sales or service parts for certain trade receivables. Ford does not have trade receivables and contract assets for which no loss allowance is recognized because of collateral.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Investment in Operating Leases

We determine the classification of leases as operating or finance at the inception of the lease. A lease that transfers substantially all risks and rewards of ownership of the asset to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Investment in operating leases on our statement of financial position consists primarily of lease contracts for vehicles with management. We initially record the value of the operating lease at the amount we pay to purchase the vehicle or equipment, less any rebates we provide the vehicle owner, plus any direct costs to originate the lease. We evaluate the carrying value of vehicles under active operating lease for potential impairment at the end of each reporting period.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

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:

- *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.

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

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

Adoption of New Accounting Standards

IFRS 9 Financial Instruments. On January 1, 2018 we adopted the new accounting standard IFRS 9 Financial Instruments issued in July 2014 and the related amendments to IFRS 7 Financial Instruments – Disclosures. IFRS 9 incorporates a new expected loss impairment model and provides certain amendments to the classification and measurement requirements for financial assets. The adoption of the standard had no material impact to our financial statements or financial statement disclosures.

We also adopted the following amendments during 2018, none of which had a material impact to our financial statements or financial statement disclosures:

Amendments	Effective Date
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

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.

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 will adopt the new standard and the related amendments on its effective date of January 1, 2019. We anticipate adoption of the standard will add approximately MDKK 1.9 in right-of use assets and lease obligations to our balance sheet and will not significantly impact retained earnings. We will elect the practical expedients upon transition that will retain the lease classification and initial direct costs for any leases that exist prior to adoption of the standard. We will not reassess whether any contracts entered into prior to adoption are leases.

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.

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)
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Definition of a Business (Amendments to IFRS 3)	January 1, 2020
Disclosure Initiative – Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020

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

NOTE 5. REVENUES

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

	For the years ended December 31,	
	2018	2017
Sales of new vehicles, parts, and accessories	2,927,896	2,934,254
Sales of vehicles previously leased under operating leases	-	-
Other (a)	7,699	9,346
Total revenues	2,935,595	2,943,600

(a) Other includes extended service plan revenue of MDKK 7.7 for the year ended December 31, 2018 (2017: MDKK 9.3)

There are four dealer groups that the company had sales to in 2018 and 2017, 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.

NOTE 5. REVENUES (Continued)

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.

Extended Service Contracts. We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners. The separately priced service contracts range from 12 to 120 months. We receive payment at the inception of the contract and recognize revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract. At January 1, 2018, DKK 0 of unearned revenue associated with outstanding contracts was reported in Other Liabilities and deferred revenue, DKK 0 of this was recognized as revenue during the year ended December 31, 2018. At December 31, 2018, the unearned amount was MDKK 3.2. We expect to recognize approximately MDKK 2.8 of the unearned amount in 2019, MDKK 0.4 in 2020, and nothing thereafter. We record a premium deficiency reserve to the extent we estimate the future costs associated with these contracts exceed the unrecognized revenue. Amounts paid to dealers to obtain these contracts are deferred and recorded as Other assets. These costs are amortized to expense consistent with how the related revenue is recognized. We had a balance of MDKK 3 in deferred costs as of December 31, 2018, and recognized MDKK 1.4 of amortization during the year ended December 31, 2018.

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,	
	2018	**2017**
Purchase of new vehicles, parts and accessories	2,725,186	2,794,219
Depreciation	259	275
Warranty	90,780	26,490
Advertising	55,032	52,077
Other	60,878	59,186
Total cost of sales and selling, administrative, and other expenses	2,932,135	2,932,247

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,	
	2018	2017
Interest income	-	-
Interest expense	(2,845)	(2,592)
Total other interest (expense)/income, net	(2,845)	(2,592)

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,	
	2018	2017
Commission	1,536	1,451
Total	1,536	1,451

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,	
	2018	2017
Cost of sales	(300)	633
Net foreign currency exchange (losses)/gains	(300)	633

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,	
	2018	2017
Current		
Current tax on profits for the year	(1,261)	-
Change in estimates related to prior years	-	-
Total current	(1,261)	-
Deferred		
Origination and reversal of temporary differences	4,387	(3,910)
Changes in tax losses carried forward	(3,658)	1,661
Valuation Allowance	(729)	2,249
Total deferred	(0)	-
Income tax benefit/(expense)	(1,261)	-

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, 2018 and 2017 were DKK 0,00 and DKK 0,00 respectively

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

	For the years ended December 31,	
	2018	2017
Income before income taxes	2,151	77,207
Tax calculated at domestic tax rates applicable to profits (2018 - 22.0% and 2017 – 22.0%).	(473)	(16,986)
Tax effects of:		
Expenses/(Income) not (taxable)/deductible for tax purposes	(59)	14,737
Change in tax rates	-	-
Change in estimate related to prior years	-	-
Valuation allowances	(729)	2,249
Income tax benefit/(expense)	(1,261)	-
Effective tax rate	59%	0%

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

	2018	2017
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):

	2018	2017
Deferred tax assets		
Tax losses carried forward	8,218	11,876
Dealer and customer claims	7,253	2,110
Reserve for doubtful debts	0	2
Compensation accruals	384	1,167
Deferred tax assets	15,855	15,154
Less: valuation allowance	(9,805)	(9,076)
Total deferred tax assets	6,050	6,079
Deferred tax liabilities		
Depreciation and amortization (excluding leasing transactions)	(50)	(79)
Total deferred tax liabilities	(50)	(79)
Net deferred tax assets	6,000	6,000

At December 31, 2018, Ford Motor Company A/S had pre-tax operating loss carry-forwards for income tax purposes in the amount of DKK 37,515,106. 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):

	2018	2017
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, 2018	December 31, 2017
Trade receivables	1,643	1,634
Amounts owed by group undertakings	566,801	391,567
Amounts owed by joint ventures of the ultimate parent company	-	-
Other	457	1,851
Total	568,901	395,052
Current	568,901	394,076
Non-current	-	976
Total	568,901	395,052

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 556mils (2017: DKK 342mils). 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.

NOTE 12. INVENTORIES

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

	December 31, 2018	December 31, 2017
Finished products	57,388	99,267
Company service vehicles	6,038	5,147
Total	63,426	104,414

There was no impairment of inventories for the years ended December 31, 2018 and 2017.

NOTE 13. OTHER ASSETS

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

	December 31, 2018	December 31, 2017
Prepayments	8,092	4,249
Total	8,092	**4,249**
Current	7,079	4,249
Non-current	1,013	-
Total	8,092	4,249

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, 2018		
	Leasehold improvements	Machinery, Equipment, and Other	Total
Cost			
Beginning balance at January 1	-	5,407	5,407
Reclassifications (a)	-	-	-
Additions	-	-	-
Disposals	-	-	-
Ending balance at December 31	-	5,407	5,407
Accumulated depreciation and impairment			
Beginning balance at January 1	-	(4,578)	(4,578)
Depreciation	-	(259)	(259)
Disposals	-	-	-
Ending balance at December 31	-	(4,837)	(4,837)
Total	-	570	570

	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

(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, 2018	December 31, 2018	December 31, 2017	January 1, 2017
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 2017, the net loss was TNOK 15,772 and equity was TNOK 40,045.

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 1.8mils for the years ended December 31, 2018 and 2017, respectively.

Assumptions

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

	Pension Plans (Funded)	
	Pension Plans (Unfunded)	
	2018	2017
Assumptions used to determine net benefit cost for the year ended December 31		
Discount rate	2.00 %	2.00 %
Average rate of increase in compensation	2.00 %	2.00 %

NOTE 16. EMPLOYEE BENEFITS (Continued)

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)	
	2018	2017
Income/(Expense)		
Current service cost	2,376	4,736
Net expense/(income)	2,376	4,736
Remeasurements		
Return on plan assets (greater)/less than discount rate	718	14,619
(Gain)/loss from changes in financial assumptions	-	(11,692)
Experience (gains)/losses	(359)	583
Total remeasurements	359	3,510
Total	2,735	8,246

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

	Pension Plans (Funded)	
	2018	2017
Change in benefit obligation		
Benefit obligation at January 1	150,433	162,762
Current service cost	2,376	4,736
Interest expense	2,977	1,020
Plan participant contributions	387	375
Benefits paid	(7,747)	(7,351)
(Gain)/loss from change in financial assumptions	-	(11,692)
(Gain)/loss from change in demographic assumptions	784	-
Experience (gains)/losses	(1,143)	583
Benefit obligation at December 31	148,067	150,433
Change in plan assets		
Fair value of plan assets at January 1	150,654	166,288
Interest income	2,984	-
Return on plan assets greater/(less) than discount rate	(939)	(14,619)
Company contributions	5,696	5,961
Plan participant contributions	387	375
Benefits paid	(7,747)	(7,351)
Fair value of plan assets at December 31	151,035	150,654
Total	2,968	221
Change in asset ceiling/minimum funding requirement		
Asset ceiling/minimum funding requirement at January 1	(221)	(3,526)
Change in asset ceiling, excluding amounts included in interest cost/(income)	228	2,285
Interest expense/(income)	(7)	1,020
Asset ceiling/minimum funding requirement at December 31	-	(221)
Total at December 31	2,968	-

Pension Plan Contributions

In 2018, we contributed DKK 5.7mils to our fully funded pension plans (most of which were mandatory contributions). During 2019, we expect to contribute about DKK 5.1mils from cash and cash equivalents.

NOTE 16. EMPLOYEE BENEFITS (Continued)

Estimated Future Benefit Payments

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

	Pension Plans (Funded)
2019	7,568
2020	7,355
2021	7,031
2022	6,737
2023	6,828
2024-2028	36,204

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.

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, 2018	December 31, 2017
Trade Payables	48,156	43,635
Amounts owed to group undertakings	212,128	153,524
Amounts owed to joint ventures of the ultimate parent company	-	-
Social security and other taxes	21,330	23,541
Total	281,614	220,700

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

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, 2018	December 31, 2017
Deferred Revenue	9,342	13,004
Social security and other taxes	41	41
Other	15,416	13,718
Total	24,799	26,763
Current portion	24,578	26,763
Non-current portion	221	-
Total	24,799	26,763

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, 2018	December 31, 2017
Warranties	86,592	46,289
Dealer and customer claims	108,315	73,611
Other	750	500
Total	195,657	120,400
Current portion	161,120	105,377
Non-current portion	34,537	15,023
Total	195,657	120,400

NOTE 19. PROVISIONS (Continued)

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,	
	2018	**2017**
Beginning balance	46,289	49,557
Provisions made	45,346	38,421
Changes related to pre-existing provisions	51,800	(6,430)
Payments made	(56,836)	(35,245)
Accretion of discounting	(7)	(14)
Ending balance	86,592	46,289
Current portion	52,055	31,266
Non-current portion	34,537	15,023
Total	86,592	46,289

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,	
	2018	**2017**
Beginning balance	73,611	164,633
Provisions made	207,939	152,400
Payments made	(173,235)	(243,422)
Ending balance	108,315	73,611
Current portion	108,315	73,611
Non-current portion	-	-
Total	108,315	73,611

NOTE 20. CAPITAL STOCK

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

	2018	2017
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,	
	2018	2017
Pension and other postretirement benefits		
Beginning balance	-	-
Gains/(Losses) arising during the period	2,969	(1,225)
Less: Tax/(Tax benefit)	-	-
Other comprehensive income/(loss), net of tax	2,969	(1,225)
Reclassification to retained earnings, net of tax	(2,969)	1,225
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 22,000 and DKK (9,000) for the years ended December 31, 2018 and 2017, 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, 2018 were as follows (in TDKK):

	2019	2020	2021	Total
Land and Buildings	1,432	-	-	1,432
Machinery, Equipment and Office Furniture	148	77	63	288
Total	1,580	77	63	1,720

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

	2018	2017	2016
Land, Land Improvements and Buildings	2,983	2,896	2,292
Machinery, Equipment and Office Furniture	68	110	268
Total	3,051	3,006	2,560

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,			
	2018		2017	
	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*	2,843,735	-	2,815,156	-
Purchases included in *Cost of sales*	2,725,186	-	2,794,219	-

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,			
	2018		2017	
	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	566,801	-	391,567	-
Trade and other payables	(212,128)	-	(153,524)	-

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".

Transactions with key management personnel

	For the years ended December 31,	
	2018	2017
Salaries and other short-term benefits	2,214	2,423
Retirement, and other post-employment and other long-term benefits - defined benefit scheme	379	97
Retirement, and other post-employment and other long-term benefits - other	-	37
Share-based compensation	22	(9)
Other compensation	-	-
Total compensation	2,615	2,548

NOTE 26. RELATED PARTIES TRANSACTIONS (Continued)

During the year 0 Directors (2017: 0 Directors) exercised share options in the ultimate parent company and 1 Director (2017: 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 2018. 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,	
	2018	2017
Revenue	2,935,595	2,943,600
Profit before income tax	2,151	77,207
Other disclosures:		
Depreciation	(259)	(267)
Interest income	-	-
Interest expense	(2,845)	(2,592)
Cash outflow for capital spending	-	(6,282)
Total assets	702,475	563,126

Employment costs

	For the years ended December 31,	
	2018	2017
Wages and salaries	26,482	27,043
Social security costs	130	111
Pension costs	6,052	5,323
Other	1,014	523
Total	33,678	33,000

Total number of employees for the year ended December 31, 2018 and 2017 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 (2017: DKK 398,500). Remuneration for provision of other services was split as follows: tax advisory (which included technical assistance with the tax return) was DKK 150,000 (2017: DKK 150,000) and assistance with pension related matters was DKK 76.899 (2017: DKK 76.899).

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, 2018		December 31, 2017	
	Revenues	Long-Lived Assets (a)	Revenues	Long-Lived Assets (a)
Domestic	2,843,735	569	2,815,156	828
Iceland	91,860	-	128,444	-
Total company	2,935,595	569	2,943,600	828

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

NOTE 29. BUSINESS COMBINATIONS

No transactions were undertaken in 2018 that would qualify as Business Combinations.

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

No transactions were undertaken in 2018 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

NOTE 32. PROPOSED DIVIDEND

The Board of Directors proposes to declare a dividend as follows (in TDKK):

	For the years ended December 31,	
	2018	2017
Proposed dividend	85,000	-
	85,000	-

Independent Auditor's Report

To the Shareholders of Ford Motor Company A/S

Opinion

In our opinion, the Financial Statements Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2018 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 2018, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Company ("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 Statement 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 requirements 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.

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, 6 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Boje Andreassen
State Authorised Public Accountant
Mne2338