

FCA Denmark A/S

Hovedvejen 208
2600 Glostrup
Denmark

CVR no. 62 85 77 14

Annual report 2018

The annual report was presented and approved at
the Company's annual general meeting on

23/5 20 19

chairman

Peter SØRENSEN

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of FCA Denmark A/S for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Glostrup, 3/5-19
Executive Board:

Simon Jean Emile Rivier

Board of Directors:

Luigi Pennella
Chairman

Maria Teresa Raso

Simon Jean Emile Rivier

Independent auditor's report

To the shareholders of FCA Denmark A/S

Opinion

We have audited the financial statements of FCA Denmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

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

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 as to 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 additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

Independent auditor's report

- Identify and assess the risks of material misstatement of the company 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Independent auditor's report

Copenhagen, 3/5-19
Ernst & Young
Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Mogens Andreasen
State Authorised
Public Accountant
mne28603



Dennis Dupont
State Authorised
Public Accountant
mne36192

FCA Denmark A/S
Annual report 2018
CVR no. 62 85 77 14

Management's review

Company details

FCA Denmark A/S
Hovedvejen 208
2600 Glostrup
Denmark

Telephone: +45 43 22 88 00
Fax: +45 43 22 88 70
Website: www.fiat.dk

CVR no.: 62 85 77 14
Financial year: 1 January – 31 December

Board of Directors

Luigi Pennella, Chairman
Maria Teresa Raso
Simon Jean Emile Rivier

Executive Board

Simon Jean Emile Rivier

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg
Denmark

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	658,181	618,986	650,763	665,881	627,815
Gross profit	57,319	61,071	83,475	122,255	88,126
Operating profit	23,002	25,333	15,666	45,008	12,105
Net financials	128	92	-3,326	-3,196	-1,906
Net profit for the year	17,185	19,784	9,411	32,146	7,530
Balance sheet total					
Equity	437,260	428,018	394,294	346,033	308,744
Investment in property, plant and equipment	204,396	187,211	167,427	158,016	125,870
Inventories	29,238	31,065	21,399	17,655	20,037
Trade receivables	50,825	33,396	90,298	50,548	25,455
	26,731	31,215	15,541	14,830	21,469
Ratios					
Gross margin	9%	11%	13%	18%	14%
Operating margin	3%	4%	2%	7%	2%
Solvency ratio	46%	44%	42%	46%	41%
Average number of full-time employees					
	56	58	60	57	53

Pursuant to section 101(3) of the Danish Financial Statements Act, the Company has omitted to restate comparative figures for the 3rd-5th previous financial years in connection with the change of accounting policies.

With reference to the accounting policies, the Company has chosen to change the presentation of the profit and loss statement, going from a function to a nature presentation, in order to present a more viable and sustainable presentation of the Company's performance.

The change in applied presentation schematics, have thus impacted on the Financial Highlights as presented above. The gross profit and hence also the gross margin is thus affected by the change. Other than these changes there are no further impact to the amounts presented in the Financial Highlights.

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

The Company's principal activities comprise import of passenger cars and vans, including related spare parts, of the brands Fiat, Alfa Romeo, Jeep and Fiat Professional. Distribution and marketing are handled via the Danish dealer network.

Development in activities and financial position

The passenger car market halted its growth in 2018 compared to previous year. The Market is still suffering from the changes in the registration tax calculations introduced in October 2017. There were 218.489 passenger cars registrations in 2018 vs. 221.823 registrations in 2017 (data from the Danish Car Importers Association).

The demand for passenger cars in the A segment (small cars segment) declined from 17.8% to 12.0% whilst the J segment (SUV) increased from 18.3% to 26.5%. A and B segments still represents the largest share of the total market. These two segments amounted to 35.1% of the total Market, corresponding to about 76,800 units.

The Company's total market share of passenger cars showed a negative development going from a market share of 1.4% in 2017 to 1.2% in 2018.

For the light Commercial vehicles we have the similar trend, 33.859 registered in 2018 vs 35.889 in 2017 a decrease of 5.7%, Fiat managed to gain a market share of 4,3% in 2018 vs 4,0% in 2017.

After sales activities were stable compared to 2017 and amounted to DKK 109 million.

The result of the year 2018 before tax amounted to DKK 23.1 million, tax for the year amounted to DKK 5.9 million, and result for the year after tax amounted to DKK 17.2 million. The result for the year is considered acceptable and in line with the expectations for the year.

A change in Management occurred in 2018; Mr. Simon Rivier replaced Mr. Bastiaan de Groot.

Operating risks

Instability in the financial markets may adversely affect our sales and thus our earnings. The car industry is a very competitive environment in a mature market, which increases the competition between the manufacturers.

Financial risks

Instability in the financial markets may adversely affect our sales and thus our earnings.

Liquidity

Liquidity for 2018 has been satisfactory and is expected to remain unchanged in 2019.

Corporate social responsibility

FCA Denmark, being part of the FCA group, share the policies of the FCA group regarding the respect of human rights, reduction of environmental pollution, impact on climate change, social and labour conditions and anti-corruption from the Company's activities and therefore no individual country related policies have been prepared locally. For further interest, reference are made to FCA Group's CSR sustainability report, which is available on the FCA Group own website.

Management's review

Operating review

Events after the balance sheet date

No events have occurred after the balance sheet date that affect the assessment of the annual report.

Goals and policies for the underrepresented gender

FCA Denmark has with the change of directors done in 2017, made that the Company is in compliance with section 99 B of the Danish Financial Statements Act. At present, the underrepresented gender equals 25% of the members elected to the Board in line with the target we determined.

FCA Denmark has a non-discriminatory equality policy with a focus on personal skills required for each job profile at all levels of Management. Women and men have equal opportunities within the Company. However, we will still work to improve and counterbalance the underrepresented gender within the Company.

This policy provides a framework for the individual executive's and manager's career development and also the guidelines for the recruitment and retention of managers. This applies in particular to the following:

- Support for the preparation of individual career plans
- Mentor arrangement
- Personnel policy that promotes career opportunities for both genders
- Hiring procedures to help ensure uniform recruitment opportunities for both genders.

Consequently, the share in % of the underrepresented gender in middle and senior management has increased from 27% to 32% over the past year. FCA Denmark expects this trend to continue in the following years.

Outlook

We expect the market to slightly decrease during 2019 due to change in registration tax decided by the Danish Parliament in 2017, but also to the new regulation for calculating the fuel consumption based upon WLTP (Worldwide Harmonised Light Vehicle Test Procedure) that will increase the tax for almost all cars. We expect our market share to remain stable, due to the introduction of new products such as the Jeep Compass the updated Fiat 500/500x/500L and Tipo, we will have new versions also on Giulia and Stelvio and we can also offer the brand new Jeep Wrangler. We are increasing our presence on the Danish Market by appointing new dealers mainly for Alfa Romeo And Jeep.

Our Company will focus on maintaining and improving the financial results obtained in 2018 by strengthening all business measures and price positioning on all products as well as by introducing new models.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Revenue	2	658,181	618,986
Cost of sales		-549,728	-511,859
Other operating income		6,459	1,069
Other external costs		<u>-57,593</u>	<u>-47,125</u>
Gross profit		57,319	61,071
Staff costs	3	-30,072	-31,272
Depreciation and amortisation		<u>-4,245</u>	<u>-4,466</u>
Operating profit		23,002	25,333
Financial income	4	657	412
Financial expenses	5	<u>-529</u>	<u>-320</u>
Profit before tax		23,130	25,425
Tax on profit/loss for the year	6	<u>-5,945</u>	<u>-5,641</u>
Profit for the year	7	<u><u>17,185</u></u>	<u><u>19,784</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		<u>19,716</u>	<u>23,638</u>
Financial assets	9		
Deposits		<u>880</u>	<u>916</u>
Total fixed assets		<u>20,596</u>	<u>24,554</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>50,825</u>	<u>33,396</u>
Receivables			
Trade receivables		26,731	31,215
Receivables from group entities		313,483	281,946
Receivables from associates		18,787	47,041
Other receivables		0	10
Deferred tax asset	10	6,631	8,156
Corporation tax		0	872
Prepayments	11	<u>207</u>	<u>815</u>
		<u>365,839</u>	<u>370,055</u>
Cash at bank and in hand		<u>0</u>	<u>13</u>
Total current assets		<u>416,664</u>	<u>403,464</u>
TOTAL ASSETS		<u><u>437,260</u></u>	<u><u>428,018</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	55,000	55,000
Retained earnings		<u>149,396</u>	<u>132,211</u>
Total equity		<u>204,396</u>	<u>187,211</u>
Provisions			
Other provisions	13	<u>69,469</u>	<u>82,680</u>
Total provisions		<u>69,469</u>	<u>82,680</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		22,302	21,394
Payables to group entities		94,167	82,099
Corporation tax		380	0
Other payables	14	<u>46,546</u>	<u>54,634</u>
		<u>163,395</u>	<u>158,127</u>
Total liabilities other than provisions		<u>163,395</u>	<u>158,127</u>
TOTAL EQUITY AND LIABILITIES		<u>437,260</u>	<u>428,018</u>
Fees to auditor appointed at the general meeting	15		
Contractual obligations, contingencies, etc.	16		
Rental agreements and lease commitments	17		
Related party disclosures	18		
Disclosure of events after the balance sheet date	19		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	55,000	132,211	187,211
Transferred over the profit appropriation	<u>0</u>	<u>17,185</u>	<u>17,185</u>
Equity at 31 December 2018	<u><u>55,000</u></u>	<u><u>149,396</u></u>	<u><u>204,396</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of FCA Denmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Explanation of the accounting effect of the transition to the amended Danish Financial Statements Act:

The Company has chosen to change the presentation of the profit and loss statement, going from a function to a nature presentation, in order to present a more viable and sustainable presentation of the Company's performance.

The change of presentation have had no monetary effect on neither the profit and loss statement, balance sheet or equity.

The comparative figures have been restated to reflect the changed accounting policies.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the Parent Company's cash flow statement.

Income statement

Revenue

Revenue from sales is recognised in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with all its Danish affiliated companies. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial assets

Deposits are measured at cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Demo cars and company cars formerly used internally in the Company that are put up for sale are recognised as inventories at the lower of the written-down value and net realisable value.

Receivables

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

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Provisions

Warranty provisions comprise commitments to remedy defect and deficiencies within the warranty period.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Warranty provisions are measured and recognised on the basis of historical experience.

Contractual obligations comprise expected future obligations in connection with service contract made with end users.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is based on the Company's accounting policies, risks and internal financial management.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2018</u>	<u>2017</u>
2 Revenue		
Revenue		
Cars	520,004	462,200
Parts	101,986	105,059
Other	<u>36,191</u>	<u>51,727</u>
	<u>658,181</u>	<u>618,986</u>
Revenue mainly originates from customers in the Danish market.		
3 Staff costs		
Wages and salaries	26,272	27,030
Pensions	3,331	3,788
Other social security costs	<u>469</u>	<u>454</u>
	<u>30,072</u>	<u>31,272</u>
Including remuneration of the Executive Board		
Executive Board	<u>534</u>	<u>556</u>
	<u>534</u>	<u>556</u>
Average number of full-time employees	<u>56</u>	<u>58</u>
There are no incentive programmes for the Executive Board or the Supervisory Boards.		
4 Financial income		
Interest income from group entities	413	290
Exchange gains	<u>244</u>	<u>122</u>
	<u>657</u>	<u>412</u>
5 Financial expenses		
Other financial costs	353	313
Exchange losses	<u>176</u>	<u>7</u>
	<u>529</u>	<u>320</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2018	2017	
6 Tax on profit/loss for the year			
Current tax for the year	3,678	1,560	
Deferred tax for the year	1,521	4,081	
Adjustment of tax concerning previous years	746	0	
	<u>5,945</u>	<u>5,641</u>	
7 Proposed profit appropriation			
Retained earnings	17,185	19,784	
	<u>17,185</u>	<u>19,784</u>	
8 Property, plant and equipment			
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	49,839	3,379	53,218
Additions for the year	29,238	0	29,238
Disposals for the year	-32,719	0	-32,719
Cost at 31 December 2018	<u>46,358</u>	<u>3,379</u>	<u>49,737</u>
Depreciation and impairment losses at 1 January 2018	-26,201	-3,379	-29,580
Depreciation for the year	-4,245	0	-4,245
Reversed depreciation and impairment losses on assets sold	3,804	0	3,804
Depreciation and impairment losses at 31 December 2018	<u>-26,642</u>	<u>-3,379</u>	<u>-30,021</u>
Carrying amount at 31 December 2018	<u>19,716</u>	<u>0</u>	<u>19,716</u>
9 Financial assets			
DKK'000		Deposits	
Cost at 1 January 2018		916	
Additions for the year		74	
Disposals for the year		-110	
Cost at 31 December 2018		<u>880</u>	
Carrying amount at 31 December 2018		<u>880</u>	

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2018</u>	<u>2017</u>
10 Deferred tax		
Deferred tax at 1 January	8,156	12,237
Deferred tax adjustment for the year in the income statement	<u>-1,525</u>	<u>-4,081</u>
	<u>6,631</u>	<u>8,156</u>
Recognised as follows:		
Property, plant and equipment	553	713
Provisions	375	1,106
Current assets	240	595
Warranty provisions	<u>5,463</u>	<u>5,742</u>
	<u>6,631</u>	<u>8,156</u>

Deferred tax primarily relates to warranty provisions expected to be reversed within 1-5 years. As stated in the Outlook section in the Management's review, Management expects a profit for the coming year.

11 Prepayments

Prepayment consist of prepaid expenses concerning costs regarding 2019.

12 Equity

The share capital consists of 55,000 shares of a nominal value of DKK 1,000 each. The shares are not divided into classes.

There have been no changes in the share capital during the previous 5 years.

13 Provisions

Warranty provisions	34,964	42,997
Contractual provisions	33,214	33,906
Other provisions	<u>1,291</u>	<u>5,777</u>
	<u>69,469</u>	<u>82,680</u>

The provisions are expected to be activated as follows:

0-1 years	1,291	5,777
1-5 years	<u>68,178</u>	<u>76,903</u>
	<u>69,469</u>	<u>82,680</u>

Other provisions consist of obligations regarding return of spare parts and local service provisions.

14 Other payables

Other payables consist of VAT payables, taxes and duties, debt regarding staff costs, dealer discounts and other payables.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2018</u>	<u>2017</u>
15 Fees to auditor appointed at the general meeting		
Ernst & Young P/S:		
Audit fee	<u>204</u>	<u>136</u>
	<u>204</u>	<u>136</u>
16 Contractual obligations, contingencies, etc.		
The Company is jointly taxed with all the Danish affiliated companies. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties.		
Apart from the liabilities recognised in the balance sheet, the Company has provided a guarantee regarding registration fees in the amount of DKK 500 thousand.		
17 Rental agreements and lease commitments		
Operating lease commitments		
Total future lease payments:		
Within 1 year	<u>2,021</u>	<u>2,046</u>
	<u>2,021</u>	<u>2,046</u>
The Company's operating lease is specified as follows:		
Photocopiers	4	32
Rent	<u>2,017</u>	<u>2,014</u>
	<u>2,021</u>	<u>2,046</u>

18 Related party disclosures

FCA Denmark A/S' related parties comprise the following:

Control

FCA Denmark A/S is part of the consolidated financial statements of FCA Italy S.p.A., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of FCA Italy S.p.A. can be obtained by contacting the company at the following address:

FCA Italy S.p.A
Corso Giovanni Agnelli 200
Torino
Italy

FCA Denmark A/S is part of the consolidated financial statements of FIAT CHRYSLER AUTOMOBILE N.V., which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of FIAT CHRYSLER AUTOMOBILES N.V., can be obtained by

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contacting the Company at the following address:

FIAT CHRYSLER AUTOMOBILES N.V.
Corporate Office
25 St James's Street
London, SW1A 1HA
United Kingdom

Related party transactions

DKK'000	2018	2017
Purchases of goods from Parent Company	506,674	388,790
Purchases of services from Parent Company	9,412	9,795
Sale of services to associates	12,546	10,269
Interest expenses to associated companies	413	290
Receivables from group companies	313,483	281,946
Payables to group companies	94,167	82,099
Receivables from associates	18,787	47,041

Besides the above listed transaction, no other transactions were carried out with shareholders or other group companies in the year.

19 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date that affect the assessment of the annual report.