

FCA Denmark A/S

Hovedvejen 208  
2600 Glostrup  
Denmark

CVR no. 62 85 77 14

## **Annual report 2016**

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

13 March 2017

Peter Sørensen  
chairman

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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 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen 13 March 2017  
Executive Board:

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Bastiaan de Groot

Board of Directors:

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Gianluca Cornelato  
Chairman

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Bastiaan de Groot

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Barbara Capito

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Barbara Serra

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Michael Wøhlk  
Sørensen

## **Independent auditor's report**

### **To the shareholder 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 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

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

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.

## Independent auditor's report

### 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 conclusion is 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.

## Independent auditor's report

### 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 our procedures, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13 March 2017

**Ernst & Young**

Godkendt Revisionspartnerselskab  
CVR no.30 70 02 28

Mogens Andreasen  
State Authorised  
Public Accountant

Dennis Dupont  
State Authorised  
Public Accountant

**FCA Denmark A/S**  
Annual report 2016  
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](http://www.fiat.dk)  
CVR no.: 62 85 77 14  
Established: 13 October 1930  
Registered office: Glostrup  
Financial year: 1 January – 31 December

### **Board of Directors**

Gianluca Comelato, Chairman  
Bastiaan de Groot  
Barbara Capito  
Barbara Serra  
Michael Wøhlk Sørensen

### **Executive Board**

Bastiaan de Groot

### **Auditors**

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

### **Annual general meeting**

The annual general meeting will be held on 13 March 2017 at the Company's address.

## Management's review

### Financial highlights

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Revenue	650,763	665,881	627,815	821,128	879,561
Gross profit	83,475	122,255	88,126	93,923	109,661
Operating profit	15,666	45,008	12,105	17,006	18,301
Net financials	-3,326	-3,196	-1,906	-4,510	-3,464
Net profit for the year	9,411	32,146	7,530	8,308	20,670
Investment in property, plant and equipment	21,399	17,655	20,037	25,586	23,926
Inventories	90,298	50,548	25,455	42,722	38,304
Trade receivables	15,541	14,830	21,469	17,236	29,452
Equity	167,427	158,016	125,870	118,340	110,032
Balance sheet total	394,294	346,033	308,744	328,835	353,304
<b>Ratios</b>					
Gross margin	13%	18%	14%	11%	12%
Profit margin	2%	7%	2%	2%	2%
Solvency ratio	42%	46%	41%	36%	31%
Number of employees	60	57	53	56	61

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts.

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

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

Solvency ratio 
$$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$$



## 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 experienced a positive development with a growth rate of 7.52% compared to the previous year. There were 207,552 registrations in 2015 and 223,169 registrations in 2016 (data from the Danish Car Importers Association).

The demand for passenger cars in the A and B segments still represents the largest share of the total market. These two segments amounted to 49% of the total demand, corresponding to approximately 110,000 units.

The Company's total market share of passenger cars experienced a negative development going from a market share of 1.8% in 2015 to 1.5% in 2016.

The market for commercial vehicles showed an increase of approximately 12.8% compared to 2015 with a total of 36,619 registrations. The market share of Fiat Professional decreased from 4.8% in 2015 to a market share of 4.5% in 2016. This decrease is primarily due to the increase that took place in the segments where the Company is not present.

After sales activities were stable compared to 2015 and amounted to DKK 118 million.

Profit for the year before tax amounted to DKK 12.3 million, tax for the year amounted to DKK 2.9 million, and Profit for the year after tax amounted to DKK 9.4 million. The result for the year is considered acceptable and in line with the expectations for the year.

The Supervisory Board proposes dividends of DKK 0 thousand.

#### *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 2016 has been satisfactory and is expected to remain unchanged in 2017.

## Management's review

### Operating review

#### CSR

FCA Denmark has no local CSR policy regarding respect of human rights and reduction of environmental pollution and impact on climate change from the Company's activities. FCA Denmark is part of the FCA Group, which has a CSR policy; however, this is not published until after FCA Denmark's annual report.

#### Subsequent events

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

#### **Presentation of gender distribution in Management in accordance with section 99B of the Danish Financial Statements Act**

With the change in the Board of Directors carried out in 2015, the Company is in compliance with section 99 B of the Danish Financial Statements Act. At present, the underrepresented gender equals 40% of the members elected to the Board, which is 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 of 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 30% over the past year. FCA Denmark expects this trend to continue in the following years.

## **Management's review**

### **Operating review**

#### **Outlook**

We expect the market to increase slightly during 2017 due to a change in registration tax decided by the Danish Parliament in 2016 that is lowering the scale base amount for the calculation. We expect our market share to increase due to the introduction of new products such as the Tipo, Stelvio and experience the full effect of the Giulia being elected as the business car of the year by the Danish magasin "bil magasinet".

Our Company will focus on maintaining and improving the financial results obtained in 2016 by strengthening all business measures and price positioning all products as well as by introducing new models.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2016	2015
Revenue	2	650,763	665,881
Cost of sales		<u>-567,288</u>	<u>-543,626</u>
<b>Gross profit</b>		83,475	122,255
Distribution costs	3	-48,762	-53,971
Administrative expenses	3	<u>-19,047</u>	<u>-23,276</u>
<b>Operating profit</b>		15,666	45,008
Financial income	4	24	40
Financial expenses	5	<u>-3,350</u>	<u>-3,236</u>
<b>Profit before tax</b>		12,340	41,812
Tax on profit for the year	6	<u>-2,929</u>	<u>-9,666</u>
<b>Profit for the year</b>	7	<u>9,411</u>	<u>32,146</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment	8	17,272	16,330
		<u>17,272</u>	<u>16,330</u>
<b>Financial assets</b>			
Deferred tax assets	9	12,237	5,990
Deposits	10	625	625
		<u>12,862</u>	<u>6,615</u>
<b>Total fixed assets</b>		<u>30,134</u>	<u>22,945</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		90,298	50,548
		<u>90,298</u>	<u>50,548</u>
<b>Receivables</b>			
Trade receivables		15,541	14,830
Receivables from group entities		253,764	242,181
Receivables from associates		4,396	15,368
Prepayments		150	150
		<u>273,851</u>	<u>272,529</u>
<b>Cash at bank and in hand</b>		<u>11</u>	<u>11</u>
<b>Total current assets</b>		<u>364,160</u>	<u>323,088</u>
<b>TOTAL ASSETS</b>		<u><u>394,294</u></u>	<u><u>346,033</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	11		
Share capital		55,000	55,000
Retained earnings		112,427	103,016
<b>Total equity</b>		<u>167,427</u>	<u>158,016</u>
<b>Provisions</b>	12		
Other provisions		91,859	67,552
<b>Total provisions</b>		<u>91,859</u>	<u>67,552</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		23,056	17,186
Payables to group entities		56,834	50,668
Corporation tax		6,623	2,947
Other payables	13	48,495	49,664
		<u>135,008</u>	<u>120,465</u>
<b>Total liabilities other than provisions</b>		<u>135,008</u>	<u>120,465</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>394,294</u>	<u>346,033</u>
Staff costs	3		
Rental agreements and lease commitments	14		
Contingent assets, liabilities and other financial obligations	15		
Related party disclosures	16		
Fees to auditor appointed at the general meeting	17		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Equity at 1 January 2015</b>	55,000	70,870	125,870
Profit for the year	<u>0</u>	<u>32,146</u>	<u>32,146</u>
<b>Equity at 31 December 2015</b>	55,000	103,016	158,016
Profit for the year	<u>0</u>	<u>9,411</u>	<u>9,411</u>
<b>Equity at 31 December 2016</b>	<u>55,000</u>	<u>112,427</u>	<u>167,427</u>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of FCA Denmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C entities (large) under the Danish Financial Statements Act no. 738 of 1 June 2015.

The accounting policies applied remain unchanged from previous years.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as this statement is 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 direct and indirect costs incurred to generate revenue.

#### Distribution costs

Distribution costs comprise costs incurred for distribution of goods sold and for sales campaigns, including costs for sales and distribution staff and advertising costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for administrative staff and Management, stationery and office supplies as well as depreciation.

#### Financial income and expenses

These items comprise interest income and expenses, both earned and incurred with external parties and with group entities.

#### Tax on profit for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year, and taken directly to equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement which relates to extraordinary profit/loss for the year is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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

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

Fixtures and operating equipment are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, however, not exceeding six years.

Depreciation is recognised in the income statement under administrative expenses and distribution costs.

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

Gains and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains or losses are recognised in the income statement together with depreciation and impairment losses or under other operating income to the extent that the selling price exceeds original cost.

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

##### Financial assets

Deposits are measured at cost.

##### Inventories

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

The net realisable value of inventories is calculated as the estimated selling price less

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

completion costs and costs incurred to make the sale.

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 equalling nominal value less writedowns for bad debts.

#### Prepayments and deferred income

Prepayments comprise expenses incurred concerning subsequent financial years.

#### Equity

Dividend

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Provisions and obligations

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

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

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

#### 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.

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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 and equity.

#### Liabilities other than provisions

Other liabilities are measured at net realisable value.

#### Segment reporting

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

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated by applying the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rates at the transaction date and the rates applicable at the payment date, or the rates at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Financial statements 1 January – 31 December

### Notes

#### 2 Revenue

DKK'000	2016	2015
<b>Revenue</b>		
Cars	498,635	510,787
Parts	118,478	121,582
Other	33,650	33,512
	<u>650,763</u>	<u>665,881</u>

Revenue mainly originates from customers in the Danish market.

#### 3 Staff costs

DKK'000	2016	2015
Wages and salaries	25,413	30,601
Pension contribution	3,450	3,099
Social security costs	591	474
	<u>29,454</u>	<u>34,174</u>
<b>Wages and salaries, pensions and other social security costs are recognised in the following items:</b>		
Distribution costs	23,704	24,239
Administrative expenses	5,750	9,935
	<u>29,454</u>	<u>34,174</u>

## Financial statements 1 January – 31 December

### Notes

DKK'000	2016	2015
<b>Including remuneration of the Executive Board and the Supervisory Boards:</b>		
Executive Board	476	694
Supervisory Board	0	0
	<u>476</u>	<u>694</u>
Average number of employees	<u>60</u>	<u>57</u>

Salaries to Executive Board have decreased significantly due to the change in the structure leading to the CEO being a shared function in the Nordic Cluster.

There are no incentive programmes for the Executive Board or the Supervisory Boards.

#### 4 Financial income

DKK'000	2016	2015
Interest from group entities	0	36
Other financial income	24	4
	<u>24</u>	<u>40</u>

#### 5 Financial expenses

Interest to group entities	2,906	2,864
Other financial expenses	414	348
Exchange rate adjustments	30	24
	<u>3,350</u>	<u>3,236</u>

#### 6 Tax on profit for the year

Current tax for the year	8,953	7,266
Adjustment of deferred tax	-6,247	2,400
Adjustments regarding previous year	223	0
	<u>2,929</u>	<u>9,666</u>

## Financial statements 1 January – 31 December

### Notes

#### 7 Proposed profit appropriation

DKK'000	2016	2015
Retained earnings	9,411	32,146
	<u>9,411</u>	<u>32,146</u>

#### 8 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	39,337	3,379	42,716
Additions for the year	21,399	0	21,399
Disposals for the year	-19,162	0	-19,162
Cost at 31 December 2016	41,574	3,379	44,953
Depreciation at 1 January 2016	-23,007	-3,379	-26,386
Depreciation for the year	-3,799	0	-3,799
Reversal of depreciation on sold assets	2,504	0	2,504
Depreciation at 31 December 2016	-24,302	-3,379	-27,681
<b>Carrying amount at 31 December 2016</b>	<u>17,272</u>	<u>0</u>	<u>17,272</u>

DKK'000	2016	2015
<b>Depreciation is distributed as follows:</b>		
Depreciation, distribution costs	3,330	3,264
Depreciation, administrative expenses	469	444
	<u>3,799</u>	<u>3,708</u>

#### 9 Financial assets

DKK'000	Deposits	Deferred tax asset
Cost at 1 January 2016	625	5,990
Additions	0	6,247
Cost at 31 December 2016	625	12,237
Carrying amount at 31 December 2016	<u>625</u>	<u>12,237</u>

## Financial statements 1 January – 31 December

### Notes

#### 10 Deferred tax asset

DKK'000	2016	2015
Property, plant and equipment	552	568
Provisions	1,505	886
Current assets	17	377
Warranty provisions	10,163	4,159
	<u>12,237</u>	<u>5,990</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 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 last 5 years.

The Company's share capital is wholly-owned by FCA Italy S.p.A., Corso Giovanni Agnelli 200, Torino, Italy.

#### 12 Provisions

DKK'000	2016	2015
Warranty provisions	44,021	49,330
Contractual provisions	42,311	15,075
Other provisions	5,527	3,147
	<u>91,859</u>	<u>67,552</u>

#### The provisions are expected to be activated as follows:

0-1 years	5,527	4,785
1-5 years	86,332	62,767
>5 years	0	0
	<u>91,859</u>	<u>67,552</u>

Other provisions consist of jubilee fund and obligations regarding return of spare parts.

## Financial statements 1 January – 31 December

### Notes

#### 13 Other payables

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

#### 14 Rental agreements and lease commitments

DKK'000	2016	2015
<b>Operating lease commitments</b>		
<b>Total future lease payments:</b>		
Within 1 year	1,986	1,949
Between 1 and 5 years	32	80
	<u>2,018</u>	<u>2,029</u>
<b>The Company's operating lease is specified as follows:</b>		
Photocopiers	80	127
Rent	1,938	1,902
	<u>2,018</u>	<u>2,029</u>

#### 15 Contingent assets, liabilities and other financial obligations

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, interest 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 200 thousand.

##### Contingent assets

# A/S is a party to a pending lawsuit against #. The Management of # A/S has brought an action for damages of DKK # million. It is uncertain when the case will be closed.

##### Contingent liabilities

The # Group is a party to a few pending lawsuits. In Management's opinion, apart from liabilities recognised in the balance sheet at 31 December 201# the outcome of these law-suits will not affect the Group's financial position further.



## Financial statements 1 January – 31 December

### Notes

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. The jointly taxed entities' total net liability to SKAT amounted to DKK # at 31 December 201#. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

The Group's Danish entities are jointly and severally liable for the joint registration for VAT.

### Contingent liabilities

Remaining operating lease obligations at the balance sheet date fall due at DKK # thousand within # years (201#: DKK # thousand).

## Financial statements 1 January – 31 December

### Notes

#### 16 Related party disclosures

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

##### Control

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

FCA Denmark A/S 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 AUTOMOBILES 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 contacting the Company at the following address:

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

## Financial statements 1 January – 31 December

### Notes

#### Related party transactions

FCA Denmark A/S had the following transactions with related parties:

DKK'000	<u>2016</u>	<u>2015</u>
Purchase of goods from parent company	470,640	460,663
Purchase of services from parent company	7,651	6,613
Sale of services to associates	12,923	7,190
Interest income from associates company	0	36
Interest expenses to associates company	2,906	2,864
Receivables from group companies	253,764	242,181
Payables to group companies	56,834	50,668
Receivables from associates	4,396	15,368

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

#### 17 Fee to auditor appointed at the general meeting

DKK'000	<u>2016</u>	<u>2015</u>
<b>ERNST &amp; YOUNG P/S:</b>		
Audit fee	136	152
Other assurance engagements	0	0
Tax advisory services	0	0
Non-audit services	0	0
	<u>136</u>	<u>152</u>