

Bridgestone Danmark A/S
Central Business Registration No
38231219

Annual report 2014

The Annual General Meeting adopted the annual report on 28.05.2015

Chairman of the General Meeting

Name: Ulrik Uhrenholt

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Entity details

Entity

Bridgestone Danmark A/S

Sigma 1

8382 Hinnerup

Central Business Registration No: 38231219

Founded: 01.05.1972

Registered in: Favrskov

Financial year: 01.01.2014 - 31.12.2014

Phone: 87646668

Fax: 87646665

Internet: www.bridgestone.dk

Board of Directors

Jose Enrique Gonzalez, chairman

Robin Shaw

Henrik Kjær Christensen

Patrick Fitzgerald Curran

Executive Board

Robin Shaw

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Bridgestone Danmark A/S for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations and cash flows for the financial year 01.01.2014 - 31.12.2014.

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

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

Hinnerup, 07.05.2015

Executive Board

Robin Shaw

Board of Directors

Jose Enrique Gonzalez
chairman

Robin Shaw

Henrik Kjær Christensen

Patrick Fitzgerald Curran

Independent auditor's reports

To the owners of Bridgestone Danmark A/S

Report on the financial statements

We have audited the financial statements of Bridgestone Danmark A/S for the financial year 01.01.2014 - 31.12.2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2014 and of the results of its operations and cash flows for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

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

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

Aarhus, 07.05.2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Jesper Meto

State Authorised Public Accountant

Management commentary

	2014	2013	2012	2011	2010
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	279.932	285.323	308.725	406.422	358.640
Gross profit/loss	28.274	29.129	29.424	30.747	38.134
Operating profit/loss	4.619	6.050	5.782	8.095	9.378
Net financials	(796)	(1.227)	(1.162)	(2.898)	(3.464)
Profit/loss for the year	2.754	3.385	3.313	3.718	5.127
Total assets	111.192	130.562	138.867	175.246	136.954
Investments in property, plant and equipment	223	949	207	0	156
Equity	19.375	18.621	15.237	11.923	8.205
Ratios					
Gross margin (%)	10,1	10,2	9,5	7,6	10,6
Net margin (%)	1,0	1,2	1,1	0,9	1,4
Return on equity (%)	14,5	20,0	24,4	36,9	90,9
Solvency ratio (%)	17,4	14,3	11,0	6,8	6,0

Management commentary

Primary activities

The Company's activities consist in marketing and distribution of tyres, tubes and similar products in Denmark.

Development in activities and finances

Profit for the year is considered satisfactory.

Outlook

The Company expects activities and profit for 2015 to be at the level of 2014.

Events after the balance sheet date

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Consolidated financial statements

Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Accounting policies

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

Other external expenses

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

Staff costs

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

Amortisation, depreciation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income including interest income on receivables from group enterprises and net capital gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies.

Accounting policies

Income taxes

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

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

Balance sheet

Property, plant and equipment

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

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

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

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Accounting policies

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

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

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

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Operating leases

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

Accounting policies

Other financial liabilities

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

Income tax receivable or payable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Revenue		279.932.156	285.322.548
Other operating income		11.631.468	8.562.007
Cost of sales		(244.526.569)	(250.147.288)
Other external expenses		<u>(18.762.737)</u>	<u>(14.608.622)</u>
Gross profit/loss		28.274.318	29.128.645
Staff costs	1	(22.580.358)	(22.128.585)
Depreciation, amortisation and impairment losses	2	<u>(1.074.587)</u>	<u>(950.416)</u>
Operating profit/loss		4.619.373	6.049.644
Income from investments in group enterprises		(346.642)	(199.099)
Other financial income	3	104.629	92.457
Other financial expenses	4	<u>(554.155)</u>	<u>(1.120.449)</u>
Profit/loss from ordinary activities before tax		3.823.205	4.822.553
Tax on profit/loss from ordinary activities	5	<u>(1.069.475)</u>	<u>(1.437.915)</u>
Profit/loss for the year		<u>2.753.730</u>	<u>3.384.638</u>
Proposed distribution of profit/loss			
Dividend for the financial year		0	2.000.000
Retained earnings		<u>2.753.730</u>	<u>1.384.638</u>
		<u>2.753.730</u>	<u>3.384.638</u>

Balance sheet at 31.12.2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Land and buildings		24.375.852	25.044.977
Other fixtures and fittings, tools and equipment		<u>1.449.846</u>	<u>1.632.084</u>
Property, plant and equipment	6	<u>25.825.698</u>	<u>26.677.061</u>
Investments in group enterprises		<u>5.993.189</u>	<u>6.339.831</u>
Fixed asset investments	7	<u>5.993.189</u>	<u>6.339.831</u>
Fixed assets		<u>31.818.887</u>	<u>33.016.892</u>
Trade receivables		55.776.660	54.912.452
Receivables from group enterprises		3.435.152	22.898.908
Other short-term receivables		2.506.323	3.258.472
Prepayments	8	<u>4.000.000</u>	<u>4.500.001</u>
Receivables		<u>65.718.135</u>	<u>85.569.833</u>
Cash		<u>13.654.735</u>	<u>11.975.485</u>
Current assets		<u>79.372.870</u>	<u>97.545.318</u>
Assets		<u>111.191.757</u>	<u>130.562.210</u>

Balance sheet at 31.12.2014

	Notes	2014 DKK	2013 DKK
Contributed capital	9	6.000.000	6.000.000
Retained earnings		13.375.010	10.621.280
Proposed dividend		0	2.000.000
Equity		19.375.010	18.621.280
Provisions for deferred tax		528.000	437.000
Other provisions	10	684.446	574.446
Provisions		1.212.446	1.011.446
Bank loans		65.000.000	95.000.000
Trade payables		10.191.776	7.597.957
Debt to group enterprises		5.473.199	29.531
Income tax payable		333.102	366.079
Other payables	11	9.606.224	7.935.917
Current liabilities other than provisions		90.604.301	110.929.484
Liabilities other than provisions		90.604.301	110.929.484
Equity and liabilities		111.191.757	130.562.210
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Ownership	15		
Consolidation	16		

Statement of changes in equity for 2014

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	6.000.000	10.621.280	2.000.000	18.621.280
Ordinary dividend paid	0	0	(2.000.000)	(2.000.000)
Profit/loss for the year	0	2.753.730	0	2.753.730
Equity end of year	6.000.000	13.375.010	0	19.375.010

Cash flow statement 2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Operating profit/loss		4.619.373	6.049.644
Amortisation, depreciation and impairment losses		1.074.587	950.416
Working capital changes	12	<u>29.669.492</u>	<u>(18.332.540)</u>
Cash flow from ordinary operating activities		35.363.452	(11.332.480)
Financial income received		104.629	92.457
Financial income paid		(554.155)	(1.120.449)
Income taxes refunded/(paid)		<u>(1.011.452)</u>	<u>(1.335.258)</u>
Cash flows from operating activities		33.902.474	(13.695.730)
Acquisition etc of property, plant and equipment		(223.224)	(948.634)
Sale of property, plant and equipment		<u>0</u>	<u>20.000</u>
Cash flows from investing activities		(223.224)	(928.634)
Loans raised		0	15.000.000
Instalments on loans etc		(30.000.000)	0
Repayment of debt to group enterprises		0	(16.919.264)
Dividend paid		<u>(2.000.000)</u>	<u>0</u>
Cash flows from financing activities		(32.000.000)	(1.919.264)
Increase/decrease in cash and cash equivalents		1.679.250	(16.543.628)
Cash and cash equivalents beginning of year		<u>11.975.485</u>	<u>28.519.113</u>
Cash and cash equivalents end of year		<u>13.654.735</u>	<u>11.975.485</u>
Cash and cash equivalents at year-end are composed of:			
Cash		<u>13.654.735</u>	<u>11.975.485</u>
Cash and cash equivalents end of year		<u>13.654.735</u>	<u>11.975.485</u>

Notes

	2014 DKK	2013 DKK
1. Staff costs		
Wages and salaries	20.463.583	20.102.735
Pension costs	1.600.422	1.558.671
Other social security costs	465.497	420.052
Other staff costs	50.856	47.127
	22.580.358	22.128.585
 Average number of employees	 38	 38

In pursuance of section 98b (3) of the Danish Financial Statements Act, Management's remuneration is not disclosed.

	2014 DKK	2013 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	1.074.587	950.136
Profit/loss from sale of intangible assets and property, plant and equipment	0	280
	1.074.587	950.416

	2014 DKK	2013 DKK
3. Other financial income		
Financial income arising from group enterprises	8.082	19.821
Interest income	66.938	32.090
Exchange rate adjustments	29.609	40.546
	104.629	92.457

	2014 DKK	2013 DKK
4. Other financial expenses		
Exchange rate adjustments	24.777	31.835
Other financial expenses	529.378	1.088.614
	554.155	1.120.449

Notes

	2014 DKK	2013 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	949.505	1.259.079
Change in deferred tax for the year	91.000	157.000
Adjustment relating to previous years	28.970	21.836
	1.069.475	1.437.915
	Land and buildings DKK	Other fix- tures and fittings, tools and equipment DKK
6. Property, plant and equipment		
Cost beginning of year	31.408.161	5.392.876
Additions	0	223.224
Cost end of year	31.408.161	5.616.100
Depreciation and impairment losses beginning of the year	(6.363.184)	(3.760.792)
Depreciation for the year	(669.125)	(405.462)
Depreciation and impairment losses end of the year	(7.032.309)	(4.166.254)
Carrying amount end of year	24.375.852	1.449.846
		Investments in group en- terprises DKK
7. Fixed asset investments		
Cost beginning of year		10.416.000
Cost end of year		10.416.000
Impairment losses beginning of year		(4.076.169)
Share of profit/loss after tax		(346.642)
Impairment losses end of year		(4.422.811)
Carrying amount end of year		5.993.189

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>
Subsidiaries:			
Tobøl Dæk A/S	Tobøl	A/S	100,00

8. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
9. Contributed capital			
Ordinary shares	6.000.000	1,00	6.000.000
	6.000.000		6.000.000

10. Other provisions

Other provisions comprise anticipated costs of nonrecourse guarantee commitments.

	<u>2014 DKK</u>	<u>2013 DKK</u>
11. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	4.958.056	4.601.724
Other costs payable	4.648.168	3.334.193
	9.606.224	7.935.917

	<u>2014 DKK</u>	<u>2013 DKK</u>
12. Change in working capital		
Increase/decrease in receivables	19.851.698	8.459.632
Increase/decrease in trade payables etc	9.707.794	(26.792.172)
Other changes	110.000	N/A
	29.669.492	(18.332.540)

	<u>2014 DKK</u>	<u>2013 DKK</u>
13. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	3.257.475	2.689.082

Notes

14. Contingent liabilities

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

15. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Bridgestone Europe S.A.

16. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Bridgestone Corporation, Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Bridgestone Europe S.A.