

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

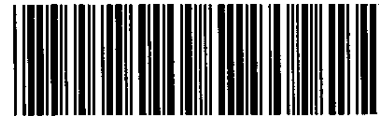
703671/20 12/14

N/M

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☒ **What this form is NOT for**
You cannot use this form for
an alteration of manner
with accounting requirements.

FRIDAY
TUE



A749GOU

A04 20/04/2018 #58
COMPANIES HOUSE

A724LBQ

A23 20/03/2018 #116
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

SCOTT SPORTS SA

UK establishment
number

B R 7 8 5 8 / FC 025570

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

SWITZERLAND

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3**.

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3**.

Name of organisation
or body ③

KPMG

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5**.

☒ **Yes.** Go to **Section A4**.

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to **Part 3 'Signature'**.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

KPMG

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.

☒ Yes.

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

This form may be signed by: *CFO, Scott Spinks*
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **SCOTT SPORTS SA**

Address **ROUTE DU CROCHET 17**

Post town **GIVISIEZ**

County/Region **FR**

Postcode

1	7	6	2				
---	---	---	---	--	--	--	--

Country **SWITZERLAND**

DX

Telephone



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



7 03671 / 20

SCOTT Sports SA, Givisiez
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders
Financial Statements 30 September 2017





KPMG SA
Audit Western Switzerland
Avenue du Théâtre 1
CH-1005 Lausanne

P.O. Box 6663
CH-1002 Lausanne

Telephone +41 58 249 45 55
Fax +41 58 249 45 65
www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of Shareholders of

SCOTT Sports SA, Givisiez

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of SCOTT Sports SA, which comprise the balance sheet, statement of income and notes for the year ended 30 September 2017.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating 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.

Opinion

In our opinion, the financial statements for the year ended 30 September 2017 comply with Swiss law and the company's articles of incorporation.



*SCOTT Sports SA, Givisiez
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

Fabien Perrinjaquet
*Licensed Audit Expert
Auditor in Charge*



Myriam Roulin
Licensed Audit Expert



Lausanne, 1 February 2018

Enclosures:

- Financial statements (balance sheet, statement of income and notes)
- Proposed appropriation of available earnings

SCOTT Sports SA, Givisiez

BALANCE SHEET
(Currency - CHF)

	Notes	<u>30 September 2017</u>	<u>30 September 2016</u>
ASSETS			
CURRENT ASSETS :			
Cash and cash equivalents		71'362'005	64'535'671
Trade accounts receivable	2.1	101'027'461	97'116'604
Other short-term receivable - from third parties		1'588'433	2'087'018
Inventories	2.2	112'516'206	140'165'129
Prepaid expenses and accrued income		1'275'560	922'754
		<u>287'769'665</u>	<u>304'827'176</u>
NON-CURRENT ASSETS :			
Financial assets	2.3	43'175'035	38'290'460
Investments	2.4	11'197'915	11'230'195
Property, plant and equipment			
- land and buildings		7'114'064	7'313'125
- furnitures and fittings		431'031	482'728
- plant and equipment		7'416'873	6'950'323
- under construction		20'154'778	5'116'859
<i>Total Property, plant and equipment</i>		<u>35'116'746</u>	<u>19'863'035</u>
Intangible assets	2.11	24'589'273	1'939'144
<i>Total non-current assets</i>		<u>114'078'969</u>	<u>71'322'834</u>
<i>Total assets</i>		<u>401'848'634</u>	<u>376'150'010</u>

SCOTT Sports SA, Givisiez

BALANCE SHEET
(Currency - CHF)

	Notes	<u>30 September 2017</u>	<u>30 September 2016</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Trade accounts payable	2.5	126'309'507	110'198'113
SHORT-TERM LIABILITIES :			
Short-term interest bearing liabilities			
- Bank borrowings	2.6	149'909'253	137'976'855
- Loans due to shareholder		2'970'093	10'215'932
- Current portion of bank mortgages	3.3	95'000	94'669
- Current portion of notes payable		-	631'400
Other short-term liabilities due to third parties		6'423'145	6'328'659
Accrued expenses and deferred income	2.7	17'917'283	9'542'475
Short-term provisions	2.8	849'111	-
<i>Total short-term liabilities</i>		<u>304'473'392</u>	<u>274'988'103</u>
LONG-TERM LIABILITIES :			
Long-term interest-bearing liabilities			
- Payables due to shareholder		73'891'050	52'935'994
- Bank mortgages	3.3	712'500	807'500
Provisions	2.8	2'296'000	2'296'000
<i>Total long-term liabilities</i>		<u>76'899'550</u>	<u>56'039'494</u>
SHAREHOLDER'S EQUITY :			
Share capital	2.9	6'000'000	6'000'000
General legal retained earnings		3'000'000	3'000'000
Voluntary retained earnings			
- Results carried forward		36'122'413	40'733'208
- Loss for the year		(24'646'721)	(4'610'795)
<i>Total shareholder's equity</i>		<u>20'475'692</u>	<u>45'122'413</u>
<i>Total liabilities and shareholder's equity</i>		<u>401'848'634</u>	<u>376'150'010</u>

SCOTT Sports SA, Givisiez

**STATEMENT OF INCOME
FOR THE YEAR
(Currency - CHF)**

		from 1 October 2016 to 30 September 2017	from 1 October 2015 to 30 September 2016
Revenue from sales of goods		549'701'867	517'817'710
Other operating income	2.10	3'946'100	3'076'668
Cost of sales	2.11	(446'287'457)	(410'564'280)
<i>Gross profit</i>		<u>107'360'510</u>	<u>110'330'098</u>
Administrative expenses		(46'465'053)	(39'805'814)
Selling and marketing expenses		(66'358'717)	(66'476'668)
<i>Operating expenses</i>		<u>(112'823'770)</u>	<u>(106'282'482)</u>
<i>Operating result</i>		<u>(5'463'260)</u>	<u>4'047'616</u>
Financial income	2.12	10'490'593	15'254'881
Financial expense	2.13	(28'855'524)	(9'441'117)
Non-operating income	2.14	1'029'525	973'943
Non-operating expenses	2.15	(780'854)	(15'347'500)
<i>Loss for the year before taxes</i>		<u>(23'579'520)</u>	<u>(4'512'177)</u>
Direct taxes		(1'067'201)	(98'618)
<i>Loss for the year</i>		<u><u>(24'646'721)</u></u>	<u><u>(4'610'795)</u></u>

Notes

1. Principles**1.1 General aspects****1.1.1 Operations**

The Company sells mountain bikes, skipoles, skigoggles, skis, motorcycle-goggles, sunglasses and certain other leisure equipment and accessories through its own sales branches in Europe and to independent distributors.

1.1.2 Accounting policies

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

To ensure the comparability of information, certain line items of the comparative figures have been reclassified to conform to the presentation used in 2017.

(a) Inventories

Inventories are stated at cost. Manufactured inventories are assembled to a large extent by contractors and primarily consist of mountain bikes, ski and motorcycle goggles, skipoles and skis. Specific and general reserves are provided on inventory balances.

(b) Investments

The Company accounts for its investments in subsidiaries using the cost method. Investments are assessed for impairment annually or more often, when an event occurs or circumstances arise that could indicate a reduction of its book value. Any impairment in the value of investments is charged to the income statement in the period it occurs.

(c) Property, plant and equipment

Fixed assets include land, a building, machinery and equipment, furniture and fixtures, computer equipment and cars. The depreciation is computed on the straight-line basis over the estimated useful lives. The following depreciation rates are used:

• Building	3.33% p.a.
• Machinery and equipment	20% p.a.
• Furniture and fixtures	20% p.a.
• Cars	33% p.a.

Expenditures for maintenance and repairs are charged to the statement of income as incurred.

(d) Intangible assets

Amortization is calculated on a straight-line basis, from the acquisition date, and over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Trademark	5 - 6 years
• Patents	5 years
• Software	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

Notes

(e) Foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Realised foreign exchange gains and losses from the settlement of such transactions and unrealised foreign exchange gains and losses from the translation at year-end exchange rates of current monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Unrealised exchange gains from translation of long-term monetary and non-monetary assets and liabilities are deferred, while unrealised losses on these items are recognised in the income statement.

Hedge

The Group's operations are conducted in numerous currencies. The Group manages its foreign currency exposures through a combination of natural hedges and the use of forward exchange contracts. The Company generally enters into these forward contracts to hedge positions for up to twelve months. As the parity principle applies, the net fair value of hedging derivatives by currency is presented in the balance sheet in Accrued expenses and deferred income if the value represents an unrealized loss. In the case of an unrealized gain, no asset will be presented in the balance sheet and no gain will be recorded in the income statement. Realized gains and losses and unrealized losses are recorded in the income statement.

Translation of financial statements of branches in foreign currencies

The branches of SCOTT Sports SA keep their books in their local currencies. Monetary and non-monetary assets and liabilities expressed in local currencies are translated into Swiss francs at the rate of exchange prevailing at the end of the year. Revenues and expenses are translated into Swiss francs at the average rate of exchange prevailing at the end of each month.

Gains arising from the translation of the financial statements are deferred under "Deferred translation gains" in Accrued expenses and deferred income, whereas losses are charged to the income statement in accordance with Swiss accounting requirements.

(f) Revenue from sale of goods

Sales are recognized when risks and rewards are transferred to the client. Normally, this is the case upon delivery of the goods.

(g) Income taxes

The Company is liable for income and capital taxes. In Switzerland the Company is taxed based on its income from domestic operations only. The foreign branches are taxed in their respective countries based on their local contribution to the Company's net result. For financial reporting purposes the Company has accrued all income taxes which will be levied based on the net income reported as of September 30, 2017.

(h) Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

1.1.3 Foregoing a cash flow statement and additional disclosures in the notes

As Scott Sports SA has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has been decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Notes

2 Disclosure on balance sheet and income statement items**2.1 Trade accounts receivable**

	In CHF	
	2017	2016
Receivables from third parties	54'378'539	54'358'582
Valuation adjustment	(5'484'445)	(5'429'099)
Receivables from group companies	54'071'009	50'135'764
Valuation adjustment	(1'937'642)	(1'948'643)
Total	101'027'461	97'116'604

2.2 Inventories

	In CHF	
	2017	2016
Finished goods	125'018'007	155'773'649
Valuation adjustment	(12'501'801)	(15'608'520)
Total	112'516'206	140'165'129

2.3 Financial assets

	In CHF	
	2017	2016
Long term group receivable	19'430'000	19'320'000
Valuation adjustment from group companies	(1'943'000)	(1'932'000)
Loan to group companies	25'577'941	20'792'366
Investments with an ownership of less than 20%	110'094	110'094
Total	43'175'035	38'290'460

Notes

2.4 Investments

Subsidiaries Company name, domicile	Share Capital in l.c.	Voting and capital rights in %	In CHF	
			2017	2016
S.P.F. S.p.A., Aosta, Italy	EUR 1'074'000 (same in 2016)	100 (same in 2016)	788'635	788'635
Scott Sports AB, Uppsala, Sweden	SEK 500'000 (same in 2016)	100 (same in 2016)	2'535'450	2'535'450
Scott Italia S.r.l., Albino, Italy	EUR 100'000 (same in 2016)	94 (88 in 2016)	3'531'668	3'034'593
Scott Sports Denmark A/S	DKK 500'000 (0 in 2016)	100 (0 in 2016)	74'898	-
BERGAMONT Fahrrad Vertrieb GmbH, Hamburg, Germany	EUR 125'000 (same in 2016)	100 (same in 2016)	4'267'264	4'871'517
			11'197'915	11'230'195

In December 2016, 6% of Scott Italia S.r.l. have been purchased by Scott Sports SA from Acerbis Italia S.p.A. for CHF 519'906. The remaining 6% will be acquired in December 2017. In June 2017, Scott Sports Denmark A/S has been created. Scott Sports SA has invested 100% for CHF 74'898.

In 2017 impairment losses on investments were recognized in Non-operating expenses for a total amount of CHF 627'083 as follow:

	In CHF	
	2017	2016
BERGAMONT Fahrrad Vertrieb GmbH	(604'253)	(12'128'483)
S.P.F. S.p.A.	-	(2'811'365)
Scott Italia S.r.l.	(22'831)	(190'068)
	(627'084)	(15'129'916)

The impairment losses are due to the application of the individual valuation principle.

2.5 Trade accounts payable

	In CHF	
	2017	2016
Accounts payable due to third parties	86'677'494	96'415'228
Accounts payable to other group companies	36'812'494	11'176'970
Amounts payable due to shareholders	2'819'519	2'605'915
Total	126'309'507	110'198'113

Notes

2.6 Bank borrowings

A bank agreement was signed by SCOTT Sports SA and Scott Corporation SA on April 1, 2015 which expires on April 30, 2020 to cover the operational needs of the Group. It has been amended and restated on May 27, 2016.

At September 30, 2017, the Company had CHF 149'909'253 (2016: CHF 137'976'855) outstanding out of which 103'101'000 (2016: CHF 95'530'800) under its credit agreements.

	In CHF	
	2017	2016
Total credit line available	218'000'000	224'000'000
Including revolving working capital facility	100'000'000	100'000'000
Including Incremental seasonal credit facility (Sept 1st – June 30th)	40'000'000	40'000'000
Including incremental peak credit facility (Dec 1st – May 31st)	20'000'000	20'000'000
Including special line for investments	18'000'000	24'000'000
Credit facility for new building (under conditions)	40'000'000	40'000'000

2.7 Accrued expenses and deferred income

	In CHF	
	2017	2016
Accrued unrealized losses on forward exchange rate contracts	8'414'341	256'913
Accrued unrealized gain on long-term open balances	714'370	-
Other accrued expenses and deferred income	7'686'073	8'775'728
Deferred translation gains	563'518	-
Pension scheme liabilities	538'981	509'834
Total	17'917'283	9'542'475

As at September 30, 2017, the Company had foreign exchange contracts for a total value of CHF 179 million (2016: CHF 118 million). The Company has unrealized gains relating to these contracts of CHF 471'610 and unrealized losses of CHF 8'414'341 as at September 30, 2017 (2016: unrealized gains of CHF 2'126'742 and unrealized losses of CHF 256'913). According to the accounting policy of the company, the related unrealized losses are expensed in the statement of income but the unrealized gains are not recorded.

2.8 Provisions

At September 30, 2017, the long-term provision of CHF 2'296'000 (2016: CHF 2'296'000) is related to the risk on open litigations mainly concerning a distributor and tax and regulatory authorities.

At September 30, 2017, the short-term provision of CHF 849'111 (2016: nil) concerns the warranty cases.

2.9 Share capital

Share capital of CHF 6'000'000 consists of 11'999 bearer shares at a par value of CHF 500, 2 registered nominal preference shares at a par value of respectively CHF 324 and CHF 176.

2.10 Other operating income

Operating income consists of the co-sponsoring for CHF 978'724 (2016: CHF 732'595) and the recharged to the subsidiaries of IT, warehouse, managements fees and others for CHF 2'967'376 (2016: CHF 2'344'073).

Notes

2.11 Royalties - Intangible assets

There is no royalties paid to Scott USA Ltd in 2017 (2016 : CHF 7'009'321) as Scott Sports SA bought the trademarks on October 1, 2016 for an amount of CHF 28'963'700.

A depreciation of the trademarks of CHF 5'792'740 has been booked in the administrative expenses for the fiscal year 2017.

2.12 Financial income

	In CHF	
	2017	2016
Foreign exchange gains	8'452'663	5'370'563
Foreign exchange gains on swaps and forwards, net	-	8'862'804
Interest income	2'037'930	1'021'514
Total	10'490'593	15'254'881

2.13 Financial expense

	In CHF	
	2017	2016
Foreign exchange losses	(13'856'098)	(4'885'466)
Foreign exchange losses on swaps and forwards, net	(5'841'334)	-
Interest expenses	(9'158'092)	(4'473'141)
Translation difference	-	(82'510)
Total	(28'855'524)	(9'441'117)

2.14 Non-operating income

Non-operating income consists of rental income for CHF 830'105 (2016: CHF 902'523) and gain made on sales of fixed assets for CHF 199'420 (2016: CHF 71'420).

2.15 Non-operating expenses

Non-operating expenses consist mainly of impairment losses on investments for CHF 627'084 (2016: CHF 15'129'916). See note 2.4.

2.16 Personnel expenses

	In CHF	
	2017	2016
Personnel expenses included in administrative expenses	12'534'622	11'820'728
Personnel expenses included in selling and marketing expenses	24'511'476	21'886'011
Total	37'046'098	33'706'739

2.17 Depreciation and amortisation

	In CHF	
	2017	2016
Depreciation and amortisation included in cost of sales	4'017'810	4'159'098
Depreciation included in administrative expenses	8'006'585	1'325'102
Depreciation included in selling and marketing expenses	279'672	362'463
Total	12'304'067	5'846'663

Notes

3 Other information**3.1 Net release of hidden reserves**

	In CHF	
	2017	2016
Total net release of hidden reserves	(2'122'701)	(16'101'062)

3.2 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250.

3.3 Assets pledged to secure own liabilities, as well as assets with retention of title

The bank agreement signed in April 2015 by Scott Corporation SA and SCOTT Sports SA, amended and restated in May 2016, includes the following conditions and covenants :

- Pledge of all accounts receivable in favour of the bank.
- The company has signed a negative pledge agreement with the Bank in which SCOTT Sports SA agrees not to pledge any assets in favor of any other third party.
- SCOTT Corporation SA, the parent company has pledged the shares of SCOTT Sports SA to the bank.
- The company is not allowed to, without the prior written consent of the bank, pay dividends, grant loans or make equity injections into not wholly owned subsidiaries of Scott Corporation SA with the exception of an annual dividend and/or loans or equity injections into not wholly owned subsidiaries not to exceed 60% of free cash flow generated by the Scott Group, and a one-time payment of CHF 6'000'000 to Scott Corporation SA to finance a minority stake in a new company.

The long term debt of CHF 807'500 (2016: CHF 902'169) is secured by the building and land in France to the extent of CHF 2'351'500 (2016: CHF 2'355'363) (net book value). The repayment of the mortgage is scheduled in installments of CHF 95'000 per year (2016: CHF 94'669).

3.4 Collateral and guarantees for third party liabilities

- The amount of the open irrevocable standby letter of credit issued at September 30, 2017 is USD 850'000 (2016: nil).
- SCOTT Sports SA has open guarantees amounting to CHF 2'561'896 (2016: CHF 2'504'440) mainly for customs clearing and rent.
- SCOTT Sports SA acts as a guarantor on a real estate mortgage commitment taken by SSG (Europe) Distribution Center N.V. Aubange, Belgium in the amount of CHF 1.5 million (2016: CHF 1.3 million) for a distribution warehouse.

Notes

3.5 Residual amount of leasing obligations

At September 30, 2017, the company had lease commitments that were not recorded on the balance sheet for a total of CHF 1'402'840 (2016: CHF 2'143'322). The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follow:

	In CHF	
	2017	2016
Up to 1 year	897'261	1'109'970
1 - 5 year	505'579	1'033'352
More than 5 years	-	-
	<u>1'402'840</u>	<u>2'143'322</u>

These amounts include payments related to leasing contracts up to the end of their (a) contract period or (b) notice period, as applicable.

3.6 Significant event after the balance sheet date

Acquisition of 6% of the minority interests of Scott Italia S.r.l. from Acerbis Italia S.p.A. for CHF 519'905 effective as of December 23, 2017 (see note 2.4).

Scott Sports SA signed as of January 31, 2018 an amendment agreement to the Credit Facility Agreement dated April 1, 2015, which will provide a line of credit totaling CHF 140'000'000 including working capital facilities totaling CHF 100'000'000 out of which a seasonal credit facility of CHF 60'000'000, and building construction loan facilities of CHF 40'000'000, replacing the actual line of credit totaling CHF 218'000'000, including special line for acquisitions and building construction (see note 2.6).

Moreover new credit line contracts with Korean banks were signed in December 2017 which will provide additional working capital facilities of EUR 70'000'000.

Proposed Appropriation of Available Earnings	2017
	In CHF
Retained earnings brought forward	36'122'413
Loss for the year	(24'646'721)
Available earnings	11'475'692

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

To be carried forward	11'475'692
	11'475'692

As the general legal retained earnings reaches 50% of the share capital, a further allocation has been waived.