

# OS AA01

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

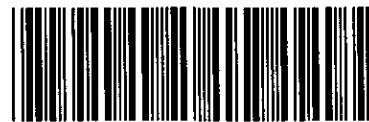


Companies House

✓ **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 to  
an alteration of manner of  
with accounting requirement

SATURDAY



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20/05/2017

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COMPANIES HOUSE

### Part 1 Corporate company name

Corporate name of  
overseas company ①

SCOTT SPORTS SA

UK establishment  
number

B

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→ **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**.

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

Name of organisation  
or body ③

KPMG

#### 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'**.

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

Name of organisation or body

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:  
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 **UNIT 3**

**BAKER ROAD**

**NELSON PARK WEST**

Post town **CRAMLINGTON**

County/Region **NORTHUMBERLAND**

Postcode 

N	E	2	3	1	W	L
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Country

DX

Telephone



## 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.



## 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.



## Further information

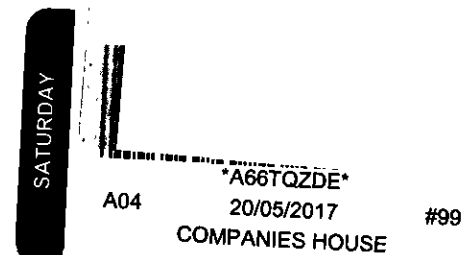
For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**



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**SCOTT Sports SA, Givisiez**  
**Report of the Statutory Auditor**  
**on the Financial Statements**  
**to the General Meeting of Shareholders**  
**Financial Statements 30 September 2016**





**KPMG SA**  
**Audit Western Switzerland**  
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CH-1002 Lausanne

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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

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#### **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 2016.

#### *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 2016 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



Luc Oesch  
*Licensed Audit Expert  
Auditor in Charge*



Myriam Roulin  
*Licensed Audit Expert*

Lausanne, 31 January 2017

*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 2016</u>	<u>30 September 2015</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS :</b>			
Cash and cash equivalents		64,535,671	68,807,459
Trade accounts receivable	2.1	97,116,604	79,028,596
Other short-term receivable - from third parties		2,087,018	1,023,878
Inventories	2.2	140,165,129	69,688,887
Prepaid expenses and accrued income		922,754	2,435,519
		<u>304,827,176</u>	<u>220,984,339</u>
<b>NON-CURRENT ASSETS :</b>			
Financial assets	2.3	38,290,460	17,601,708
Investments	2.4	11,230,195	25,753,555
Property, plant and equipment			
- land and buildings		7,313,125	7,613,909
- furnitures and fittings		482,728	384,489
- plant and equipment		5,764,141	5,684,968
- under construction		5,116,859	1,244,265
<i>Total Property, plant and equipment</i>		<u>18,676,853</u>	<u>14,927,631</u>
Intangible assets		3,125,326	2,403,747
<i>Total non-current assets</i>		<u>71,322,834</u>	<u>60,686,641</u>
<i>Total assets</i>		<u>376,150,010</u>	<u>281,670,980</u>

**SCOTT Sports SA, Givisiez**

**BALANCE SHEET**  
(Currency - CHF)

	Notes	<u>30 September 2016</u>	<u>30 September 2015</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Trade accounts payable	2.5	110,198,113	88,839,097
<b>SHORT-TERM LIABILITIES :</b>			
Short-term interest bearing liabilities			
- Bank borrowings	2.6	137,976,855	89,136,197
- Loans due to shareholder		10,215,932	-
- Current portion of bank mortgages	3.3	94,669	595,768
- Current portion of notes payable		631,400	2,631,400
Other short-term liabilities due to third parties		6,328,659	2,127,755
Accrued expenses and deferred income	2.7	9,542,475	15,087,332
Short-term provisions	2.8	-	1,169,000
<i>Total short-term liabilities</i>		<u>274,988,103</u>	<u>199,586,549</u>
<b>LONG-TERM LIABILITIES :</b>			
Long-term interest-bearing liabilities			
- Payables due to shareholder		52,935,994	27,870,000
- Notes payable		-	631,400
- Bank mortgages	3.3	807,500	1,553,823
Provisions	2.8	2,296,000	2,296,000
<i>Total long-term liabilities</i>		<u>56,039,494</u>	<u>32,351,223</u>
<b>SHAREHOLDER'S EQUITY :</b>			
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		40,733,208	33,589,614
- (Loss) / profit for the year		(4,610,795)	7,143,594
<i>Total shareholder's equity</i>		<u>45,122,413</u>	<u>49,733,208</u>
<i>Total liabilities and shareholder's equity</i>		<u>376,150,010</u>	<u>281,670,980</u>



**SCOTT Sports SA, Givisiez**

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

		<b>from 1 October 2015 to 30 September 2016 (12 months)</b>	<b>from 1 September 2014 to 30 September 2015 (13 months)</b>
Revenue from sales of goods		517,817,710	485,280,631
Other operating income		2,344,073	-
Cost of sales	2 10	(412,600,590)	(403,340,297)
<i>Gross profit</i>		<u>107,561,193</u>	<u>81,940,334</u>
Administrative expenses		(37,769,504)	(32,092,076)
Selling and marketing expenses		(65,744,073)	(55,806,655)
<i>Operating expenses</i>		<u>(103,513,577)</u>	<u>(87,898,731)</u>
<i>Operating result</i>		<u>4,047,616</u>	<u>(5,958,397)</u>
Financial income	2.11	15,254,881	21,177,021
Financial expense	2.12	(9,441,117)	(7,073,931)
Non-operating income	2.13	973,943	703,107
Non-operating expenses	2.14	(15,347,500)	(100,859)
<i>(Loss) / profit for the year before taxes</i>		<u>(4,512,177)</u>	<u>8,746,941</u>
Direct taxes		(98,618)	(1,603,347)
<i>(Loss) / profit for the year</i>		<u>(4,610,795)</u>	<u>7,143,594</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 Financial year**

In 2016, the financial year is based on a twelve-month period from October 1, 2015 to September 30, 2016. In 2015, the Company changed its fiscal year from August 31 to September 30, and hence the comparative financial year was based on a thirteen-month period. Thus the information provided is not fully comparable.

**1.1.3 Accounting policies**

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

***First adoption of the new accounting law***

The financial statements as at September 30, 2016 were established for the first time according to the principles of the Swiss Law on Accounting and Financial Reporting. To ensure the comparability of information, certain line items of the comparative figures have been reclassified to conform to the presentation used in 2016.

The first adoption has not resulted in a change in measurement principles except for investments for which an individual valuation is applied.

**(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.

## Notes

**(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	6 years
• Patents	5 years
• Software	3 years

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

**(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, 2016.

**(h) Leases**

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as

**Notes**

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**1.1.4 Forgoing 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	
	<b>2016</b>	<b>2015</b>
Receivables from third parties	54,358,582	52,466,925
Valuation adjustment	(5,429,099)	(4,877,305)
Receivables from group companies	50,135,764	31,817,647
Valuation adjustment	(1,948,643)	(378,671)
<b>Total</b>	<b>97,116,604</b>	<b>79,028,596</b>

**2.2 Inventories**

	In CHF	
	<b>2016</b>	<b>2015</b>
Finished goods	155,773,649	104,178,541
Valuation adjustment	(15,608,520)	(34,489,654)
<b>Total</b>	<b>140,165,129</b>	<b>69,688,887</b>

**2.3 Financial assets**

	In CHF	
	<b>2016</b>	<b>2015</b>
Long term group receivable	19,320,000	19,430,000
Valuation Adjustment from group companies	(1,932,000)	(1,943,000)
Loan to group companies	20,792,366	-
Investments with an ownership of less than 20%	110,094	114,708
<b>Total</b>	<b>38,290,460</b>	<b>17,601,708</b>

## Notes

## 2.4 Investments

Subsidiaries Company name, domicile	Share Capital in I.c.	Voting and capital rights in %	In CHF	
			2016	2015
S.P.F. S.p.A., Aosta, Italy	EUR 1'074'000 (same in 2015)	100 (same in 2015)	788,635	3,600,000
Scott Sports AB, Uppsala, Sweden	SEK 500'000 (same in 2015)	100 (same in 2015)	2,535,450	2,535,450
Scott Italia S.r.l., Albino, Italy	EUR 100'000 (same in 2015)	88 (81 in 2015)	3,034,593	2,618,105
BERGAMONT Fahrrad Vertrieb GmbH, Hamburg, Germany	EUR 125'000 (same in 2015)	100 (same in 2015)	4,871,517	17,000,000
			<b>11,230,195</b>	<b>25,753,555</b>

In December 2015, 7% of Scott Italia S.r.l. have been purchased by Scott Sports SA from Acerbis Italia S.p.A. for CHF 606'556. The remaining 12% will be acquired in December 2016 (6%) and in December 2017 (6%).

In 2016 impairment losses on investments were recognized in Non-operating expenses for a total amount of CHF 15'129'916 as follow:

	In CHF	
	2016	2015
BERGAMONT Fahrrad Vertrieb GmbH	(12,128,483)	-
S.P.F. S.p.A.	(2,811,365)	-
Scott Italia S.r.l.	(190,068)	-
	<b>(15,129,916)</b>	<b>-</b>

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

## 2.5 Trade accounts payable

	In CHF	
	2016	2015
Accounts payable due to third parties	96,415,228	77,872,496
Accounts payable to other group companies	11,176,970	10,966,601
Amounts payable due to shareholders	2,605,915	-
<b>Total</b>	<b>110,198,113</b>	<b>88,839,097</b>

## Notes

**2.6 Bank borrowings**

A new 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, 2016, the Company had CHF 137'976'855 (2015: CHF 89'136'197) outstanding out of which 95'530'800 (2015: CHF 34'931'000) under its credit agreements.

	In CHF	
	2016	2015
Total credit line available	224,000,000	220,000,000
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	24,000,000	17,000,000
Credit facility for new building (under conditions)	40,000,000	30,000,000
Including term borrowings for future investment (under conditions)	-	13,000,000

**2.7 Accrued expenses and deferred income**

	In CHF	
	2016	2015
Accrued unrealized losses on forward exchange rate contracts	256,913	1,967,601
Other accrued expenses and deferred income	8,775,728	12,622,618
Pension scheme liabilities	509,834	497,113
<b>Total</b>	<b>9,542,475</b>	<b>15,087,332</b>

As at September 30, 2016, the Company had foreign exchange contracts for a total value of CHF 118.0 million (2015: CHF 119.6 million). The Company has unrealized gains relating to these contracts of CHF 2'126'742 and unrealized losses of CHF 256'913 as at September 30, 2016 (2015: unrealized gains of CHF 1'056'860 and unrealized losses of CHF 1'967'601). 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**

The risk on open litigations mainly concerns a distributor and tax and regulatory authorities. At September 30, 2016, the provision is of CHF 2'296'000 (2015: CHF 3'465'000).

**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 Royalties**

Cost of sales includes royalties to Scott USA, Ltd for CHF 7'009'321 for the year ended September 30, 2016 (2015: CHF 6'969'267).

## Notes

**2.11 Financial income**

	In CHF	
	2016	2015
Foreign exchange gains	5,370,563	2,307,687
Foreign exchange gains on swaps and forwards, net	8,862,804	18,357,890
Interest income	1,021,514	511,444
<b>Total</b>	<b>15,254,881</b>	<b>21,177,021</b>

**2.12 Financial expense**

	In CHF	
	2016	2015
Foreign exchange losses	(4,885,466)	(3,214,123)
Interest expenses	(4,473,141)	(3,859,808)
Translation difference	(82,510)	-
<b>Total</b>	<b>(9,441,117)</b>	<b>(7,073,931)</b>

**2.13 Non-operating income**

Non-operating income consists of rental income for CHF 902'523 (2015: CHF 703'107) and gain made on sales of fixed assets CHF 71'420 (2015: nil).

**2.14 Non-operating expenses**

Non-operating expenses consists mainly of impairment losses on investments for CHF 15'129'916 (2015: nil).

**2.15 Personnel expenses**

	In CHF	
	2016	2015
Personnal expenses included in cost of sales	2,036,310	1,697,479
Personnal expenses included in administrative expenses	11,820,728	10,389,547
Personnal expenses included in selling and marketing expenses	21,886,011	19,090,426
<b>Total</b>	<b>35,743,049</b>	<b>31,177,452</b>

**2.16 Depreciation and amortisation**

	In CHF	
	2016	2015
Depreciation and amortisation included in cost of sales	4,159,098	4,593,991
Depreciation included in administrative expenses	1,325,102	1,184,773
Depreciation included in selling and marketing expenses	362,463	308,793
<b>Total</b>	<b>5,846,663</b>	<b>6,087,557</b>



## Notes

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

	In CHF	
	2016	2015
Total net release of hidden reserves	(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 902'169 (2015: CHF 1'199'591 ) is secured by the building and land in France to the extent of CHF 2'355'363 (2015: CHF 2'506'997) (net book value). The repayment of the mortgage is scheduled in installments of CHF 94'669 per year (2015: CHF 295'768).

The bank mortgages on the building in Switzerland have been fully repaid in April 2016 (2015: CHF 950'000). Last year these bank mortgages were secured by the building and land in Switzerland to the extent of CHF 5'106'912.

**3.4 Collateral and guarantees for third party liabilities**

- There is no open irrevocable standby letter of credit issued at September 30, 2016 (2015: nil).
- SCOTT Sports SA has open guarantees amounting to CHF 2'504'440 (2014: CHF 2'309'007) 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 1.3 million (2015: CHF 1.8 million) for a distribution warehouse.

## Notes

**3.5 Residual amount of leasing obligations**

At September 30, 2016, the company had lease commitments that were not recorded on the balance sheet for a total of CHF 2'143'322 (2015: CHF 1'818'836). 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	
	2016	2015
Up to 1 year	1,109,970	1,121,239
1 - 5 year	1,033,352	697,596
More than 5 years	-	-
	<u>2,143,322</u>	<u>1,818,836</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, 2016 (see note 2.4).

<b>Proposed Appropriation of Available Earnings</b>	<b>2016</b>
	In CHF
Retained earnings brought forward	40,733,208
Net profit or loss for the year	(4,610,795)
Available earnings	<u>36,122,413</u>

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

To be carried forward	<u>36,122,413</u>
	<u>36,122,413</u>

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