
Ruths Hotel A/S

Hans Ruths Vej 1, DK-9990 Skagen

Annual Report for 1 January - 31 December 2015

CVR No 11 81 09 85

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/5 2016

Jens Kofoed Stadum
Chairman



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ruths Hotel A/S for the financial year 1 January - 31 December 2015.

The Annual Report is 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 at 31 December 2015 of the Company and of the results of the Company operations and cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Skagen, 16 February 2016

Executive Board

Peter Christian Jensen

Board of Directors

Jens Kofoed Stadum
Chairman

M.A.A Alfred Hansen

Ingrid Baltzer Sørensen

Mark Philip Sørensen

Jonathon Bond

Dorte Krak

Independent Auditor's Report on the Financial Statements

To the Shareholders of Ruths Hotel A/S

Report on the Financial Statements

We have audited the Financial Statements of Ruths Hotel A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, cash flow statement, notes and summary of significant accounting policies. 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit 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 internal control relevant to the Company'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 Company'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 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Report on Other Legal and Regulatory Requirements

Other Matter

Contrary to section 210 of the Danish Companies Act, a loan has been granted to a Board of Directors member. The loan has subsequently been paid. Management may incur liability.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aalborg, 16 February 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Marianne Fog Jørgensen

State Authorised Public Accountant

Company Information

The Company

Ruths Hotel A/S
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DK-9990 Skagen

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Website: www.ruths-hotel.dk

CVR No: 11 81 09 85
Financial period: 1 January - 31 December
Incorporated: 1 January 1988
Financial year: 28th financial year
Municipality of reg. office: Frederikshavn

Board of Directors

Jens Kofoed Stadum, Chairman
M.A.A Alfred Hansen
Ingrid Baltzer Sørensen
Mark Philip Sørensen
Jonathon Bond
Dorte Krak

Executive Board

Peter Christian Jensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK-9000 Aalborg

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
Key figures					
Profit/loss					
Gross profit/loss	20.065	19.240	18.192	17.093	14.783
Operating profit/loss	524	-18	-89	-2.245	-5.501
Profit/loss before financial income and expenses	844	501	418	-796	-4.618
Net financials	63	92	95	115	130
Net profit/loss for the year	906	593	513	-245	-3.839
Balance sheet					
Balance sheet total	99.431	98.760	96.941	95.654	96.334
Equity	93.650	92.743	92.150	91.637	91.882
Cash flows					
Cash flows from:					
- operating activities	1.875	2.943	3.529	-1.014	-3.346
- investing activities	-2.541	-2.099	-1.934	-660	-998
- financing activities	-19	19	0	0	10.000
Change in cash and cash equivalents for the year	-685	863	1.595	-1.674	5.656
Number of employees	42	47	47	46	50
Ratios					
Return on assets	0,8%	0,5%	0,4%	-0,8%	-4,8%
Solvency ratio	94,2%	93,9%	95,1%	95,8%	95,4%
Return on equity	1,0%	0,6%	0,6%	-0,3%	-4,3%

Management's Review

The Annual Report of Ruths Hotel A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The Company's business is running hotel and catering trade, own and administer real property as well as other business related to this in the Board of Directors' opinion.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK 906,374, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 93,649,588.

Targets and expectations for the year ahead

A profit before tax for the year of DKK 899k was expected and a profit before tax of DKK 906k was realized. This is satisfactory.

The goal is still to adjust the business positively whereby the level of expenses are adjusted to the level of sales. In 2016 a positive result of DKK 871k before tax is expected.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2015 DKK	2014 DKK
Gross profit/loss		20.065.341	19.239.952
Staff expenses	1	-17.132.467	-16.973.913
Depreciation and impairment of property, plant and equipment	2	-2.086.170	-1.761.511
Other operating expenses		-3.034	-3.034
Profit/loss before financial income and expenses		843.670	501.494
Financial income	3	70.260	99.045
Financial expenses	4	-7.556	-7.056
Profit/loss for the year		906.374	593.483
Tax on profit/loss for the year	5	0	0
Net profit/loss for the year		906.374	593.483

Distribution of profit

Proposed distribution of profit

Retained earnings	906.374	593.483
	906.374	593.483

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 DKK
Land and buildings		82.205.182	82.570.918
Other fixtures and fittings, tools and equipment		3.559.998	2.746.010
Property, plant and equipment	6	85.765.180	85.316.928
Fixed assets		85.765.180	85.316.928
Inventories		908.739	942.568
Trade receivables		1.088.199	910.451
Receivables from group enterprises		0	6.441
Other receivables		2.370.107	1.736.612
Receivable from shareholders and Board of Directors	7	163.346	119.675
Prepayments	8	110.551	17.596
Receivables		3.732.203	2.790.775
Cash at bank and in hand		9.024.683	9.710.002
Currents assets		13.665.625	13.443.345
Assets		99.430.805	98.760.273

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		16.500.000	16.500.000
Retained earnings		77.149.588	76.243.215
Equity	9	93.649.588	92.743.215
Prepayments received from customers		243.250	205.117
Trade payables		1.401.383	1.455.987
Payables to group enterprises		0	19.441
Other payables		1.340.671	1.981.394
Deferred income	10	2.795.913	2.355.119
Short-term debt		5.781.217	6.017.058
Debt		5.781.217	6.017.058
Liabilities and equity		99.430.805	98.760.273
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership	12		

Cash Flow Statement 1 January - 31 December

	Note	2015 DKK	2014 DKK
Net profit/loss for the year		906.374	593.483
Adjustments	13	2.029.838	1.669.522
Change in working capital	14	-1.123.998	587.728
Cash flows from operating activities before financial income and expenses		1.812.214	2.850.733
Financial income		70.260	99.045
Financial expenses		-7.558	-7.054
Cash flows from operating activities		1.874.916	2.942.724
Purchase of property, plant and equipment		-2.540.795	-2.099.008
Cash flows from investing activities		-2.540.795	-2.099.008
Repayment of payables to group enterprises		-19.440	19.440
Cash flows from financing activities		-19.440	19.440
Change in cash and cash equivalents		-685.319	863.156
Cash and cash equivalents at 1 January		9.710.002	8.846.846
Cash and cash equivalents at 31 December		9.024.683	9.710.002
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9.024.683	9.710.002
Cash and cash equivalents at 31 December		9.024.683	9.710.002

Notes to the Annual Report

	2015	2014
	DKK	DKK
1 Staff expenses		
Wages and salaries	15.411.135	15.166.769
Pensions	778.923	767.619
Other social security expenses	403.450	390.046
Other staff expenses	538.959	649.479
	17.132.467	16.973.913
Including remuneration to the Executive Board and Board of Directors	1.681.347	1.607.028
Average number of employees	42	47
2 Depreciation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	2.086.170	1.761.511
	2.086.170	1.761.511
3 Financial income		
Other financial income	70.260	99.045
	70.260	99.045
4 Financial expenses		
Other financial expenses	7.556	7.056
	7.556	7.056
5 Tax on profit/loss for the year		
Current tax for the year	3.139.906	2.520.594
Adjustment of deferred tax concerning previous years	-3.139.906	-2.520.594
	0	0

Notes to the Annual Report

6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
Cost at 1 January	110.979.248	20.914.022	131.893.270
Additions for the year	718.789	1.822.006	2.540.795
Disposals for the year	0	-62.467	-62.467
Cost at 31 December	<u>111.698.037</u>	<u>22.673.561</u>	<u>134.371.598</u>
Impairment losses and depreciation at 1 January	28.408.330	18.168.012	46.576.342
Depreciation for the year	1.084.525	1.001.646	2.086.171
Impairment and depreciation of sold assets for the year	0	-56.095	-56.095
Impairment losses and depreciation at 31 December	<u>29.492.855</u>	<u>19.113.563</u>	<u>48.606.418</u>
Carrying amount at 31 December	<u>82.205.182</u>	<u>3.559.998</u>	<u>85.765.180</u>
Depreciated over	<u>20-50 years</u>	<u>5 years</u>	

7 Receivable from shareholders and Board of Directors

	Board of Directors
	DKK
Amount receivable on the balance sheet date	<u>163.346</u>
Loan repaid during the year	<u>0</u>
Interest added for the year	<u>0</u>
The loan immediately falls due for payment and currently carries interest with	<u>0%</u>

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Annual Report

9 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	16.500.000	76.243.214	92.743.214
Net profit/loss for the year	0	906.374	906.374
Equity at 31 December	16.500.000	77.149.588	93.649.588

The share capital consists of 16,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2015	2014	2013	2012	2011
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	16.500.000	16.500.000	16.500.000	16.500.000	16.000.000
Capital increase	0	0	0	0	500.000
Capital decrease	0	0	0	0	0
Share capital at 31 December	16.500.000	16.500.000	16.500.000	16.500.000	16.500.000

10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Annual Report

	<u>2015</u> DKK	<u>2014</u> DKK
11 Contingent assets, liabilities and other financial obligations		
Security		
The following assets have been placed as security with bankers:		
Mortgage deeds registered to the mortgagor, providing security in buildings at a total carrying amount of	<u>11.500.000</u>	<u>11.500.000</u>

Contingent assets

The company has a non capitalized tax asset. As at 31 December 2015 this amounts to DKK 24,293,490 (2014: DKK 24,523,912).

Contingent liabilities

The Company has tenancy agreements which, at the earliest, can be terminated within 6-12 months. The rent during the vesting period is DKK 271k.

The Group's Danish enterprises are joint and severally liable for the tax of the Group's jointly taxed income etc. The total amount for due corporation tax is disclosed in the annual report for AHK nr. 206 ApS which is the administration company in relation to the joint taxation.

12 Related parties and ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Skagen Conscience Capital Limited, Farncombe House, Farncombe, Broadway, WR12 7LJ Worcestershire, United Kingdom

Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	DKK	DKK
13 Cash flow statement - adjustments		
Financial income	-70.260	-99.045
Financial expenses	7.556	7.056
Depreciation and impairment losses, including losses and gains on sales	<u>2.092.542</u>	<u>1.761.511</u>
	<u>2.029.838</u>	<u>1.669.522</u>
14 Cash flow statement - change in working capital		
Change in inventories	33.828	11.119
Change in receivables	-941.426	-464.027
Change in trade payables, etc	<u>-216.400</u>	<u>1.040.636</u>
	<u>-1.123.998</u>	<u>587.728</u>

Accounting Policies

Basis of Preparation

Financial Statements of Ruths Hotel A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Accounting Policies

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from sale is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets. The residual value of buildings is 40 %. Land is not depreciated.

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5 years

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accounting Policies

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Accounting Policies

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses as well as provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$