

Shimano Nordic Denmark ApS
Søndre Ringvej 49 C
2605 Brøndby

Shimano Nordic Denmark ApS

Annual report 2015

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

on May 31 2016

chairman



CVR no. 35 14 02 98

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Accounting policies	7
Income statement	11
Balance sheet	12
Notes	14

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Shimano Nordic Denmark ApS for the financial year 1 January – 31 December 2015.

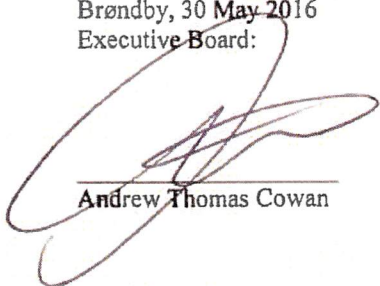
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

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

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

Brøndby, 30 May 2016
Executive Board:

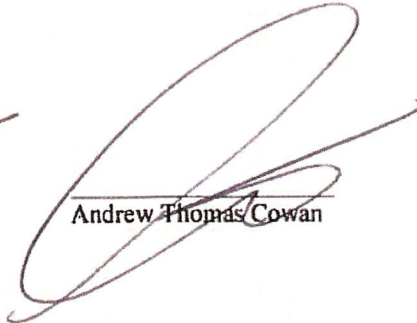


Andrew Thomas Cowan

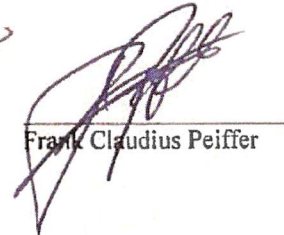
Board of Directors:



Johannes Cornelis Maria
van Rooij



Andrew Thomas Cowan



Frank Claudius Peiffer



Independent auditor's report

To the shareholders of Shimano Nordic Denmark ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Shimano Nordic Denmark ApS for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet 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 that 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 as to 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 judgement, 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 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 assets, liabilities and financial position at 31 December 2015 and of the results of the Company's activities for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter regarding matters in the financial statements

The Company has lost its share capital. Reference is made to note 1 for a detailed description of the letter of support that the Company has received from its parent company.

Based on this, Management has chosen to present the annual report under the going concern assumption.



Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the financial statements.

Copenhagen, 30 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab

A handwritten signature in blue ink, appearing to read 'M. Høgh-Petersen', with a long horizontal flourish extending to the right.

Morten Høgh-Petersen
State Authorised
Public Accountant

Management's review

Company details

Shimano Nordic Denmark ApS
Søndre Ringvej 49 C
2605 Brøndby

CVR no.: 35 14 02 98
Established: 11 March 2013
Registered office: Brøndby
Financial year: 1 January – 31 December

Board of Directors

Andrew Thomas Cowan

Executive Board

Johannes Cornelis Maria van Rooij
Andrew Thomas Cowan
Frank Claudius Peiffer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 30 May 2016.

Management's review

Operating review

Principal activities

The Company's activity comprises trade with bicycles, sports goods, etc.

Description of significant changes to the Company's activities

The Company has realised a loss of 236 thousand. The loss is considered unsatisfactory.

The Company has lost its share capital. The Company expects to be able to re-establish its capital through future positive results within a few years.

The parent company has issued a letter of support to the Company in which the parent company states that liquidity will be made available to the Company to the extent required and at least for the next 12 months.

Events after the balance sheet date

No events have occurred after the balance sheet date that may significantly affect the Company's financial position at 31 December 2015.

Financial statements 1 January – 31 December

Accounting policies

The annual report of Shimano Nordic Denmark ApS for 2015 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year, with minor changes to comparison figures.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods and finished goods, comprising the sale of bicycles and sports goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense and gains and losses on transactions denominated in foreign currencies.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets comprise distribution rights.

Distribution rights are on initial recognition measured at cost.

Distribution rights are measured at cost less accumulated amortisation. Distribution rights are amortised over 7 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

Accounting policies

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Vehicles	3-5 years
Tools and equipment	3-5 years

Gains and losses on the disposal of equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

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

Financial statements 1 January – 31 December

Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2015	2014
Gross profit/loss		4,419	4,969
Staff costs	2	-3,967	-4,408
Depreciation of intangible assets and equipment		-453	-435
Ordinary operating profit/loss		-1	126
Financial income	3	372	11
Financial expenses	4	-607	-136
Profit/loss before tax		-236	1
Tax on profit/loss for the year		0	0
Profit/loss for the year		-236	1
Proposed profit appropriation/distribution of loss			
Proposed dividends for the financial year		0	0
Retained earnings		-236	1
		-236	1

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets			
Distribution rights	5	757	922
		<u>757</u>	<u>922</u>
Property, plant and equipment			
Tools equipment and furniture	6	631	828
		<u>631</u>	<u>828</u>
Financial assets			
Deposits		197	197
		<u>197</u>	<u>197</u>
Total non-current assets		<u>1,585</u>	<u>1,947</u>
Current assets			
Inventories			
Finished goods and goods for resale		884	223
		<u>884</u>	<u>223</u>
Receivables			
Trade receivables		11,151	5,475
Receivables from group entities		132	620
Deferred tax		585	585
Other receivables		266	0
Prepayments		112	0
		<u>12,246</u>	<u>6,680</u>
Cash at bank and in hand		2,828	781
		<u>15,958</u>	<u>7,684</u>
Total current assets		<u>15,958</u>	<u>7,684</u>
TOTAL ASSETS		<u>17,543</u>	<u>9,631</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2015	2014
EQUITY AND LIABILITIES			
Equity			
Share capital		80	80
Retained earnings		-2,357	-2,121
Total equity	7	-2,277	-2,041
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		22	252
Payables to group entities		16,464	8,975
Other payables		3,334	2,445
		19,820	11,672
Total liabilities other than provisions		19,820	11,672
TOTAL EQUITY AND LIABILITIES		17,543	9,631
Disclosure of material uncertainties regarding going concern			
	1		
Contingent liabilities	8		
Related parties	9		

Financial statements 1 January – 31 December

Notes

1 Cash resources and financing

The Company has a negative equity of DKK -2,277 thousand and has lost its share Capital.

The Company expects to be able to re-establish its share capital through future positive results within a few years.

The parent company has issued a letter of support to the Company in which the parent Company states that liquidity will be made available to the Company to the extent required and at least for the next 12 months.

DKK'000	2015	2014
2 Staff costs		
Wages and salaries	3,813	4,033
Pensions	260	197
Other social security costs	-106	177
	<u>3,967</u>	<u>4,407</u>
3 Financial income		
Foreign exchange gains	372	11
	<u>372</u>	<u>11</u>
4 Financial expenses		
Interest expense to group entities	63	61
Foreign exchange losses	530	10
Other interest expense	14	65
	<u>607</u>	<u>136</u>

Financial statements 1 January – 31 December

Notes

5 Intangible assets	Distribution rights
DKK'000	
Cost at 1 January 2015	1,156
Additions	0
Cost at 31 December 2015	1,156
Depreciation at 1 January 2015	234
Depreciation	165
Depreciation at 31 December 2015	399
Carrying amount at 31 December 2015	757
6 Equipment	Tools, equipment & furniture
DKK'000	
Cost at 1 January 2015	1,212
Additions	91
Cost at 31 December 2015	1,303
Depreciation at 1 January 2015	384
Depreciation	288
Depreciation and impairment losses at 31 December 2015	672
Carrying amount at 31 December 2015	631

Financial statements 1 January – 31 December

Notes

7 Equity

	Share capital	Retained earnings	Total
Balance at 1 January 2015	80	-2,121	-2,041
Result for the year	0	-236	-236
Balance at 31 December 2015	80	-2,357	-2,277

There has been no movement on the share capital since the founding of the Company.

8 Contingent liabilities

The Company has a lease obligation with a contractual lease cost in the termination period of DKK 1,896 thousand.

9 Related party transactions

Shimano Nordic Denmark ApS' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Shimano Nordic Cycle AB

Related party transactions

The consolidated financial statements of Shimano Nordic Cycle AB can be obtained at the following address:

Shimano Nordic Cycle AB
Box 177
751 04 Uppsala
Sweden