

Ridgid Scandinavia A/S
Drejergangen 3 C, 1.th.
2690 Karlslunde
Denmark

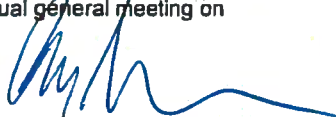
CVR no. 70 69 90 28

**Annual report for the period 1 October 2015 – 30 September
2016**

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

10 January 2017

Peter Kim Ketelsen
chairman



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 October – 30 September	
Income statement	8
Balance sheet	9
Notes	11

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 Ridgid Scandinavia A/S for the financial year 1 October 2015 – 30 September 2016.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.


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

Karlsunde, 10 January 2017

Executive Board:


Michael Poulsen

Board of Directors:


Peter Kim Ketelsen
Chairman


Michael Poulsen


Marc Vandeveld



Independent auditor's report

To the shareholder of Ridgid Scandinavia A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Ridgid Scandinavia A/S for the financial year 1 October 2015 – 30 September 2016. The financial statements comprise income statement, balance sheet and notes, including a 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 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 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.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to 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, 10 January 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Kenn W. Hansen', is written over a light blue circular stamp that is partially visible.

Kenn W. Hansen
State Authorised
Public Accountant

Ridgid Scandinavia A/S
Annual report 2015/16
CVR no. 70 69 90 28

Management's review

Company details

Ridgid Scandinavia A/S
Drejergangen 3 C, 1.th.
2690 Karlslunde
Denmark

Telephone: +45 80 88 73 55

CVR no.: 70 69 90 28

Established: 3 January 1964

Registered office: Greve

Financial year: 1 October – 30 September

Board of Directors

Peter Kim Ketelsen, Chairman
Michael Poulsen
Marc Vandevelde

Executive Board

Michael Poulsen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 10 January 2017.

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures					
Gross profit/loss	21,057	20,889	22,187	22,972	24,847
Ordinary operating profit/loss	13,649	13,503	14,872	16,156	18,503
Net financials	2	8	9	9	34
Profit/loss for the year	10,519	10,222	11,197	12,083	13,918
Total assets	28,315	27,515	27,397	26,197	28,370
Equity	14,610	14,091	13,869	13,672	15,589
Ratios					
Equity ratio	51.6%	51.2%	50.6%	52.2%	54.9%
Return on equity	73.3%	73.1%	81.3%	82.6%	86.3%
Average number of full-time employees	11	11	11	10	10

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios stated in the survey of financial highlights have been calculated as follows:

Equity ratio $\text{Equity at year end} \times 100 / \text{Total equity and liabilities at year end}$

Return on equity $\text{Profit for the year} \times 100 / \text{Average equity}$

Management's review

Operating review

Principal activities

The Company's business consists of marketing and sale of tools in the Nordic and Baltic countries. The products comprise power tools, machines and TV inspection.

Development in activities and financial position

The profit for the year amounted to DKK 10,519 thousand (2014/15: DKK 10,222 thousand). Management considers the profit for the year as satisfactory.

Equity at 30 September 2016 amounted to DKK 14,610 thousand (2014/15: DKK 14,091 thousand).

Events after the balance sheet date

No major events have taken place subsequent to year end which are deemed to significantly affect the evaluation of the financial statements for 2015/16.

Outlook

Management expects a minor increase in revenue and profit for the coming financial year compared to 2015/16.

General risks

The Company's main operating risk relates to its ability to maintain a strong position in the main markets. In addition, it is important for the Company to remain at the leading edge through offering of new products. The Company ensures this through major development in activities in other companies of the Group.

Financial risks

As a consequence of its financial resources, the Company's exposure to changes in the interest rate level is limited.

Currency risks

The Company invoices in DKK and EUR. Purchases of goods are made in DKK.

Credit risks

The Company is not exposed to significant risk in relation to individual customers or partners. The Company's credit risk policy dictates that all major customers and other partners are subject to regular credit checks.

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2015/16	2014/15
Gross profit		21,057	20,889
Staff costs	2	-7,358	-7,344
Depreciation		-50	-42
Operating profit		13,649	13,503
Financial income	3	9	8
Financial expenses		-7	0
Profit before tax		13,651	13,511
Tax on profit for the year	4	-3,132	-3,289
Profit for the year		10,519	10,222
Proposed profit appropriation			
Proposed dividend for the financial year		10,000	10,000
Retained earnings		519	222
		10,519	10,222

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Property, plant and equipment	5		
Fixture and fittings, tools and equipment		49	64
Leasehold improvements		2	11
		<u>51</u>	<u>75</u>
Investments			
Deposits		249	242
		<u>249</u>	<u>242</u>
Total non-current assets		<u>300</u>	<u>317</u>
Current assets			
Inventories			
Goods for resale		1,930	2,030
		<u>1,930</u>	<u>2,030</u>
Receivables			
Trade receivables	6	8,810	7,280
Receivables from group entities		16,773	17,578
Other receivables		37	43
Deferred tax asset		12	7
Prepayments		450	257
		<u>26,082</u>	<u>25,165</u>
Cash at bank and in hand		<u>3</u>	<u>3</u>
Total current assets		<u>28,015</u>	<u>27,198</u>
TOTAL ASSETS		<u><u>28,315</u></u>	<u><u>27,515</u></u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity	7		
Share capital		500	500
Proposed dividends for the financial year		10,000	10,000
Retained earnings		4,110	3,591
Total equity		14,610	14,091
Current liabilities other than provisions			
Trade payables		473	501
Payables to group entities		7,565	7,126
Joint tax contribution payable		3,250	3,356
Other payables		2,417	2,441
		13,705	13,424
Total liabilities other than provisions		13,705	13,424
TOTAL EQUITY AND LIABILITIES		28,315	27,515
Contingent liabilities	8		
Ownership	9		

Financial statements 1 October – 30 September

Notes

1 Accounting policies

The annual report of Ridgid Scandinavia A/S for 2015/16 has been prepared 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 statement are consistent with those of last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

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.

Financial statements 1 October – 30 September

Notes

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when transfer of risk to the buyer has taken place and provided that the income can be reliably measured and is expected to be received.

Gross margin

Gross margin comprises the value of revenue less cost of sales directly attributable to the the sale and other external costs.

Financial income and expenses

Financial income and expenses comprise interest and realised and unrealised foreign exchange adjustments.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Damcos Holding A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 October – 30 September

Notes

Property, plant and equipment

Fixtures and fittings and leasehold improvements 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 when the asset is available for use.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Tools and equipment	3-5 years
Leasehold improvements	10 years

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.

Provisions are made for obsolete and slow-moving items

Prepayments

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

Receivables

Receivables are measured at amortised cost.

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

Financial statements 1 October – 30 September

Notes

Equity

Equity dividend

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.

Corporation tax and deferred tax

Under the joint taxation rules, the Company's liabilities in respect of the tax authorities for the corporation tax is settled concurrently with the payment of the joint taxation contributions to the administrative company.

Current tax payable and receivable is recognised in the balance sheet in separate balance sheet items.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

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. Any deferred net assets are measured at net realisable value.

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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are measured at amortized cost which normally corresponds to net realisable value.

2 Staff costs

DKK'000	2015/16	2014/15
Wages and salaries	6,245	6,261
Pensions	614	627
Other social security costs	499	456
	<u>7,358</u>	<u>7,344</u>
Average number of full-time employees	<u>11</u>	<u>11</u>

Financial statements 1 October – 30 September

Notes

3 Financial income

DKK'000	2015/16	2014/15
Interest income from group entities	9	8
	9	8

4 Tax on profit for the year

DKK'000	2015/16	2014/15
Joint tax contribution	-3,113	-3,356
Adjustment of income tax from previous year	-24	-11
Deferred tax adjustments for the year	5	78
	-3,132	-3,289

Deferred tax asset of DKK 12 thousand relates to the difference between the carrying amount and the tax base of property, plant and equipment.

5 Property, plant and equipment

DKK'000	Leasehold improvements	Fixture and fittings, tools and equipment	Total
Cost at 1 October 2015	250	227	477
Additions	0	26	26
Disposals	0	-7	-7
Cost at 30 September 2016	250	246	496
Depreciation at 1 October 2015	-239	-163	-402
Depreciation for the year	-9	-41	-50
Depreciation on disposed assets	0	7	7
Depreciation at 30 September 2016	-248	-197	-445
Carrying amount at 30 September 2016	2	49	51

6 Receivables

Receivables from group enterprises is part of the Emerson Group cash pool.

Financial statements 1 October – 30 September

Notes

7 Equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 October 2015	500	3,591	10,000	14,091
Dividend paid	0	0	-10,000	-10,000
Transferred, profit appropriation	0	519	10,000	10,519
Equity at 30 September 2016	500	4,110	10,000	14,610

There have been no changes in the share capital during the last 5 years.

8 Contingent liabilities

DKK'000	2015/16	2014/15
Rent and lease commitments	1,974	1,946
	1,974	1,946

The Company is jointly taxed with other Danish subsidiaries of Emerson Electric Co. As a 100% owned subsidiary, the Company has joint and several unlimited liability for Danish company taxes, withholding taxes on dividends, interest and royalties within the joint taxation.

9 Ownership

Ridge Tool Europe N.V., Haasrode-Zone 2, Interleuvenlaan 50, B-3001 Leuven, Belgium, owns 100% of the share capital, and the financial statements of Ridgid Scandinavia A/S are included in the consolidated financial statements of this company.

Ridgid Scandinavia A/S is included in the consolidated financial statements of its ultimate parent, Emerson Electric Co., World Headquarters, 8000 W. Florissant Ave., P.O. Box 4100, St. Louis, MO 63136, USA. This company is listed on the stock exchange in the USA.