

**CONFIDENTIAL**  
Nederlandse Radiateuren Fabriek B.V.  
att. Board of Directors and Supervisory Board  
P.O. Box 1  
5450 AA MILL

**vwgnijhof**  
registeraccountants b.v.

**Date** May, 23, 2016  
**Ref** TVE/MLi 9629403  
**Regarding** auditor's report November 30, 2015

Dear Sirs,

We confirm our permission to include our auditor's report in the section "other information" related to the annual report of Nederlandse Radiateuren Fabriek B.V. for the year 2014/2015 as part of the annual report that equals the final draft presented to us of which an initialled copy is enclosed.

The text of our auditor's report states the name of our firm and the name of the responsible audit partner but without a handwritten signature. We kindly request you to include the text of the auditor's report without handwritten signature in the version of the annual report that will be published. We have enclosed one copy of our auditor's report with an original handwritten signature. This copy is meant for your own filing purposes. We confirm our permission to publish our auditor's report, without a handwritten signature, subject to adoption of the annual report, without modification, by the General Meeting and on the condition that filing with the Trade Register of the Chamber of Commerce takes place.

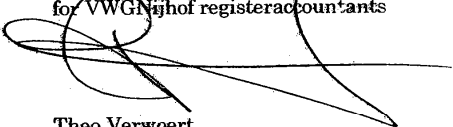
Publication of our auditor's report is only allowed together with the corresponding complete set of the annual report. If you wish to publish the annual report and our auditor's report on the Internet, it is your responsibility to ensure proper separation of the annual report from other information on the website. For example, by presenting the annual report as a separate, read-only file, or by issuing a warning if readers switch from the web page containing the annual report ("You are now leaving the secure page containing the audited annual report.").

A copy of the annual report is to be signed by the Management Board and by the Supervisory Board and should be presented to the shareholders. The annual report should be adopted by the General Meeting and adoption should be recorded in the minutes. If prior to the General Meeting circumstances arise that require a modification to the annual report, please note that under Section 2:362 sub 6 and Section 2:392 sub 1g of the Dutch Civil Code such modifications should be made prior to the General Meeting. In this situation, of course, we withdraw our permission granted above.


The annual report needs to be filed with the Trade Register of the Chamber of Commerce no later than 8 days after adoption by the General Meeting. To prevent the abuse of signatures we recommend to have one copy of the documents signed by management and by the supervisory board for your files and to file a version without handwritten signatures with the Trade Register of the Chamber of Commerce. The date of adoption by the General Meeting must be recorded on the documents that are published with the Trade Register of the Chamber of Commerce. Please note that it's legally required to file the annual report with the Trade Register of the Chamber of Commerce and non-compliance is an offence punishable by law. In certain situations by not complying with the publication requirements could even lead to personal liability for management and for the supervisory board.

Furthermore, please note that, as per the date on which a dividend is made payable, the Management Board is required to assess, with due observance of the information then available, whether the company will, following dividend payments, be able to continue to pay its exigible debts. Should dividends be paid and the company turn out at a later stage, following and owing to the dividend payments, to be unable to continue to pay its exigible debts, the Management Board may be held jointly and severally liable for payment to the company of the deficit created by the dividend payments if they knew or should have foreseen at the time when the dividend was made payable that such situation would arise owing to the dividend payments.

Yours sincerely,  
for VWG Nijhof register accountants

  
Theo Verwoert  
(external auditor)

Annexes: - annual report 2014/2015  
- Audit report was signed  
- Audit report signed

Initialed for identification purposes: 

Berg en Dalseweg 105 | Postbus 1074 | 6501 BB Nijmegen | T. 024 - 365 09 65

## INDEPENDENT AUDITOR'S REPORT

To: Nederlandse Radiateuren Fabriek B.V.  
att. Board of Directors and Supervisory Board

**vwgnijhof**

registeraccountants b.v.

### *Report on the financial statements*

We were engaged to audit the accompanying financial statements for the year ended 30 November 2015 of Nederlandse Radiateuren Fabriek B.V., Mill, which comprise the balance sheet as at 30 November 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. Due to the matter described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements as a whole. However, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the balance sheet as at 30 November 2015, and the notes thereto.

### *Basis for disclaimer of opinion*

We have been unable to form an opinion to the annual report as a whole, because of:

- the fact that no physical stocktaking took place as per November 30, 2015, the quantity of the inventories presented in the balance sheet of the company (€ 13.803.000) could not be audited by us anymore.
- the subsidiaries in France and UK didn't perform a hardclose and a related audit to the figures as per November 30, 2015. So we could not review any audit work of the local auditors and we were not able to perform a local audit. However for the mentioned subsidiaries an audit for the period December 1, 2014 up and till March 31, 2016 has been performed by the local auditors.

info.nijmegen@vwgnijhof.nl | HR 10020986 | B-connummer 126135

Op al onze diensten zijn van toepassing onze algemene voorwaarden welke zijn gedeponeerd bij de Kamer van Koophandel te Arnhem.  
Via SRA International lid van INAA GROUP (international network of accountants and auditors)

***Disclaimer of opinion with respect to the financial statements***

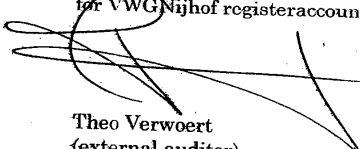
Due to the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

***Report on other legal and regulatory requirements***

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, is prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

Further we report that the management board report, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Nijmegen, May 23, 2016  
for VWG Nijhof registeraccountants

  
Theo Verwoert  
(external auditor)

2.1 Consolidated balance sheet as at November 30, 2015  
(after appropriation of result)

(Amounts x €1.000)

		<u>30.11.2015</u>	<u>30.11.2014</u>
<b>ASSETS</b>			
	<i>Reference</i>		
<b>FIXED ASSETS</b>			
Intangible fixed assets	2.4.4	208	248
Tangible fixed assets	2.4.5	5.635	5.472
Financial fixed assets	2.4.6	<u>5.735</u>	<u>5.600</u>
		11.578	11.320
<b>CURRENT ASSETS</b>			
Inventories	2.4.7	22.870	20.869
Receivables	2.4.8	15.207	15.656
Short term investments	2.4.9	115	82
Cash and bank balances	2.4.10	<u>3.379</u>	<u>4.290</u>
		41.571	40.897
<b>Total assets</b>		<u><u>53.149</u></u>	<u><u>52.217</u></u>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>			
	2.4.11	39.491	39.109
<b>PROVISIONS</b>			
	2.4.12	608	831
<b>CURRENT LIABILITIES</b>			
	2.4.13	13.050	12.277
<b>Total liabilities</b>		<u><u>53.149</u></u>	<u><u>52.217</u></u>

2.2 Consolidated profit & loss account for the period ended November 30, 2015

(Amounts x €1.000)	Reference	Dec 2014 / Nov 2015	Dec 2013 / Nov 2014
		12 months	12 months
Net turnover	2.4.15	76.752	70.810
Change in work in process		<u>-213</u>	<u>-954</u>
Operating income		76.539	69.856
Cost of raw materials and auxiliary materials		47.292	39.733
Costs of work contracted out and other external expenses		1.049	1.152
Salaries & wages	2.4.16	14.917	14.391
Social security charges		3.427	3.309
Depreciation in-/tangible fixed assets		1.016	912
Other operating costs	2.4.17	<u>6.051</u>	<u>6.448</u>
Operating costs		<u>73.752</u>	<u>65.945</u>
Operating result		2.787	3.911
Share in the result of minority participations		0	-2.350
Interest income		-364	-333
Interest expense	2.4.18	<u>20</u>	<u>47</u>
Net financial income/(expense)		<u>-344</u>	<u>-2.636</u>
Result from ordinary activities before taxation		3.131	6.547
Taxation on result from ordinary activities	2.4.19	-832	-1.095
Net result		<u><u>2.299</u></u>	<u><u>5.452</u></u>

### 2.3 Consolidated cash-flow statement

(Amounts x €1.000)	<u>Dec 2014 / Nov 2015</u>	<u>Dec 2013 / Nov 2014</u>
<u>Cash-flow from operating activities</u>		
Operating result	2.787	3.911
Adjustments for :		
Depreciation	1.016	912
Change in working capital :		
Increase/Decrease receivables	449	-1.977
Increase/Decrease inventories	-2.001	-4.011
Increase/Decrease current liabilities	773	654
Increase/Decrease provisions	-223	-67
	<u>-1.002</u>	<u>-5.401</u>
	2.801	-578
Interest income	364	333
Interest expense	-20	-47
Income tax expense	-832	-1.095
	<u>-488</u>	<u>-809</u>
Cash-flow from operating activities	2.313	-1.387
<u>Cash-flow from investment activities</u>		
Investment in tangible & intangible fixed assets	-956	-985
Disposals tangible & intangible fixed assets	-0	10
Other long term receivables/investments	-135	1.887
Increase/Decrease short term investment	-33	0
Exch. rate diff. in investments (tangible)	-183	-71
Cash-flow from investment activities	-1.307	841
<u>Cash-flow from financial activities</u>		
Share in the result of minority participations	0	2.350
Dividend to be paid	-1.275	-1.625
Interim Dividend paid	-1.000	-368
Premium reserve	92	315
Adj. for movement translation	266	112
Cash-flow from financial activities	<u>-1.917</u>	<u>784</u>
Increase/(Decrease) cash and banks	-911	238
<u>Movement in cash and cash equivalents</u>		
Opening balance of cash and cash equivalents	4.290	4.052
Increase /( decrease) cash and banks	<u>-911</u>	<u>238</u>
Closing balance of cash and cash equivalents	3.379	4.290

## 2.4 Notes to the consolidated financial statements for the year ended November 30, 2015

### 2.4.1 General

#### Group structure

On February 23rd, 2010 Banco Products limited, domiciled at Vadodara in India, purchased 100% of the Nederlandse Radiatoren Fabriek B.V. shares.

#### Activities

The principal activities of the company are the production and sale of radiator cores and complete radiators as well as heatexchange devices for shipbuilding and industry.

### 2.4.2 Principles of consolidation

The consolidated financial statements include the financial figures of Nederlandse Radiatoren Fabriek B.V. and its subsidiary group companies. The consolidation takes place according to the full consolidation method on the basis of uniform accounting principles.

#### Companies included in consolidation

The group comprises Nederlandse Radiatoren Fabriek B.V. and its subsidiary companies. A Company is considered a group company if that belongs to the economic unit of Nederlandse Radiatoren Fabriek B.V. and in which Nederlandse Radiatoren Fabriek B.V. exercises decisive control of the business and financial policies.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on Intercompany transactions are also eliminated, unless such a loss qualifies as an impairment.

Consequently, the consolidated financial statements include the financial figures of Nederlandse Radiatoren Fabriek B.V. and the following group companies:

Name	Statutory seat	Percentage of shareholding
NRF Thermal Engineering BV	Uden	100 %
NRF France SARL	Valenciennes (France)	100 %
NRF (United Kingdom) LTD.	Birmingham (England)	100 %
NRF Handelsg.m.b.H.	Vienna (Austria)	100 %
NRF Deutschland GmbH	Emmerich (Germany)	100 %
NRF España S.A.	Granada (Spain)	100 %
NRF Poland sp.z.o.o.	Gdansk (Poland)	100 %
NRF Italia S.r.l.	Prato (Italy)	100 %
NRF Switzerland AG	Urdorf (Switzerland)	100 %
NRF US Inc.	Pennsylvania (USA)	100 %

#### Application of condensed corporate profit and loss account

In respect of the profit and loss account of Nederlandse Radiatoren Fabriek B.V., use is made of article 402 Book 2 Title 9 Dutch Civil Code. Therefore, this profit and loss account is presented in condensed format.



**Cash flow statement**

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities. Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Income and expenses in respect of interest, dividends received and taxation on profits are included in the cash flow from operating activities.

### 2.4.3 Accounting principles

#### *Comparison with previous year*

The basic accounting principles remained unchanged compared to the previous year.

#### *Principles of valuation*

##### **General**

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving"). The annual accounts are prepared in Euro. Assets and liabilities are basically valued at amortized cost price, which mostly concerns the nominal value.

The entity shall apply the regime for large companies, as referred to article 2:396 of the Dutch Civil Code.

##### **Financial fixed assets**

Deferred tax assets are stated under the financial fixed assets if, and to the extent it is probable, that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

The other receivables are valued at face value after deduction of any provisions.

##### **Intangible fixed assets**

Intangible fixed assets are related to expenditure on research activities. This expenditure is recognized as an expense in the period in which it is incurred. Dutch Gaap requires capitalization of development expenditures provided if, and only if, certain criteria can be demonstrated.

An internally-generated intangible fixed asset arising from the Company's development is recognized only if the Company can demonstrate all of the following conditions:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the probability that the asset created will generate future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The Internally-generated intangible fixed assets are amortized on a straight-line basis over their estimated useful lives of 5 years. The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

##### **Tangible fixed assets**

Tangible fixed assets are valued at cost or, in case of own work capitalised, at manufacturing expenses, less accumulated depreciation. Impairment of assets as at the balance sheet date is taken into account. Depreciation is provided by the straight-line method over the estimated economic useful life.

The annual depreciation rates are as follows :-

Buildings	2.5 %
Plant and machinery	10 - 20 %
Other operating fixed assets	20 - 33 1/3 %

**Impairment of fixed assets**

On the balance sheet date, the group estimates whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the higher of the realisable value and the value to the business.

**Inventories**

Inventories are valued at the lower of cost or market, whereby the cost for raw material and auxiliary materials are based on the first in first out principle. Cost consists of all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Indirect cost components are included in the cost. Provisions are set up for slow moving and obsolete inventories.

**Receivables**

Receivables are stated at nominal value, less allowance for doubtful accounts where deemed necessary.

**Short term investments**

Short term investments are valued at nominal value.

**Cash at banks and in hand**

Cash at banks and in hand includes deposits with a maturity of less than twelve months. Current account liabilities at banks, if any, are recognised bank overdrafts forming part of current liabilities

**Provisions**

Provisions are set up in respect of actual or specific risks and commitments existing at balance sheet date, of which the size is uncertain but can be estimated using a reliable method.

**Current liabilities**

Current liabilities are valued at nominal value.

**Pension liabilities**

The companies NRF UK and NRF BV, have a pension plan in place that qualifies as a defined contribution plan. The companies sole obligation is payment of the annual contribution to the insurance company of branch pension fund (PME). The coverage ratio end of November 2015 amounts 97,4%. The company does not form a provision for any future increases in the contributions.

**Deferred tax liabilities**

The provision for deferred tax liabilities, relating to future taxation resulting from differences in valuation of assets and liabilities for financial statement purposes and for tax purposes, is stated at nominal value, based on the prevailing national tax rates.

**Warranty liabilities**

The provision for guarantee liabilities, relating to expected claims of customers, is stated at nominal value.

***Principles of determination of result***

**General**

The result represents the difference between the realisable value of the goods delivered and services rendered and the costs and other charges for the year.

The results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

**Revenue recognition**

Income from the supply of goods is recognised as soon as all significant risks and rewards relating to the title of the goods are transferred to the customer.

**Net turnover**

Net turnover represents the amounts charged to third parties for goods delivered and services rendered in the financial year less discounts and exclusive of VAT.

**Costs**

Costs are recognised at the historical cost convention and are allocated to the reporting year to which they relate.

**Depreciation**

Depreciation on buildings and other intangible and tangible assets is based on the purchase price or production cost. Land is not depreciated. Depreciation is provided by the straight-line method over the estimated useful economic life.

**Taxation**

Taxation on result is computed by applying the current rate to the result of the financial year, taking into account permanent differences between profit calculations for financial purposes and those for tax purposes. These differences are incorporated in taxation on the result from ordinary activities.

***Principles of conversion of foreign currencies***

The company's primary activities are denominated in euros. Accordingly the company uses the euro as its functional currency. Transactions in foreign currencies are recorded in euros using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are translated using the rate of exchange prevailing at the balance sheet date. Relating translation results are included in the income statement.

For consolidation purposes, the company classifies its subsidiaries as foreign entities. Assets and liabilities are translated at the closing exchange rates, whereas the income statement information is translated at the annual average exchange rate. Translation differences arising thereon are taken to shareholders equity.

#### 2.4.4 Intangible fixed assets

(Amounts x €1.000)	<u>R&amp;D costs</u>
Balance as at November 30, 2014	248
Additions	32
Depreciation	<u>-72</u>
Balance as at November 30, 2015	208

The intangible fixed assets are related to expenditure for research and development.  
The research and development cost are related to developing new products, new markets or to improving current products.  
For the total amount of capitalized R&D expenses, the company has created a legal reserve within equity.

#### 2.4.5 Tangible fixed assets

(Amounts x €1.000)	Land and buildings	Plant and machinery	Other operating fixed assets	fixed assets under construction	Total
<b>Cost :</b>					
Balance as at November 30, 2014	10.934	23.795	4.165	877	39.771
Additions	8	413	272	231	924
Put into operation/Transfers	0	524	157	-681	0
Disposals	0	-21	-51		-72
Exchange differences	263	87	3		353
Balance as at November 30, 2015	<u>11.205</u>	<u>24.798</u>	<u>4.546</u>	<u>427</u>	<u>40.976</u>
<b>Depreciation :</b>					
Balance as at November 30, 2014	8.012	22.785	3.502		34.299
Charge for the year	149	503	292		944
Disposals	0	-21	-51		-72
Exchange differences	101	67	2		170
Balance as at November 30, 2015	<u>8.262</u>	<u>23.334</u>	<u>3.745</u>		<u>35.341</u>
<b>Book value :</b>					
Balance as at November 30, 2014	<u>2.943</u>	<u>1.464</u>	<u>801</u>	<u>427</u>	<u>5.635</u>
Balance as at November 30, 2015	<u>2.922</u>	<u>1.010</u>	<u>663</u>	<u>877</u>	<u>5.472</u>

#### 2.4.6 Financial fixed assets

(Amounts x €1.000)	Loan	Deferred	Total
	LCL Ltd	Tax Receivables	
Balance as at November 30, 2014	5,244	356	5,600
Additions	0	274	274
Exchange rate differences	518	0	518
Utilisations	-623	-34	-657
Balance as at November 30, 2015	5,139	596	5,735

The above tax receivable represents a long term fiscal valuation difference per November 30, 2015  
 In October 2012, NRF has provided a financial loan to LCL for an amount of 4.0 M\$. The loan is interest bearing and will be repaid within 9 years. The remaining amount as at November 30, 2015 will be repaid by quarterly installments starting from December 31, 2016  
 In January 2014, NRF has provided an additional loan to LCL for an amount of 2.2 M€. The loan is interest bearing and will be repaid within 5 years. The remaining amount as at November 30, 2015 will be repaid by quarterly installments starting from December 31, 2016

#### 2.4.7 Inventories

Inventories can be broken down as follows:

(Amounts x €1.000)	30.11.15	30.11.14
Raw materials and auxiliary materials	5,232	4,336
Work in process	623	835
Finished goods	17,015	15,698
	22,870	20,869

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.344 k€ (30 november 2014, 1.131 k€).

#### 2.4.8 Receivables

Receivables can be broken down as follows:

(Amounts x €1.000)	30.11.15	30.11.14
Trade accounts receivable	14,271	12,937
Income tax receivables	0	0
Prepayments and accrued income	515	550
Other receivables	421	2,169
	15,207	15,656

Note: Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 838 k€ (30 november 2014, 902 k€).

**2.4.9 Short term investments**

	<u>30.11.15</u>	<u>30.11.14</u>
(Amounts x €1.000)		
Short term investments	115	82

**2.4.10 Cash at banks and in hand**

	<u>30.11.15</u>	<u>30.11.14</u>
(Amounts x €1.000)		
Cash in banks and in hand	3.379	4.290

Note: All cash is freely available to the company

#### 2.4.11 Shareholder's equity

For a specification of the components and the movements of those components, reference is made to the corporate financial statements.

#### 2.4.12 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)

	Deferred tax liabilities	Warranty provision	Total
Balance as at November 30, 2014	639	192	831
Additions	4	216	220
Utilisations	-210	-233	-443
Balance as at November 30, 2015	<u>433</u>	<u>175</u>	<u>608</u>
Of which the following amounts can be considered short term		175	175

#### 2.4.13 Current liabilities

Current liabilities are stated as follows:  
(Amounts x €1.000)

	30.11.15	30.11.14
Trade accounts payable	4.157	4.470
Taxes and social security charges	1.391	1.707
Dividend to be paid	1.275	1.625
Other liabilities and accruals	<u>6.227</u>	<u>4.475</u>
	13.050	12.277

The other liabilities and accruals includes a payable related to Banco Ltd for an amount of 874 k€ (30 november 2014, 368 k€).



#### 2.4.14 Contingencies and commitments not included in the balance sheet

(Amounts x €1.000)	(total)	(<1 year)	(1-5 year)
Lease commitments (The term of the lease commitments is 3 to 5 years.)	2.626	1.084	1.542
Lease expenses during fiscal year	1.268		

The company maintains credit agreements with banks in the Netherlands .  
The total lines of credit varies between € 3,5 and € 5,0 million.  
These credit facilities are secured with pledges of stock and receivables of  
Nederlandse Radiatoren Fabrik B.V..

#### 2.4.15 Net turnover

(Amounts x €1.000)	Dec 2014/ Nov 2015	Dec 2013/ Nov 2014
The Netherlands	9.159	8.246
Other EU countries	60.573	55.762
Other European countries	3.107	3.059
Other countries	3.913	3.743
Total Net turnover	<u>76.752</u>	<u>70.810</u>

#### 2.4.16 Salaries, wages and social security charges

(Amounts x €1.000)	Dec 2014/ Nov 2015	Dec 2013/ Nov 2014
Salaries and wages	14.917	14.391
Pension charges	1.240	1.139
Other social security charges	2.187	2.170
	<u>18.344</u>	<u>17.700</u>

During 2015 an average of 306 FTE were employed by the company,  
divided by location as follows :

	30.11.15	30.11.14
Nederlandse Radiatoren Fabrik B.V.	173	176
NRF France SARL	21	21
NRF US Inc.	2	0
NRF (United Kingdom) LTD.	17	27
NRF Handelsg.m.b.H	2	5
NRF Deutschland GmbH	9	9
NRF España S.A.	61	54
NRF Poland sp.z.o.o.	12	11
NRF Italia S.r.l.	6	7
	<u>303</u>	<u>310</u>

#### 2.4.17 Other operating costs

These costs refer mainly to selling, general, and administration expenses.  
The total costs for research and development, including depreciation intangible fixed assets, amounted to 144 k€ (2014: 157 k€).  
The total gain related to exchange rate differences amounted to k€ 773 (2014: 294 k€).

#### 2.4.18 Interest charges

(Amounts x €1.000)	Dec 2014/ Nov 2015	Dec 2013/ Nov 2014
Interest Income and expenses from credit institutions	-1	-2
Interest paid to credit institutions	20	47
Interest income loan L.C.L.	-363	-331
	<u>-344</u>	<u>-286</u>

#### 2.4.19 Taxation on result on ordinary activities

(Amounts x €1.000)	Dec 2014/ Nov 2015	Dec 2013/ Nov 2014
Result before taxation in the consolidated annual accounts	3.131	6.547
Tax charges	832	1.095
Effective tax rate	<u>27%</u>	<u>17%</u>

In the European countries where NRF has operations the tax rates vary between 20% and 40%.

#### 2.4.20 Remuneration for Supervisory Board and Board of Directors

In 2015 the total remunerations to the Supervisory Board and Board of Directors of NRF B.V. amounted to € 27.500 respectively € 354.184.

#### 2.4.21 Related party transactions

NRF B.V. conducts business with other Banco companies. Transactions have been completed for purchases of goods.  
Pricing is established on the basis of arms-length principles.

(Amounts x €1.000)	Dec 2014/ Nov 2015
Banco group companies goods sales	23
Banco group companies goods purchases	8.294
Banco group companies machineries/tools purchases	41

**2.5 Company balance sheet as at November 30, 2015.**  
*(after appropriation of results)*

Amounts x €1.000		30.11.15	30.11.14
<b>ASSETS</b>	<i>Reference</i>		
<b>FIXED ASSETS</b>			
Intangible fixed assets	2.7.1	133	141
Tangible fixed assets	2.7.2	3.415	3.481
Financial fixed assets	2.7.3	17.251	16.518
		20.799	20.140
<b>CURRENT ASSETS</b>			
Inventories	2.7.4	13.803	14.343
Receivables	2.7.5	11.205	11.439
Cash and bank balances	2.7.6	350	1.134
		25.358	26.916
<b>Total assets</b>		<b>46.157</b>	<b>47.056</b>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>	2.7.7		
Issued capital		114	114
Premium reserve		10.035	9.943
Legal reserve		208	248
Translation adjustment		-316	-582
Retained earnings		29.450	29.386
		39.491	39.109
<b>PROVISIONS</b>	2.7.8	512	700
<b>CURRENT LIABILITIES</b>	2.7.9	6.154	7.247
<b>Total liabilities</b>		<b>46.157</b>	<b>47.056</b>

**2.6 Company Profit and loss account for the year ended November 30, 2015**

Amounts x €1.000	<u>30.11.15</u>	<u>30.11.14</u>
Income from investments in group companies after taxation	-7	3.902
Other income and expense after taxation	2.306	1.550
Result after taxation	<u>2.299</u>	<u>5.452</u>

## 2.7 Notes to the financial statements for the year ended November 30, 2015

The accounting principles for the corporate financial statements are in line with those applied for the consolidated financial statements.

Financial fixed assets are valued at their net asset value as NRF B.V. holds 100% participations only. In case were the participation's net asset value is negative it is valued at nil. If the company is wholly or partially liable for the debts of such participations or it has the firm intention to enable the participation to settle its debts, a provision is formed.

### 2.7.1 Intangible fixed assets

(Amounts x €1.000)	<u>R&amp;D Costs</u>
Balance as at November 30, 2014	141
Additions	38
Depreciation	<u>-46</u>
Balance as at November 30, 2015	133

The intangible fixed assets are related to expenditure for research and development, with the goal to develop new products or to improve current products.

### 2.7.2 Tangible fixed assets

The movement in tangible fixed assets is as follows:

(Amounts x €1.000)	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under construction	Total
<b>Cost :</b>					
Balance as at November 30, 2014	8.013	18.089	3.189	877	30.168
Additions	0	254	137	231	622
Put into operation	0	524	157	-681	0
Disposals	0	-18	-16		-34
Balance as at November 30, 2015	<u>8.013</u>	<u>18.849</u>	<u>3.467</u>	<u>427</u>	<u>30.756</u>
<b>Depreciation :</b>					
Balance as at November 30, 2014	6.538	17.548	2.601		26.687
Charge for the year	70	370	248		688
Disposals	0	-18	-16		-34
Balance as at November 30, 2015	<u>6.608</u>	<u>17.900</u>	<u>2.833</u>		<u>27.341</u>
<b>Book value :</b>					
Balance as at November 30, 2015	<u>1.405</u>	<u>949</u>	<u>634</u>	<u>427</u>	<u>3.415</u>
Balance as at November 30, 2014	<u>1.475</u>	<u>541</u>	<u>588</u>	<u>877</u>	<u>3.481</u>

### 2.7.3 Financial fixed assets

Financial fixed assets solely relate to investments in group companies and the movements were as follows:

(Amounts x €1.000)	Loan NRF US Inc.	Loan LCL Ltd	Investments in group Companies	Total
Book value as of November 30, 2014	0	5.244	11.274	16.518
Additions	851	0	28	879
Result of group companies	0	0	-247	-247
Dividend received from group companies	0	0	-300	-300
Exchange rate differences	0	518	266	784
Utilisation	0	-623	0	-623
Other	0	0	240	240
Book value as of November 30, 2015	851	5.139	11.261	17.251

The negative net equity of NRF Austria per November 30, 2015 of 169 k€ has been excluded from the investment value. This amount has been deducted from the group companies receivables due from NRF Austria.

In October 2012, NRF has provided a financial loan to LCL for an amount of 4.0 M\$. The loan is interest bearing and will be repaid within 9 years. The remaining amount as at November 30, 2015 will be repaid by quarterly installments starting from December 31, 2016.

In January 2014, NRF has provided an additional loan to LCL for an amount of 2.2 M€. The loan is interest bearing and will be repaid within 5 years. The remaining amount as at November 30, 2015 will be repaid by quarterly installments starting from December 31, 2016.

In March 2015, the group company NRF US Inc. is founded. The net equity is stated under additions investments in group companies.

In May 2015, NRF has provided a financial loan to NRF US Inc. for an amount of 500 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 100 k\$.

In September 2015, NRF has provided an additional loan to NRF US Inc. for an amount of 150 k\$. The loan is interest bearing and will be repaid within 3 years. The amount due within a year is 50 k\$.

In September 2015, NRF has provided an additional loan to NRF US Inc. for an amount of 250 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 50 k\$. These loans are secured with pledges of stock and receivables of NRF US Inc.

#### 2.7.4 Inventories

Inventories are stated as follows:

(Amounts x €1000)	30.11.15	30.11.14
Raw materials and auxiliary materials	4.264	3.493
Work in process	604	803
Finished goods	8.935	10.047
	<u>13.803</u>	<u>14.343</u>

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.317 k€ (30 november 2014, 1.105 k€).

#### 2.7.5 Receivables

Receivables are stated as follows:

(Amounts x €1000)	30.11.15	30.11.14
Trade accounts receivable	702	1.195
Amounts due from group companies	9.748	7.766
Taxes and social security	421	494
Prepayments and accrued income	334	308
Other receivables	0	1.676
	<u>11.205</u>	<u>11.439</u>

Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 390 k€ (30 november 2014, 425 k€).

The amounts due from group companies includes a payable related to Banco Ltd for an amount of 311 k€ (30 november 2014, 368 k€ receivable).

The above other receivables represents the remaining amount of the sale of shares LCL Ltd.

#### 2.7.6 Cash at banks and in hand

The item cash and cash equivalent in the cash flow statement comprise the following :

(Amounts x €1000)	30.11.15	30.11.14
Cash in banks and in hand	<u>350</u>	<u>1.134</u>

## 2.7.7 Shareholder's equity

### Share Capital

The authorised share capital of the company as at November 30, 2015 amounts to EUR 567.225 and consists of 125.000 ordinary shares of EUR 4,54 each. Issued share capital amounts to EUR 113.500 and consists of 25.000 ordinary shares with a nominal value of EUR 4,54 each. The issued capital is fully paid-in.

### Legal reserves, statutory reserves and other reserves

(Amounts x €1.000)	Issued capital	Premium reserve	Legal reserve	Cumulative translation adjust.	Retained earnings
Balance as at November 30, 2014	114	9.943	248	-582	29.386
Additions		92			
Utilisations			-40		40
Movement translation adjustment				266	
Result appropriation					24
Balance as at Nov 30th , 2015	<u>114</u>	<u>10.035</u>	<u>208</u>	<u>-316</u>	<u>29.450</u>

## 2.7.8 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)	Deferred tax liabilities	Warranty liabilities	Total
Balance as at November 30, 2014	508	192	700
Additions	14	216	230
Utilisations	-185	-233	-418
Balance as at November 30, 2015	<u>337</u>	<u>175</u>	<u>512</u>

The provisions have mainly a long term character. The majority of the warranty liability will be utilized within 12 month.



### 2.7.9 Current liabilities

Current liabilities are stated as follows:

	30.11.15	30.11.14
(Amounts x €1.000)		
Trade accounts payables	2.963	3.644
Taxes and social security charges	835	678
Dividend to be paid	1.275	1.625
Other liabilities and accruals	1.081	1.300
	<u>6.154</u>	<u>7.247</u>

### 2.7.10 Audit Cost

The quarterly audits are done by BDO Audit & Assurance.  
Per November 1st, 2015 the financial statements are audited by VWG Nijhof Accountants.  
The total costs incurred against the income for 2015 are € 28.000 respectively € 20.000.

### 2.7.11 Contingencies and commitments not included in the balance sheet

#### Contingencies

The company takes responsibility for liabilities, arising from legal acts of NRF Thermal Engineering B.V.  
The company is together with all Dutch investments in group companies jointly and severally liable to the credit institution.

#### Commitments

(Amounts x €1.000)

	(total)	(<1 year)	(1-5 year)
Lease commitments: (The term of the lease commitments is 3 to 5 years.)	521	329	192
Lease expenses during fiscal year	492		

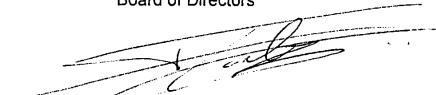
2.7.12 Taxation

Nederlandse Radiateurs Fabriek B.V. and NRF Thermal Engineering B.V. are a fiscal unit under Dutch tax law.


Mill,

May 23rd, 2016

Board of Directors

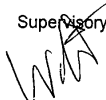


F.A.E. Toebes

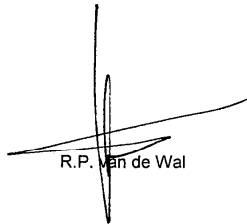


Th.H.W.M. Reintjes

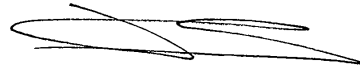
Supervisory Board:



M. Patel



R.P. van de Wal



R.H. van het Kaar

### **3 Supplementary information**

#### **3.1 Auditors' report**

#### **3.2 Appropriation of the net result**

In accordance with the articles of association of the company net profit is at the disposal of the general meeting.

#### **3.3 Proposed treatment of the net result**

In July 2015 an interim dividend were paid of 1.000.000 Euro.  
In February 2016 an additional interim dividend were paid of 75.000 Euro.  
It is proposed to pay out an additional 48 Euro dividend per issued share, amounting up to 1.200.000 Euro.  
The remaining net profit is added to the retained earnings.  
The result appropriation has already been included in the financial statements.

#### **3.4 Post balance sheet event**

Berg en Dalseweg 105 | Postbus 1074 | 6501 BB Nijmegen | T. 024 - 365 09 65

**CONFIDENTIAL**

Nederlandse Radiateuren Fabriek B.V.  
att. Board of Directors and Supervisory Board  
P.O. Box 1  
5450 AA MILL

**vwgnijhof**

registeraccountants b.v.

**Date** May, 23, 2016  
**Ref** TVE/MLi 9629403  
**Regarding** auditor's report March 31, 2016

Dear Sirs,

We confirm our permission to include our auditor's report in the section "other information" related to the annual report of Nederlandse Radiateuren Fabriek B.V. for the -short- year 2015/2016 as part of the annual report that equals the final draft presented to us of which an initialled copy is enclosed.

The text of our auditor's report states the name of our firm and the name of the responsible audit partner but without a handwritten signature. We kindly request you to include the text of the auditor's report without handwritten signature in the version of the annual report that will be published. We have enclosed one copy of our auditor's report with an original handwritten signature. This copy is meant for your own filing purposes. We confirm our permission to publish our auditor's report, without a handwritten signature, subject to adoption of the annual report, without modification, by the General Meeting and on the condition that filing with the Trade Register of the Chamber of Commerce takes place.

Publication of our auditor's report is only allowed together with the corresponding complete set of the annual report. If you wish to publish the annual report and our auditor's report on the Internet, it is your responsibility to ensure proper separation of the annual report from other information on the website. For example, by presenting the annual report as a separate, read-only file, or by issuing a warning if readers switch from the web page containing the annual report ("You are now leaving the secure page containing the audited annual report.").

A copy of the annual report is to be signed by the Management Board and by the Supervisory Board and should be presented to the shareholders. The annual report should be adopted by the General Meeting and adoption should be recorded in the minutes. If prior to the General Meeting circumstances arise that require a modification to the annual report, please note that under Section 2: 362 sub 6 and Section 2:392 sub 1g of the Dutch Civil Code such modifications should be made prior to the General Meeting. In this situation, of course, we withdraw our permission granted above.

info.nijmegen@vwgnijhof.nl | HR 10020986 | Beconnummer 126135

The annual report needs to be filed with the Trade Register of the Chamber of Commerce no later than 8 days after adoption by the General Meeting. To prevent the abuse of signatures we recommend to have one copy of the documents signed by management and by the supervisory board for your files and to file a version without handwritten signatures with the Trade Register of the Chamber of Commerce. The date of adoption by the General Meeting must be recorded on the documents that are published with the Trade Register of the Chamber of Commerce. Please note that it's legally required to file the annual report with the Trade Register of the Chamber of Commerce and non-compliance is an offence punishable by law. In certain situations by not complying with the publication requirements could even lead to personal liability for management and for the supervisory board.

Furthermore, please note that, as per the date on which a dividend is made payable, the Management Board is required to assess, with due observance of the information then available, whether the company will, following dividend payments, be able to continue to pay its exigible debts. Should dividends be paid and the company turn out at a later stage, following and owing to the dividend payments, to be unable to continue to pay its exigible debts, the Management Board may be held jointly and severally liable for payment to the company of the deficit created by the dividend payments if they knew or should have foreseen at the time when the dividend was made payable that such situation would arise owing to the dividend payments.

Yours sincerely,  
for VWG/Nijhof registeraccountants

Theo Verwoert  
(external auditor)

Annexes: - annual report 2015/2016 (short)  
- audit report was signed  
- audit report signed

Initialed voor identification purposes:

**INDEPENDENT AUDITOR'S REPORT**

To: Nederlandse Radiateuren Fabriek B.V.  
att. Board of Directors and Supervisory Board

**vwgnijhof**

registeraccountants b.v.

***Report on the consolidated financial statements***

We were engaged to audit the accompanying consolidated financial statements for the year ended 31 March 2016 of Nederlandse Radiateuren Fabriek B.V., Mill, which comprise the consolidated balance sheet as at 31 March 2016, the consolidated profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

***Management's responsibility***

Management is responsible for the preparation and fair presentation of these consolidated financial statements and for the preparation of the management board, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines necessary to enable the preparation of the consolidated 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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. 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion with respect to the consolidated financial statements*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nederlandse Radiateuren Fabriek B.V. as at Marsch 31, 2016 its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

*Report on other legal and regulatory requirements*

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

Further we report that the management board report, to the extent we can assess, is consistent with the consolidated financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Nijmegen, May 23, 2016  
for VWG Nijhof registeraccountants

Theo Verwoert  
(external auditor)

**2.1 Consolidated balance sheet as at March 31, 2016**  
*(after appropriation of result)*

(Amounts x €1.000)

		<u>31.03.2016</u>	<u>30.11.2015</u>
<b>ASSETS</b>			
	<i>Reference</i>		
<b>FIXED ASSETS</b>			
Intangible fixed assets	2.4.4	192	208
Tangible fixed assets	2.4.5	5.303	5.635
Financial fixed assets	2.4.6	<u>5.594</u>	<u>5.735</u>
		11.089	11.578
<b>CURRENT ASSETS</b>			
Inventories	2.4.7	28.703	22.870
Receivables	2.4.8	16.161	15.207
Short term investments	2.4.9	115	115
Cash and bank balances	2.4.10	<u>-1.212</u>	<u>3.379</u>
		43.767	41.571
<b>Total assets</b>		<u><b>54.856</b></u>	<u><b>53.149</b></u>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>			
	2.4.11	38.232	39.491
<b>PROVISIONS</b>			
	2.4.12	508	608
<b>CURRENT LIABILITIES</b>			
	2.4.13	16.116	13.050
<b>Total liabilities</b>		<u><b>54.856</b></u>	<u><b>53.149</b></u>



2.2 Consolidated profit & loss account for the period ended March 31, 2016

(Amounts x €1.000)		Dec 2015 / Mar 2016	Dec 2014 / Nov 2015
		4 months	12 months
Reference			
Net turnover	2.4.15	20.618	76.752
Change in work in process		<u>822</u>	<u>-213</u>
Operating income		21.440	76.539
Cost of raw materials and auxiliary materials		13.739	47.292
Costs of work contracted out and other external expenses		264	1.049
Salaries & wages	2.4.16	4.989	14.917
Social security charges		1.066	3.427
Depreciation in-/tangible fixed assets		329	1.016
Other operating costs	2.4.17	<u>2.729</u>	<u>6.051</u>
Operating costs		<u>23.116</u>	<u>73.752</u>
Operating result		-1.676	2.787
Interest income		-115	-364
Interest expense	2.4.18	<u>9</u>	<u>20</u>
Net financial income/(expense)		-106	-344
Result from ordinary activities before taxation		-1.570	3.131
Taxation on result from ordinary activities	2.4.19	452	-832
Net result		<u><u>-1.118</u></u>	<u><u>2.299</u></u>

### 2.3 Consolidated cash-flow statement

(Amounts x €1,000)	<u>Dec 2015 / Mar 2016</u>	<u>Dec 2014 / Nov 2015</u>
<u>Cash-flow from operating activities</u>		
Operating result	-1.676	2.787
Adjustments for :		
Depreciation	329	1.016
Change in working capital :		
Increase/Decrease receivables	-954	449
Increase/Decrease inventories	-5.833	-2.001
Increase/Decrease current liabilities	3.141	773
Increase/Decrease provisions	-100	-223
	<u>-3.746</u>	<u>-1.002</u>
	-5.093	2.801
Interest income	115	364
Interest expense	-9	-20
Income tax expense	<u>452</u>	<u>-832</u>
	<u>558</u>	<u>-488</u>
Cash-flow from operating activities	-4.535	2.313
<u>Cash-flow from investment activities</u>		
Investment in tangible & intangible fixed assets	-316	-956
Disposals tangible & intangible fixed assets	156	-0
Other long term receivables/investments	141	-135
Increase/Decrease short term investment	0	-33
Exch. rate diff. in investments (tangible)	<u>179</u>	<u>-183</u>
Cash-flow from investment activities	160	-1.307
<u>Cash-flow from financial activities</u>		
Dividend to be paid	0	-1.275
Interim Dividend paid	-75	-1.000
Premium reserve	65	92
Adj. for movement translation	<u>-206</u>	<u>266</u>
Cash-flow from financial activities	<u>-216</u>	<u>-1.917</u>
Increase/(Decrease) cash and banks	-4.591	-911
<u>Movement in cash and cash equivalents</u>		
Opening balance of cash and cash equivalents	3.379	4.290
Increase /( decrease) cash and banks	<u>-4.591</u>	<u>-911</u>
Closing balance of cash and cash equivalents	-1.212	3.379

## 2.4 Notes to the consolidated financial statements for the year ended March 31, 2016

### 2.4.1 General

#### Group structure

On February 23rd, 2010 Banco Products limited, domiciled at Vadodara in India, purchased 100% of the Nederlandse Radiatoren Fabriek B.V. shares.

#### Activities

The principal activities of the company are the production and sale of radiator cores and complete radiators as well as heatexchange devices for shipbuilding and industry.

#### Comparatives figures

Nederlandse Radiatoren Fabriek B.V. and its subsidiary companies changed their fiscal year end from November 30 to March 31. For this reason the company has a short fiscal year 2016 of 4 month and the financial figures are not comparable with 2015.

### 2.4.2 Principles of consolidation

The consolidated financial statements include the financial figures of Nederlandse Radiatoren Fabriek B.V. and its subsidiary group companies. The consolidation takes place according to the full consolidation method on the basis of uniform accounting principles.

#### Companies included in consolidation

The group comprises Nederlandse Radiatoren Fabriek B.V. and its subsidiary companies.

A Company is considered a group company if that belongs to the economic unit of Nederlandse Radiatoren Fabriek B.V. and in which Nederlandse Radiatoren Fabriek B.V. exercises decisive control of the business and financial policies.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties.

Unrealised losses on Intercompany transactions are also eliminated, unless such a loss qualifies as an impairment.

Consequently, the consolidated financial statements include the financial figures of Nederlandse Radiatoren Fabriek B.V. and the following group companies:

Name	Statutory seat	Percentage of shareholding
NRF Thermal Engineering BV	Uden	100 %
NRF France SARL	Valenciennes (France)	100 %
NRF (United Kingdom) LTD.	Birmingham (England)	100 %
NRF Handelsg.m.b.H.	Vienna (Austria)	100 %
NRF Deutschland GmbH	Emmerich (Germany)	100 %
NRF España S.A.	Granada (Spain)	100 %
NRF Poland sp.z.o.o.	Gdansk (Poland)	100 %
NRF Italia S.r.l.	Prato (Italy)	100 %
NRF Switzerland AG	Urdorf (Switzerland)	100 %
NRF US Inc.	Pennsylvania (USA)	100 %

#### Application of condensed corporate profit and loss account

In respect of the profit and loss account of Nederlandse Radiatoren Fabriek B.V., use is made of article 402 Book 2 Title 9 Dutch Civil Code.

Therefore, this profit and loss account is presented in condensed format.

#### **Cash flow statement**

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities. Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Income and expenses in respect of interest, dividends received and taxation on profits are included in the cash flow from operating activities.

### 2.4.3 Accounting principles

#### *Comparison with previous year*

The basic accounting principles remained unchanged compared to the previous year.

#### *Principles of valuation*

##### **General**

The financial statements are drawn up in accordance with the provision of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving"). The annual accounts are prepared in Euro. Assets and liabilities are basically valued at amortized cost price, which mostly concerns the nominal value.

The entity shall apply the regime for large companies, as referred to article 2:396 of the Dutch Civil Code.

##### **Financial fixed assets**

Deferred tax assets are stated under the financial fixed assets if, and to the extent it is probable, that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

The other receivables are valued at face value after deduction of any provisions.

##### **Intangible fixed assets**

Intangible fixed assets are related to expenditure on research activities. This expenditure is recognized as an expense in the period in which it is incurred. Dutch Gaap requires capitalization of development expenditures provided if, and only if, certain criteria can be demonstrated.

An internally-generated intangible fixed asset arising from the Company's development is recognized only if the Company can demonstrate all of the following conditions:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the probability that the asset created will generate future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The Internally-generated intangible fixed assets are amortized on a straight-line basis over their estimated useful lives of 5 years. The estimated useful lives and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

##### **Tangible fixed assets**

Tangible fixed assets are valued at cost or, in case of own work capitalised, at manufacturing expenses, less accumulated depreciation. Impairment of assets as at the balance sheet date is taken into account. Depreciation is provided by the straight-line method over the estimated economic useful life.

The annual depreciation rates are as follows :-

Buildings	2.5 %
Plant and machinery	10 - 20 %
Other operating fixed assets	20 - 33 1/3 %

**Impairment of fixed assets**

On the balance sheet date, the group estimates whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the higher of the realisable value and the value to the business.

**Inventories**

Inventories are valued at the lower of cost or market, whereby the cost for raw material and auxiliary materials are based on the first in first out principle. Cost consists of all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Indirect cost components are included in the cost. Provisions are set up for slow moving and obsolete inventories.

**Receivables**

Receivables are stated at nominal value, less allowance for doubtful accounts where deemed necessary.

**Short term investments**

Short term investments are valued at nominal value.

**Cash at banks and in hand**

Cash at banks and in hand includes deposits with a maturity of less than twelve months. Current account liabilities at banks, if any, are recognised bank overdrafts forming part of current liabilities

**Provisions**

Provisions are set up in respect of actual or specific risks and commitments existing at balance sheet date, of which the size is uncertain but can be estimated using a reliable method.

**Current liabilities**

Current liabilities are valued at nominal value.

**Pension liabilities**

The companies NRF UK and NRF BV, have a pension plan in place that qualifies as a defined contribution plan. The companies sole obligation is payment of the annual contribution to the insurance company of branch pension fund (PME). The coverage ratio end of March 2016 amounts 90,8%. The company does not form a provision for any future increases in the contributions.

**Deferred tax liabilities**

The provision for deferred tax liabilities, relating to future taxation resulting from differences in valuation of assets and liabilities for financial statement purposes and for tax purposes, is stated at nominal value, based on the prevailing national tax rates.

**Warranty liabilities**

The provision for guarantee liabilities, relating to expected claims of customers, is stated at nominal value.

#### ***Principles of determination of result***

##### **General**

The result represents the difference between the realisable value of the goods delivered and services rendered and the costs and other charges for the year.

The results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

##### **Revenue recognition**

Income from the supply of goods is recognised as soon as all significant risks and rewards relating to the title of the goods are transferred to the customer.

##### **Net turnover**

Net turnover represents the amounts charged to third parties for goods delivered and services rendered in the financial year less discounts and exclusive of VAT.

##### **Costs**

Costs are recognised at the historical cost convention and are allocated to the reporting year to which they relate.

##### **Depreciation**

Depreciation on buildings and other intangible and tangible assets is based on the purchase price or production cost. Land is not depreciated. Depreciation is provided by the straight-line method over the estimated useful economic life.

##### **Taxation**

Taxation on result is computed by applying the current rate to the result of the financial year, taking into account permanent differences between profit calculations for financial purposes and those for tax purposes. These differences are incorporated in taxation on the result from ordinary activities.

#### ***Principles of conversion of foreign currencies***

The company's primary activities are denominated in euros. Accordingly the company uses the euro as its functional currency. Transactions in foreign currencies are recorded in euros using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the euro are translated using the rate of exchange prevailing at the balance sheet date. Relating translation results are included in the income statement.

For consolidation purposes, the company classifies its subsidiaries as foreign entities. Assets and liabilities are translated at the closing exchange rates, whereas the income statement information is translated at the annual average exchange rate. Translation differences arising thereon are taken to shareholders equity.

#### 2.4.4 Intangible fixed assets

(Amounts x €1.000)	<u>R&amp;D costs</u>
Balance as at November 30, 2015	208
Additions	9
Depreciation	<u>-25</u>
Balance as at March 31, 2016	192

The intangible fixed assets are related to expenditure for research and development.  
The research and development cost are related to developing new products, new markets or to improving current products.  
For the total amount of capitalized R&D expenses, the company has created a legal reserve within equity.

#### 2.4.5 Tangible fixed assets

(Amounts x €1.000)	Land and buildings	Plant and machinery	Other operating fixed assets	fixed assets under construction	Total
<b>Cost :</b>					
Balance as at November 30, 2015	11.205	24.798	4.546	427	40.976
Additions	0	136	46	125	307
Put into operation/Transfers	0	176	58	-234	-0
Disposals	0	-859	-69		-928
Exchange differences	-254	-87	-13		-354
Balance as at March 31, 2016	<u>10.951</u>	<u>24.164</u>	<u>4.568</u>	<u>318</u>	<u>40.001</u>
<b>Depreciation :</b>					
Balance as at November 30, 2015	8.262	23.334	3.745		35.341
Charge for the year	48	152	104		304
Disposals	0	-703	-69		-772
Exchange differences	-103	-68	-4		-175
Balance as at March 31, 2016	<u>8.207</u>	<u>22.715</u>	<u>3.776</u>		<u>34.698</u>
<b>Book value :</b>					
Balance as at March 31, 2016	<u>2.744</u>	<u>1.449</u>	<u>792</u>	<u>318</u>	<u>5.303</u>
Balance as at November 30, 2015	<u>2.943</u>	<u>1.464</u>	<u>801</u>	<u>427</u>	<u>5.635</u>



#### 2.4.6 Financial fixed assets

(Amounts x €1.000)	Loan	Deferred	Total
	LCL Ltd	Tax Receivables	
Balance as at November 30, 2015	5.139	596	5.735
Additions	0	152	152
Exchange rate differences	-228	0	-228
Utilisations	0	-65	-65
Balance as at March 31, 2016	4.911	683	5.594

The above tax receivable represents a long term fiscal valuation difference per March 31, 2016. In October 2012, NRF has provided a financial loan to LCL for an amount of 4.0 M\$. The loan is interest bearing and will be repaid within 9 years. The remaining amount as at March 31, 2016 will be repaid by quarterly installments starting from December 31, 2016. In January 2014, NRF has provided an additional loan to LCL for an amount of 2.2 M€. The loan is interest bearing and will be repaid within 5 years. The remaining amount as at March 31, 2016 will be repaid by quarterly installments starting from December 31, 2016.

#### 2.4.7 Inventories

Inventories can be broken down as follows:

(Amounts x €1.000)	31.03.16	30.11.15
Raw materials and auxiliary materials	6.195	5.232
Work in process	1.445	623
Finished goods	21.063	17.015
	28.703	22.870

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.494 k€ (30 november 2015, 1.344 k€).

#### 2.4.8 Receivables

Receivables can be broken down as follows:

(Amounts x €1.000)	31.03.16	30.11.15
Trade accounts receivable	14.132	14.271
Income tax receivables	1.136	0
Prepayments and accrued income	537	515
Other receivables	356	421
	16.161	15.207

Note: Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 856 k€ (30 november 2015, 838 k€).

2.4.9 Short term investments

	<u>31.03.16</u>	<u>30.11.15</u>
(Amounts x €1.000)		
Short term investments	115	115

2.4.10 Cash at banks and in hand

	<u>31.03.16</u>	<u>30.11.15</u>
(Amounts x €1.000)		
Cash in banks and in hand	-1.212	3.379

Note: All cash is freely available to the company

#### 2.4.11 Shareholder's equity

For a specification of the components and the movements of those components, reference is made to the corporate financial statements.

#### 2.4.12 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)	Deferred tax liabilities	Warranty provision	Total
Balance as at November 30, 2015	433	175	608
Additions	0	2	2
Utilisations	-69	-33	-102
Balance as at March 31, 2016	<u>364</u>	<u>144</u>	<u>508</u>
Of which the following amounts can be considered short term		144	144

#### 2.4.13 Current liabilities

Current liabilities are stated as follows:  
(Amounts x €1.000)

	31.03.16	30.11.15
Trade accounts payable	10.071	4.157
Taxes and social security charges	1.220	1.391
Dividend to be paid	1.200	1.275
Other liabilities and accruals	<u>3.625</u>	<u>6.227</u>
	16.116	13.050

The other liabilities and accruals includes a payable related to Banco Ltd for an amount of 199 k€ (30 november 2015, 874 k€).

**2.4.14 Contingencies and commitments not included in the balance sheet**

(Amounts x €1.000)	<u>(total)</u>	<u>(&lt;1 year)</u>	<u>(1-5 year)</u>
Lease commitments (The term of the lease commitments is 3 to 5 years.)	2.991	1.162	1.829
Lease expenses during fiscal year	459		

The company maintains credit agreements with banks in the Netherlands .  
The standard credit limit is € 3,5 million. During the period April up to and including  
September the credit limit is € 7,5 million.  
These credit facilities are secured with pledges of stock and receivables of  
Nederlandse Radiateuren Fabriek B.V..

**2.4.15 Net turnover**

(Amounts x €1.000)	<u>Dec 2015/ Mar 2016</u>	<u>Dec 2014/ Nov 2015</u>
The Netherlands	1.924	9.159
Other EU countries	15.776	60.573
Other European countries	1.008	3.107
Other countries	1.910	3.913
Total Net turnover	<u>20.618</u>	<u>76.752</u>

**2.4.16 Salaries, wages and social security charges**

(Amounts x €1.000)	<u>Dec 2015/ Mar 2016</u>	<u>Dec 2014/ Nov 2015</u>
Salaries and wages	4.989	14.917
Pension charges	380	1.240
Other social security charges	686	2.187
	<u>6.055</u>	<u>18.344</u>

During 2016 an average of 299 FTE were employed by the company,  
divided by location as follows :

	<u>31.03.16</u>	<u>30.11.15</u>
Nederlandse Radiateuren Fabriek B.V.	173	173
NRF France SARL	21	21
NRF US Inc.	2	2
NRF (United Kingdom) LTD.	8	17
NRF Handelsg.m.b.H	2	2
NRF Deutschland GmbH	9	9
NRF España S.A.	61	61
NRF Poland sp.z.o.o.	14	12
NRF Italia S.r.l.	7	6
	<u>297</u>	<u>303</u>

#### 2.4.17 Other operating costs

These costs refer mainly to selling, general, and administration expenses.  
The total costs for research and development, including depreciation intangible fixed assets, amounted to 75 k€ (2015: 144 k€).  
The total loss related to exchange rate differences amounted to k€ 410 (2015: 773 k€ gain).

#### 2.4.18 Interest charges

(Amounts x €1.000)	Dec 2015/ Mar 2016	Dec 2014/ Nov 2015
Interest Income and expenses from credit institutions	0	-1
Interest paid to credit institutions	9	20
Interest income loan L.C.L.	-115	-363
	<u>-106</u>	<u>-344</u>

#### 2.4.19 Taxation on result on ordinary activities

(Amounts x €1.000)	Dec 2015/ Mar 2016	Dec 2014/ Nov 2015
Result before taxation in the consolidated annual accounts	-1.570	3.131
Tax charges	-452	832
Effective tax rate	<u>29%</u>	<u>27%</u>

In the European countries where NRF has operations the tax rates vary between 20% and 40%.

#### 2.4.20 Remuneration for Supervisory Board and Board of Directors

In 2016 the total remunerations to the Supervisory Board and Board of Directors of NRF B.V. amounted to € 13.241 respectively € 122.247.

#### 2.4.21 Related party transactions

NRF B.V. conducts business with other Banco companies. Transactions have been completed for purchases of goods.  
Pricing is established on the basis of arms-length principles.

(Amounts x €1.000)	Dec 2015/ Mar 2016
Banco group companies goods sales	13
Banco group companies goods purchases	2.892
Banco group companies machineries/tools purchases	89

**2.5 Company balance sheet as at March 31, 2016.**  
*(after appropriation of results)*

Amounts x €1.000		<u>31.03.16</u>	<u>30.11.15</u>
<b>ASSETS</b>	<i>Reference</i>		
<b>FIXED ASSETS</b>			
Intangible fixed assets	2.7.1	123	133
Tangible fixed assets	2.7.2	3.371	3.415
Financial fixed assets	2.7.3	<u>16.570</u>	<u>17.251</u>
		20.064	20.799
<b>CURRENT ASSETS</b>			
Inventories	2.7.4	17.158	13.803
Receivables	2.7.5	14.349	11.205
Cash and bank balances	2.7.6	<u>-2.981</u>	<u>350</u>
		28.526	25.358
<b>Total assets</b>		<u><u>48.590</u></u>	<u><u>46.157</u></u>
<b>SHAREHOLDER'S EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>	2.7.7		
Issued capital		114	114
Premium reserve		10.100	10.035
Legal reserve		192	208
Translation adjustment		-522	-316
Retained earnings		<u>28.348</u>	<u>29.450</u>
		38.232	39.491
<b>PROVISIONS</b>	2.7.8	452	512
<b>CURRENT LIABILITIES</b>	2.7.9	9.906	6.154
<b>Total liabilities</b>		<u><u>48.590</u></u>	<u><u>46.157</u></u>

2.6 Company Profit and loss account for the year ended March 31, 2016

Amounts x €1.000	<u>31.03.16</u>	<u>30.11.15</u>
Income from investments in group companies after taxation	-671	-7
Other income and expense after taxation	-447	2.306
Result after taxation	<u>-1.118</u>	<u>2.299</u>

## 2.7 Notes to the financial statements for the year ended March 31, 2016

The accounting principles for the corporate financial statements are in line with those applied for the consolidated financial statements.

Financial fixed assets are valued at their net asset value as NRF B.V. holds 100% participations only. In case were the participation's net asset value is negative it is valued at nil. If the company is wholly or partially liable for the debts of such participations or it has the firm intention to enable the participation to settle its debts, a provision is formed.

### 2.7.1 Intangible fixed assets

(Amounts x €1.000)	<u>R&amp;D Costs</u>
Balance as at November 30, 2015	133
Additions	7
Depreciation	<u>-17</u>
Balance as at March 31, 2016	123

The intangible fixed assets are related to expenditure for research and development, with the goal to develop new products or to improve current products.

### 2.7.2 Tangible fixed assets

The movement in tangible fixed assets is as follows:

(Amounts x €1.000)	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under construction	Total
<b>Cost :</b>					
Balance as at November 30, 2015	8.013	18.849	3.467	427	30.756
Additions	0	41	12	125	178
Put into operation	0	176	58	-234	-0
Disposals	0	-108	0		-108
Balance as at March 31, 2016	<u>8.013</u>	<u>18.958</u>	<u>3.537</u>	<u>318</u>	<u>30.826</u>
<b>Depreciation :</b>					
Balance as at November 30, 2015	6.608	17.900	2.833		27.341
Charge for the year	23	118	81		222
Disposals	0	-108	0		-108
Balance as at March 31, 2016	<u>6.631</u>	<u>17.910</u>	<u>2.914</u>		<u>27.455</u>
<b>Book value :</b>					
Balance as at March 31, 2016	<u>1.382</u>	<u>1.048</u>	<u>623</u>	<u>318</u>	<u>3.371</u>
Balance as at November 30, 2015	<u>1.405</u>	<u>949</u>	<u>634</u>	<u>427</u>	<u>3.415</u>



### 2.7.3 Financial fixed assets

Financial fixed assets solely relate to investments in group companies and the movements were as follows:

(Amounts x €1.000)	Loan NRF US Inc.	Loan LCL Ltd	Investments in group Companies	Total
Book value as of November 30, 2015	851	5.139	11.261	17.251
Additions	504	0	0	504
Result of group companies	0	0	-778	-778
Dividend received from group companies	0	0	0	0
Exchange rate differences	-81	-228	-205	-514
Utilisation	0	0	0	0
Other	0	0	107	107
Book value as of March 31, 2016	1.274	4.911	10.385	16.570

The negative net equity of NRF Austria per March 31, 2016 of 161 k€ has been excluded from the investment value. This amount has been deducted from the group companies receivables due from NRF Austria.

In October 2012, NRF has provided a financial loan to LCL for an amount of 4.0 M\$. The loan is interest bearing and will be repaid within 9 years. The remaining amount as at March 31, 2016 will be repaid by quarterly installments starting from December 31, 2016.  
In January 2014, NRF has provided an additional loan to LCL for an amount of 2.2 M€. The loan is interest bearing and will be repaid within 5 years. The remaining amount as at March 31, 2016 will be repaid by quarterly installments starting from December 31, 2016.

In March 2015, the group company NRF US Inc. is founded. The net equity is stated under investments in group companies.

In May 2015, NRF has provided a financial loan to NRF US Inc. for an amount of 500 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 100 k\$.  
In September 2015, NRF has provided an additional loan to NRF US Inc. for an amount of 150 k\$. The loan is interest bearing and will be repaid within 3 years. The amount due within a year is 50 k\$.  
In September 2015, NRF has provided an additional loan to NRF US Inc. for an amount of 250 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 50 k\$.  
In December 2015, NRF has provided an additional loan to NRF US Inc. for an amount of 350 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 70 k\$.  
In March 2016, NRF has provided an additional loan to NRF US Inc. for an amount of 200 k\$. The loan is interest bearing and will be repaid within 5 years. The amount due within a year is 40 k\$.  
These loans are secured with pledges of stock and receivables of NRF US Inc..

#### 2.7.4 Inventories

Inventories are stated as follows:

(Amounts x €1000)	31.03.16	30.11.15
Raw materials and auxiliary materials	5.363	4.264
Work in process	1.435	604
Finished goods	10.360	8.935
	<u>17.158</u>	<u>13.803</u>

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.469 k€ (30 november 2015, 1.317 k€).

#### 2.7.5 Receivables

Receivables are stated as follows:

(Amounts x €1000)	31.03.16	30.11.15
Trade accounts receivable	815	702
Amounts due from group companies	12.416	9.748
Taxes and social security	634	421
Prepayments and accrued income	484	334
	<u>14.349</u>	<u>11.205</u>

Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 385 k€ (30 november 2015, 390 k€).

The amounts due from group companies includes a receivable related to Banco Ltd for an amount of 304 k€ (30 november 2015, 311 k€ payable).

#### 2.7.6 Cash at banks and in hand

The item cash and cash equivalent in the cash flow statement comprise the following :

(Amounts x €1000)	31.03.16	30.11.15
Cash in banks and in hand	<u>-2.981</u>	<u>350</u>

## 2.7.7 Shareholder's equity

### Share Capital

The authorised share capital of the company as at November 30, 2015 amounts to EUR 567.225 and consists of 125.000 ordinary shares of EUR 4,54 each. Issued share capital amounts to EUR 113.500 and consists of 25.000 ordinary shares with a nominal value of EUR 4,54 each. The issued capital is fully paid-in.

### Legal reserves, statutory reserves and other reserves

(Amounts x €1.000)	Issued capital	Premium reserve	Legal reserve	Cumulative translation adjust.	Retained earnings
Balance as at November 30, 2015	114	10.035	208	-316	29.450
Additions		65			
Utilisations			-16		16
Movement translation adjustment				-206	
Result appropriation					-1.118
Balance as at March 31, 2016	<u>114</u>	<u>10.100</u>	<u>192</u>	<u>-522</u>	<u>28.348</u>

## 2.7.8 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)	Deferred tax liabilities	Warranty liabilities	Total
Balance as at November 30, 2015	337	175	512
Additions	5	0	5
Utilisations	-28	-32	-60
Releases		-5	-5
Balance as at March 31, 2016	<u>314</u>	<u>138</u>	<u>452</u>

The provisions have mainly a long term term character. The majority of the warranty liability will be utilized within 12 month.

## 2.7.9 Current liabilities

Current liabilities are stated as follows:

	31.03.16	30.11.15
(Amounts x €1.000)		
Trade accounts payables	6.969	2.963
Taxes and social security charges	317	835
Dividend to be paid	1.200	1.275
Other liabilities and accruals	1.420	1.081
	<u>9.906</u>	<u>6.154</u>

## 2.7.10 Audit Cost

Per November 1st, 2015 the financial statements are audited by VVG Nijhof Accountants.  
The total costs incurred against the income for 2016 are € 13.500.

## 2.7.11 Contingencies and commitments not included in the balance sheet

### Contingencies

The company takes responsibility for liabilities, arising from legal acts of NRF Thermal Engineering B.V.  
The company is together with all Dutch investments in group companies jointly and severally liable to the credit institution.

### Commitments

(Amounts x €1.000)

	(total)	(<1 year)	(1-5 year)
Lease commitments: (The term of the lease commitments is 3 to 5 years.)	474	281	193
Lease expenses during fiscal year	166		


2.7.12 Taxation

Nederlandse Radiateurs Fabrik B.V. and NRF Thermal Engineering B.V. are a fiscal unit under Dutch tax law.

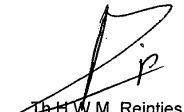
Mill,

May 23rd, 2016

Board of Directors




F.A.E. Toebes

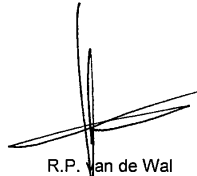


Th.H.W.M. Reintjes

Supervisory Board:



M. Patel



R.P. van de Wal



R.H. van het Kaar

**3 Supplementary information**

**3.1 Auditors' report**

**3.2 Appropriation of the net result**

In accordance with the articles of association of the company net profit is at the disposal of the general meeting.

**3.3 Proposed treatment of the net result**

In February 2016 an interim dividend were paid of 75.000 Euro regarding 2015.  
The net loss of 2016 is added to the retained earnings.  
The result appropriation has already been included in the financial statements.

**3.4 Post balance sheet event**