

Nederlandse Radiatoren Fabrik B.V.
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Financial Statements for the year ending

March 2017

For identification purposes

VWGN Assurance

May 15, 2017

Initialed:

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1 Directors report

General

NRF has its registered office in Mill, the Netherlands and is the head of a group of international companies. Details of the group companies in which NRF B.V. holds a controlling interest are disclosed in the consolidation principles of the annual accounts.

NRF designs, manufactures and markets radiators, radiator cores, charge air coolers, oilcoolers, heaters, temperature control parts such as condensers, compressors and other heat exchange products for the automotive and truck aftermarket. In addition NRF designs, manufactures and distributes marine coolers and heat exchange products for industrial applications.

NRF changed previous fiscal year its financial year to end of March, in order to align with the financial year of the mothercompany Banco Products (India) Ltd. Previous financial year contains 4 months (December-March).

In the period from April 2016 until March 2017 the Company was closed with a net gain of € 3,9 million. The Company remains to have a very solid solvency (ratio: 71%).

Net Turnover

The consolidated net turnover increased by more than 7,5% in comparison to the comparable months in 2015/16. This increase was fully achieved by growth in the After Market and Marine Market.

Gross Profit

The gross profit percentage increased slightly compared to the period of April 2015 until March 2016. The growth in sales of traded products and more direct shipments resulted in a margin growth.

Capital Expenditure

During fiscal year 2016/17 € 0,9 million was invested in new machinery, tooling, IT systems and other fixed assets.

In March 2015 the Company has founded a new company NRF US Inc. domiciled in Pennsylvania USA.

The Company has desinvested the company Lake Cement Ltd in the year 2014 for an amount of 8,9 MUSD. A Tanzanian company, which is to set up a green field project for manufacture of cement at location Kimbiji, near Dar es Salaam, Tanzania. In 2012 NRF has provided a financial loan to LCL for an amount of 4,0 MUSD. The loan is interest bearing and will be repaid within 9 years.

In 2014, the Company has agreed to another interest bearing loan of 2,2 M€, which is interest bearing and will be repaid within 5 years. Both loans are unsecured and will be repaid according to the renewed payment schedule.

Due to the movement from Daventry to Bilston (Birmingham) the former company building was desinvested. From our new location at Bilston we are better able to serve the English market.

During fiscal year 2017/18 the SBU in Austria will be terminated. For this fiscal year the SBU is in liquidation and therefore still included in the consolidation.

Quality and Environment

In 2004 an agreement for an environmental remediation plan had been reached with provincial authorities and was implemented. As part of the merger in 2005 it was agreed that all remediation cost will be for the account of Modine Manufacturing Company Inc., the former parent company of NRF. Since then and during 2014 the remediation program has been continued. The reimbursement of these costs by Modine are treated as addition in Capital Contribution within Equity

Regular audits were performed to assure the company's ISO 9001 status.

Human Resources

Total employment within the NRF group was 318 FTE on March 31st, 2017.

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Research and Development

NRF has capitalized for an amount of 20 K€ R&D expenses, in order to develop new markets, new products and improve existing products

Outlook for the Year 2017/18

The economic situation in 2017/18 in Europe is very likely to improve slightly. The industrial and truck replacement markets is showing first signs of strength demand. The Industrial sales will grow significant in 2017/18. The After Market division is expected to increase sales and market share. NRF's capital expenditures for the year 2017/18 will be around 2,0 million €. The number of employees is expected to remain stable in 2017/18.

Risk Management

The Managing Board is responsible for risk management in the company and has designed and implemented a risk management system and a risk management organization. The aim of the system is to ensure that the extent to which the company's strategic and operational objectives are being achieved is understood, that the company's reporting is reliable and that the company complies with relevant laws and regulations. Risk management is a process that we are committed to continuously improve.

Risk appetite and impact

Our willingness to assume risks and uncertainties (the risk appetite) differ for each risk category. The level of the company's risk appetite gives guidance as to whether NRF would take measures to control such uncertainties. The risk overview table shows the risk appetite and the expected impact on the group's achievement of its strategic, financial and operational objectives if one or more of the main risks and uncertainties were to materialize. The likelihood of the risk taking place is also disclosed. The risks are shown net. This means that the risks are described after taking the risk response into consideration.

RISK OVERVIEW				
Risk category	Risk	Risk appetite	Impact	Likelihood
Strategic risks	Market competition	Medium	High	Medium
Operational risks	Operational issues in technical infrastructure and IT	Low	High	Medium
	Failure to recover from a disaster	Medium	High	Low
Legal and compliance risks	Non-compliance with regulation	Low	Medium	Low
Financial risks	Unfavorable movements in foreign currencies	Medium	Medium	Medium

Below is an overview of the risks that we believe are most relevant to us.

Strategic Risks

Risk: Market competition

We might be unable to pursue new market opportunities and lose market share to our competitors. If we are unsuccessful in maintaining and growing in the After Market business, our financial conditions, results of operations and liquidity may be materially adversely affected.

Risk response:

We believe NRF is well positioned to address the future needs of our customers and to successfully pursue market opportunities. With our technological innovation, effective and efficient purchasing division, and agile organization and processes we believe this will allow us to remain competitive in the market.

Operational risks

Risk: Operational issues in technical infrastructure and IT

Our business depends heavily on our information technology, telecommunications and other infrastructure systems. A significant disruption to the availability of these systems could cause interruptions in our service to customers that may cause reputational damage for NRF which could have a material adverse effect on our financial condition and results of operations.

Risk response:

We have established a process in relation to Business Continuity for internal infrastructure including full redundancy for key services. Continuous monitoring of system availability is in place.

Risk: Failure to recover from a disaster

Unforeseen business disruptions could affect our sales to customers and cause loss of, or delays in NRF's critical business systems, our research and development work and/or product shipments. Any permanent or temporary loss of these systems would result in reputational damage, loss of revenue and liabilities to our clients. In the case of a catastrophic disaster, our company's success rests on our ability to restore our critical data and rebuild our IT business systems.

Risk response:

We have business continuity and disaster recovery planning in place for business critical systems and various eventualities. However, we are unable to plan for every possible disaster or incident. A major failure of a business critical system from which we are not able to quickly recover, could have a material adverse effect on our financial condition, results of operations and liquidity.

Legal and compliance risks

Risk: Non compliance with regulation

NRF needs to comply to law and regulations in its operations. Non compliances could have a material adverse effect on our financial condition, results of operations and liquidity. Furthermore, even if we were to prevail, any litigation could be costly and time consuming.

Risk response:

We strengthening the effectiveness of the compliance organization by:
Compliance training sessions for staff and management, proactive internal compliance investigations, surveys and culture improvement programs, improving and maintaining robust internal controls, and proactive stakeholder and reputation management including dialog with regulators.

Financial risks

Risk: unfavorable movements in foreign currencies

The group operates internationally and conducts business in multiple currencies. Revenues are earned in euro, pound sterling, the US dollar and do not necessarily match cost of sales and other costs which are largely in euro and the US dollar. Unfavorable foreign currency movements will have a negative impact on our profitability.

Risk response:

NRF tries wherever possible to match cost and revenue currencies. We do not have options and forward contracts to cover forecasted net exposures. We try to temper any negative foreign currency effect by conscious and calculated pricing of NRF products to combat the negative impact of the exchange rate movement.

Management

In the period of April 2016 and March 2017, there were no changes in either management or Supervisory Board.

We have taken note of the law proportional representation. The Management Board and Supervisory Board consist of 100% men. For the appointment of statutory directors and Supervisory Board members, the company is using functional profiles, for which no distinction is made between men and women.

Management and Supervisory Board attach to her composition of diversity and complementarity.

In a future replacement in management or Supervisory Board, both men and women are invited to apply.

At the final selection, the quality of any candidate are paramount.

Mill,

May 15th, 2017



F.A.E. Toebes



Th.H.W.M. Reintjes

Nederlandse Radiateurs Fabriek B.V.

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2 Financial statements

Nederlandse Radiateuren Fabrik B.V.

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May 15, 2017⁶

Initialed:

2.1 Consolidated balance sheet as at March 31, 2017
(after appropriation of result)

(Amounts x €1.000)

		31.03.2017	31.03.2016
ASSETS	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.4.4	139	192
Tangible fixed assets	2.4.5	4.084	5.303
Financial fixed assets	2.4.6	<u>4.797</u>	<u>5.594</u>
		9.020	11.089
CURRENT ASSETS			
Inventories	2.4.7	28.226	28.703
Receivables	2.4.8	16.603	16.161
Short term investments	2.4.9	<u>115</u>	<u>115</u>
		44.944	44.979
Total assets		<u>53.964</u>	<u>56.068</u>
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY	2.4.10	38.316	38.232
PROVISIONS	2.4.11	458	508
CURRENT LIABILITIES			
Cash and bank balances	2.4.12	1.576	1.212
Other current liabilities	2.4.13	<u>13.614</u>	<u>16.116</u>
		15.190	17.328
Total liabilities		<u>53.964</u>	<u>56.068</u>

2.2 Consolidated profit & loss account for the period ended March 31, 2017

(Amounts x €1.000)		Apr 2016 / Mar 2017	Dec 2015 / Mar 2016
		12 months	4 months
	Reference		
Net turnover	2.4.15	83.809	20.618
Change in work in process		<u>-875</u>	<u>822</u>
Operating income		82.934	21.440
Cost of raw materials and auxiliary materials		50.873	13.739
Costs of work contracted out and other external expenses		1.193	264
Salaries & wages	2.4.16	15.455	4.989
Social security charges		3.325	1.066
Depreciation in-/tangible fixed assets		993	329
Other operating costs	2.4.17	<u>6.033</u>	<u>2.729</u>
Operating costs		<u>77.872</u>	<u>23.116</u>
Operating result		5.062	-1.676
Interest income		-346	-115
Interest expense	2.4.18	<u>60</u>	<u>9</u>
Net financial income/(expense)		-286	-106
Result from ordinary activities before taxation		5.348	-1.570
Taxation on result from ordinary activities	2.4.19	-1.407	452
Net result		<u><u>3.941</u></u>	<u><u>-1.118</u></u>

2.3 Consolidated cash-flow statement

(Amounts x €1.000)	Apr 2016 / Mar 2017	Dec 2015 / Mar 2016
<u>Cash-flow from operating activities</u>		
Operating result	5.062	-1.676
Adjustments for :		
Depreciation	993	329
Change in working capital :		
Increase/Decrease receivables	-442	-954
Increase/Decrease inventories	477	-5.833
Increase/Decrease current liabilities	-2.502	3.141
Increase/Decrease provisions	-50	-100
	<u>-2.517</u>	<u>-3.746</u>
	3.538	-5.093
Interest income	346	115
Interest expense	-60	-9
Income tax expense	<u>-1.407</u>	<u>452</u>
	-1.121	558
Cash-flow from operating activities	2.417	-4.535
<u>Cash-flow from investment activities</u>		
Investment in tangible & intangible fixed assets	-940	-316
Disposals tangible & intangible fixed assets	1.123	156
Other long term receivables/investments	797	141
Exch. rate diff. in investments (tangible)	<u>96</u>	<u>179</u>
Cash-flow from investment activities	1.076	160
<u>Cash-flow from financial activities</u>		
Interim Dividend paid	-3.900	-75
Premium reserve	112	65
Adj. for movement translation	<u>-69</u>	<u>-206</u>
Cash-flow from financial activities	-3.857	-216
Increase/(Decrease) cash and banks	-364	-4.591
<u>Movement in cash and cash equivalents</u>		
Opening balance of cash and cash equivalents	-1.212	3.379
Increase /(decrease) cash and banks	<u>-364</u>	<u>-4.591</u>
Closing balance of cash and cash equivalents	-1.576	-1.212

2.4 Notes to the consolidated financial statements for the year ended March 31, 2017

2.4.1 General

Reporting entity

Reporting entity Nederlandse Radiatoren Fabriek B.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Langenboomseweg 64, 5451 JM Mill. The consolidated financial statements of the Company as at and for the year ended March 31, 2017 comprise the Company and its subsidiaries (together referred to as 'NRF' and individually as 'NRF' entities). The Company is registered in the Trade Register of Eindhoven No. 16020946.

Group structure

On February 23rd, 2010 Banco Products (India) Ltd., 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

NRF changed previous fiscal year its financial year to end of March, in order to align with the financial year of the mothercompany Banco Products (India) Ltd.. Previous financial year contains 4 months (December-March) and therefore the comparative figures are not comparable with current fiscal year.

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. (in liquidation)	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 Radiateuren 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 2017 amounts 98,9%. 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&D costs</u>
Balance as at March 31, 2016	192
Additions	19
Depreciation	<u>-72</u>
Balance as at March 31, 2017	139

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
Cost :					
Balance as at March 31, 2016	10.951	24.164	4.568	318	40.001
Additions	141	491	73	216	921
Put into operation/Transfers	0	135	85	-220	0
Disposals	-1.836	-504	-234	0	-2.574
Exchange differences	-149	-6	-8	0	-163
Balance as at March 31, 2017	<u>9.107</u>	<u>24.280</u>	<u>4.484</u>	<u>314</u>	<u>38.185</u>
Depreciation :					
Balance as at March 31, 2016	8.207	22.715	3.776	0	34.698
Charge for the year	108	504	310	0	922
Disposals	-721	-497	-234	0	-1.452
Exchange differences	-63	-2	-2	0	-67
Balance as at March 31, 2017	<u>7.531</u>	<u>22.720</u>	<u>3.850</u>	<u>0</u>	<u>34.101</u>
Book value :					
Balance as at March 31, 2017	<u>1.576</u>	<u>1.560</u>	<u>634</u>	<u>314</u>	<u>4.084</u>
Balance as at March 31, 2016	<u>2.744</u>	<u>1.449</u>	<u>792</u>	<u>318</u>	<u>5.303</u>

2.4.6 Financial fixed assets

(Amounts x €1.000)	Loan LCL Ltd	Deferred Tax Receivables	Total
Balance as at March 31, 2016	4.911	683	5.594
Additions	0	386	386
Exchange rate differences	197	0	197
Utilisations	-927	-453	-1.380
Balance as at March 31, 2017	4.181	616	4.797

The above tax receivable represents a long term fiscal valuation difference per March 31, 2017.

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, 2017 will be repaid by quarterly installments.

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, 2017 will be repaid by quarterly installments.

2.4.7 Inventories

Inventories can be broken down as follows:

(Amounts x €1.000)	31.03.17	31.03.16
Raw materials and auxiliary materials	4.700	6.195
Work in process	570	1.445
Finished goods	22.956	21.063
	28.226	28.703

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.863 k€ (31 march 2016, 1.494 k€).

2.4.8 Receivables

Receivables can be broken down as follows:

(Amounts x €1.000)	31.03.17	31.03.16
Trade accounts receivable	14.964	14.132
Income tax receivables	135	1.136
Prepayments and accrued income	960	537
Other receivables	544	356
	16.603	16.161

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

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 825 k€ (31 march 2016, 856 k€).

2.4.9 Short term investments

	<u>31.03.17</u>	<u>31.03.16</u>
(Amounts x €1.000)		
Short term investments	115	115

2.4.10 Shareholder's equity

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

2.4.11 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)

	Deferred tax liabilities	Warranty provision	Total
Balance as at March 31, 2016	364	144	508
Additions	3	190	193
Utilisations	-22	-221	-243
Balance as at March 31, 2017	345	113	458
Of which the following amounts can be considered short term		113	113

2.4.12 Cash and bank balances

	31.03.17	31.03.16
(Amounts x €1.000)		
Cash and bank balances	1.576	1.212

2.4.13 Other Current liabilities

Other Current liabilities are stated as follows:

(Amounts x €1.000)

	31.03.17	31.03.16
Trade accounts payable	7.574	10.071
Taxes and social security charges	1.310	1.220
Dividend to be paid	0	1.200
Other liabilities and accruals	4.730	3.625
	13.614	16.116

The other liabilities and accruals includes a payable related to Banco Products (India) Ltd. for an amount of 435 k€ (31 march 2016, 199 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.)	4.085	1.528	2.557
Lease expenses during fiscal year	1.589		

The company maintains credit agreements with banks in the Netherlands that serves for financing of the working capital. The standard credit limit is € 10,5 million. During the year the credit limit varies in line with the seasonal pattern of the company.

The following securities have been issued for the credit limit:

- A bank mortgage amounting to € 8,4 million has been established on the company building; Langenboomseweg 64, 5451 JM Mill as security to the bank.
- A right of pledge has been established on the stock, accounts receivables and machinery and equipment of Nederlandse Radiatoren Fabrik B.V. as security to the bank.

2.4.15 Net turnover

(Amounts x €1.000)	Apr 2016/ Mar 2017	Dec 2015/ Mar 2016
The Netherlands	8.425	1.924
Other EU countries	63.655	15.776
Other European countries	5.211	1.008
Other countries	6.518	1.910
Total Net turnover	83.809	20.618

2.4.16 Salaries, wages and social security charges

(Amounts x €1.000)	Apr 2016/ Mar 2017	Dec 2015/ Mar 2016
Salaries and wages	15.455	4.989
Pension charges	1.087	380
Other social security charges	2.238	686
	18.780	6.055

During 2016/17 an average of 308 FTE were employed by the company, divided by location as follows :

	31.03.17	31.03.16
Nederlandse Radiatoren Fabrik B.V.	176	173
NRF France SARL	24	21
NRF US Inc.	3	2
NRF (United Kingdom) LTD.	8	8
NRF Handelsg.m.b.H	0	2
NRF Deutschland GmbH	5	9
NRF España S.A.	68	61
NRF Poland sp.z.o.o.	27	14
NRF Italia S.r.l.	7	7
	318	297

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 148 k€ (2015/16: 75 k€).

The total gain related to exchange rate differences amounted to k€ 309 (2015/16: 410 k€ loss).

2.4.18 Interest charges

(Amounts x €1.000)	Apr 2016/ Mar 2017	Dec 2015/ Mar 2016
Interest paid to credit institutions	60	9
Interest income loan L.C.L.	-346	-115
	-286	-106

2.4.19 Taxation on result on ordinary activities

(Amounts x €1.000)	Apr 2016/ Mar 2017	Dec 2015/ Mar 2016
Result before taxation in the consolidated annual accounts	5.348	-1.570
Tax charges	1.407	-452
Effective tax rate	26%	29%

In the European countries where NRF has operations the tax rates vary between 19% and 40%.

2.4.20 Remuneration for Supervisory Board and Board of Directors

In 2016/17 the total remunerations to the Supervisory Board and Board of Directors of NRF B.V. amounted to € 107.859 respectively € 369.217.

2.4.21 Related party transactions

NRF B.V. conducts business with other Banco Products (India) Ltd. companies. Transactions have been completed for purchases of goods.

Pricing is established on the basis of arms-length principles,

(Amounts x €1.000)	Apr 2016/ Mar 2017
Banco Products (India) Ltd. group companies machineries/tools sales	41
Banco Products (India) Ltd. group companies goods purchases	7.276
Banco Products (India) Ltd. group companies machineries/tools purchases	119

2.5 Company balance sheet as at March 31, 2017
(after appropriation of results)

Amounts x €1.000

		31.03.17	31.03.16
ASSETS	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.7.1	856	123
Tangible fixed assets	2.7.2	3.343	3.371
Financial fixed assets	2.7.3	<u>17.840</u>	<u>16.570</u>
		22.039	20.064
CURRENT ASSETS			
Inventories	2.7.4	15.214	17.158
Receivables	2.7.5	<u>12.344</u>	<u>14.349</u>
		27.558	31.507
Total assets		<u>49.597</u>	<u>51.571</u>
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY	2.7.6		
Issued capital		114	114
Premium reserve		10.212	10.100
Legal reserve		139	192
Translation adjustment		-591	-522
Retained earnings		<u>28.442</u>	<u>28.348</u>
		38.316	38.232
PROVISIONS	2.7.7	431	452
CURRENT LIABILITIES			
Cash and bank balances	2.7.8	4.349	2.981
Other current liabilities	2.7.9	<u>6.501</u>	<u>9.906</u>
		10.850	12.887
Total liabilities		<u>49.597</u>	<u>51.571</u>

2.6 Company Profit and loss account for the year ended March 31, 2017

Amounts x €1.000	<u>31.03.17</u>	<u>31.03.16</u>
Income from investments in group companies after taxation	1.310	-671
Other income and expense after taxation	2.631	-447
Result after taxation	<u>3.941</u>	<u>-1.118</u>

2.7 Notes to the financial statements for the year ended March 31, 2017

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)	Goodwill	R&D Costs	Total
Balance as at March 31, 2016	0	123	123
Additions	800	20	820
Depreciation	-40	-47	-87
Balance as at March 31, 2017	760	96	856

The Goodwill relates to the acquisition of the Customer file of NRF Deutschland GmbH (not a part of the fiscal unity) in 2017. The Goodwill is amortized on a straight-line basis over an estimated useful economic life of 5 years. The R&D costs 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
Cost :					
Balance as at March 31, 2016	8.013	18.958	3.537	318	30.826
Additions	43	380	41	215	679
Put into operation	0	135	85	-220	0
Disposals	0	-495	-135	0	-630
Balance as at March 31, 2017	8.056	18.978	3.528	313	30.875
Depreciation :					
Balance as at March 31, 2016	6.631	17.910	2.914	0	27.455
Charge for the year	69	388	244	0	701
Disposals	0	-489	-135	0	-624
Balance as at March 31, 2017	6.700	17.809	3.023	0	27.532
Book value :					
Balance as at March 31, 2017	1.356	1.169	505	313	3.343
Balance as at March 31, 2016	1.382	1.047	623	318	3.371

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 March 31, 2016	1.274	4.911	10.385	16.570
Additions	456	0	0	456
Result of group companies	0	0	2.070	2.070
Dividend received from group companies	0	0	0	0
Exchange rate differences	94	197	-70	221
Utilisation	0	-927	0	-927
Other	0	0	-550	-550
Book value as of March 31, 2017	1.824	4.181	11.835	17.840

The negative net equity of NRF Handelsg.mbH and NRF US Inc. amounted to k€ 368 per March 31, 2017 has been excluded from the investment value. This amount has been deducted from the group companies receivables due from NRF Handelsg.mbH and NRF US Inc..

Loan NRF US Inc.

In March 2017 all the separate loans (including an additional loan of 500 k€) were restructured to one loan with a total amount of 1,95 million \$. The loan is interest bearing and will be repaid within 6,5 years starting from September 30, 2019.

Loan LCL Ltd

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, 2017 will be repaid by quarterly installments.

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, 2017 will be repaid by quarterly installments.

2.7.4 Inventories

Inventories are stated as follows:

(Amounts x €1000)	31.03.17	31.03.16
Raw materials and auxiliary materials	3.971	5.363
Work in process	542	1.435
Finished goods	10.701	10.360
	<u>15.214</u>	<u>17.158</u>

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.839 k€ (31 march 2016, 1.469 k€).

2.7.5 Receivables

Receivables are stated as follows:

(Amounts x €1000)	31.03.17	31.03.16
Trade accounts receivable	2.580	815
Amounts due from group companies	8.361	12.416
Taxes and social security	666	634
Prepayments and accrued income	737	484
	<u>12.344</u>	<u>14.349</u>

Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 428 k€ (31 march 2016, 385 k€).

The amounts due from group companies includes a receivable related to Banco Products (India) Ltd. for an amount of 46 k€ (31 march 2016, 304 k€).

2.7.6 Shareholder's equity

Share Capital

The authorised share capital of the company as at March 31, 2017 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 March 31, 2016	114	10.100	192	-522	28.348
Additions		112			
Utilisations			-53		53
Movement translation adjustment				-69	
Distribution of dividend					-3.900
Result for financial year					3.941
Balance as at March 31, 2017	114	10.212	139	-591	28.442

2.7.7 Provisions

Movements in provisions are specified as follows:

(Amounts x €1.000)	Deferred tax liabilities	Warranty liabilities	Total
Balance as at March 31, 2016	314	138	452
Additions	49	196	245
Utilisations	-45	-221	-266
Releases		-0	0
Balance as at March 31, 2017	318	113	431

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

2.7.8 Cash and bank balances

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

(Amounts x €1000)	31.03.17	31.03.16
Cash and bank balances	4.349	2.981

2.7.9 Other current liabilities

Other current liabilities are stated as follows:

(Amounts x €1.000)	31.03.17	31.03.16
Trade accounts payables	4.623	6.969
Taxes and social security charges	331	317
Dividend to be paid	0	1.200
Other liabilities and accruals	1.547	1.420
	6.501	9.906

2.7.10 Audit Cost

Per November 1st, 2015 the financial statements are audited by VWGN Assurance.
The total costs incurred against the income for 2016/17 are € 39.600.

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.)	1.281	468	813
Lease expenses during fiscal year	544		

2.7.12 Proposed treatment of the net result

In June 2016 an final dividend were paid of 1.200.000 Euro regarding 2014/15.
In August 2016 an interim dividend were paid of 2.200.000 Euro regarding 2016/17.
In January 2017 an interim dividend were paid of 1.700.000 Euro regarding 2016/17.
The net profit of 2016/17 is added to the retained earnings.
The result appropriation has already been included in the financial statements.

Nederlandse Radiatoren Fabriek B.V.

For identification purposes
VWGN Assurance
May 15, 2017

Initialed:

2.7.13 Post balance sheet event

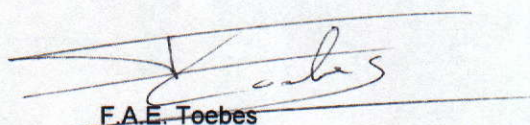
2.7.14 Taxation

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

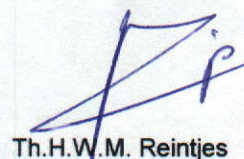
Mill,

May 15th, 2017

Board of Directors



F.A.E. Toebes



Th.H.W.M. Reintjes

Supervisory Board:

M. Patel

R.P. van der Wal

R.H. van het Kaar

2.7.13 Post balance sheet event

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Mill,

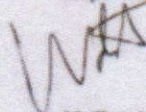
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Th.H.W.M. Reintjes

Supervisory Board:



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R.P. van der Wal

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VWGN Assurance
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3 Supplementary information

3.1 Auditors' report

3.2 Appropriation of the net result

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the consolidated financial statements

We were engaged to audit the accompanying consolidated financial statements for the year ended 31 March 2017 of Nederlandse Radiateuren Fabriek B.V., Mill, which comprise the consolidated balance sheet as at 31 March 2017, 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 find 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

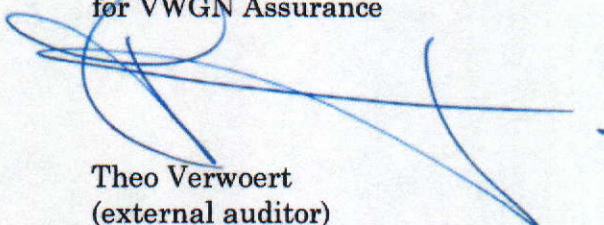
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nederlandse Radiateuren Fabriek B.V. as at March 31, 2017 its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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 12, 2017
for VWGN Assurance



Theo Verwoert
(external auditor)