

Nederlandse Radiateuren Fabriek B.V.
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Financial Statements for the year ending

March 2018

Voor waarmerkingsdoeleinden
VWGN Assurance

11 MEI 2018

ruimte voor paraaf

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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.

In the period from April 2017 until March 2018 the Company was closed with a net gain of € 3,8 million. The Company remains to have a very solid solvency (ratio: 66%).

Net Turnover

The consolidated net turnover increased by more than 3,1% in comparison to the comparable months in 2016/17. This increase was fully achieved by growth in the After Market.

Gross Profit

The gross profit percentage stayed stable compared to the period of April 2016 until March 2017.

Capital Expenditure

During fiscal year 2017/18 € 0,9 million was invested in new machinery, tooling, IT systems and other fixed assets.

During the fiscal year NRF has taken a financial loan for an amount of 900k€ for the construction of a new warehouse in France.

The loan is interest bearing and will be repaid within 15 years. The building depot at year end amounts to 136k€.

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 310 FTE on March 31st, 2018.

Research and Development

NRF has capitalized for an amount of 24 K€ R&D expenses, in order to develop new markets, new products and improve existing products



Outlook for the Year 2018/19

The economic situation in 2018/19 in Europe is very likely to improve slightly. The industrial and truck replacement markets is showing signs of strength demand. The After Market division is expected to increase sales and market share. NRF's capital expenditures for the year 2018/19 will be around 1,8 million €. The number of employees is expected to remain stable in 2018/19.

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	High
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:

We manage foreign currency transaction risk in USD through forward contracts to cover forecasted net exposures. Furthermore 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 2017 and March 2018, there were no changes of the management. The Supervisory Board has been strengthened with two new members S.K. Patel and S. Thakker on 27 March 2018.

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 11th, 2018


F.A.E. Toebes


Th.H.W.M. Reintjes



2 Financial statements

Voor waarmerkingsdoeleinden
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2.1 Consolidated balance sheet as at March 31, 2018
(after appropriation of result)

(Amounts x €1.000)		31.03.2018	31.03.2017
ASSETS			
	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.4.4	101	139
Tangible fixed assets	2.4.5	4.119	4.084
Financial fixed assets	2.4.6	<u>1.371</u>	<u>4.797</u>
		5.591	9.020
CURRENT ASSETS			
Inventories	2.4.7	32.731	28.226
Receivables	2.4.8	16.513	16.603
Short term investments	2.4.9	95	115
Cash and bank balances	2.4.10	<u>3.144</u>	<u>-1.576</u>
		52.483	43.368
Total assets		<u><u>58.074</u></u>	<u><u>52.388</u></u>
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY			
	2.4.11	38.583	38.316
PROVISIONS			
	2.4.12	506	458
LONG TERM LIABILITIES			
	2.4.13	136	0
CURRENT LIABILITIES			
	2.4.14	18.849	13.614
Total liabilities		<u><u>58.074</u></u>	<u><u>52.388</u></u>

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2.2 Consolidated profit & loss account for the period ended March 31, 2018

(Amounts x €1.000)		Apr 2017 / Mar 2018	Apr 2016 / Mar 2017
		12 months	4 months
		Reference	
Net turnover	2.4.16	86.393	83.809
Cost of raw materials and auxiliary materials		53.017	51.748
Costs of work contracted out and other external expenses		872	1.193
Salaries & wages	2.4.17	15.600	15.455
Social security charges		3.300	3.325
Depr. in-/tangible fixed assets		955	993
Other operating costs	2.4.18	7.857	6.033
Operating costs		<u>81.601</u>	<u>78.747</u>
Operating result		4.792	5.062
Interest income		-226	-346
Interest expense	2.4.19	49	60
Net financial income/(expense)		<u>-177</u>	<u>-286</u>
Result from ordinary activities before taxation		4.969	5.348
Taxation on result from ordinary activities	2.4.20	-1.208	-1.407
Net result		<u><u>3.761</u></u>	<u><u>3.941</u></u>

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2.3 Consolidated cash-flow statement

(Amounts x €1.000)	<u>Apr 2017 / Mar 2018</u>	<u>Apr 2016 / Mar 2017</u>
<u>Cash-flow from operating activities</u>		
Operating result	4.792	5.062
Adjustments for :		
Depreciation	955	993
Change in working capital :		
Increase/Decrease receivables	90	-442
Increase/Decrease inventories	-4.505	477
Increase/Decrease current liabilities	5.235	-2.502
Increase/Decrease long term liabilities	136	0
Increase/Decrease provisions	48	-50
	<u>1.004</u>	<u>-2.517</u>
	6.751	3.538
Interest income	226	346
Interest expense	-49	-60
Income tax expense	<u>-1.208</u>	<u>-1.407</u>
	<u>-1.031</u>	<u>-1.121</u>
Cash-flow from operating activities	5.720	2.417
<u>Cash-flow from investment activities</u>		
Investment in tangible & intangible fixed assets	-937	-940
Disposals tangible & intangible fixed assets	3	1.123
Other long term receivables/investments	3.426	797
Exch. rate diff. in investments (tangible)	<u>2</u>	<u>96</u>
Cash-flow from investment activities	2.494	1.076
<u>Cash-flow from financial activities</u>		
Interim Dividend paid	-3.575	-3.900
Premium reserve	81	112
Adj. for movement translation	<u>0</u>	<u>-69</u>
Cash-flow from financial activities	<u>-3.494</u>	<u>-3.857</u>
Increase/(Decrease) cash and banks	4.720	-364
<u>Movement in cash and cash equivalents</u>		
Opening balance of cash and cash equivalents	-1.576	-1.212
Increase /(decrease) cash and banks	<u>4.720</u>	<u>-364</u>
Closing balance of cash and cash equivalents	3.144	-1.576

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2.4 Notes to the consolidated financial statements for the year ended March 31, 2018

2.4.1 General

Reporting entity

Reporting entity Nederlandse Radiateurs 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, 2018 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 Radiateurs 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 Radiateurs 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 Radiateurs Fabriek B.V. and its subsidiary companies.

A Company is considered a group company if that belongs to the economic unit of Nederlandse Radiateurs Fabriek B.V. and in which Nederlandse Radiateurs 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 Radiateurs 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 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 %

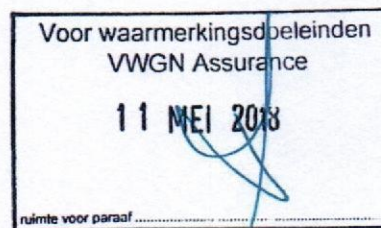


Application of condensed corporate profit and loss account

In respect of the profit and loss account of Nederlandse Radiatoren Fabrik 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 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 weighted average price, 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

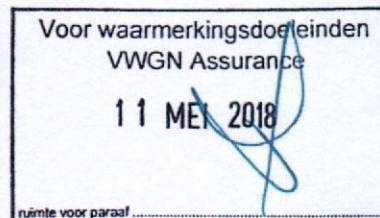
The companies NRF UK and NRF BV, have a pension plan in place that qualifies as a defined contribution plan. The companies sole obligation is payment of the annual contribution to the insurance company of branch pension fund (PME). The coverage ratio end of March 2018 amounts 100,3%. The company does 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, 2017	139
Additions	24
Depreciation	<u>-62</u>
Balance as at March 31, 2018	101

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, 2017	9.107	24.280	4.484	314	38.185
Additions	8	246	205	454	913
Put into operation/Transfers	42	156	10	-208	0
Disposals	-73	-126	-59	0	-258
Exchange differences	-3	0	-2	0	-5
Balance as at March 31, 2018	<u>9.081</u>	<u>24.556</u>	<u>4.638</u>	<u>560</u>	<u>38.835</u>
Depreciation :					
Balance as at March 31, 2017	7.531	22.720	3.850	0	34.101
Charge for the year	111	484	278	0	873
Disposals	-73	-123	-59	0	-255
Exchange differences	-2	-0	-1	0	-3
Balance as at March 31, 2018	<u>7.567</u>	<u>23.081</u>	<u>4.068</u>	<u>0</u>	<u>34.716</u>
Book value :					
Balance as at March 31, 2018	<u>1.514</u>	<u>1.475</u>	<u>570</u>	<u>560</u>	<u>4.119</u>
Balance as at March 31, 2017	<u>1.576</u>	<u>1.560</u>	<u>634</u>	<u>314</u>	<u>4.084</u>



2.4.6 Financial fixed assets

(Amounts x €1.000)	Loan	Deferred	Total
	LCL Ltd	Tax Receivables	
Balance as at March 31, 2017	4.181	616	4.797
Additions	0	97	97
Exchange rate differences	-332	0	-332
Utilisations	-3.038	-153	-3.191
Balance as at March 31, 2018	811	560	1.371

The above tax receivable represents a long term fiscal valuation difference per March 31, 2018.

The outstanding interest bearing loans to LCL at year end 2018 amount to 811k€ and are fully repaid per April 2018.

2.4.7 Inventories

Inventories can be broken down as follows:

(Amounts x €1.000)	31.03.18	31.03.17
Raw materials and auxiliary materials	5.610	5.270
Finished goods	27.121	22.956
	32.731	28.226

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.840 k€ (31 march 2017, 1.863 k€).

2.4.8 Receivables

Receivables can be broken down as follows:

(Amounts x €1.000)	31.03.18	31.03.17
Trade accounts receivable	14.801	14.964
Income tax receivables	303	135
Prepayments and accrued income	870	960
Other receivables	539	544
	16.513	16.603

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

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 860 k€ (31 march 2017, 825 k€).



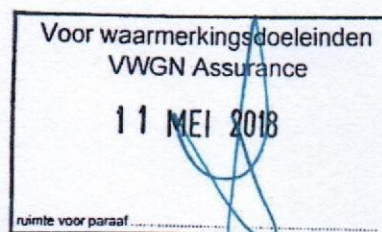
2.4.9 Short term investments

	<u>31.03.18</u>	<u>31.03.17</u>
(Amounts x €1.000)		
Short term investments	95	115

2.4.10 Cash and bank balances

	<u>31.03.18</u>	<u>31.03.17</u>
(Amounts x €1.000)		
Cash and bank balances	3.144	-1.576

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 March 31, 2017	345	113	458
Additions	37	11	48
Balance as at March 31, 2018	<u>382</u>	<u>124</u>	<u>506</u>
Of which the following amounts can be considered short term		124	124

2.4.13 Long Term liabilities

(Amounts x €1.000)	Loan
Balance as at March 31, 2017	0
Additions	136
Utilisations	0
Balance as at March 31, 2018	<u>136</u>

NRF has taken a financial loan for an amount of 900k€, for the construction of a new warehouse in France. The loan is interest bearing and will be repaid within 15 years. The building depot at year end amounts to 136k€.

2.4.14 Other Current liabilities

Other Current liabilities are stated as follows:

(Amounts x €1.000)	31.03.18	31.03.17
Trade accounts payable	11.988	7.574
Taxes and social security charges	1.088	1.310
Other liabilities and accruals	<u>5.773</u>	<u>4.730</u>
	18.849	13.614

The other liabilities and accruals includes a payable related to Banco Products (India) Ltd. for an amount of 48 k€ (31 march 2017, 435 k€).



2.4.15 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.)	2.710	1.391	1.319
Lease expenses during fiscal year	1.638		

The company maintains credit agreements with banks in the Netherlands that serves for financing of the working capital. The standard credit limit is € 7,5 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 Radiateuren Fabriek B.V. as security to the bank.

The Company manage foreign currency transaction risk in USD through forward contracts. The notional principle amounts of the outstanding forward foreign exchange contracts on 31 March 2018 were \$ 6,1 million with an average rate of 1,1821 (\$/€). All the group's outstanding forwards have a contractual maturity of less than one year.

2.4.16 Net turnover

(Amounts x €1.000)	Apr 2017/ Mar 2018	Apr 2016/ Mar 2017
The Netherlands	6.263	8.425
Other EU countries	67.565	63.655
Other European countries	6.453	5.211
Other countries	6.112	6.518
Total Net turnover	86.393	83.809

2.4.17 Salaries, wages and social security charges

(Amounts x €1.000)	Apr 2017/ Mar 2018	Apr 2016/ Mar 2017
Salaries and wages	15.600	15.455
Pension charges	1.004	1.087
Other social security charges	2.296	2.238
	18.900	18.780

During 2017/18 an average of 314 FTE were employed by the company, divided by location as follows :

	31.03.18	31.03.17
Nederlandse Radiateuren Fabriek B.V.	168	176
NRF France SARL	26	24
NRF US Inc.	2	3
NRF (United Kingdom) LTD.	6	8
NRF Deutschland GmbH	5	5
NRF España S.A.	69	68
NRF Poland sp.z.o.o.	28	27
NRF Italia S.r.l.	6	7
	310	318

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2.4.18 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 145 k€ (2016/17: 148 k€).

The total loss related to exchange rate differences amounted to k€ 714 (2016/17: 309 k€ gain).

2.4.19 Interest charges

(Amounts x €1.000)	Apr 2017/ Mar 2018	Apr 2016/ Mar 2017
Interest paid to credit institutions	49	60
Interest income loan L.C.L.	-226	-346
	<u>-177</u>	<u>-286</u>

2.4.20 Taxation on result on ordinary activities

(Amounts x €1.000)	Apr 2017/ Mar 2018	Apr 2016/ Mar 2017
Result before taxation in the consolidated annual accounts	4.969	5.348
Tax charges	1.208	1.407
Effective tax rate	<u>24%</u>	<u>26%</u>

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

2.4.21 Remuneration for Supervisory Board and Board of Directors

In 2017/18 the total remunerations to the Supervisory Board and Board of Directors of NRF B.V. amounted to € 40.129 respectively € 361.349.

2.4.22 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 2017/ Mar 2018
Banco Products (India) Ltd. group companies goods sales	49
Banco Products (India) Ltd. group companies goods purchases	8.277



2.5 Company balance sheet as at March 31, 2018
(after appropriation of results)

Amounts x €1.000		31.03.18	31.03.17
ASSETS	<i>Reference</i>		
FIXED ASSETS			
Intangible fixed assets	2.7.1	683	856
Tangible fixed assets	2.7.2	3.340	3.343
Financial fixed assets	2.7.3	17.573	17.840
		21.596	22.039
CURRENT ASSETS			
Inventories	2.7.4	17.042	15.214
Receivables	2.7.5	11.883	12.344
		28.925	27.558
Total assets		50.521	49.597
SHAREHOLDER'S EQUITY & LIABILITIES			
SHAREHOLDER'S EQUITY	2.7.6		
Issued capital		114	114
Premium reserve		10.293	10.212
Legal reserve		101	139
Translation adjustment		-591	-591
Retained earnings		28.666	28.442
		38.583	38.316
PROVISIONS	2.7.7	470	431
CURRENT LIABILITIES			
Cash and bank balances	2.7.8	1.210	4.349
Other current liabilities	2.7.9	10.258	6.501
		11.468	10.850
Total liabilities		50.521	49.597

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2.6 Company Profit and loss account for the year ended March 31, 2018

Amounts x €1.000	<u>31.03.18</u>	<u>31.03.17</u>
Income from investments in group companies after taxation	3.744	1.310
Other income and expense after taxation	17	2.631
Result after taxation	<u>3.761</u>	<u>3.941</u>



2.7 Notes to the financial statements for the year ended March 31, 2018

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, 2017	760	96	856
Additions	0	23	23
Depreciation	-160	-36	-196
Balance as at March 31, 2018	600	83	683

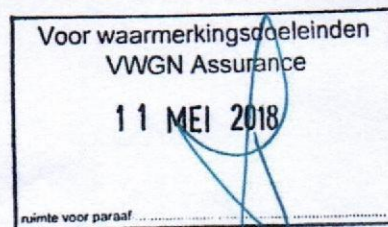
The Goodwill relates to the acquisition of the Customer file of NRF Deutschland GmbH (not a part of the fiscal unity) in 2017. The Goodwill is amortized on a straight-line basis over an estimated useful economic life of 5 years.

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, 2017	8.056	18.978	3.528	313	30.875
Additions	4	200	172	297	673
Put into operation	42	156	10	-208	0
Disposals	0	-93	-33	0	-126
Balance as at March 31, 2018	8.102	19.241	3.677	402	31.422
Depreciation :					
Balance as at March 31, 2017	6.700	17.809	3.023	0	27.532
Charge for the year	75	379	219	0	673
Disposals	0	-91	-32	0	-123
Balance as at March 31, 2018	6.775	18.097	3.210	0	28.082
Book value :					
Balance as at March 31, 2018	1.327	1.144	467	402	3.340
Balance as at March 31, 2017	1.356	1.169	505	313	3.343



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	Loan	Investments	Total
	NRF US Inc.	LCL Ltd	in group Companies	
Book value as of March 31, 2017	1.824	4.181	11.835	17.840
Additions	406	0	0	406
Result of group companies	0	0	3.744	3.744
Dividend received from group companies	0	0	-879	-879
Exchange rate differences	-242	-332	-0	-574
Utilisation	0	-3.037	0	-3.037
Other	0	0	73	73
Book value as of March 31, 2018	1.988	812	14.773	17.573

The negative net equity of NRF US Inc. amounted to k€ 503 per March 31, 2018 has been for k€ 332 excluded from the investment value. This amount has been deducted from the group companies receivables due from NRF US Inc..

Loan NRF US Inc.

In Nov 2017 all the separate loans (including an additional loan of 500 k\$.) were restructured to one loan with a total amount of 2,45 million \$. The loan is interest bearing and will be repaid within 6 years starting from November 27, 2020

Loan LCL Ltd

The outstanding interest bearing loans to LCL at year end 2018 amount to 811k€ and are fully repaid per April 2018.



2.7.4 Inventories

Inventories are stated as follows:

(Amounts x €1000)	31.03.18	31.03.17
Raw materials and auxiliary materials	4.617	4.513
Finished goods	12.425	10.701
	<u>17.042</u>	<u>15.214</u>

The total amount of Inventories includes a provision for slow moving and obsolete inventories of 1.819 k€ (31 march 2017, 1.839 k€).

2.7.5 Receivables

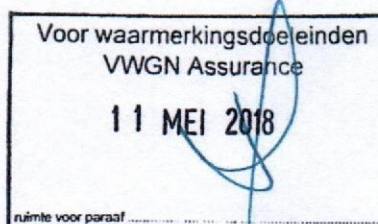
Receivables are stated as follows:

(Amounts x €1000)	31.03.18	31.03.17
Trade accounts receivable	2.454	2.580
Amounts due from group companies	7.392	8.361
Taxes and social security	1.473	666
Prepayments and accrued income	564	737
	<u>11.883</u>	<u>12.344</u>

Receivables in total can be considered as short-term.

The total amount of Trade accounts receivable includes a provision for doubtful accounts of 486 k€ (31 march 2017, 428 k€).

The amounts due from group companies includes a receivable related to Banco Products (India) Ltd. for an amount of 641 k€ (31 march 2017, 46 k€).



2.7.6 Shareholder's equity

Share Capital

The authorised share capital of the company as at March 31, 2018 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, 2017	114	10.212	139	-591	28.442
Additions		81			
Utilisations			-38		38
Movement translation adjustment					
Distribution of dividend					-3.575
Result for financial year					3.761
Balance as at March 31, 2018	114	10.293	101	-591	28.666

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, 2017	318	113	431
Additions	28	11	39
Balance as at March 31, 2018	346	124	470

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)	31.03.18	31.03.17
Cash and bank balances	1.210	4.349

2.7.9 Other current liabilities

Other current liabilities are stated as follows:

(Amounts x €1.000)	31.03.18	31.03.17
Trade accounts payables	7.812	4.623
Taxes and social security charges	403	331
Other liabilities and accruals	2.043	1.547
	10.258	6.501

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 2017/18 are € 32.000.

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.)	1.140	395	745
Lease expenses during fiscal year	488		

The company maintains credit agreements with banks in the Netherlands that serves for financing of the working capital. The standard credit limit is € 7,5 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 Radiateurs Fabrik B.V. as security to the bank.

The Company manage foreign currency transaction risk in USD through forward contracts. The notional principle amounts of the outstanding forward foreign exchange contracts on 31 March 2018 were \$ 6,1 million with an average rate of 1,1821 (\$/€). All the group's outstanding forwards have a contractual maturity of less than one year.



2.7.12 Proposed treatment of the net result

In July 2017 an interim dividend were paid of 2.875.000 Euro regarding 2017/18.
In January 2018 an interim dividend were paid of 700.000 Euro regarding 2017/18.
The dividend payments are the final payment of dividend in FY 2017/18
The net profit of 2017/18 is added to the retained earnings.
The result appropriation has already been included in the financial statements.

2.7.13 Post balance sheet event

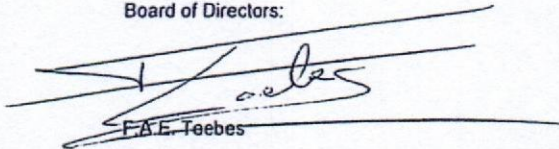
2.7.14 Taxation

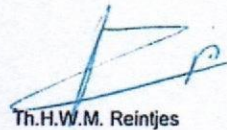
Nederlandse Radiateurs Fabrik B.V. and NRF Thermal Engineering B.V.
are a fiscal unit under Dutch tax law.

Mill,

May 11th, 2018

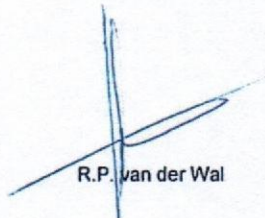
Board of Directors:


F.A.E. Teebes


Th.H.W.M. Reintjes

Supervisory Board:

M. Patel


R.P. van der Wal

R.H. van het Kaar

S.K. Patel

S. Thakker



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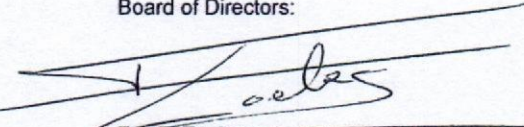
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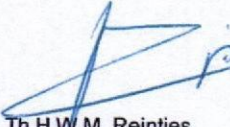
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Mill,

May 11th, 2018

Board of Directors:


F.A.E. Teebes


Th.H.W.M. Reintjes

Supervisory Board:

M. Patel

R.P. van der Wal

R.H. van het Kaar

S.K. Patel

S. Thakker



2.7.12 Proposed treatment of the net result

In July 2017 an interim dividend was paid of 2.975.000 Euro regarding 2017-18.
In January 2018 an interim dividend was paid of 700.000 Euro regarding 2017-18.
The dividend payments are the final payments of dividend in FY 2017-18.
The net profit of 2017-18 is added to the retained earnings.
The result appropriation has already been included in the financial statements.

2.7.13 Post balance sheet event

2.7.14 Taxation

Nederlandse Wabankreun Fabrick B.V. and NRP Thermal Engineering B.V.
are a fiscal unit under Dutch tax law.

MBL

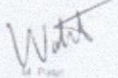
May 15th, 2018

Board of Directors

F.A.E. Toebes

Th.H.W.M. Raaijmakers

Supervisory Board


M. Pater

R.P. van der Wal

E.H. van het Kasteel

S.K. Pater

S. Tholker

Voor aanmerkingsovereenkomst
VWON Assurantie
11 Mei 2018
Linda van der Wal

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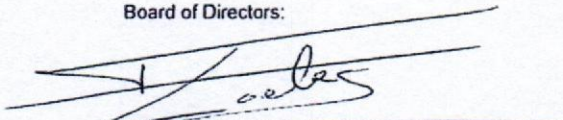
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Mill,

May 11th, 2018

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

S.K. Patel

S. Thakker

Voor waarmarkingsdoeleinden
VWGN Assurance
11 MEI 2018

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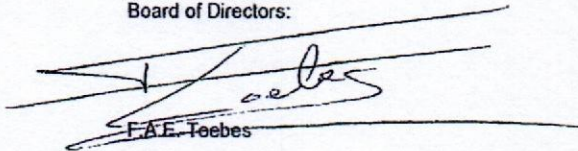
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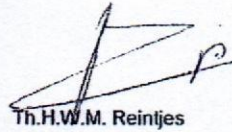
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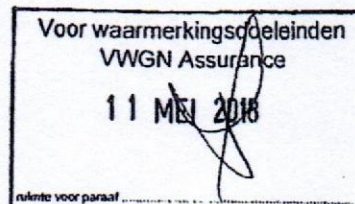


S.K. Patel

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S. Thakker

R.H. van het Kaar



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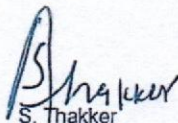
Supervisory Board:

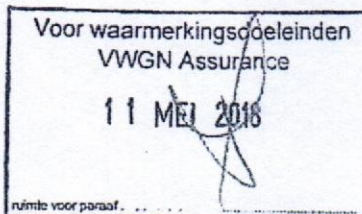
M. Patel

R.P. van der Wal

R.H. van het Kaar

S.K. Patel


S. Thakker



3 Supplementary information

3.1 Auditors' report

Voor waarmerkingsdoeleinden
VWGN Assurance
11 MEI 2018
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CONFIDENTIAL

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

Date May 11, 2018
Ref TVE
Regarding auditor's report March 31, 2018

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 2017/2018 as part of the annual report that equals the final draft presented to us of which an initialed 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 VWGN Assurance



Theo Verwoert
certified public accountant and external auditor

- Annex:**
- For identification purposes stamped Annual Report 2017/2018
 - Audit report unsigned
 - Audit report signed

Initials for identification purposes:



INDEPENDENT AUDITOR'S REPORT

To: The Shareholders, The Supervisory Board and the Board of Directors of Nederlandse Radiateuren Fabriek B.V., Mill

A. Report on the audit of the financial statements 2017/2018 included in the annual report

Our opinion

We have audited the financial statements 2017/2018 of Nederlandse Radiateuren Fabriek B.V., based in Mill. In our opinion the accompanying financial statements give a true and fair view of the financial position Nederlandse Radiateuren Fabriek B.V. as at 31 March 2018, and of its result for 2017/2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the consolidated and company balance sheet as at 31 March 2018;
- 2 the consolidated and company profit and loss account for 2017/2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent Nederlandse Radiateuren Fabriek B.V. in accordance with the Code of Ethics for Professional Accountants (in Dutch: Verordening Inzake de Onafhankelijkheid van accountants bij assurance-opdrachten), a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Dutch Code of Ethics (in Dutch: Verordening Gedrags- en Beroepsregels Accountants)

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements. The materiality is based on the relevant benchmark (in this case the total of the balance sheet). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Scope of the group audit

Nederlandse Radiateuren Fabriek B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Nederlandse Radiateuren Fabriek B.V..

Our group audit mainly focused on significant group entities in other countries. We have used the work of other auditors for the entities regarding full scope auditing or specific audit procedures auditing and performed review procedures if non-significant.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

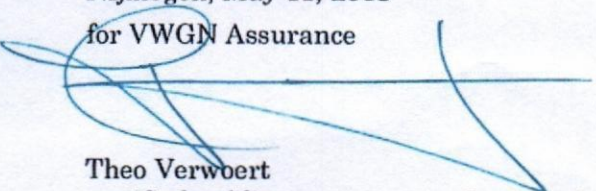
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations.

On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Nijmegen, May 11, 2018

for VWGN Assurance



Theo Verwoert
certified public accountant and external auditor