

# **Annual accounts for publication purposes 2017 of Rior, Industrie- en Handelsonderneming B.V.**

**Rior, Industrie- en Handelsonderneming B.V.  
Goirle**

*Start date of current financial reporting period 01 January 2017*

*End date of current financial reporting period 31 December 2017*

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## Document and entity information

### Entity information

Name of the legal entity	Rior, Industrie- en Handelsonderneming B.V.
Legal form of the legal entity	Private limited liability company
Registered office of the legal entity	Goirle
Registration number at the Chamber of Commerce	18022760
Business names	Rior, Industrie- en Handelsonderneming B.V.
Classification of the legal entity based on the legal size criteria	Medium
SBI-code	Manufacture of other general-purpose machinery and equipment n.e.c.
<b>Address of the legal entity</b>	
Street name NL	Centaurusweg
House number NL	45
Postal code NL	5015TC
Place of residence NL	Goirle
Name region	Noord-Brabant
Country name, ISO	Nederland

## Document and entity information

### Document information

Title of the document	Annual accounts for publication purposes 2017 of Rior, Industrie- en Handelsonderneming B.V.
Start date of current financial reporting period	01 January 2017
End date of current financial reporting period	31 December 2017
Start date of previous financial reporting period	01 January 2016
End date of previous financial reporting period	31 December 2016
Reporting period different than annual (Y/N)	No
Document relates to an individual entity or a group of entities	Consolidated and separate
Presentation currency of the document	Euro
Type of income statement	Function of expense
Type of cash flow statement	Indirect
Financial statements adopted (Y/N)	No
Contact email address for this document	nlsbrverwerker@deloitte.nl

## **Management report**

### **Exemption and reference to location of availability of the management report**

Based on article 2:394 lid 4 BW the company opt for not publishing the management report and instead state that the management report is kept for public inspection at the office of the legal entity.

## Financial statements

### Consolidated financial statements

#### Consolidated balance sheet

Balance sheet before or after appropriation of results

After profit appropriation

	31 December 2017	31 December 2016
	€	€
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	126,986	155,833
Property, plant and equipment	1,347,401	1,592,452
<b>Total of non-current assets</b>	<b>1,474,387</b>	<b>1,748,285</b>
<b>Current assets</b>		
Inventories	2,124,357	2,052,505
Construction contracts (assets)	1,025,838	561,041
Receivables	8,135,948	6,171,187
Cash and cash equivalents	2,051,208	2,647,275
<b>Total of current assets</b>	<b>13,337,351</b>	<b>11,432,008</b>
<b>Total of assets</b>	<b>14,811,738</b>	<b>13,180,293</b>
<b>Equity and liabilities</b>		
<b>Group equity</b>		
Equity	11,001,105	9,564,231
<b>Total of group equity</b>	<b>11,001,105</b>	<b>9,564,231</b>
Provisions	235,853	269,058
Current liabilities	3,574,780	3,347,004
<b>Total of equity and liabilities</b>	<b>14,811,738</b>	<b>13,180,293</b>

## Financial statements

### Consolidated income statement

	2017	2016
	€	€
Gross operating result	6,000,241	5,900,621
Selling expenses	2,443,799	2,544,371
General and administrative expenses	1,592,281	1,589,111
<b>Total of sum of expenses</b>	<b>4,036,080</b>	<b>4,133,482</b>
<b>Total of operating result</b>	<b>1,964,161</b>	<b>1,767,139</b>
Financial income and expenses	- 26,153	1,090
<b>Total of result before tax</b>	<b>1,938,008</b>	<b>1,768,229</b>
Income tax expense	- 456,727	- 513,571
<b>Total of result after tax</b>	<b>1,481,281</b>	<b>1,254,658</b>
<b>Net result after tax</b>	<b>1,481,281</b>	<b>1,254,658</b>

## Financial statements

### Consolidated cash flow statement

	2017	2016
	€	€
<b>Cash flows from (used in) operating activities</b>		
<b>Cash flows from (used in) operations</b>		
Operating result	1,964,161	1,767,139
<b>Adjustments to reconcile to the operating result</b>		
Adjustments for depreciation and amortisation expense	574,762	630,317
Increase (decrease) in provisions	- 2,440	24,293
<b>Total of adjustments to reconcile to the operating result</b>	572,322	654,610
<b>Changes in working capital</b>		
Decrease (increase) in inventories	- 536,649	373,175
Decrease (increase) in other receivables	- 1,964,761	- 714,318
Increase (decrease) in other payables	217,249	194,994
<b>Total of changes in working capital</b>	- 2,284,161	- 146,149
<b>Total of cash flow from (used in) operations</b>	252,322	2,275,600
Interest received	52,235	64,328
Income tax paid	- 463,199	- 267,285
<b>Total of cash flows from (used in) operating activities</b>	- 158,642	2,072,643
<b>Cash flows from (used in) investing activities</b>		
Purchase of property, plant and equipment	- 565,424	- 798,368
Proceeds from sales of property, plant and equipment	215,458	38,631
<b>Total of cash flow from (used in) investing activities</b>	- 349,966	- 759,737
<b>Cash flows from (used in) financing activities</b>		
Interest paid	- 78,388	- 48,238
<b>Total of cash flow from (used in) financing activities</b>	- 78,388	- 48,238
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Total of net cash flows</b>	- 586,996	1,264,668
Effect of exchange rate changes on cash and cash equivalents	- 9,071	- 22,744
<b>Total of increase (decrease) of cash and cash equivalents</b>	- 596,067	1,241,924
Cash and cash equivalents at the beginning of the period	2,647,275	1,405,351
<b>Cash and cash equivalents at the end of the period</b>	2,051,208	2,647,275



## Financial statements

### Notes to the consolidated financial statements

#### General notes

##### Description of the most important activities of the entity

Rior, Industrie- en Handelsonderneming B.V. ('the company') having its legal seat in Goirle its actual seat is Centaurusweg 45 5015 TC Tilburg The Netherlands Registered at the Chamber of Commerce in the Netherlands under number 18022760 is engaged in the production and trade of drain and sewer cleaning machines.

##### Disclosure of group structure

The company is a wholly owned subsidiary of Pettibone L.L.C., located in Illinois, United States of America. The ultimate parent is Heico Holding Inc.

The financial information of the company is recorded in the consolidated financial statements of the Heico Holding Inc and of Intermediate Holding Pettibone L.L.C. Both located in Chicago, United States.

Copies are available at the Trade Register of the Chamber of Commerce in Tilburg.

A summary of the information required by articles 2:379 and 414 of Dutch Civil Code is given below:

##### Consolidated companies:

Rior/Rioned France SAS which company has it's legal seat in Tremblay en France (Paris) France.  
Rior Industrie- en handelsonderneming B.V. holds 100% of the companies shares.

Rioned UK Ltd which company has it's legal seat in Mildenhall United Kingdom.  
Rior Industrie- en handelsonderneming B.V. holds 100% of the companies shares.

Andy Guest Jetters Ltd company has it's legal seat in Keighley United Kingdom.  
Rior Industrie- en handelsonderneming B.V. holds 100% of the companies shares.

##### Disclosure of consolidation

Financial information relating to group companies and other legal entities which are controlled by the company or where central management is conducted has been consolidated in the financial statements of the company. The consolidated financial statements have been prepared in accordance with the accounting principles of Rior industrie- en handelsonderneming BV.

The financial information relating to the company is presented in the consolidated financial statements in accordance with article 2:402 of the Netherlands Civil Code the company financial statements only contain an abridged profit and loss account.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are separately disclosed in the consolidated financial statements.

The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated from the acquisition date. At that date the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalised, to which amortisation is charged based on the estimated useful life. The results of participations sold during the year are recognised until the moment of disposal.

#### General accounting principles

##### Description of the accounting standards used to prepare the financial statements

The consolidated financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

#### **Policy of foreign currency translation for the balance sheet**

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account EUR 461,521 (2016: EUR 367,263).

Foreign group companies and non-consolidated participations outside the Netherlands qualify as carrying on of business operations in a foreign country with a functional currency different from that of the company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate at balance sheet date and the profit and loss account items at the exchange rate at transaction date. The translation differences that arise are directly deducted from or added to group equity.

#### **Policy of financial instruments**

Financial instruments be both primary financial instruments, such as receivables and payables and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item. The company has no financial derivatives.

### **Accounting principles**

#### **Policy of intangible assets**

Intangible fixed assets are presented at cost less accumulated amortisation and if applicable less impairments in value. Amortisation is charged as a fixed percentage of cost as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

#### **Policy of property, plant and equipment**

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Costs for periodical major maintenance are charged to the result at the moment they arise.

#### **Policy of inventories**

Inventories of raw materials, consumables and goods for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories of raw materials and consumables is based on *fifo*.

The work in progress and the inventories of finished goods are valued at construction cost or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. Cost of manufacture includes direct materials used, direct wages and other direct costs of manufacture, together with applicable production overhead. Net realizable value is based on estimated selling price, less any future costs to be incurred for completion and disposal.

#### **Policy of construction contracts**

The work in progress on construction contracts for third parties is valued at the realized construction contract costs and net of recognized losses and invoiced or prepaid installments. The construction contract costs comprise the costs directly relating to the construction contract, the costs that are attributable to construction contract activities in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

The work in progress on construction contracts is valued at the 'zero-profit' method, income is recognized in the profit and loss till maximum the realized costs. Expected losses on the work in progress are directly taken to the profit and loss account.

Income from construction contracts realized during the financial year is recognized in the profit and loss account as income in the item net turnover. The construction contract costs are recognized in the cost of sales.

#### **Policy of receivables**

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

#### **Policy of cash and cash equivalents**

The cash is measured at face value. If cash equivalents are not freely disposable, then this has been taken into account upon measurement.

**Policy of provisions**

Provision for employee benefits:

The company has various pension plans. The Dutch and UK plans are financed through contributions to pension providers such as insurance companies and industry pension funds. The pension obligations are valued according to the valuation to pension fund approach. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date. As per December, 31 2017 no provision has been recorded.

The French pension plan cannot be compared to the Dutch pension plans. Besides the national governmental plan there are no additional pension plans and therefore no additional pension obligations.

**Policy of provision for tax liabilities**

For amounts of taxation payable in the future, due to differences between the valuation principles in the annual report and the valuation for taxation purposes of the appropriate balance sheet items, a provision has been formed for the aggregate of these differences, multiplied by the current rate of taxation. These provisions are reduced by amounts of taxation recoverable in the future in respect of the carry-forward of unused tax losses, to the extent that it is probable that future tax profits will be available for settlement.

**Policy of warranty provision**

The provision for warranties is recorded on behalf of the estimated costs expected to arise from the current warranties on account of goods and services delivered. Warranty claims are deducted from this provision.

**Policy of provision for jubilee benefits**

Other long-term employee benefits are those benefits that are part of the remuneration package, such as remunerations for anniversaries. They have a long-term character. The obligation recorded is the best estimate of the amounts required to settle the related obligations as at balance sheet date. The jubilee provision is valued based on actuarial principles.

**Policy of current liabilities**

Liabilities with a remaining period up to 1 year, including the short-term portion of long-term liabilities, are presented under short-term liabilities.

Recorded interest-bearing loans and liabilities are valued at amortised costs.

**Policy of gross margin**

Net Sales represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs.

**Policy of income tax expense**

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

### Policy of cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate.

Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities.

Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as expenditure of financing activities as far as it concerns redemption and as expenditure of operational activities as far as it concerns interest.

## Balance sheet

### Intangible assets

	31 December 2017	31 December 2016
	€	€
Goodwill	126,986	155,833
<b>Total of intangible assets</b>	<b>126,986</b>	<b>155,833</b>

#### Disclosure of intangible assets

The rate of depreciation on the intangible assets is 10%.

Of the goodwill EUR 126,986 (2016 EUR 155,833) regards the acquisition of the shares in Andy Guest Jetters LTD. The remaining life is 5 years.

The remaining life of the goodwill is established by management based on the useful life of 10 years.

### Property, plant and equipment

	31 December 2017	31 December 2016
	€	€
Land and buildings	82,404	71,087
Machinery	1,264,997	1,521,365
<b>Total of property, plant and equipment</b>	<b>1,347,401</b>	<b>1,592,452</b>

#### Disclosure of property, plant and equipment

The rate of depreciation on the property, plant and equipment varies between 10%-33%.

Out of property, plant and equipment EUR 1,347,401 (2016: EUR 1,592,452) has been provided as security for liabilities.

### Inventories

#### Disclosure of inventories

Of the inventories a book value of EUR 157,820 (2016: EUR 145,117) has been written down to market value.

The provision for obsolete inventory as per 31-12-2017 is EUR 55,048 (2016: EUR 50,791).

The amount of the impairment and loss of stocks in the profit and loss account in 2017 is a loss of EUR 4,602 (in 2016 a profit of EUR 41,466).

Out of inventories EUR 3,150,195 (2016 EUR 2,613,546) has been provided as security for liabilities.

### Construction contracts

	31 December 2017	31 December 2016
	€	€
Advances received for construction contracts	- 119,678	- 91,346
Capitalised expenses for services not yet rendered of construction contracts	1,145,516	652,387
<b>Total of construction contracts</b>	<b>1,025,838</b>	<b>561,041</b>

#### Disclosure of construction contracts

The income for the financial year includes EUR 11,277.000 (2016: EUR 10,133,000) regarding income from work in progress on construction contracts.

## Receivables

	31 December 2017	31 December 2016
	€	€
Receivables from shareholders and participating interests	4,165,972	2,113,737
Other receivables	3,834,018	3,837,383
Tax receivables	135,958	220,067
<b>Total of receivables</b>	<b>8,135,948</b>	<b>6,171,187</b>

#### Disclosure of receivables

Accounts receivable as presented under current assets mature within one year.

A provision on accounts receivable is made for EUR 197,329 (2016 EUR 288,720).

The amount of the valuation of accounts receivable provisions in the profit and loss account in 2017 amounted to a loss of EUR 57,417 (2016 a loss of EUR 172,574).

Out of accounts receivable EUR 3,575,998 (2016: EUR 3,642,185) has been provided as security for liabilities.

#### Disclosure of receivables from shareholders and participating interests

of which EUR 2,165,498 at an interest rate of 2.25% loan is due for repayment 3-31-2018, and EUR 2,000,475 at an interest rate of 1.71% loan is due for repayment 12-27-2020  
The current account is interest free and matures within one year.

	31 December 2017	31 December 2016
	€	€
<b>Net trade receivables</b>		
Gross trade receivables	3,659,035	3,642,185
<b>Total of net trade receivables</b>	<b>3,659,035</b>	<b>3,642,185</b>

	31 December 2017	31 December 2016
	€	€
<b>Current other receivables</b>		
Other receivable other	174,983	195,198
<b>Total of current other receivables</b>	<b>3,834,018</b>	<b>3,837,383</b>

#### Disclosure of other receivables

Other receivables as presented under current assets mature within one year.

## Cash and cash equivalents

### Disclosure of cash and cash equivalents

The company has EUR 2,051,208 cash available at December 31, 2017.

The company has a credit facility available amounting to EUR 750,000.

For this credit facility the following securities are given:

\* pledge of machinery and equipment and other tangible fixed assets;

\* pledge of inventories;

\* pledge of accounts receivable.

## Group equity

### Disclosure of group equity

Reference is made to the note on shareholders' equity in the (company) financial statements.

## Provisions

### Movement schedule

	Deferred tax liabilities	Warranty provision	Provision for jubilee benefits	Provisions
	€	€	€	€
Provisions at the beginning of the period	163,345	48,735	56,978	269,058
<b>Movement of provisions</b>				
Additions		99,545		99,545
Usage	- 30,765	- 94,626	- 3,249	- 128,640
Release			- 4,110	- 4,110
<b>Total of movement of provisions</b>	- 30,765	4,919	- 7,359	33,205
<b>Provisions at the end of the period</b>	132,580	53,654	49,619	235,853

	31 December 2017	31 December 2016
	€	€
Deferred tax liabilities	132,580	163,345
Warranty provision	53,654	48,735
Other provisions	49,619	56,978
<b>Total of provisions</b>	235,853	269,058

### Disclosure of provisions

As at year-end 2017, there are no obligations for which a pension provision has been included, as was the case as at year-end 2017. The company has various pension plans. Pursuant to the Dutch pension system these plans are financed by contributions to insurance companies, industry pension funds or company pension funds. Through cost effective contribution payments the related accrued entitlements are always fully financed in the related calendar year. The company both has a defined contribution plan.

The related industry pension fund has stated that the funding ratio is 97.2% as at December 31, 2017 (2016: 97.2%). Based on the administration agreements the company has no obligation to make additional contributions other than through higher future contributions.

The coverage of the pension fund has a minimum legal limit of 104.3%. To reach this coverage the pension fund has a recovery plan. The main components of this recovery plan are: premium increases and possible cuts on pensions. The annual accrual of the pension entitlements amounts to 28.99% of the pensionable salary that is based on the gross wage net minus a deductible franchise (EUR 14,904) to a maximum of EUR 72,222. The pensionable salary has a cap of EUR 103,317. The annual employer-paid contribution is 53.7% of the costs (of the amount between Franchise and EUR 72,222). The accrual over the salary above EUR 72,222 entitlements amount 30.89% of which the annual employer paid contribution is 53.2%.

### Disclosure of warranty provision

Warranty provision as presented mature within one year.

## Current liabilities

	31 December 2017	31 December 2016
	€	€
Payables to receivables shareholders and participating interests	236,494	140,180
Other payables	3,338,286	3,206,824
<b>Total of current liabilities</b>	<b>3,574,780</b>	<b>3,347,004</b>

### Disclosure of current liabilities

Short-term liabilities as presented mature within one year.

## Off-balance sheet commitments

### Disclosure of contingent arrangements

Financial instruments:

For the notes to financial instruments reference is made to the specific item by item note. Below the related risks are disclosed.

Credit risks:

Credit risks are decreased by only doing business with third parties with a high creditworthiness, with which for each entity designated limits apply.

### Description of off-balance sheet commitments relating to guarantees

The guarantees provided by the company on behalf of third parties amount to EUR 48,600 and relate to bank guarantees.

Collective guarantees with affiliated companies on behalf of Heico Holding are provided to Financial institutions for a total amount of USD 120,400,000 whereby each of the parties including Rior is liable for the full amount.

### Disclosure of payments of operating leases

The total obligations in connection with rental obligations and operational lease agreements amount to approximately.

-Less than 1 year: 2017 EUR 454,000 (2016: EUR 478,000).

-1-5 years: 2017 EUR 769,000 (2016: EUR 1,159,000).

-More than 5 years: 2017 EUR 0 (2016: EUR 1,000).

## Income statement

## Gross margin

### Disclosure of gross operating result

The net sales 2017 compared to the net sales of 2016 as 106 versus 100. Net sales are realized primarily in the European Community.

## Expenses of employee benefits: breakdown

### Disclosure of wages and salaries

Wages and salaries in 2017 amounts to EUR 4,320,31 (2016: 4,050,263).

### Disclosure of social security contributions

Social security costs in 2017 amounts to EUR 557,901 (2016: EUR 533,194).

### Disclosure of pension costs

Pensioen costs in 2017 amounts to EUR 386,756 (2016: EUR 388,856).

### Disclosure of other expenses of employee benefits

Grants received for spent Research and development time on WBSO projects in 2017 amounts to EUR -22,318 (2016: EUR -18,951).

## Depreciation of property, plant and equipment and amortisation of intangible assets

### Disclosure of amortisation of intangible assets

The amortisation of intangible assets in 2017 amounts to EUR 22,859 (2016: EUR 66,934).

### Disclosure of depreciation of property, plant and equipment

The depreciation of property, plant and equipment in 2017 amounts to EUR 551,903 (2016: EUR 564,223).

## Financial income and expenses

	2017	2016
	€	€
Interest income and related income	0	1,090
Interest expenses and related expenses	- 26,153	0
<b>Total of financial income and expenses</b>	<b>- 26,153</b>	<b>1,090</b>

## Income tax expense

	2017	2016
	€	€
<b>Income tax expense</b>		
Income tax expense from current financial year	456,727	513,571
<b>Total of income tax expense</b>	<b>456,727</b>	<b>513,571</b>

## Other notes

## Average number of employees

	2017	2016
<b>Average number of employees during the period</b>		
Average number of employees employed during the financial year by the company, classified in a manner that is geared to the establishment of the company	80	74
Average number of employees employed by the company outside the Netherlands during the financial year	0	0
<b>Total of average number of employees during the period</b>	<b>80</b>	<b>74</b>

### Disclosure of average number of employees during the period

The average number of employees in production segment for 2017 is 47 (2016: 45).

The average number of employees in sales segment for 2017 is 27 (2016: 24).

The average number of employees in administration segment for 2017 is 6 (2016: 5).



## Financial statements

### Separate financial statements

#### Balance sheet

Balance sheet before or after appropriation of results

After profit appropriation

31 December 2017      31 December 2016

€      €

#### Assets

##### Non-current assets

Property, plant and equipment

448,903      359,268

Financial assets

2,306,677      1,715,488

##### Total of non-current assets

2,755,580      2,074,756

##### Current assets

Inventories

1,461,012      1,492,880

Construction contracts (assets)

917,607      537,454

Receivables

7,605,919      6,381,258

Cash and cash equivalents

1,470,753      2,114,231

##### Total of current assets

11,455,291      10,525,823

##### Total of assets

14,210,871      12,600,579

#### Equity and liabilities

##### Equity

Share capital

45,400      45,400

Legal reserves

-      95,672      -      51,265

Other reserves

11,051,375      9,570,094

##### Total of equity

11,001,103      9,564,229

Provisions

78,973      104,771

Current liabilities

3,130,795      2,931,579

##### Total of equity and liabilities

14,210,871      12,600,579

## Financial statements

### Income statement

	2017	2016
	€	€
Share in results of participating interests	492,447	56,586
Other income and expenses after tax	988,834	1,198,072
<b>Total of result after tax</b>	<b>1,481,281</b>	<b>1,254,658</b>

## Financial statements

### Notes to the financial statements

#### General accounting principles

##### Description of the accounting standards used to prepare the financial statements

The company financial statements have been prepared according with Title 9, Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise here after.

#### Accounting principles

##### Policy of financial assets

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Rior industrie- en handelsonderneming BV.

Participations with a negative net equity value are valued at nil. If the company fully or partly guarantees the liabilities of the participation concerned, or has the effective obligation respectively to enable the participation to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the participation are taken into account.

#### Balance sheet

#### Property, plant and equipment

	31 December 2017	31 December 2016
	€	€
Land and buildings	82,404	71,087
Machinery	366,499	288,181
<b>Total of property, plant and equipment</b>	<b>448,903</b>	<b>359,268</b>

##### Disclosure of property, plant and equipment

The rate of depreciation on the property, plant and equipment varies between 10% - 20%.

#### Financial assets

	31 December 2017	31 December 2016
	€	€
Investments in participating interests in group companies	1,818,265	1,230,076
Receivables from shareholders and participating interests	488,412	485,412
<b>Total of financial assets</b>	<b>2,306,677</b>	<b>1,715,488</b>

#### Disclosure of financial assets

Rior Industrie- en Handelsonderneming BV owns 100% of the shares of Rior/Rioned France SAS.  
The company is situated in Villepinte France.

Rior Industrie- en Handelsonderneming BV owns 100% of the shares of Rioned UK Ltd.  
The company is situated in Mildenhall UK.

Rior Industrie- en Handelsonderneming BV owns 100% of the shares of Andy Guest Jetters Ltd.  
The company is situated in Keighley United Kingdom.

#### Disclosure of receivables from shareholders and participating interests

Interest rate is set at 2.5%.

Securities on this loan as per December 31, 2017

- \* pledge of machinery and equipment and other tangible fixed assets;
- \* pledge of inventories;
- \* pledge of accounts receivable.

No termination date is agreed early repayment is allowed.

### Inventories

#### Disclosure of inventories

Of the inventories a book value of EUR 145,140 (2016 EUR 145,140) has been written down to market value.

The provision for obsolete inventory as per 31-12-2017 is EUR 55,048 (2016: EUR 50,799).

The amount of the impairment and loss of the stocks in the profit and loss account in 2017 is a profit of EUR 4,249 (in 2016 a loss of EUR 27,500).

### Construction contracts

	31 December 2017	31 December 2016
	€	€
Capitalised expenses for services not yet rendered of construction contracts	917,607	537,454
<b>Total of construction contracts</b>	<b>917,607</b>	<b>537,454</b>

### Receivables

	31 December 2017	31 December 2016
	€	€
Receivables from group companies	781,619	1,987,843
Receivables from shareholders and participating interests	4,165,973	2,161,858
Other receivables	2,518,369	2,011,490
Tax receivables	139,958	220,067
<b>Total of receivables</b>	<b>7,605,919</b>	<b>6,381,258</b>

#### Disclosure of receivables

Accounts receivable as presented under current assets mature within one year.

A provision on accounts receivable is made for EUR 118,197 (2016 EUR 200,000).

The amount of the valuation of accounts receivable provisions in the profit and loss account in 2017 amounted to a loss of EUR 53,500 (2016 a loss of EUR 77,802).

#### Disclosure of receivables from group companies

The current account has no securities, repayment or interest rates are agreed between companies.

#### Disclosure of receivables from shareholders and participating interests

of which EUR 2,165,498 at an interest rate of 2.25% loan is due for repayment 3-31-2018.

and EUR 2,000,475 at an interest rate of 1.71% loan is due for repayment 12-27-2020

The current account is interest free and matures within one year.

	31 December 2017	31 December 2016
	€	€
<b>Net trade receivables</b>		
Gross trade receivables	2,388,597	1,876,837
<b>Total of net trade receivables</b>	<u>2,388,597</u>	<u>1,876,837</u>
	31 December 2017	31 December 2016
	€	€
<b>Current other receivables</b>		
Other receivable other	129,772	134,653
<b>Total of current other receivables</b>	<u>2,518,369</u>	<u>2,011,490</u>

### Cash and cash equivalents

#### Disclosure of cash and cash equivalents

The company has EUR 1,470,753 cash available at December 31, 2017.

The company has a credit facility available amounting to EUR 750,000.

For this credit facility, the following securities are given:

- \* pledge of machinery and equipment and other tangible fixed assets;
- \* pledge of inventories;
- \* pledge of accounts receivable.

### Equity

### Statement of changes

	Share capital	Legal reserves	Other reserves	Equity
	€	€	€	€
Equity at the beginning of the period	45,400	- 51,265	9,570,094	9,564,229
Adjusted equity after recalculation due to change in accounting policies	45,400	- 51,265	9,570,094	9,564,229
<b>Movement in equity during the period</b>				
Result allocation			1,481,281	1,481,281
Direct movement as a result of exchange differences		- 44,407		- 44,407
<b>Total of movements during the period</b>		- 44,407	1,481,281	1,436,874
<b>Equity at the end of the period</b>	45,400	- 95,672	11,051,375	11,001,103

#### Disclosure of equity

The authorized share capital consists of 100 authorized common shares of which all shares are issued and paid up for at December 31, 2017. The shares have a par value of EUR 454 each. The shares had a value of Dutch guilders 1000 per share as a result of introduction of the EURO the value is increased to EUR 454 the paid in capital is EUR 45,400.

25 shares are held by the company itself.

#### Legal reserves

	31 December 2017	31 December 2016
	€	€
Foreign currency translation reserve	- 95,672	- 51,265
<b>Total of legal reserves</b>	- 95,672	- 51,265

#### Provisions

#### Movement schedule

	Deferred tax liabilities	Warranty provision	Provision for jubilee benefits	Provisions
	€	€	€	€
Provisions at the beginning of the period	10,793	37,000	56,978	104,771
<b>Movement of provisions</b>				
Additions		78,987		78,987
Usage	- 5,991	- 78,987	- 3,249	- 88,227
Release			- 16,558	- 16,558
<b>Total of movement of provisions</b>	- 5,991	0	- 19,807	- 25,798
<b>Provisions at the end of the period</b>	4,802	37,000	37,171	78,973
			31 December 2017	31 December 2016
			€	€
Deferred tax liabilities			4,802	10,793
Warranty provision			37,000	37,000
Other provisions			37,171	56,978
<b>Total of provisions</b>			78,973	104,771

#### Disclosure of warranty provision

Warranty provision as presented mature within one year.

#### Disclosure of deferred tax liabilities

The deferred tax provision has a predominantly long term character.

#### Disclosure of other provisions

The jubilee provision has a predominantly long term character.

### Current liabilities

	31 December 2017	31 December 2016
	€	€
Payables to receivables shareholders and participating interests	236,494	140,180
Other payables	2,894,301	2,791,399
<b>Total of current liabilities</b>	<b>3,130,795</b>	<b>2,931,579</b>

### Off-balance sheet commitments

#### Description of off-balance sheet commitments relating to guarantees

The guarantees provided by the company on behalf of third parties amount to EUR 48,600 and relate to bank guarantees.

Andy Guest Jetters Limited, a UK subsidiary company (number 08379522) is exempt from the requirements of the Companies Act 2006 relating to the audit of its accounts under section 479A of the Companies Act 2006.

#### Disclosure of operating leases

The total obligations in connection with rental obligations and operational lease agreements amount to approximately:

-Less than 1 year: 2017 EUR 390,000 (2016: EUR 430,000).

-1-5 years: 2017 EUR 769,000 (2016: EUR 1,081,000).

-More than 5 years: 2017 EUR 0 (2016: EUR 1,000).

### Income statement

### Gross margin

#### Disclosure of gross operating result

The net sales 2017 compared to the net sales of 2016 as 109 versus 100.

Net sales are realized primarily in the European Community.

### Expenses of employee benefits: breakdown

#### Disclosure of wages and salaries

Wages and salaries in 2017 amounts to EUR 3,655,105 (2016: EUR 3,396,290).

#### Disclosure of social security contributions

Other social security contributions in 2017 amounts to EUR 383,136 (2016: EUR 388,857).

#### Disclosure of pension costs

Pension cost in 2017 amounts to EUR 492,584 (2016: EUR 452,650).

#### Disclosure of other expenses of employee benefits

Grants received for spent Research and development time on WBSO projects in 2017 amounts to EUR -22,318 (2016: EUR -18,951).

### Depreciation of property, plant and equipment and amortisation of intangible assets

#### Disclosure of depreciation of property, plant and equipment

The depreciation of property, plant and equipment in 2017 amounts to EUR 154,358 (2016: EUR 115,272).

### Other notes

#### Average number of employees

	2017	2016
<b>Average number of employees during the period</b>		
Average number of employees employed during the financial year by the company, classified in a manner that is geared to the establishment of the company	66	62
Average number of employees employed by the company outside the Netherlands during the financial year	0	0
<b>Total of average number of employees during the period</b>	<u>66</u>	<u>62</u>
<b>Segment for average number of employees during the period</b>	<b>Total of average number of employees during the period</b>	

	2017
Administration	4
Production	40
Sales	22

#### Remuneration of managing and supervisory directors

	2017	2016
	€	€
Remuneration of managing directors and former managing directors	292,825	310,188
<b>Total of remuneration of managing and supervisory directors</b>	<u>292,825</u>	<u>310,188</u>

#### Appropriation of the results

##### Disclosure of the proposed appropriation of the results

The general meeting 2016 was held on 17-4-2018 and decided in accordance with the proposal of the management.

Management proposes to add the net income for the year 2017 to retained earnings.

This proposal has been reflected in the accompanying financial statements.



## Financial statements

### Signing of the financial statements

#### Managing director or supervisory director

Type of director

Location of signing by managing and supervisory directors

Signed by director (Y/N)

#### D. J. Yadron

Current managing director

Goirle

Yes

#### Managing director or supervisory director

Type of director

Location of signing by managing and supervisory directors

Signed by director (Y/N)

#### E. A. Roskovensky

Current supervisory director

Goirle

Yes

#### Managing director or supervisory director

Type of director

Location of signing by managing and supervisory directors

Signed by director (Y/N)

#### J. F. G. Pieters

Current managing director

Goirle

Yes

## **Other information**

### **Reference to the auditor's opinion**

Reference is made to the auditor's report as included hereinafter.

### **Provisions of the Articles of Association relating to profit appropriation**

The Articles of Association article 12 of the company provide that the appropriation of the net income for the year is decided upon at the annual meeting of the shareholders.

## **Comment (1)**

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## Independent auditor's report

To the Shareholders of Rior, Industrie- en Handelsonderneming B.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

#### Our opinion

We have audited the accompanying financial statements 2017 of Rior, Industrie- en Handelsonderneming B.V., based in Tilburg and with its legal seat in Goirle.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Rior, Industrie- en Handelsonderneming B.V. as at December 31, 2017, and of its result for 2017 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 December 31, 2017.
2. The consolidated and company profit and loss account for 2017.
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 of Rior, Industrie- en Handelsonderneming B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

### REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Directors' 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 other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS**

### **Responsibilities of management of Rior, Industrie- en Handelsonderneming B.V. 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.

Management and the supervisory board are responsible for overseeing the company's financial reporting process.

### **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 skepticism 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 the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- 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 management 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 identified during our audit.*

*Middelburg, December 19, 2018*

*Deloitte Accountants B.V.*

*Signed on the original: R.W.O. Swerus*