HEADLAND UK LIMITED

Annual Report and Financial Statements

31 December 2016

Co. No. 5280241

STRATEGIC REPORT

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'FRS 102'.

The directors present their Strategic Report for the year ended 31 December 2016.

Principal activity

The principal activity is a holding company of two subsidiary undertakings that are holding companies for a manufacturer and retailer of cast iron cooking and heating appliances, that distributes a range of traded products in the cooking and heating sectors in Ireland, and for a manufacturer and retailer of household appliances, that distributes its products in the UK and overseas.

Principal risks and uncertainties facing the company

The principal business risk and uncertainty facing the company is:

- Impairment of the investment in the subsidiary

The principal business risks and uncertainties facing the trading subsidiary undertakings of the company are:

Financial risk management
In order to achieve our business objectives, the companies must respond effectively to the associated risks. The companies have established risk management procedures, involving the identification and monitoring of operational, regulatory, financial and market driven factors, at various levels throughout the business. The companies take a proactive approach to managing risks.

In current economic conditions with major financial imbalances impact on the companies can be sudden and material. This makes awareness and flexibility key to mitigating risks in rapidly changing conditions and important in identifying relevant business opportunities.

Competition / market erosion
The companies operate in a number of competitive markets and as such the activities of our competitors can adversely affect its' performance. The competition can be assessed on brand recognition, product features, reliability, quality, price, delivery, lead times and after sales service.

To mitigate these risks:

The companies believe it has sufficiently strong brand equity, exceptional product performance, short lead times, timely delivery, competitive pricing and customer service support to withstand competitor activity across its' markets.

General economic conditions
Factors influencing the performance of the companies include macro-economic factors such as GDP growth, employment rates, Brexit, inflation and consumer confidence. In addition, particularly in the UK consumer market, factors which affect the market size and growth include the level of new home starts and kitchen refurbishments. A sustained period of underlying stability and upward growth within the UK housing market will benefit the operational gearing capabilities of the UK businesses.

Health, safety and environmental
The safety of employees, customers and visitors to our premises is of critical importance. As a business with a range of activities including manufacturing, retail and off site services, the companies are exposed to a number of health and safety risks.

STRATEGIC REPORT (continued)

Health, safety and environmental (continued)
The companies are committed to adhering to environmental standards set by governments and other organisations. It recognises that an environmental incident could impact on the community in which we operate. Further, the environmental performance and reputation of our products may affect customer demand and the environmental performance of our operations impact profitability and efficiency.

To mitigate these risks:
• We are committed to achieving the highest standards. We conduct regular audits to ensure compliance with relevant laws and regulations. We review both incidents and 'near misses' to establish their root cause.
• We have a health and safety executive committee with a focus on these aspects of the business.
• Our product development and value engineering programmes help ensure product performance is continuously improved, taking advantage of new and emerging technologies.

Legal and regulatory
Compliance with laws and regulations is fundamental to the company's success. Changes to laws and regulatory requirements remain a source of both risk and opportunity throughout the companies. In particular, changing regulations in the EU and the US, in respect of the energy efficiency of products.

To mitigate these risks:
• The companies are committed to compliance with relevant laws and regulations and sees this compliance as central to the operations.
• We monitor the legal and regulatory environment within the countries in which we operate and maintain dialogue with relevant regulatory bodies. We take specialist public policy advice, if required. Management are tasked with ensuring that employees are aware of and comply with regulations and laws specific to their roles.
• In respect of product regulations our design team maintains an ongoing development programme to ensure that our product range remains compliant. This programme produces ever improving products which are also a source of opportunity for the companies.

People
The companies require skilled people to enable it to develop fully and exploit new opportunities. A failure to recruit quality personnel in a competitive market and develop existing talent might in time erode our competitive advantage. Further, a failure to plan adequately for succession could also damage the future prospects of the companies.
To mitigate these risks:
• The companies HR director oversees the people strategy. This includes an annual review of its succession and personal development plans. The board is kept updated on key issues.
• Remuneration packages including fixed, variable and long-term elements and compensation arrangements are regularly benchmarked to ensure the company's remuneration policy remains in line with market practice.

Supply chain
The companies' manufacturing operation requires the timely supply of quality parts and materials. Supply chain disruptions can adversely impact the companies. Such disruptions include the failure of key suppliers and environmental or industrial accidents. Quality issues in the supply chain can also adversely impact the companies as faulty or substandard parts are unacceptable.

STRATEGIC REPORT (continued)

To mitigate these risks:
- We closely monitor our supply chain and employ a range of strategies to reduce reliance on individual suppliers and minimise the impact of potential supplier failures.
- We conduct supplier audits to assess compliance with the terms of supply agreements including processes, product specifications and manufacturing conditions.

Foreign currency risk
The companies main transaction exposures are in respect of products manufactured in one currency region and sold in another currency and exposure through the movement in exchange rates on purchases of raw materials and other goods that are not denominated in sterling. These are mainly imports from Asia and the United States of America ('US') which are denominated in US Dollars and imports of component parts from Europe which are denominated in Euros. To mitigate this, the currency outflows are partly offset by inflows of US Dollars relating to UK exports to US markets and inflows of Euros in respect of UK exports to the eurozone respectively.

Liquidity and funding risk
The companies within the AGA Rangemaster Group Limited structure will continue to benefit from the ability to draw up to $100m USD of funding from the new Middleby Corporation five-year $2.5 USD billion multi-currency senior revolving credit facility announced on 3 August 2016.

Interest rate and cash flow risk
The companies interest rate risk will benefit from the above ability to draw funding from central Middleby committed facilities as part of the 2016 refinancing of the senior revolving credit facility. The companies will continue to analyse its interest rate exposure on a regular basis.

Credit and price risk
The companies monitor closely the availability of trade finance to its customers and suppliers. The ability for the companies and their principal operations to maintain trade credit insurance on our customers is monitored on an ongoing basis. Where insurers inform us it is their intention to withdraw or reduce trade credit insurance cover on our customers we undertake detailed analysis on commercial and financial information available and actively manage the terms of trade with any such customers as appropriate. In addition, the ability of our suppliers to maintain credit insurance on the companies and their principal operations is an important issue. We have excellent relationships with our suppliers and we continue to work closely with them on a normal commercial basis. There are no significant concentrations of credit risk within the companies. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.
The companies' operations are exposed to risk in the price movement of key raw materials and energy. The companies continue review exposure to any remaining commodity risk and mitigates these risks wherever possible.

This report was approved by the Board and signed on its behalf by:

MM Lindsay - Director
12 September 2017

DIRECTORS' REPORT - COMPANY NO. 5280241

The directors present their report and accounts of Headland UK Limited for the year to 31 December 2016.

1. Results for the year

The loss for the year after taxation amounted to £480,389,893 which was a result of exceptional loan waivers (2 January 2016: £6,063). The profit and loss account is set out on page 7. No dividend has been paid (2 January 2016: £nil). During the year the AGA Rangemaster Group, which the company is a member, has carried out an exercise to streamline the group structure. The first stage of this is to eliminate historic inter group balances between various group entities. This has resulted in gains and losses in different businesses as the loans are waived, overall there is no impact on the UK group.

2. Review of principal activity and future developments

The principal activity of the company is a holding company. The activity is expected to continue in the future. AGA Rangemaster Group Limited, the company's immediate holding company, was acquired by The Middleby Corporation on 23 September 2015.

3. Going concern

The company has net liabilities and a letter of support has been provided by the ultimate parent company, The Middleby Corporation. Given the ongoing financial support of The Middleby Corporation the directors believe it is appropriate to prepare the accounts on a going concern basis. The companies within the AGA Rangemaster Group Limited structure will continue to benefit from the ability to draw up to $100m USD of funding from the new Middleby Corporation five-year $2.5 USD billion multi-currency senior revolving credit facility announced on 3 August 2016.

4. Directors

The directors of the company during the year were:
TJ Fitzgerald
MM Lindsay
A Zufia

5. Directors' qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

6. Auditors

Statement of disclosure to the auditors

The directors who are a member of the Board at the time of approving the Directors' Report are listed above. The directors confirm that:

- To the best of the directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- The directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

In accordance with Section 485 of the Companies Act 2006, Ernst & Young LLP will remain as auditors of the company.

The Director's Report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

By order of the Board

MM Lindsay
12 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEADLAND UK LIMITED

We have audited the financial statements of Headland UK Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime-and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst & Young LLP

Steven Bagworth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor.Birmingham
13 September 2017

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31 December 2016 £	2 January 2016 £
Other operating charges		-	(7,901)
Exceptional loan waivers		(480,388,293)	-
Loss on ordinary activities before tax	2	(480,388,293)	(7,901)
Tax (charge) / credit on ordinary activities	3	(1,600)	1,838
Loss for the financial year attributable to members of the company		(480,389,893)	(6,063)

The above results relate to continuing activities.

There were no recognised gains and losses for the current or prior year other than those included in the profit and loss account.

STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £	Profit and loss £	Total equity £
At 1 January 2015	360,223,032	99,609	360,322,641
Loss for the financial year attributable to members of the company	-	(6,063)	(6,063)
At 2 January 2016	360,223,032	93,546	360,316,578
Loss for the financial year attributable to members of the company	-	(480,389,893)	(480,389,893)
At 31 December 2016	360,223,032	(480,296,347)	(120,073,315)

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	31 December 2016 £	2 January 2016 £
Fixed assets			
Investments	4	4,721,259	4,721,258
Current assets			
Debtors	5	-	480,389,893
Creditors: amounts falling due within one year	6	(124,794,574)	(124,794,573)
Net current (liabilities) / assets		(124,794,574)	355,595,320
Net (liabilities) / assets		(120,073,315)	360,316,578
Capital and reserves			
Called-up share capital	7	360,223,032	360,223,032
Profit and loss account		(480,296,347)	93,546
Total equity shareholders' (deficit) / funds		(120,073,315)	360,316,578

The financial statements on pages 7 to 13 were approved by the Board of Directors on 12 September 2017 and were signed on its behalf by:

MM Lindsay
Director

NOTES TO THE ACCOUNTS

1. Accounting policies

Statement of compliance
Headland UK Limited is a limited liability company incorporated in England and Wales. The registered office changed to Meadow Lane, Long Eaton, Nottingham, NG10 2GD on 22 March 2017. On 23 September 2015 the AGA Rangemaster Group Limited (formerly named AGA Rangemaster Group plc), of which the company is a member, was acquired by The Middleby Corporation.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

Basis of preparation
The financial statements of Headland UK Limited were authorised for issue by the Board of Directors on 12 September 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency and rounded to the nearest pound (£), except where otherwise stated. The company has changed its reporting date to 31 December 2016 so it is in line with its' parent company's reporting period end which is the Saturday closest to the year end. Therefore comparative amounts presented in the financial statements are not entirely comparable.

Exemptions taken
The exemption from preparing consolidated financial statements in section 401(1)(a) and section 401(1)(b) of the Companies Act 2006 has been applied as the company and all of its subsidiary undertakings are included in the consolidated financial statements of a larger group drawn up to the same date by a parent undertaking. The company is also exempt from delivering to the Registrar of Companies consolidated financial statements. [CA06 Sec 401(2)(d)].

A consolidated group cash flow statement has been included in The Middleby Corporation consolidated accounts; the company has therefore taken advantage of the exemption under FRS 102 not to produce a cash flow statement. In addition, the company has taken advantage of the exemption permitted by FRS 102 not to disclose any transactions or balances with entities that are wholly owned by The Middleby Corporation.

Foreign currencies
The company's functional currency and the presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investments
Investments in subsidiaries are held at cost less provisions for impairment and reviewed for impairment annually where there are indicators that suggest the amount might not be recoverable.

Going concern
The company has net current liabilities and a letter of support has been provided by the ultimate holding parent company, The Middleby Corporation. Given the ongoing financial support of The Middleby Corporation the directors believe it is appropriate to prepare the accounts on a going concern basis. The companies within the AGA Rangemaster Group Limited structure will continue to benefit from the ability to draw up to $100m USD of funding from the new Middleby Corporation five-year $2.5 USD billion multi-currency senior revolving credit facility announced on 3 August 2016.

NOTES TO THE ACCOUNTS (CONTINUED)

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Loss on ordinary activities before tax

The loss on ordinary activities is stated after charging:

	31 December 2016 £	2 January 2016 £
Losses on foreign exchange differences	-	7,901

Employees

There were no employees during the year other than the directors (2 January 2016: nil).

Directors' remuneration

TJ Fitzgerald, MM Lindsay and A Zufia are paid by The Middleby Corporation. These directors neither received nor waived any emoluments in respect of their services to the company during the year (2 January 2016: £nil). The directors of the company are also, or have been, directors of one or more of the companies in the Group. The directors do not believe that it is practicable to apportion their emoluments between their services as directors of this company and their services as directors of other companies in the Group. No retirement benefits are accruing for directors (2 January 2016: nil) under the company's defined benefit pension scheme as at 31 December 2016. There are no amounts receivable under the LTIP scheme (2 January 2016: £nil).

Audit fees

The auditors' remuneration of £350 (2 January 2016: £330) has been borne by another group undertaking in both this and the prior year.

NOTES TO THE ACCOUNTS (CONTINUED)

3. Taxation

	31 December 2016 £	2 January 2016 £
United Kingdom corporation tax credit on losses for the year	-	(1,600)
Adjustment to current tax in respect of prior years	1,600	(238)
Total tax charge / (credit)	1,600	(1,838)

The tax assessed for the year is higher (2 January 2016: lower) than the standard rate of corporation tax in the UK as explained below:

	31 December 2016 £	2 January 2016 £
Loss on ordinary activities before tax	(480,388,293)	(7,901)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2 January 2016: 20.25%)	(96,077,659)	(1,600)
Non-allowable loan waivers	96,077,659	
Adjustment to tax in respect of prior years	1,600	(238)
Total tax charge / (credit)	1,600	(1,838)

Factors affecting future tax charges

Reductions in the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015.

A further reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

NOTES TO THE ACCOUNTS (CONTINUED)

4. Investments

	31 December 2016 £	2 January 2016 £
Cost at beginning of year	4,721,258	27,120,451
Inter-group transfer	1	-
Dissolved in year	-	(22,399,193)
Cost at end of year	4,721,259	4,721,258
Provision at beginning of year	-	(22,399,093)
Dissolved in year	-	22,399,093
Provision at end of year	-	-
Net book value at end of year	4,721,259	4,721,258
Net book value at beginning of year	4,721,258	4,721,358

The ownership of AGA-Rayburn Limited was transferred from AGA Rangemaster Group Limited to Headland UK Limited on 30 December 2016 for a consideration of £1. AGA-Rayburn Limited is a limited liability company incorporated in England and Wales. The registered office is Meadow Lane, Long Eaton, Nottingham, NG10 2GD. AGA-Rayburn Limited is the holding company of AGA Rangemaster Limited, a manufacturer and retailer of household appliances.

At 31 December 2016 the company held 100% (2 January 2016: 100%) of Furdo Limited a company registered in Ireland whose principal activity was an investment holding company.

5. Debtors

	31 December 2016	2 January 2016
Amounts falling due within one year	£	£
Amounts owed by Group undertakings	-	480,388,293
Corporation tax	-	1,600
	-	480,389,893

6. Creditors

	31 December 2016 £	2 January 2016 £
Amounts falling due within one year		
Amount owed to Group undertakings	124,794,574	124,794,573
	124,794,574	124,794,573

NOTES TO THE ACCOUNTS (CONTINUED)

7. Called-up share capital

	31 December 2016 £	2 January 2016 £
Allotted, issued, called up and fully paid		
360,223,032 ordinary shares of £1 each	360,223,032	360,223,032

8. Related parties transactions

As the company is a wholly owned subsidiary of The Middleby Corporation, it has taken advantage of the exemption permitted by FRS 102 not to disclose any transactions or balances with entities that are 100% controlled by The Middleby Corporation.

9. Ultimate holding company

The company's immediate parent company is AGA Rangemaster Group Limited which is registered in England and Wales. The smallest and largest group of which the company is a member and for which group financial statements are prepared is The Middleby Corporation, incorporated and registered in the USA.

The company's ultimate holding company and controlling party is The Middleby Corporation. Copies of the consolidated accounts can be obtained from the company at 1400 Toastmaster Drive, Elgin, Illnois, 60120, USA.