



# **The Best Deal in Bulk Solids Handling and Processing Plant Equipment**

**Annual Report 2015**



**WAMGROUP®**

*strong ethics ....*

*.... winning spirit*



[www.wamgroup.com](http://www.wamgroup.com)



**Marcello Marchesini**

**Vainer Marchesini**

*(WAMGROUP® Chairman & C.E.O.)*

**Roberto Marchesini**

**Elena Marchesini**

## CORPORATE PHILOSOPHY

WAMGROUP® aims for worldwide leadership in the supply of equipment for Bulk Solids Handling, Waste Water Treatment and Renewable Energy Generation.

## Vision & Mission

WAMGROUP® regards honesty and fairness as cornerstones in its relationship with customers, suppliers, business partners, stakeholders and employees.

WAMGROUP® intends to be innovative in the development, industrial manufacturing and distribution of market-oriented equipment through specialised distribution channels.

WAMGROUP® is determined to supply the most comprehensive range of equipment available to deliver the one-stop-solution in the area of Bulk Solids Handling, Air Filtration, Mixing, Waste Water & Sludge Treatment, Renewable Energy Generation and Vibration Technology.

WAMGROUP® will always do its best to offer any customer in any place in the world the highest possible quality product and service at the most competitive price.

**Vainer Marchesini**

WAMGROUP Chairman & C.E.O.

A handwritten signature in black ink, appearing to be 'V. Marchesini'.





# [ CORPORATE ] PROFILE

At WAMGROUP® we believe that our people are our greatest asset. Thanks to men and women who dedicate their talents and their energy to the Group's growth, in more than four decades what began as a small workshop has grown into a global player.



## CREATIVE & RESPONSIBLE PROFESSIONALS

The multicultural profile of WAMGROUP® means we are able to build an international knowledge-based organisation of talented and qualified people motivated to bring their own ideas to the creative process. This combination of expertise and experience enables us to meet the challenges of tomorrow.



## YESTERDAY'S PIONEERING SPIRIT, TODAY'S LEADERSHIP

In the 1960s young Vainer Marchesini worked in the technical office of a concrete plant manufacturer in the northern Italian town of Modena. One of Marchesini's tasks was to provide cement screw conveyors. The only options were either in-house manufacturing or subcontracting to local artisans. This was the moment when the idea to turn hitherto custom-made machines into an industrial product was born.

05480 MARCHESINI VAINER  
TRASPORTATORI A CICLEA  
IMPIANTI DI FLUIDIFICAZIONE  
CENTRALI - DOSAGGIO  
TEL. 0531/20439

# [ HISTORY ]

Since Vainer Marchesini, founder and current Chairman and C.E.O. of the Group, manufactured his first Screw Conveyor in 1969, the name WAMGROUP® has come to stand for innovation in bulk material handling technology and equipment supply.



1969



Present



Future





# [ THE PRODUCT RANGE ]

Highly focused on the requirements of the market, WAMGROUP® aims to produce market-oriented solutions and to turn them into a particularly user-friendly standard.

Today, WAMGROUP® manufactures and supplies a comprehensive product range including equipment for Bulk Solids Handling, Dust Filtration, Mixing, Waste Water & Sludge Treatment, Renewable Energy Generation and Vibration Technology.



## **MARKET-ORIENTED SOLUTIONS FROM STANDARD COMPONENTS**

- **Screw Conveyors & Feeders**
- **Bucket Elevators**
- **Chain Conveyors**
- **Dust Collectors**
- **Flow Intercepting & Diverter Valves**
- **Discharging Equipment for Powders & Granules**
- **Bag Emptying Equipment**
- **Bulk Bag Filling & Emptying Equipment**
- **Feeding & Metering Equipment**
- **Level & Pressure Monitoring Instruments**
- **Silo Safety Components**
- **Pneumatic Conveying System Components**
- **Rotary Valves**
- **Vibrators & Flow Aids**
- **Mixers, Blenders, Conditioners, Granulators**
- **Equipment for Waste Water & Sludge Treatment**
- **Hydrodynamic Screws**
- **Biogas Plant Equipment**
- **Manure and Biogas Digestate Separators**

# [ PRODUCTION TECHNOLOGY & ] [ QUALITY AWARENESS ]

## Two steps ahead of the competition

Highly rationalised and cost-effective CAD/CAM-supported production methods and logistics have been constantly improved throughout the years and reflect state-of-the-art achievement.

Today integration of those processes in the Group's manufacturing companies all over the world has already become reality.





## LEADING WITH QUALITY

High quality and a price-performance ratio second to none make WAMGROUP® equipment the ideal choice for every project engineer and provide the customer with the best deal available on the market.

Consistent quality and constant improvement of products and manufacturing methods are guaranteed by the ISO Quality Management System. This gives every WAMGROUP® customer the assurance that the equipment he is going to use has been checked and tested in each phase of the manufacturing process.

As a global player WAMGROUP® sets great store by having the quality management system of all manufacturing companies worldwide certified by the same certifying body.



# [ RESEARCH & DEVELOPMENT ]

Uncompromising dedication to R & D is the foundation of the Group's vast product range and leads time and again to the development of newly designed equipment manufactured from standardised modular components.





## **PROTECTING INTELLECTUAL PROPERTY**

### **Dedicated to innovation**

WAMGROUP® takes pride in having patented a large number of inventions. Setting new trends in the market has become a tradition and represents a commitment for the future.

Customers all over the world today identify WAMGROUP® products with their distinctive registered trademark.

# [ APPLICATIONS ]

WAMGROUP®'s know-how and expertise lie in designing, developing and manufacturing machines and equipment for mechanical and pneumatic conveying, feeding and metering, flow interception, discharging of powders and granules, mixing, waste water and sludge treatment, renewable energy generation, as well as mechanical or pneumatic vibration.

## PERFECT MATCH BETWEEN PRODUCT AND APPLICATION



These products are widely used in a vast number of industrial sectors, such as building and construction, food processing, flour and animal feed milling, chemicals and plastics, mining, glass processing, and environmental technology, to name but a few.



# **CORPORATE SERVICES & STAFF TRAINING**

Since the 1990s the Group has been controlled by a holding. Apart from issuing the Group's consolidated balance report and supporting all members in financial matters, WAMGROUP S.p.A. provides a number of services to the Group: global cash management, IAS-compliant financial auditing, international insurance programmes, support in legal affairs, as well as global marketing.



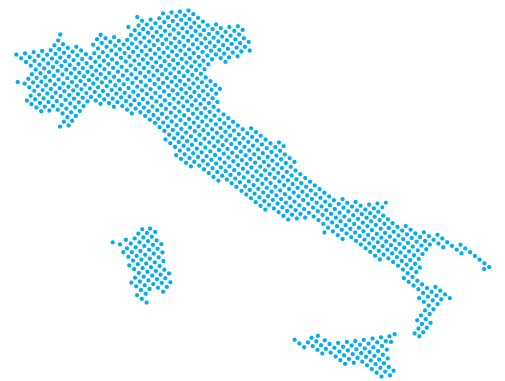


## WORKING WITH WAMGROUP®

Corporate Human Resources have been developing global schemes for selection and training of our personnel. In fact, WAMGROUP® considers management and staff training a cornerstone of its corporate philosophy. Regular meetings and seminars, frequent training courses and workshops - open to WAMGROUP® staff from all over the world - keep our people updated and strengthen intercultural communication.



**1,513**  
EMPLOYEES  
WORLDWIDE

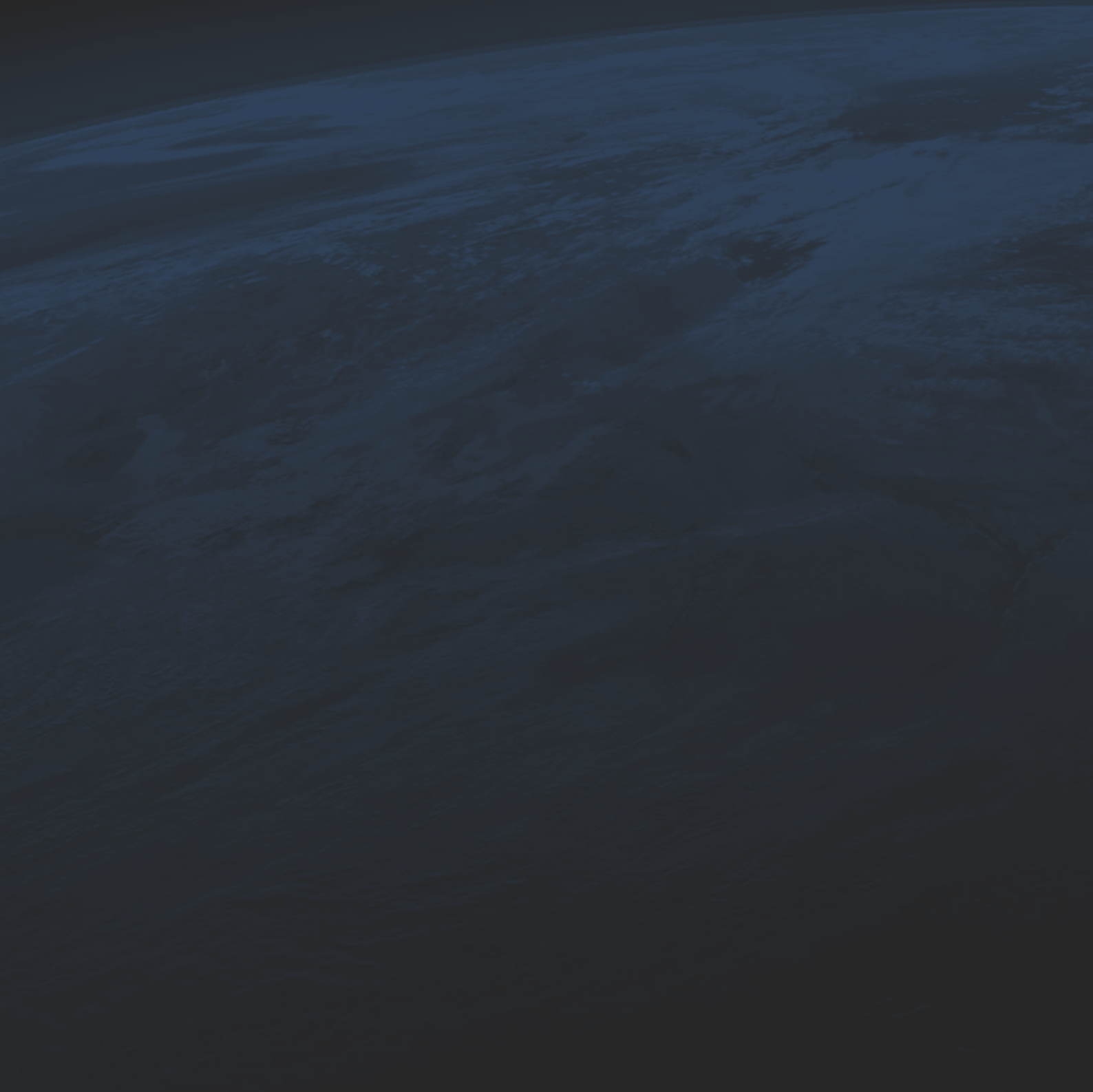


**622**  
EMPLOYEES  
IN ITALY



# [INTERNATIONALISATION]

In 1984 WAMGROUP® established its first foreign branch in France followed by a long series of trading subsidiaries. For major integration into overseas markets, in the late 1990s WAMGROUP® started to set up manufacturing and assembly plants for their major product lines in eastern Europe, the Middle East and the Far East, in the Americas and Asia, as well as in Australia.







## THINK GLOBAL, ACT LOCAL

Today WAMGROUP® is present in more than eighty countries where a global team of highly motivated professionals ensures that customers find professional advice, smooth order management and after-sales service in their own language.



# A GLOBAL PLAYER WITH



58



SUBSIDIARIES  
WORLDWIDE

17



MANUFACTURING  
SITES

- WAM Adria (Croatia)
- WAM Argentina
- WAM Australia
- WAM Baltic (Estonia)
- WAM B.H.M (Belgium)
- WAM Chile
- WAM Do Brasil Industrial (Brasil)
- WAM Do Brasil Equip. Industriais (Brasil)
- WAM Egypt
- WAM Engineering (UK)
- WAM EurAsia (Turkey)
- WAM Finland
- WAM France
- WAM France Environnement
- WAM GmbH (Germany)
- WAM Helvetia (Switzerland)
- WAM Holland
- WAM Inc. Georgia Division (USA)
- WAM Inc. Texas Division (USA)
- WAM India
- WAM Indonesia
- WAM Japan
- WAM Korea (South Korea)
- WAM Latin EXPORT WAMGROUP (USA)
- WAM Malaysia
- WAM Middle East (U.A.E.)



# ITALIAN ORIGINS

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- WAM Industriale S.p.A. Conveyor Division  
Bulk Solids Conveying Technology
- WAM Industriale S.p.A. Filter Division  
Air Filtration Technology
- WAM Industriale S.p.A. Valve Division  
Bulk Solids Flow Interception Technology
- WAM Industriale S.p.A. SINTSCREW® Division  
Mortar & Plaster Processing
- WAM Industriale S.p.A. EXTRAC® Division  
Bulk Solids Discharging Technology
- WAM Industriale S.p.A. MAP® Division  
Mixing Technology
- WAM Industriale S.p.A. SPECO® Division  
Environmental Technology
- TOREX S.p.A.  
Bulk Solids Handling Technology
- RONCUZZI S.r.l.  
Port Handling Technology / Conveyors & Components
- FLITECH S.r.l.  
Helicoid Screw Flighting / Conveyor Screws
- TECNO CM S.r.l.  
Engineering Polymer Components
- SAVI S.r.l.  
Waste Water Treatment Technology

- WAM Maroc (Morocco)
- LatinWAM Trading
- WAM Moscow (Russia)
- WAM M.H.E. (New Zealand)
- WAM North America
- WAM Polska (Poland)
- WAM Product (Croatia)
- WAM Romania
- WAM Romania Trading
- WAM Scandinavia (Denmark)
- WAM Shanghai (P.R.C.)
- WAM Shanghai Trading (P.R.C.)
- WAM Singapore
- WAM South Africa
- WAM Spain
- WAM Thailand
- WAM Ukraine
- WAM Vietnam
- WAM Wuxi (P.R.C.)
- MAP (Germany)
- SILOFAB (Romania)
- SPECO Hidrotecnología (Spain)
- TECNO CM Romania
- TOREX Malta
- Agritec G.m.b.H

# [ SAFETY & ENVIRONMENT ]

## LIABLE TO FUTURE GENERATIONS

At WAMGROUP® we feel strongly about this. By treating our customers, our stakeholders, our suppliers and our employees with integrity and fairness we intend to create a strong platform from which we can pass on our moral values to those who will continue the work in future.

*“ The world has  
been loaned to us  
by our children. ”*

## A GLOBAL RESPONSIBILITY

WAMGROUP®'s business decisions are also driven by their impact on the environment. Layout and equipment of our factories worldwide follow global state-of-the-art guidelines on health & safety and protection of the environment.

# [ 2015 FINANCIAL YEAR ]

## **WAMHOLDING S.P.A.**

Head office: Modena - Strada degli Schiocchi, 12

Share capital: € 5.000.000,00= i.v.

Trade Register of Modena

Fiscal code: 01639830361

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# MANAGEMENT REPORT CONSOLIDATED FINANCIAL STATEMENTS ON THE 31<sup>st</sup> DECEMBER 2015

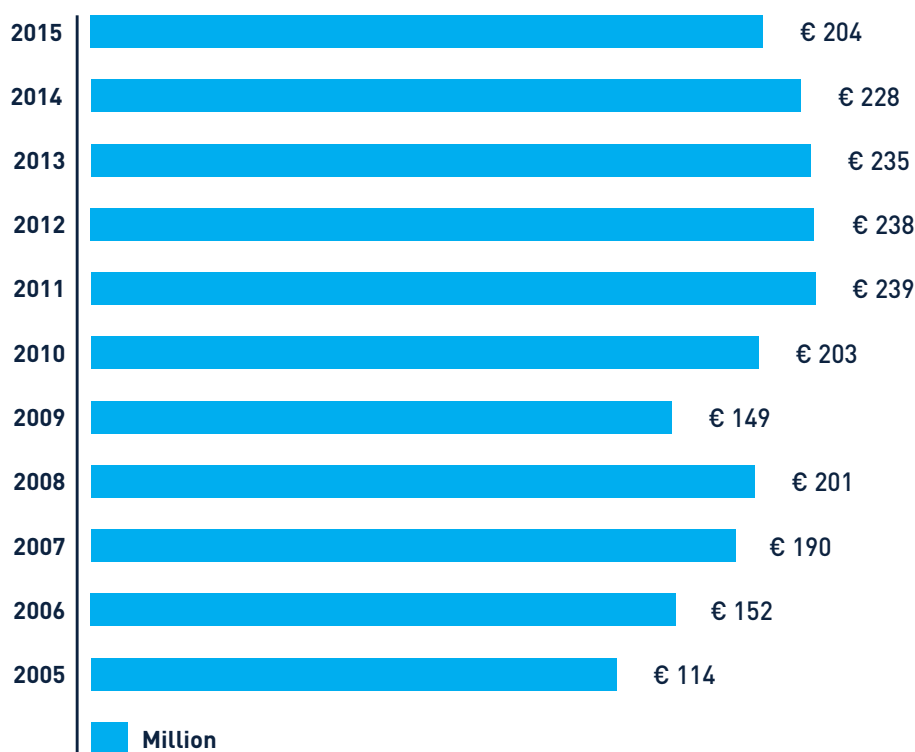
Dear Shareholders,

the reconstruction and the full operation of the major part of the production facilities of Cavezzo, after the effects of the severe earthquake of May 2012, it has substantially implemented, while the general reorganisation of the entire industrial area is not yet finished, with projects that are still ongoing.

However, in 2015 the Group achieved more than satisfactory results, despite the continuous uncertainties on the overall performance of the worldwide economies.

During 2015 most of OLI S.p.A. shares and of all the related company ("OLI group") were sold, realizing a consolidated gain of Euro 26.11 million, and positive cash flow of Euro 43.5 millions. The rescheduling of the sale price will allow a further positive cash flow in 2016 of Euro 8.7 million, while the sale of the remaining shares, already contracted, will allow further gains and business - in the course of 2016 and 2017 - estimated at respectively Euro 2.8 million and Euro 6.1 million.

## CONSOLIDATED REVENUES



The sale of the OLI group, with a volume of consolidated sales estimated at Euro 30.02 million in 2014, a difference between production cost and value of Euro 7.1 million and an estimated net profit of Euro 5.49 million, marginally impacted the group's profitability, which has carried out in 2015 an operating result (difference between production costs and value) higher than in 2014 if we consider the net of provisions for risks made. At constant scope of consolidation, sales volume

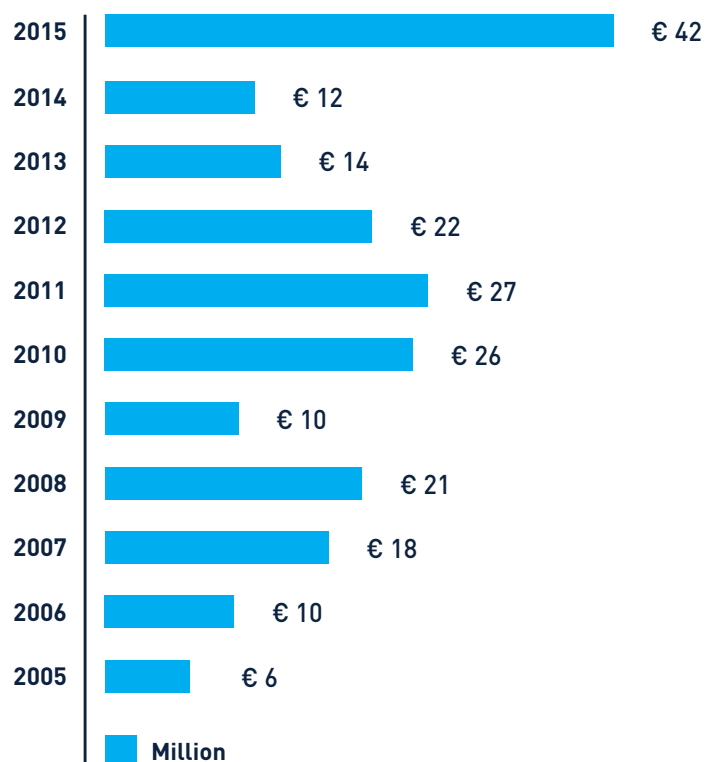


increased in 2015 by Euro 6.2 million, while the production value, partly as a result of contributions by Euro 6.9 million, increased by Euro 13 million. The difference between production value and cost, demonstrating the eventual recovery of the industrial operations of the Cavezzo production site and new found global competitiveness, increased on a comparable consolidation scope by Euro 6.48 million, substantially eliminating the consequences of the OLI group sale.

The group's results were determined by the good recovery of the Italian and European market in general, by the excellent performance of the North American market. Instead, China, Russia and Brazil continue to manifest difficulties and decrease in volumes. Good performance of the Middle Eastern and Asian markets; the results obtained by the subsidiaries of the African continent registered an increase, creating a secure area for the group's future expansion, even if the group contribution is marginal.

Nevertheless, the margins are maintained, with a MOL reaching the value of 35.8 million equal to 16.7% of the production value.

## CONSOLIDATED PROFIT



In compliance with the provisions of article 2428 of the Civil Code, this management report has been drawn up to accompany and complete the documents composing the consolidated financial statement related to the financial year ended 31/12/2015 in accordance with the company by-laws.

The financial statements show a consolidated net profit, including shares attributable to third parties, were found to amount to Euro 42.46 million Euro compared to Euro 11.72 million gained in 2014. The capital gain realized from the OLI group sale equal to Euro 26.11 accounted for 61.5% of the result. The difference between production cost and value was equal to 20.87 million, in line with the previous year.

The dynamics of the exchange rates had an overall insignificant impact, with financial costs decreasing from Euro 2.26 to Euro 1.98 million. The financial management was positive for Euro 0.42 million, also due to the accounting of dividends by the former subsidiary OLI S.p.A. for Euro 1.31 million. Special items, mainly determined by the gain on the OLI group sale, are positive for Euro 23.33 million. The pre-tax profit was equal to Euro 48.62 million after allocating Euro 12.44 million for the depreciation funds, and Euro 0.8 million to other risks and charges funds.

WAMHOLDING S.p.A. - non-operating group parent company - runs through the sub-holding WAMGROUP S.p.A. all the equity of the Group companies. As a non operative parent company, WAMHOLDING S.p.A. controls all holdings held by the Group through the subholding WAMGROUP S.p.A. that arranges all the funding for the companies and holding bodies and coordinates their business from a strategic, commercial, financial and administrative point of view, providing technical and commercial services. In particular, WAMGROUP S.p.A. has centralised the management of the sales and marketing communication at its own premises, along with the accounts and administrative checks and inspection functions for all the directly and indirectly controlled subsidiaries with head offices in Italy and in some EU countries. Other centralised processes include the management of the accounts systems and procedures, human resources and the relative administrative and legal issues, the treasury, the coordination of all the financial transactions of the directly and indirectly controlled subsidiaries and affiliates with head offices in Italy and in some countries of the European Union. Beginning with 2011, WAMGROUP S.p.A. has gone through a reorganization process reallocating resources and professional skills and concentrating all research and development activities – including the research laboratory, the marketing, technical and commercial activities – in order to provide new and more adequate services to all its subsidiaries.

The Group operates in the mechanics sector and more specifically, in the production of machinery for the transportation of granular materials and powders for water purification. The production generally concerns screw feeders, filters for the collection of powders, various kinds of valves and other accessories for concrete-mixing, grinding, extraction and stocking and storing systems for powdery, granular and various kinds of materials. Among the complementary activities the Group engages in, is the production of mixers, vibrators, polymeric components and water conditioning systems, as well as continuous steel screw feeders.

The Group's strategy, aimed at satisfying market demand with an ever-increasing effort to improve the overall efficiency through contained costs and careful attention to quality and service continues to confirm its effectiveness, allowing the consolidation of sales volumes and making the most of the opportunities due to the still existing worldwide recession. The strategy of acquiring significant market shares through the containment of sales prices, cost rationalization, location of the production on the reference markets and the search for a concrete and effective proximity to customer needs, rapidly responding to any needs, have allowed an increase of the sales volumes, despite the fact that the turnover is essentially unchanged. Despite the pressure of the competition with a high degree of competitiveness, especially in the Far East markets, the margins have been strengthened as a result of the industrial efficiency's recovery; the introduction of new product lines and technologies, combined with research into new applications for the Group's products, will enable a new value-added generated expansion cycle.

Effective customer orientation strategies include the establishment of branch offices in each relevant country, as well as an appropriate centralised organization, capable of providing assistance to each market area involved and aimed at satisfying market demand with prompt commercial and technical solutions.

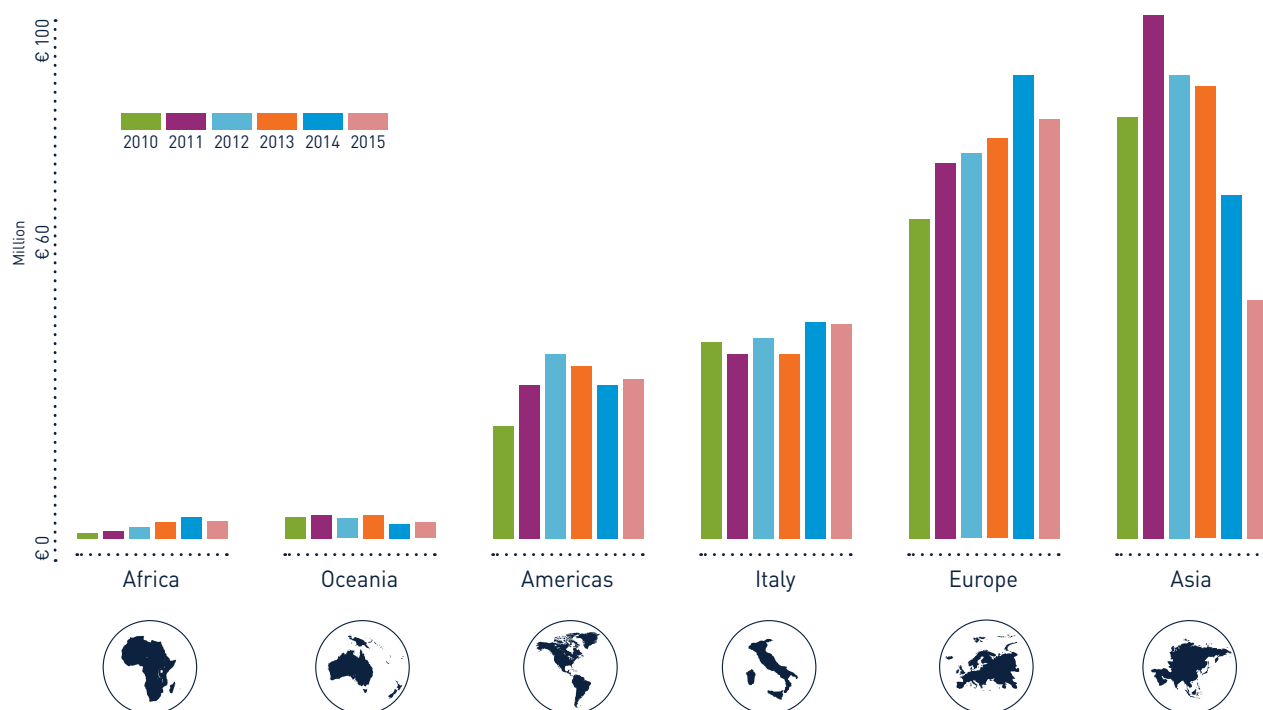
## GROUP'S FINANCIAL SITUATION AND MANAGEMENT TREND.

Valuation data and comparison of results with those of the previous financial year, with reference to the economic trend and the financial and patrimonial situation are shown in the charts enclosed at the foot of this document. Observations deemed of major importance are reported below.

### Economic situation analysis

The revenue from sales passed from Euro 227.76 million to Euro 203.85 million, with a 10.5% decrease, attributable for Euro 30.02 million to the sale of the group, while the production value passed from Euro 232.9 million to Euro 214.12 million. Below is a chart showing sales revenues divided by main geographical areas:

## REVENUE BY GEOGRAPHICAL AREA



	2015			2014		2013		2012	
Italy	40,923,086	20.1%	-0.3%	41,033,984	14.8%	34,698,444	15.8%	37,576,086	18.3%
Europe	79,894,954	39.2%	-9.4%	88,138,481	36.6%	85,942,513	30.7%	73,095,191	29.9%
Asia	47,157,981	23.1%	-26.2%	63,895,101	32.2%	75,494,856	36.8%	87,744,759	39.5%
Americas	30,715,783	15.1%	6.3%	28,888,523	13.8%	32,302,912	14.6%	34,838,004	10.5%
Oceania	2,528,865	1.2%	1.6%	2,489,418	1.6%	3,638,140	1.4%	3,389,027	1.7%
Africa	2,628,196	1.3%	-19.3%	3,257,734	1.1%	2,558,318	0.7%	1,633,103	0.2%
	203,848,865			227,703,241		234,635,183		238,276,170	

The net of the OLI group sale, which has an overall impact of over Euro 30 million, the sales volume on the domestic and European markets have performed well, with an increase of over 6 million, while sales on the Asian markets recorded decisive a drop caused almost entirely by the sale decrease on the Chinese market. Good performance of the North American market, rising even before the sale of the OLI group. The volumes of the African branches were also positive, with a consistent growth, despite an overall marginal incidence.

Total production costs decreased from Euro 210.99 million to Euro 193.25 million, with an incidence on the production value of 90.25%. The difference between production value and costs moved from Euro 21.96 to Euro 20.87 million with a decrease of 2.86% and an incidence on the production value in a slight improvement and equal to 9.75%, confirming the upkeep of overall margins.

The total financial expenses decreased significantly, from a negative balance of Euro 1.63 million, to a positive balance of Euro 0.42 million, due to the decrease in interest expense of Euro 0.28 million and dividends of Euro 1.31 million. The net balance of the interest payable passed from Euro 1.46 to Euro 1.26 million, equal to a 0.59% incidence rate on the production value, subsequently confirming the Group's solid equity.

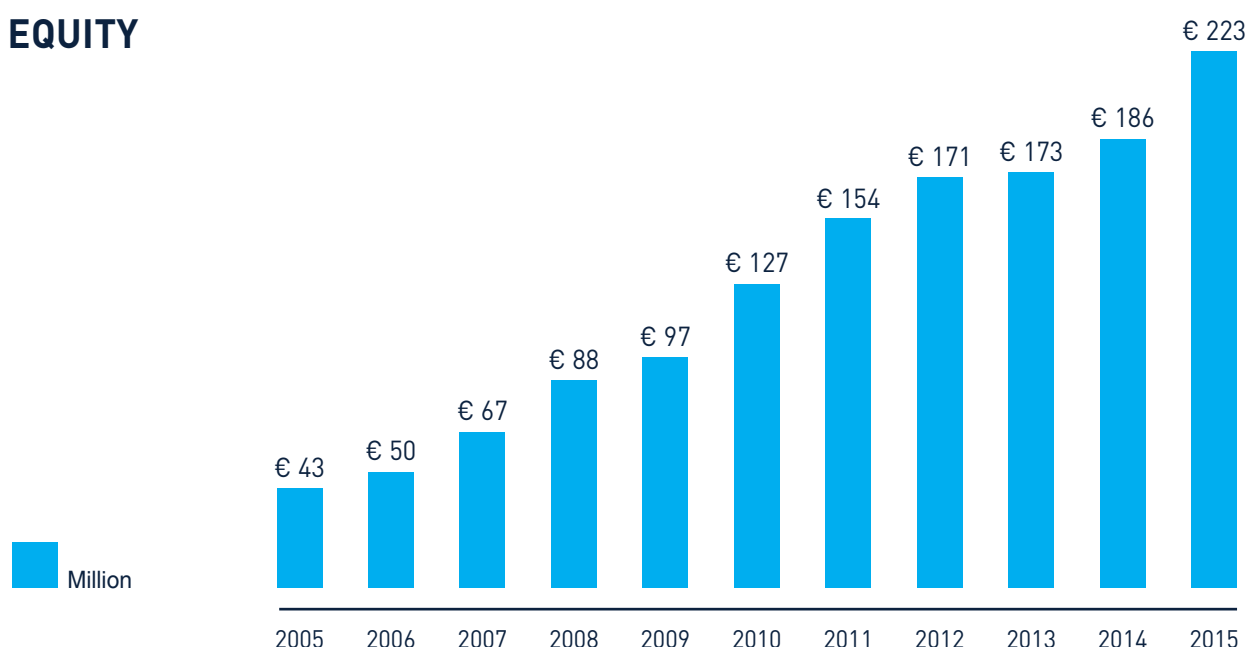
The non-recurring items with a negative balance of Euro 27.33 million have no significant impact on the result and are primarily related to the gain from the OLI group sale.

The overall result achieved by the Group moved from Euro 11.72 to Euro 42.46 million.

### Net equity analysis

The analysis of the Group's net equity highlights its ever increasing balance and absolute solidity, constantly improving, with a total net equity of Euro 222.63 million- increased by Euro 36.78 million with respect to the previous financial year -, as an effect of previous earnings and an improvement in result. Fixed assets amount to Euro 373.14 million, with an increase with respect to the previous year in relation to a net increase of the fixed assets. The stock decreased from Euro 87.74 to Euro 73.61 million; receivables from customers decreased from Euro 60.34 to Euro 52.83 million, with provisions for doubtful deemed suitable debts deemed adequate. Liquid assets increased from Euro 64.80 to Euro 89.20 million, due to the partial collection of the sale consideration of the OLI group.

## EQUITY



The stock decreased from Euro 144.90 to Euro 126.80 million; due to the sale of the OLI group, with a concomitant decrease in net debt with the banking system increasing from Euro 88.24 to Euro 73.66 million.

### **Financial position analysis**

Consistently with the net equity, the financial position of the company confirms the Group's solidity. The overall cash position is positive for Euro 15.53 million, with an improvement of EUR 38.98 million over the previous year. The Group's self-financing capacity and its investment sustainability is further underlined by all the financial indexes.

### **INVESTMENTS**

During 2015 the Group invested a total of Euro 10.24 million in property, built for Euro 6.56 million in Italy, with investment in the purchase of areas and completion of properties for Euro 2.22 million.

Also note Euro 1.19 million from Wam Romania mainly in plant and equipment, Euro 0.68 million from Wam Eurasia (Turkey) for the investment in the new production hall, Euro 0.28 million from Wam Wuxi (China), Euro 0.25 million from Wam North America (USA), and Euro 0.21 million from Wam Product (Croatia) for the purchase of plant and equipment.

### **RESEARCH AND DEVELOPMENT**

The Group carries out thorough research and development activities mainly within the Italian production companies, through specific laboratories and divisions. The said activities are primarily aimed at product innovation, utilization of new materials & applications and innovative use of machinery.

The Group's overall expenditure, entirely charged to the profit and loss account, amounts to Euro 2.34 million, equal to 1.1 % of the sales volume, achieved mainly by WAMGROUP S.p.A..

### **MAIN RISKS AND UNCERTAINTIES**

The main area of risk is linked to the general market trend, which, due to an uncertain global economic situation marked by a high growth differential between the different geographical areas, is characterized by an extremely variable demand.

Thanks to its widespread range of products and commercial activities worldwide, the Group maintains an unquestioned leading market position for a wide range of products in specific sectors. Moreover, thanks to high degree of innovation, combined with technological excellence, its products can be utilized within a wide range of industrial sectors, with the possibility of opening new markets and business areas. At the same time, the Group is able to minimize the impact of recession periods and take full advantage of recovery periods.

The valuation of all asset items did not bring to light any particular element of uncertainty.

### **EXPOSURE TO FINANCIAL RISKS**

The Group is exposed to the financial risks, which are broken down as follows:

- credit risk as regards business relations with the clientèle;
- liquidity risks with reference with availability of financial resources;
- market risks as regards operations subject to variables linked to exchange rate and interest rate risk.



**Credit risk.**

The credit risk implies the exposure of the Group to clients' insolvency with regards to the obligations undertaken by clients. The credit risk is distributed across a large a number of clients all over the world, for single amounts with no relevant impact in relation to the turnover.

The credit risk related to clients is constantly monitored through careful examination of clients' background information and other evaluation procedures.

**Liquid asset risk.**

The main liquidity risk to which the Group is exposed, is represented by the potential difficulty to obtain funding within the required time frame for sustaining the Group's characteristic activities and investments. The Group's financial and monetary situation, with an overall positive financial position of Euro 15.53 c and a liquidity of Euro 89.19 million is constantly monitored: the Group's financial solidity, its high credit rating, together with its remarkable self-financing capacity broadly explained above, render the foregoing risk irrelevant.

**Market risk**

This category mainly implies risks related to currency and exchange rate variations.

The Group is exposed to the currency risk in that it trades in a large number of different currencies. The presence of various commercial branches, in part productive branches located in each country, with a part of costs made in the specific currency, significantly minimizes the effects of exchange rate variations, despite the presence of extremely volatile markets.

The Group is exposed to an exchange rate risk in that accrued interest on the existing financial liabilities has a variable interest rate: however, said risk exists to a limited extent given the irrelevant degree of indebtedness incurred by the Group and the consequent low incidence rate on the financial burden reported in the company's profit and loss account.

**ENVIRONMENT AND PERSONNEL**

The Group carries out its activity in full compliance with the environmental provisions in force in the countries where it operates. The type of activities carried out by the Group do not entail any criticality in relation to environmental protection. As of today, no lawsuit over environmental crime or damage has been filed against any of the Group subsidiaries.

While performing its business activities, the Group complies with the provisions in force regarding occupational safety and hygiene, and, broadly speaking, with all the regulations, standards and rules concerning employee protection. As of today, no workplace related accidents, serious injuries or other occurrences including occupational disease or mobbing for which the company may be held liable has been reported.

As regards staff policies, the Group is committed to confirm the actions already undertaken during the previous financial years, and shall continue investing in high-quality staff and staff training and development.

As of today, no outstanding lawsuits or charges related to staff management have been reported, while the occurrence of occupational injury falls within the normal range.

## **OPERATIONS ON HOLDINGS OWNED BY THE PARENT COMPANY**

The parent company does not own shares in its own name, and the subsidiaries do not hold any shares of the parent company.

## **FINANCIAL INSTRUMENTS**

The Group's subsidiaries do not use any kind of financial instruments, except for financial leasing coverage in relation to specific operations, the coverage from the risk of tax variation risk.

## **SIGNIFICANT EVENTS OCCURRED FURTHER TO THE CLOSING OF THE FINANCIAL YEAR - FORESEEABLE MANAGEMENT TREND**

Further to the closure of the financial year, nothing worth noting was found that could influence the financial position and the economic trend of the Group as shown in the financial statement.

During the first months of the current year, the Group's operating performance is positive, against a permanent uncertainty of the worldwide economy. The Group's excellent market position, the distribution of production and sales on almost every world market, combined with flexible management and careful attention to costs, are all contributing factors for the foreseeable outstanding results to be obtained in 2016 as well, despite the strong pressure of the other market competitors.

Modena, the 2<sup>nd</sup> June, 2016

THE SOLE DIRECTOR

Vainer Marchesini

PRODUCTION VALUE PROFIT AND LOSS ACCOUNT			31-Dec-15	%	Var %	31-Dec-14	%
Revenue from sales	203,848,9	95.2%	-10.5%	227,703,2	97.7%		
Other revenues	9,227,3	4.3%	105.1%	4,498,1	1.9%		
In-house production	1,049,6	0.5%	37.9%	760,9	0.3%		
<b>A. PRODUCTION VALUE</b>	<b>214,125,8</b>	<b>100.0%</b>	<b>-8.1%</b>	<b>232,962,2</b>	<b>100.0%</b>		
Raw, subsidiary materials and consumable materials and goods	71,211,8	33.3%	-11.3%	80,258,8	34.5%		
Other operating costs	46,836,2	21.9%	-11.8%	53,106,3	22.8%		
<b>B. EXTERNAL COSTS</b>	<b>118,048,0</b>	<b>55.1%</b>	<b>-11.5%</b>	<b>133,365,1</b>	<b>57.2%</b>		
<b>C. ADDED VALUE (A-B)</b>	<b>96,077,7</b>	<b>44.9%</b>	<b>-3.5%</b>	<b>99,597,1</b>	<b>42.8%</b>		
D. Personnel cost	60,286,4	28.2%	-9.2%	66,391,3	28.5%		
<b>E. GROSS OPERATING MARGIN (EBITDA) (C-D)</b>	<b>35,791,3</b>	<b>16.7%</b>	<b>7.8%</b>	<b>33,205,8</b>	<b>14.3%</b>		
Depreciation of intangible fixed assets	4,510,4	2.1%	87.7%	2,402,7	1.0%		
Depreciation of tangible fixed assets	7,931,1	3.7%	-7.4%	8,561,2	3.7%		
Other allocations to provisions and devaluations	2,479,7	1.2%	228.2%	755,5	0.3%		
<b>F. DEPRECIATION AND DEVALUATIONS</b>	<b>14,921,2</b>	<b>7.0%</b>	<b>27.3%</b>	<b>11,719,4</b>	<b>5.0%</b>		
<b>G. OPERATING RESULT (EBIT)</b>	<b>20,870,1</b>	<b>9.7%</b>	<b>-2.9%</b>	<b>21,486,4</b>	<b>9.2%</b>		
Extraordinary earnings	2,028,0	0.9%	153.4%	800,4	0.3%		
Extraordinary charges	0,0	0.0%	-100.0%	-149,7	-0.1%		
<b>H. EXTRAORDINARY RESULT</b>	<b>2,028,0</b>	<b>0.9%</b>	<b>211.7%</b>	<b>650,7</b>	<b>0.3%</b>		
<b>I. PRODUCTION MANAGEMENT ORD. RESULT (G+H)</b>	<b>22,898,1</b>	<b>10.7%</b>	<b>3.4%</b>	<b>22,137,0</b>	<b>9.5%</b>		
Extraordinary income	30,768,1	14.4%	5754.3%	525,6	0.2%		
Extraordinary charges	-3,437,7	-1.6%	22.5%	-2,806,4	-1.2%		
<b>L. EXTRAORDINARY RESULT</b>	<b>27,330,4</b>	<b>12.8%</b>	<b>-1298.3%</b>	<b>-2,280,8</b>	<b>-1.0%</b>		
<b>M. PRODUCTION MANAGEMENT RESULT (I+L)</b>	<b>50,228,5</b>	<b>23.5%</b>	<b>153.0%</b>	<b>19,856,2</b>	<b>8.5%</b>		
N. Financial charges	1,604,7	0.7%	-34.0%	2,430,5	1.0%		
<b>O. GROSS RESULT (M-N)</b>	<b>48,623,8</b>	<b>22.7%</b>	<b>179.0%</b>	<b>17,425,7</b>	<b>7.5%</b>		
P. Income taxes	6,160,5	2.9%	8.0%	5,705,6	2.4%		
<b>NET RESULT (O-P)</b>	<b>42,463,4</b>	<b>19.8%</b>	<b>262.3%</b>	<b>11,720,1</b>	<b>5.0%</b>		

PRODUCTION VALUE PROFIT AND LOSS ACCOUNT		31-Dec-15	%	Var %	31-Dec-14	%
<b>ASSETS</b>						
<b>FIXED ASSETS</b>		<b>111,577,6</b>	<b>29.9%</b>	<b>9.6%</b>	<b>101,806,2</b>	<b>28.7%</b>
Intangible fixed assets		15,012,0			5,716,9	
Historical cost		27,621,1			15,018,9	
Depreciation fund		-12,609,1			-9,302,1	
Tangible fixed assets		91,256,1			93,454,0	
Historical cost		148,674,6			150,221,9	
Depreciation fund		-57,418,5			-56,767,8	
Financial fixed assets		5,309,5			2,635,3	
<b>CURRENT ASSETS</b>		<b>261,562,0</b>	<b>70.1%</b>	<b>3.6%</b>	<b>252,489,3</b>	<b>71.3%</b>
Stock		81,180,5			96,177,1	
Non-financial deferred cash funds		91,184,1			91,509,9	
Available cash funds		89,197,3			64,802,3	
<b>INVESTED CAPITAL</b>		<b>373,139,5</b>	<b>100.0%</b>	<b>5.3%</b>	<b>354,295,5</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>		<b>222,633,7</b>	<b>59.7%</b>	<b>19.8%</b>	<b>185,847,7</b>	<b>52.5%</b>
Share capital		5,000,0			5,000,0	
Reserves		217,633,7			180,847,7	
Own actions		0,0			0,0	
<b>CONSOLIDATED LIABILITIES</b>		<b>48,749,1</b>	<b>13.1%</b>	<b>-5.5%</b>	<b>51,587,8</b>	<b>14.6%</b>
Financial consolidated liabilities		36,897,5			40,552,5	
Non-financial Consolidated liabilities		11,851,6			11,035,2	
<b>CURRENT LIABILITIES</b>		<b>101,756,7</b>	<b>27.3%</b>	<b>-12.9%</b>	<b>116,860,0</b>	<b>33.0%</b>
Financial current liabilities		36,988,6			47,959,1	
Current non-financial liabilities		64,768,1			68,900,8	
<b>FINANCING CAPITAL</b>		<b>373,139,5</b>	<b>100.0%</b>	<b>5.3%</b>	<b>354,295,5</b>	<b>100.0%</b>

BALANCE SHEET FINANCIAL BREAKDOWN		31-Dec-15	31-Dec-14
<b>FIXED ASSETS</b>			
Intangible fixed assets		-15,012,0	-5,716,9
Tangible fixed assets		-91,256,1	-93,454,0
Financial fixed assets		-5,309,5	-2,635,3
<b>EQUITY</b>			
Share capital		5,000,0	5,000,0
Reserves		217,633,7	180,847,7
<b>CONSOLIDATED LIABILITIES</b>		<b>48,749,1</b>	<b>51,587,8</b>



<b>STRUCTURE MARGIN (A)</b>	<b>159,805,2</b>	<b>135,629,4</b>
Non-financial deferred cash funds	91,184,1	91,509,9
Stock	81,180,5	96,177,1
Non-financial Consolidated liabilities	-64,768,1	-68,900,8
<b>NET CURRENT CAPITAL (B)</b>	<b>107,596,5</b>	<b>118,786,2</b>
Available cash funds	89,197,3	64,802,3
Financial deferred cash funds	0,0	0,0
Financial current liabilities	-36,988,6	-47,959,1
<b>NET SHORT - TERM FINANCIAL POSITION (A-B)</b>	<b>52,208,7</b>	<b>16,843,2</b>

<b>RECLASSIFIED BALANCE SHEET (by functional area)</b>	<b>31-Dec-15</b>	<b>%</b>	<b>Var %</b>	<b>31-Dec-14</b>	<b>%</b>
<b>INVESTMENTS</b>					
FIXED CAPITAL	106,268,1			99,170,9	
NET CURRENT CAPITAL	95,744,9			107,750,9	
<b>NET OPERATING INVESTED CAPITAL</b>	<b>202,013,0</b>	68.1%	-2.4%	<b>206,921,8</b>	75.4%
EXTRA-OPERATING INVESTMENTS	94,506,8	31.9%		67,437,6	24.6%
<b>NET INVESTED CAPITAL</b>	<b>296,519,8</b>	100.0%	8.1%	<b>274,359,4</b>	100.0%
<b>SOURCES</b>					
EQUITY	222,633,7	75.1%		185,847,7	67.7%
FINANCIAL DEBT	73,886,0	24.9%		88,511,7	32.3%
<b>FINANCING SOURCES</b>	<b>296,519,8</b>	100.0%	8.1%	<b>274,359,4</b>	100.0%

<b>CASH FLOW STATEMENT (indirect method)</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>Operating Result (EBIT)</b>	<b>20,870,1</b>	<b>21,486,4</b>
Taxes paid	-5,290,9	-7,448,5
<b>Operating income, net of taxes paid</b>	<b>15,579,2</b>	<b>14,037,9</b>
Depreciation	12,441,5	10,963,8
Devaluations, allocations to provisions, non-monetary revenues and costs, other adjustments	2,479,7	755,5
<b>Flow of circulating current operations (AUF)</b>	<b>30,500,4</b>	<b>25,757,3</b>
Changes in operating assets and liabilities	8,656,8	-9,446,0
<b>Flow of circulating current operations</b>	<b>39,157,2</b>	<b>16,311,3</b>
Flow of circulating current operations	-19,538,7	-18,505,2

CASH FLOW STATEMENT (indirect method)	31-Dec-15	31-Dec-14
Flow of operating cash	19,618,5	-2,193,9
Income cash flow and additional management charges	466,7	-2195,6
Net cash flows from investing activities of additional management	25,502,5	-32,8
Unlevered free cash flow	45,587,7	-4,422,3
Net income of the financial cash flows	-889,7	-1,632,3
Changes in financial receivables and payables	-14,625,6	12,898,5
Net flows of the shareholder' equity	-5,677,4	990,7
Cash variations	24,395,0	7,834,6
Cash funds at the beginning of the year	64,802,3	56,967,7
Cash funds at the end of the year	89,197,3	64,802,3
Cash funds	89,197,3	64,802,3
Financial current liabilities	-36,988,6	-47,959,1
Total current situation	52,208,7	16,843,2
Financial consolidated liabilities	-36,897,5	-40,552,5
Total current situation	-36,897,5	-40,552,5
Net financial position	15,311,3	-23,709,3

The undersigned administrator hereby declares that this computer document is consistent with that transcribed and entered into the company's books.

Stamp duty paid in a virtual way through the Chamber of Commerce Modena - authorization no. 25047 of 26/10/1989 extended with n. 15614 of 8/2/2001.

Digital signature  
Vainer Marchesini

# CONSOLIDATED FINANCIAL STATEMENT

## at 31<sup>st</sup> December 2015

Amounts in Euro Units

### BALANCE SHEET

ASSETS	31-Dec-2015	31-Dec-2014
<b>A) Due from shareholders for share capital not paid</b>		
<b>Total due from shareholders for share capital not paid (A)</b>	<b>0</b>	<b>0</b>
<b>B) Fixed assets</b>		
<b>I. Intangible assets</b>		
1) Start-up and capital increase costs	116,059	62,748
2) Research, development and advertising costs	10,414,696	29,195
3) Industrial patents and rights to use intellectual property	408,866	405,536
4) Concessions, licenses, trademarks and similar rights	513,936	541,884
5) Goodwill	497,241	269,112
5a) Difference arising on consolidation	273,638	779,722
6) Intangible assets under formation and advances	627,395	764,120
7) Other	2,160,164	2,864,553
<b>Total intangible assets</b>	<b>15,011,995</b>	<b>5,716,870</b>
<b>II. Tangible assets</b>		
1) Land and buildings	56,360,372	56,381,388
2) Plant and machinery	20,461,877	19,910,897
3) Industrial and commercial equipment	6,195,086	10,008,672
4) Other assets	3,040,467	3,206,010
5) Assets in course of construction and advances	5,198,277	3,947,056
<b>Total tangible assets</b>	<b>91,256,079</b>	<b>93,454,023</b>
<b>III. Investments</b>		
1) Shares in:		
A) subsidiary companies	0	25,000
D) other companies	4,181,786	1,114,060
2) Loans to:		
D) other		
falling due within 1 year	0	64,759
<b>Total investments</b>	<b>4,181,786</b>	<b>1,203,819</b>
<b>Total fixed assets (B)</b>	<b>110,449,860</b>	<b>100,374,712</b>

## BALANCE SHEET

### C) Current assets

#### I. Stocks

1) Raw, subsidiary materials and consumables	30,723,089	36,606,917
2) Work in progress and semi-finished goods	13,891,709	12,974,286
3) Work in progress on contracts	653,590	103,532
4) Finished goods and goods for resale	27,320,210	35,917,093
5) Payments on account	1,025,973	2,139,753
<b>Total stocks</b>	<b>73,614,571</b>	<b>87,741,581</b>

#### II. Debtors

1) Trade debtors		
falling due within 1 year	52,828,968	60,346,131
3) Amounts owed by associated companies		
falling due after more than 1 year	303,738	303,738
4bis) Tax credit		
falling due within 1 year	9,162,169	12,879,968
4ter) Advanced taxes	7,565,968	8,435,519
5) Other debtors		
falling due within 1 year	22,721,103	11,253,738
<b>Total debtors</b>	<b>92,581,946</b>	<b>93,219,094</b>

#### III. Financial assets not held as fixed assets

2) Shares in associated companies	1,127,703	1,127,703
<b>Total financial assets not held as fixed assets</b>	<b>1,127,703</b>	<b>1,127,703</b>

#### IV. Liquid assets

1) Deposits with banks and post offices	87,639,755	63,994,286
2) Cheques	1,315,627	742,893
3) Cash and cash equivalents in hand	241,933	65,165
<b>Total liquid assets</b>	<b>89,197,315</b>	<b>64,802,344</b>

<b>Total current assets (C )</b>	<b>256,521,535</b>	<b>246,890,722</b>
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### D) Prepayments and accrued income

1) Discounts on loan issues	0	0
2) Other	6,168,121	7,030,051

<b>Total prepayments and accrued income (D)</b>	<b>6,168,121</b>	<b>7,030,051</b>
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<b>Total assets (A+B+C+D)</b>	<b>373,139,516</b>	<b>354,295,485</b>
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# BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	31-Dec-2015	31-Dec-2014
<b>A) Capital and reserves</b>		
<b>A1) Group:</b>		
I. Called up share capital	5,000,000	5,000,000
IV. Legal reserve	1,000,000	920,000
VII. Other reserves	161,622,652	160,504,042
VIII. Profits (losses) carried forward	8,049,048	35,730
IX. Net profit (loss) for the year	40,894,552	8,013,318
<b>Total (A1)</b>	<b>216,566,252</b>	<b>174,473,090</b>
<b>A2) Minority interests:</b>		
Share of capital and reserves	4,498,643	7,667,848
Share of net profit (loss) for the year	1,568,841	3,706,810
<b>Total (A2)</b>	<b>6,067,484</b>	<b>11,374,658</b>
<b>Total capital and reserves (A)</b>	<b>222,633,736</b>	<b>185,847,748</b>
<b>B) Provisions for liabilities and charges</b>		
1) Pensions and similar obligations	379,107	683,915
2) Taxation	158,619	0
2) a) Provisions for liabilities and charges arising on consolidation	3,212,354	2,219,088
3) Other provisions	8,101,524	8,132,236
<b>Total provisions for liabilities and charges (B)</b>	<b>11,851,604</b>	<b>11,035,239</b>
<b>C) Staff severance fund</b>	<b>8,194,296</b>	<b>8,728,846</b>
<b>D) Creditors:</b>		
4) Bank loans and overdrafts:		
falling due within 1 year	36,763,592	47,692,140
falling due after more than 1 year	36,897,466	40,552,533
5) Other providers of finance:		
falling due within 1 year	224,991	267,008
6) Payments on account:		
falling due within 1 year	4,476,752	2,619,256
7) Trade creditors:		
falling due within 1 year	30,308,511	34,284,970
12) Taxation:		
falling due within 1 year	5,776,746	7,535,696
13) Due to social security authorities:		
falling due within 1 year	2,483,388	2,452,696
14) Other creditors:		
falling due within 1 year	9,875,370	9,499,904

## BALANCE SHEET

<b>Total creditors (D)</b>	<b>126,806,816</b>	<b>144,904,203</b>
<b>E) Accruals and deferred income</b>		
2) Other	3,653,064	3,779,449
<b>Total accruals and deferred income (E)</b>	<b>3,653,064</b>	<b>3,779,449</b>
<b>Total liabilities and shareholders' equity (A+B+C+D+E)</b>	<b>373,139,516</b>	<b>354,295,485</b>

## PROFIT AND LOSS ACCOUNT

**31-Dec-2015**
**31-Dec-2014**

<b>A) Value of production</b>		
1) Turnover	203,848,865	227,703,241
2) Changes in stocks of finished and semi-finished goods and in work in progress	965,427	-187,528
4) Own work capitalised	84,178	948,390
5) Other operating income	9,227,283	4,498,094
of which grants for operating expenses	6,952,000	1,776,841
<b>Total value of production (A)</b>	<b>214,125,753</b>	<b>232,962,197</b>
<b>B) Cost of production</b>		
6) Raw and subsidiary materials, consumables and goods	73,087,366	80,524,078
7) Services	35,298,730	39,625,582
8) Leases and rentals	5,445,535	6,017,102
9) Staff costs:		
A) wages and salaries	49,225,579	53,034,851
B) social security costs	8,970,883	10,601,440
C) termination indemnities	1,612,280	2,025,165
E) other costs	477,661	729,884
10) Depreciation, amortisation and write-downs:		
A) amortisation of intangible assets	4,510,372	2,402,654
B) depreciation of tangible assets	7,931,141	8,561,186
D) amounts written off current and liquid assets	6,235	0
11) Changes in raw and subsidiary materials, consumables and goods	-1,673,385	-190,063
12) Provisions for risks	979,694	277,671
13) Other allocations	0	0
14) Other operating charges	5,889,795	7,388,399
<b>Total cost of production (B)</b>	<b>191,761,886</b>	<b>210,997,949</b>
<b>Difference between value and cost of production (A+B)</b>	<b>22,363,867</b>	<b>21,964,248</b>
<b>C) Financial income and expense</b>		
15) Income from equity investments	1,313,070	2,220
16) Other financial income:		

## PROFIT AND LOSS ACCOUNT

D) financial income other than that above	714,947	798,184
17) Interest payable and similar charges	1,978,265	2,264,247
17bis) Profits and losses on exchange rates	374,181	-166,252
<b>Total financial income and expense (C )</b>	<b>423,933</b>	<b>-1,630,095</b>
<b>D) Value adjustments to financial assets</b>		
19) Write-downs:		
A) of equity investments	0	149,745
<b>Total value adjustments to financial assets (D)</b>	<b>0</b>	<b>-149,745</b>
<b>E) Extraordinary income and charges</b>		
20) Income and gains:		
A) gains on disposals	28,621,549	49,246
B) other extraordinary income	2,146,543	476,319
21) Charges and losses:		
A) losses on disposals	444,808	132,204
C) other extraordinary charges	4,487,239	3,152,047
<b>Total extraordinary income and charges (E)</b>	<b>25,836,045</b>	<b>-2,758,686</b>
<b>Profit (loss) before taxation (A+B+C+D+E)</b>	<b>48,623,845</b>	<b>17,425,722</b>
22) Tax on profit for the year		
A) current	7,791,589	7,651,480
B) deferred	217,840	-38,771
C) advanced	-1,848,977	-1,907,115
<b>D) EXPENSES (INCOME) FROM ACCESSION TO THE TAX CONSOLIDATED SCHEME</b>	<b>0</b>	<b>0</b>
<b>23) Net profit (loss) for the year</b>	<b>42,463,393</b>	<b>11,720,128</b>
<b>24) Minority interests - share of profit (loss) for the year</b>	<b>1,568,841</b>	<b>3,706,810</b>
<b>25) Group's profit (loss) for the year</b>	<b>40,894,552</b>	<b>8,013,318</b>

## ADDENDUM

This consolidated Financial Statement for WAMHOLDING S.p.A. refers to the financial year ending on 31/12/2015 and it was drawn up in compliance with the provisions of the legislative decree no. 127 dated the 9<sup>th</sup> April 1991.

A copy of the Consolidated Financial Statement will remain in the files at the registered head office for the fifteen days preceding the meeting called to approve the Financial Statement of the financial year and until the Financial Statement is approved. There will also be a copy filed with the company register, accompanying the company's Financial Statement of the financial year. All of the above complies with articles 41 and 42 of the legislative decree no. 127 dated the 9<sup>th</sup> April 1991.

The Financial Statement was drawn up in Euro, as well as the comparative data from the financial year ended on the 31<sup>st</sup> December 2014.

The Financial Statement was drawn up in compliance with the current legal provisions and the general postulates of clarity and a truthful and correct representation, as well as the principles of consolidation and the accounting standards provided for respectively by article 31 of the legislative decree no. 127 dated the 9<sup>th</sup> April 1991 and by the Italian Civil Code. It represents the financial position and the economic result of the totality of the companies composed of the parent company and the subsidiaries.

The criteria adopted in the evaluation of the various assets categories and in the adjustments made to the values are those stipulated by the Civil Code.

The Financial Statement is made up of the balance sheet, the profit and loss account and this addendum, in compliance with and to the intents and purposes of article 29 of the legislative decree no. 127 dated the 9<sup>th</sup> April 1991. It includes the financial statements of WAMHOLDING S.p.A., the parent company, and of all the Italian and overseas companies for which the parent company holds, either directly or indirectly, the majority of the voting rights or has operative control. The company S.P.ECO Latino America S.A. based in Chile was de-consolidated, as it has gone out of business and was started its dissolution which must be completed within the time stipulated by local law. During the year the controlling stake of the sub-operating holding OLI S.p.A. was sold, together with all of the shares of the subsidiaries involved in the production and distribution of OLI products.

The Financial Statement complies, in structure and content, with the provisions of articles 2423-ter, 2424 and 2425 of the Italian Civil Code, both of which were adapted for the consolidation purposes as indicated by the legislative decree no. 127 dated the 9<sup>th</sup> April 1991, and by the Documents prepared by the National Accountants' and Bookkeepers' Councils' Commission for the ruling on accounting standards, as amended by the Italian Accounting Authority in order to update them to the new legal provisions set forth in Legislative Decree no. 6 dated the 17<sup>th</sup> January 2003.

The reference date of the Consolidated Financial Statement, i.e. 31/12/2015, coincides with the date of closure of the financial year for the majority as well as for the most important companies included in the consolidation, as per paragraph 2 of article 30 of the legislative decree no. 127 dated the 9<sup>th</sup> April 1991.

Below there is a description of the consolidation principles applied in the drafting of the Consolidated Financial Statement, in addition to and with specific reference to the individual items making up the balance sheet and the profit and loss account as well as the criteria adopted for their evaluation.



## 1. CONSOLIDATION PRINCIPLES APPLIED

The consolidation principles adopted for the drafting of the consolidated Financial Statement are indicated below.

Exclusion of the item “holdings” in companies included in the consolidation against the shareholders’ equity of these companies.

The assets and the liabilities of the consolidated companies were entered using the global integration method, excluding the book value for the consolidated holdings against the shareholders’ equity of the said subsidiaries.

The shares of the consolidated subsidiaries’ equity and the net result owned by third parties were laid out separately as a special item in the consolidated balance sheet and the consolidated profit and loss account respectively.

The exclusion was effected on the basis of the book values relating to the financial year ended on 31/12/2013, i.e. the date of the first consolidation prepared by the company, or to the financial year first included in the consolidation. With regards to this, the following points should be noted:

- the holdings in the companies held by the Group were registered under the acquisition cost, which coincides with the contributions made by the holding companies during the incorporation phase or any subsequent contributions and revaluations, with the exception of any devaluations made by the holding companies and excluded during the consolidation phase;
- the difference resulting from the exclusion of the account “holdings” is derived for the main part from the results and the other variations in the shareholders’ equity which occurred after the acquisition of the holdings up to the date of the first consolidation;
- this difference does not correspond in any way to a real greater or lower value of the assets and liabilities of the subsidiaries at the moment of the acquisition of the said holdings.

Therefore in the consolidation, the following measures were adopted:

- the surplus of the shareholders’ equity upon the 31/12/2013 was entered as a “Consolidation reserve”;
- the surplus of the acquisition cost in relation to the shareholders’ equity value on the day of the first consolidation or on the day of the inclusion in the consolidation was detracted from the Consolidation reserve, as it was not derived, as mentioned earlier, from a real increased value of the subsidiaries;
- the results and the other variations in the shareholders’ equity of the consolidated companies, which occurred in the financial years that ended before the 31/12/2013 were included in the “Consolidation reserve” as effective value of the new consolidation process.

The only exceptions to the above mentioned procedure consists of participations in the subsidiaries PUNTA BIANCA S.r.l. and SAVI S.r.l. for the acquisition of which the price paid was higher than the company’s net shareholders’ equity of the company.

For PUNTA BIANCA S.r.l. the difference - due to the higher value attributed to its fixed assets in relation to the historical cost entered in the accounting books - was used to increase the value of the real assets it is referred to. For SAVI S.r.l., whose participation was acquired during 2014, given that the company existed and was active for a long time, and in consideration of the economic benefits that its activities will enable the group to achieve, the excess of the acquisition cost over its net assets represents an effective higher value of the investee, recoverable through future revenues generated by the same; the surplus was recorded under the item "Consolidation differences" and is amortized over a period of five years, in view of its more long-term economic benefits.

The following companies were included in the consolidation for the first time:

- Agritec GmbH (Germany), set up during the year with a 100% holding owned by WAM GmbH, is responsible for the distribution of products branded "Open Air" green maintenance .
- WAM North America Ltd (USA), set up during the year with a 87.5% holding, which deals with the distribution of cleaning products on the North American market;
- Wam Romania Trading S.r.l. (Romania), set up during the year with a 95% holding, which deals with the distribution of the group companies' products in Romania;

However, they were excluded from the consolidation because a controlling interest of the operative sub-holding OLI S.p.A. was old, and all companies related to the following shareholdings:

- OLI S.p.A. (Italy), operative sub-holding, which deals with the manufacture and distribution of moto-vibrators;
- Visam S.r.l (Italy) that deals with the manufacture and distribution of special moto-vibrators;
- SHAOXING OLI-WOLONG vibrator Company Ltd. (Republic of China) that deals with the production of moto-vibrators for the group and the distribution in China;
- OLI Vibra Ltd (Malta) and OLI Malta Int. (Malta) that deals with the production of moto-vibrators for the group and the distribution in Europe;
- OLI Vibrator LLC (USA),
- OLI Electrical vibrators South Africa
- OLI Spain 2006 S.L. (Spain),
- Oli Vibrators PTY LTD (Australia),
- OLI Vibrationstechnik GmbH (RFT),
- OLIVIBRA Nordic AB (Switzerland),
- OLIVIBRA UK Ltd (UK), OLI Makina Ltd (Turkey),
- OLI France Sas (France),
- Oli Romania S.r.l. (Romania)

companies engaged in the distribution of Oli products in their respective countries or areas of reference.

Exclusion of the balances and the operations between the consolidated companies.

The payables and the receivables between the companies included in the consolidation, and likewise the income and expenditure arising from the operations between the said companies were completely excluded for their entire amount. Any exchange rate difference when converting the subsidiaries' foreign currency balances reported by the various consolidated companies was included in the profit and loss account. The dividends received from the holdings and entered in the profit and loss account of the holding company were also excluded.

### **Internal profits and losses.**

The profits arising from the operations between consolidated companies concerning the transfer of assets remaining as stock on the premises of the purchaser or the transfer of fixed assets were excluded, any fiscal consequences from the said operations having been identified and part of the exclusions were attributed to the minority shareholders.

Criteria for the conversion into Euro of the financial statements drafted in foreign currencies.

The conversion into Euro of the financial statements of the subsidiaries with head offices in countries which are not members of the EMU was carried out applying the current exchange rates on the date of the financial statement to the balance sheet items, while the average exchange rates for the financial year were applied to the profit and loss account items. With regards to the shareholders' equity entries, the items referring to the contributions made were registered at the historical exchange rates as they stood on the date of the said operation, namely the 31/12/2013. The exchange rate differences thus resulting have been entered into the account "Exchange Rate Conversion Difference Reserve" for the amount pertaining to the Group while the share belonging to third parties was entered under the "third parties' equity".

## **2. CRITERIA APPLIED TO THE FINANCIAL STATEMENT EVALUATIONS**

The criteria applied for the evaluation of the Financial Statement postings are those provided for, in relation to the different assets and liabilities categories, by articles 2424-bis and 2426 of the Italian Civil Code, as outlined analytically below.

### **Tangible fixed assets.**

The tangible fixed assets were entered according to the general acquisition cost criterion. When establishing this cost, the additional expenditure borne in order to have full availability of the asset was taken into account, as well as any extension and upgrading expenses.

The depreciation of the tangible fixed assets was calculated systematically on the basis of the remaining potential for further use criterion.

### **Intangible fixed assets.**

The intangible fixed assets were only entered under the assets subject to verification of their future utility. Their entry value refers to the costs actually borne and on no account can it exceed the estimated value of their expected future utility.

The depreciation of the intangible fixed assets was calculated according to the duration of the benefits it is thought they will be able to produce, applying the principle of their expected future profitability.

The start-up and expansion costs and the costs arising from studies and research are depreciated within a maximum of five years, taking into account their prolonging effect.

Goodwill values were entered under the assets of the subsidiaries WAM Argentina S.A. and WAM Singapore BHM Pte. Ltd. And Wam North America Inc. with reference to the companies acquired by the said companies. The said goodwill is depreciated according to the duration of the economic benefits that the Group will earn in relation to the activities of the companies acquired. It should be noted that the values entered are quite negligible compared to the size of the Group.

**Financial fixed assets.**

The financial fixed assets were entered at the acquisition cost, including additional costs. This method was used for both the subsidiaries excluded from the consolidation and the holdings in affiliated companies, as these holdings are immaterial for the purposes of a true and correct representation of the consolidated financial statement.

**Stock.**

The final stocks of raw materials, subsidiary materials and finished products or goods were evaluated at the lesser value of the acquisition cost or manufacturing price and the break-up value inferable from the market trend, mainly applying the L.I.F.O. yearly indexation method, for the yearly average cost increases, and the weighted average cost.

Please note that the stock value obtained with the application of the aforesaid method does not differ significantly from the current costs at the end of the financial year.

The final stock of products under processing was evaluated according to the costs borne during the financial year.

**Receivables.**

The receivables were entered as nominal values and adjusted, taking into account the losses from assessable receivables, using the “provision for bad debt” fund set up for the doubtful receivables. On the basis of the examination made of the various credit items during the drafting of the financial statement, the adjustments from the fund can be considered coherent.

**Cash funds.**

The cash funds were entered as nominal values.

**Funds for risks and charges.**

The entry of the funds for risks and charges derives solely from the need to cover a certain kind of losses or receivables whose existence is either certain or probable and whose total or whose occurrence date was not established at the end of the financial year.

**Employee severance pay funds.**

The employee severance pay funds were updated on the closing day of the financial year as per the provisions of article 2120 of the Italian Civil Code, and represent the effective payables on that day.

**Payables.**

The payables were entered as nominal values with separate indications of those which were collectable within and after the following financial year.

**Accruals and deferred income.**

With regards to the accruals and deferred income, please note that their financial statement entry was made on accrual basis.

### Income, revenue, costs and expenditure entry.

In compliance with article 2425-bis of the Italian Civil Code, the income, revenue, costs and expenditure entry was made after the deduction of returns, discounts, allowances and bonuses, as well as the taxes connected directly to the sales of the products and the charges for services.

In general, the Financial Statement entries evaluation was made with prudence, taking care to safeguard the clarity and the truthful and correct representation of the financial position and the economic result of the totality of the companies composed of the parent company and the subsidiaries.

### 3. REASONS FOR THE MOST SIGNIFICANT CHANGES THAT OCCURRED IN THE ASSETS AND LIABILITIES ENTRIES

#### Intangible fixed assets.

	31/12/2015	31/12/2014
<b>1) Start-up and expansion costs</b>	<b>116,059</b>	<b>62,748</b>
Gross value	156,264	102,905
Depreciation fund and impairment	-40,205	-40,157
<b>2) Research, development and advertising costs</b>	<b>10,414,696</b>	<b>29,195</b>
Gross value	13,096,134	214,681
Depreciation fund and impairment	-2,681,438	-185,486
<b>3) Industrial patent and intellectual property rights</b>	<b>408,866</b>	<b>405,536</b>
Gross value	809,642	784,717
Depreciation fund and impairment	-400,776	-379,181
<b>4) Concessions, licences, trademarks and similar rights</b>	<b>513,936</b>	<b>541,884</b>
Gross value	908,268	888,459
Depreciation fund and impairment	-394,332	-346,575
<b>5) Goodwill</b>	<b>497,241</b>	<b>269,112</b>
Gross value	1,014,557	641,864
Depreciation fund and impairment	-517,316	-372,752
<b>5a) Consolidation differences</b>	<b>273,638</b>	<b>779,722</b>
<b>6) Fixed assets in progress and payments in advance</b>	<b>627,395</b>	<b>764,120</b>
<b>7) Others</b>	<b>2,160,164</b>	<b>2,864,553</b>
Gross value	10,735,189	10,842,477
Depreciation fund and impairment	-8,575,025	-7,977,924
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	<b>15,011,995</b>	<b>5,716,870</b>



**Tangible fixed assets.**

	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>1) Land and buildings</b>	<b>56,360,372</b>	<b>56,381,388</b>
Gross value	73,249,632	70,920,131
Depreciation fund and impairment	-16,889,260	-14,538,743
<b>2) Plants and machinery</b>	<b>20,461,877</b>	<b>19,910,897</b>
Gross value	38,497,871	37,415,679
Depreciation fund and impairment	-18,035,994	-17,504,782
<b>3) Industrial and commercial equipment</b>	<b>6,195,086</b>	<b>10,008,672</b>
Gross value	22,121,664	28,107,867
Depreciation fund and impairment	-15,926,578	-18,099,195
<b>4) Other assets</b>	<b>3,040,467</b>	<b>3,206,010</b>
Gross value	9,607,110	9,831,135
Depreciation fund and impairment	-6,566,643	-6,625,125
<b>5) Fixed assets in progress and payments in advance</b>	<b>5,198,277</b>	<b>3,947,056</b>
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	<b>91,256,079</b>	<b>93,454,023</b>

Increments of know-how acquisition are detected among the intangible assets, from the operating sub-holding WAMGROUP S.p.A. for Euro 13 million written off during the year for Euro 2.6 million, while the sale of the "OLI group" had a substantially non-significant impact. In relation to the goodwill values and consolidation differences registered, please refer to the description hereafter.

The variations of tangible fixed assets are due, for rising figures to substantial investments made by the various companies of the Group, for decreasing figures to disinvestments made:

- to replace obsolete plants and equipment (for completely not relevant amounts)
- for the sale of OLI group (for a total of Euro 6.48 million).

In order to give complete information about the amount of capital invested in the Group, it is necessary to notice that, in addition to the tangible fixed assets entered in the assets of the balance sheet, other leased goods are used by the Group companies (in particular by those with head office in Italy). The total amount at which the said goods would have been registered at the closing date of the financial year if they had been considered as fixed assets (assuming the value of each leased good equal to the cost incurred by the leasing company to buy it) is € 10, 1 million.

The investments made during the financial year are detailed hereunder according to the type and company that made said investments, including the fixed assets in progress and the down-payments made in the previous years and during 2015, permanently ascribed to the relevant fixed assets.

## Investments during the fiscal year 2015

### ANALYSED BY TYPE

Land and buildings	1,940,454
Plants and machinery	3,078,252
Industrial and commercial equipment	1,815,516
Other assets	3,401,869

**TOTAL 10,236,091**

### ANALYSED BY COMPANY

WAMGROUP S.p.A.	1,488,365
WAM Industriale S.p.A.	1,048,756
TECNO CM S.r.l.	803,000
FLITECH S.r.l.	1,710,096
Savi S.r.l.	1,113,491
Wam Romania S.r.l. (Romania)	1,187,995
Wam B.H.M. (Wuxi) Ltd (China)	278,738
Wam product D.o.o. (Croatia)	217,099
Wam North America Inc	244,277
Roncuzzi S.r.l.	175,147
WAM Eurasia Ltd	681,261
Other companies	1,287,867

**TOTAL 10,236,091**

**€ 10,236,091**  
**INVESTMENTS 2015**



PLANT AND MACHINERY

**48%**



REAL ESTATE

**19%**



OTHER INVESTMENTS

**33%**



### **Financial fixed assets.**

The sum entered as holdings in affiliated companies refers to:

- stake held by the subsidiary WAMGROUP S.p.A., equal to 23% of capital in the company ELDRIVE based in Reggio Emilia;
- a share owned by the subsidiary WAM Industriale S.p.A. equal to 49% of the capital in the company WAM (THAILAND) Co., Ltd., with head office in Bangkok, Thailand;

As for the holdings in other companies, they also refer to:

- stake held by the subsidiary WAMGROUP S.p.A., equal to 16% of the OLI S.p.A capital;
- stake held by the subsidiary WAMGROUP S.p.A., equal to 6% of the SIR S.p.A capital;
- a share owned by the subsidiary WAM Industriale S.p.A. equal to 10% of the Zhejiang Mantovani Machinery Co., Ltd, capital, based in China.
- a minority share owned by WAMGROUP S.p.A. in the company MODENA CAPITALE S.p.A. with head office in Modena;
- a minority share owned by WAMGROUP S.p.A. in the limited liability company CRIT (Centro di Ricerche Innovazione Tecnologiche S.r.l.);
- a minority share owned by WAMGROUP S.p.A. in the company TWB Sistema Italia S.p.A. (a low-profit company aimed at aggregating and promoting companies) with head office in Rome;
- shares of company consortium (whose amount, both singly and collectively, is very low).

The holding incomes are referred to dividends earned by WAMGROUP S.p.A. and distributed for Euro 1.311.960 by the subsidiary OLI S.p.A and for Euro 1.1010 by subsidiary Modena Capitale S.p.A. Capitalised receivables are referred to guarantees paid to third parties by the subsidiaries WAM France S.A.

### **Payables to banks.**

The Group's short-term net financial position (cash funds after deduction of the short-term banking borrowing), at the end of financial year, was positive for Euro 52.43 million; the total net borrowing (short- and long term banking borrowing after deduction of cash funds) is instead positive for € equal to 23.44 million Euro, with an increase compared to the previous year mostly due to the collection related to the sale of OLI S.p.A..

The longer-term funding has been taken on, for the main part, by the operating subholding WAMGROUP S.p.A. (for Euro 36.964 million), Wam India Pvt (India) (for Euro 2.71 million) and Wam Eurasia (Turkey) (for Euro 3.36 million).

### **Other assets and liabilities entries.**

Receivables from customers have declined, both as a result of an improvement in the average collection period, and for the sale of OLI group (with a margin of EUR 6.33 million).

## FINANCIAL POSITION



Inventories are decreased from Euro 87.74 million to Euro 73.61 million: the decrease relates to the sale of the group OLI (Euro 20.02 million), was partially offset by a consistent increase in sales (on a comparable consolidation basis), together with the increasingly pursued strategic decision to maintain adequate levels of inventory in all Group companies to better and immediately serve the market demands.

Receivables from affiliated companies are referred to funds (expiring after the following financial year) granted by Wamgoup S.p.A. to the subsidiary ELDRIVE S.r.l.

Tax credits are in a slight decrease compared to the previous financial year, are generated in the companies with head office in the province of Modena, where the earthquake of May 2012 occurred and manifested with the highest intensity; this dynamic, which covers direct taxes (IRES with payables increasing above the compensable quota in amount of Euro 2.49 million) and indirect taxes (VAT in amount of Euro 3.67 million), was the result of the significant expenses incurred to restore the property.

Taxes paid in advance are referred, as for Euro 0.92 million, to amounts entered into the accounts, in the consolidation phase, for taxes on Group's profits, for Euro 2.84 million and to amounts entered into the accounts by single Italian companies, in particular Wam Industriale S.p.A. and Torex S.p.A. for risk provisions for the millions subject to taxation (in amount of Euro 7.9 million) and for Euro 1.78 million from WAMGROUP S.p.A. for the lack of taxation for the compensation of damages caused by the earthquake.

Other receivables have increased from Euro 12.1 million to Euro 22.7 million, mainly due to the postponement of the OLI S.p.A sales price collection by Wamgroup.

Payables to suppliers decreased from Euro 34.28 million to Euro 30.3 million, as a result of the OLI group exit (for Euro 6.49 million), and an increase in the purchases volume due to the business volume increase (at constant perimeter).

Other asset and liability items have remained almost unchanged.

## **Shareholders' equity.**

For the analysis and information, please refer to tables B) and C).

### **4. COMPOSITION OF THE ENTRIES “START-UP AND EXPANSION COSTS” AND “RESEARCH, DEVELOPMENT AND ADVERTISING COSTS”**

The “start-up and expansion costs”, whose amount is to be amortized non materially, refer to costs incurred for expenses borne for operations of a special nature (e.g. activity start-up, adaptations of the company by-laws, transfer of production units or head offices or other extraordinary operations) in various companies of the Group.

The “research and development costs” refer to strategic know-how acquired for Euro 13 million during the year by WAMGROUP S.p.A. It was amortized over five years, and the remaining charges incurred by the subsidiaries Roncuzzi S.r.l., Tecno CM S.r.l. and Oscillating System Technology Europe S.r.l. (the latter to a lesser degree) in relation to the study of new products and production processes.

In the financial year, the “start-up and expansion costs” in aggregate terms did not have material amounts increments.

### **5. INCREASE OF THE RECEIVABLES AND PAYABLES WITH RESIDUAL PAYMENT TERMS OF OVER FIVE YEARS AND THE PAYABLES COVERED BY REAL GUARANTEES**

On the closing day of the financial year there were found to be loans payable, granted mainly to WAMGROUP S.p.A., WAM Industriale S.p.A., WAM G.m.b.H, Wam Eurasia (Turkey) and Wam India with average expiry dates extending after the following financial year for the overall sum of Euro 36.76 million, of which amount the share with a residual payment term of over five years amounted to Euro 4.9 million. Among the debts, there is a GE Capital loan granted to WAMHOLDING S.p.A. secured by a mortgage on the company assets (original amount 11 million Euro), of which Euro 8.64 million of which Euro 7.71 million due beyond one year and Euro 0.78 million due after the 5th year.

### **6. COMPOSITION OF THE ENTRIES “PREPAYMENTS AND DEFERRED INCOME”, “ACCRUED EXPENDITURE AND LIABILITIES” AND “OTHER PROVISIONS”**

The accrued income and prepaid expenses refer to for the amount of 4.47 million leasing fees anticipated by WAMGROUP S.p.A. for a real estate leasing, for Euro 0.54 to fees anticipated by Flitech S.r.l. to leasing fees and for the remainder mainly lease payments, lease payments or rent, to interest and insurance premiums.

The accruals and deferred income refer (for 2.76 million) to capital gains on the lease back transaction made by WAMGROUP S.p.A., and for the remaining to leasing fees or rent and interest on loans as well as anticipated costs.

The other funds entered under the liabilities for Euro 8.1 million refer, almost entirely, to the product guarantee risk fund established by Wam Industriale S.p.A. for Euro 4.39 and by Torex S.p.A. for Euro 3.12.

The sum of Euro 3.2 million was also entered under the Consolidation fund for future risks and expenditure, set up to cover any future losses the companies in the Group may suffer.



## 7. SUBDIVISION OF THE INTEREST AND OTHER FINANCIAL CHARGES ARISING FROM DEBENTURE DEBTS OR PAYABLES TO BANKS AND OTHERS

The interest attributable to medium- and long-term loans mainly negotiated by WAMGROUP S.p.A. amounts to Euro 634 thousand. The remaining amount refers in whole to interest from current accounts, short-term funding and bank charges.

## 8. COMPOSITION OF THE ENTRIES HEADED "SPECIAL INCOME" AND "SPECIAL EXPENDITURE"

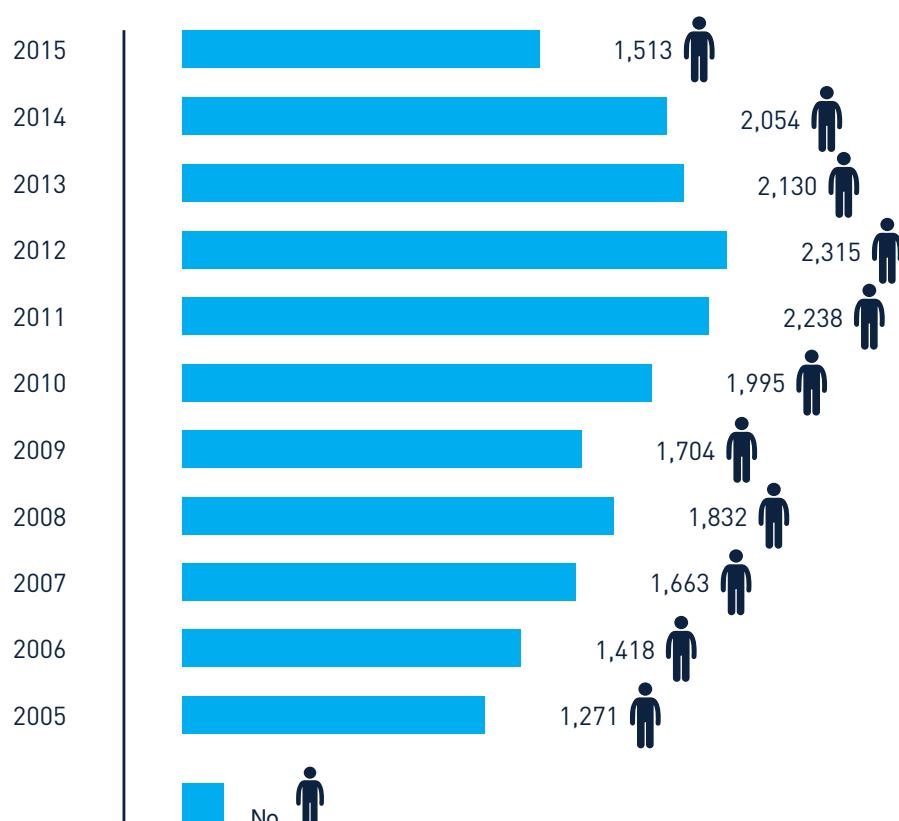
The capital gains for Euro 26,11 refer to the of the "OLI group" (net profit attributable to the OLI group previous years), for Euro 1.13 million made by Wamgroup from the sale of OLI trademarks, and the remainder made by the Group companies for individual not relevant amounts. Losses on disposals were registered by WAMGROUP S.p.A. Euro for Euro 166 thousand from the sale of a non-controlling interest in Intermedia S.p.A., for Euro 42 thousand from the sale of interests in subsidiaries, and the remaining amount by losses of individual not relevant amounts made by various group companies in the sale of capital goods.

The other income and non-recurring charges refer to income components other than capital gains and losses of a non-recurring nature; the charges consist primarily of the costs incurred by various group companies for individual not relevant amounts, the income consists in revenues of a different nature for amounts which are not specified by the different companies of the group.

## 9. AVERAGE NUMBER OF EMPLOYEES, DIVIDED BY CATEGORY

The average number of employees of the consolidated companies totals 1.513.

## EMPLOYEES



## **10. AMOUNT OF THE DIRECTORS' AND AUDITORS' FEES**

The amount of the fees to which the members of the Board of Directors of the parent company are entitled to for performing their duties, also within the other consolidated companies, amounts to Euro 390.000.

The sum of the fees to which the members of the parent company's Board of Auditors are entitled for performing their duties, also within the other consolidated companies, amounts to € 115.962=.

## **11. AMOUNT OF THE EXTERNAL AUDITORS' FEES**

The amount of the fees for the external auditor of the consolidated financial statements amounts to € 6.500 in total. During the financial year, the external auditor did not carry out any consultancy activity in favour of the Group.

## **12. INFORMATION ON DERIVATIVE AGREEMENT**

At the end of the financial year, the Group's companies had no derivative agreements in force. No such agreements were executed during the financial year.

## **13. INFORMATION ON FINANCIAL FIXED ASSETS ENTERED FOR A VALUE HIGHER THAN THE FAIR VALUE**

The financial fixed assets, other than holdings in subsidiaries and affiliated companies and holdings in joint ventures, were all entered under the financial statement for a value not exceeding their fair value.

## **14. OPERATIONS CARRIED OUT WITH RELATED PARTIES**

The operations carried out with related parties include:

- directly or indirectly controlled companies not included in the consolidation;
- affiliated companies;
- directors of the Group's companies;
- close relatives of the directors and executives carrying out strategic tasks, companies controlled by (or affiliated to) directors and executives carrying out strategic tasks or by (to) their close relatives;
- shareholders of the Group's parent company.

The operations carried out during the financial year by companies included in the consolidation with related parties are immaterial and were executed at arm's length; in particular no atypical and/or unusual operations were carried out which, due to their significance/importance, could originate doubts about the preservation of the Group's equity.

Among the operations carried out, only the following should be noted:

- fees granted to the major shareholder and sole director of the Group's parent company, as indicated under previous point 10;
- fees granted to the members of the Board of Auditors, as indicated under previous points 10 and 11;

- salaries and fees granted in total by the Group's companies to the other shareholders of the parent company, which amount to €uro 420.000=.

## **15. AGREEMENTS NOT INCLUDED IN THE FINANCIAL STATEMENT**

There are no agreements not included in the financial statement.

Lastly, tables A), B) and C), contain respectively the list of companies included in the consolidation, the statement linking the parent company's equity and financial year results and the consolidated equity and financial year results, as well as the statement linking the variations in the consolidated equity.

SOLE DIRECTOR  
Vainer Marchesini

## LIST OF COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

	Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>A</b>	<b>WAMHOLDING S.p.A.</b> Modena (IT) Holding	EUR	19,604,145	465,233	=	=
<b>B</b>	<b>WAMGROUP S.p.A.</b> Modena (IT) Sub-Holding and coordination of group companies' activities under the commercial, financial and administrative point of view	EUR	124,494,282	57,233,916	A	100.00
<b>C</b>	<b>WAM Industriale S.p.A.</b> Modena (IT) Production of machinery for handling and treating particulates	EUR	28,153,411	4,653,711	B	100.00
<b>D</b>	<b>WAM France S.A.</b> Roissy Charles de Gaulle (FR) Distribution of group's products in the French market	EUR	3,207,064	172,782	B C	78.87 0.09
<b>E</b>	<b>WAM GmbH</b> Altlußheim (DE) Distribution of group's products in the German market	EUR	7,214,446	2,026,362	B	70.00
<b>F</b>	<b>WAM USA Inc.</b> Lawrenceville - Georgia (US) Production of machinery for handling and processing particulates	USD	8,786,415	2,167,761	B	100.00
<b>G</b>	<b>EXPORT WAMGROUP LLC</b> Miami (US) Distribution of group's products in the Latin American market	USD	200,000	423,695	F	58.00
<b>H</b>	<b>WAM Spain 2004 , S.L.</b> Barcelona (ES) Distribution of group's products in the Spanish market	EUR	2,281,713	721,659	B	80.00
<b>L</b>	<b>WAM Australia PTY Ltd.</b> Kilsyth South, Victoria (AU) Distribution of group's products in the Australian market	AUD	3,482,192	122,905	B	95.00
<b>N</b>	<b>TECNO C.M. S.r.l.</b> Modena (IT) Production of engineering polymer components	EUR	524,289	75,189	B	60.00
<b>O</b>	<b>TOREX S.p.A.</b> Modena (IT) Production of Torex products	EUR	6,159,135	1,454,875	B	88.00
<b>P</b>	<b>Torex Malta International Ltd.</b> Birzebbugia (MT) Holding	EUR	2,998,436	721,498	B O	0.0001 99.9999
	<b>Agritec GmbH</b> Altlußheim (DE) Distribution machinery and accessories for the maintenance of green areas	EUR	1,921,382	196,382	E	100.00
	<b>FLITECH S.r.l.</b> Modena (IT) Production and trade of helicoid steel flighting	EUR	55,519	16,663	B	95.00
	<b>LATINWAM TRADING, S DE RL DE CV</b> Zapopan , Jalisco (MX) Distribution of group's products in the Mexican market	MXN	5,831,949	3,074,322	G	100.00

Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>MAP GmbH</b> Altussheim (DE) Distribution of MAP products in the German market	EUR	533,577	159,792	E	100.00
<b>Oscillating System Technology Europe S.r.l.</b> Modena (IT) Elastic systems production and distribution	EUR	69,367	13,360	B	90.00
<b>PUNTA BIANCA S.r.l.</b> Modena (IT) Building administrations	EUR	583,030	25,310	B	100.00
<b>RONCUZZI S.r.l.</b> Ravenna (IT) Plants and equipment for renewable energy generation and various industrial applications	EUR	4,608,613	606,519	B	100.00
<b>SAVI S.r.l.</b> Modena (IT) Waste water equipment	EUR	506,656	429,591	B	80.00
<b>SAVI TECHNOLOGY S.r.l.</b> Modena (IT) Waste water equipment	EUR	96,441	305	B	100.00
<b>SILOFAB S.r.l.</b> Prahova (RO) Production of silos	RON	(7,514,706)	(1,884,882)	B C	99.00 1.00
<b>S.P.ECO Hidrotecnologia S.L.</b> Casarrubios del Monte - Toledo (ES) Distribution of S.P.E.CO products in the Spanish market	EUR	1,139,301	99,807	B H	51.00 39.00
<b>TECNO C.M. Romania S.r.l.</b> Comuna Dumbravesti Sat Plopeni (RO) Production of engineering polymer components	RON	(690,986)	(219,688)	B N	1.00 99.00
<b>TOREX Ltd Malta</b> Birzebbugia (MT) Production of TOREX products	EUR	500,000	494,668	O P	0.001 99.999
<b>WAMGROUP (MHE) Ltd.</b> St. Johns Auckland (NZ) Distribution of group's products in the New Zealand market	NZD	261,405	74,378	L	100.00
<b>WAMGROUP Vietnam</b> Ho Chi Minh City (VN) Distribution of group's products in the Vietnamese market	VNT	(1,394,261,321)	2,324,407,699	B	100.00
<b>PT.WAMGROUP TRADING Indonesia</b> Pulogadung, Jakarta Timur (ID) Distribution of group's products in the Indonesian market	IDR	6,813,181,253	2,724,851,671	B C	99.67 0.33
<b>WAM Adria D.o.o.</b> Breznički Hum (HR) Distribution of group's products in the Croatian market	HRK	(1,748,921)	(73,154)	B	100.00
<b>WAM Argentina S.A.</b> Córdoba (AR) Distribution of group's products in the Argentinian market	ARS	4,113,348	519,390	B C	95.00 5.00
<b>OÜ WAM Baltic</b> Rae vald Harjumaa (EE)\ Distribution of group's products in the Baltic market	EUR	72,447	155	B	100.00
<b>WAM Bulk Handling Machinery N.V.</b> Laarne (BE) Distribution of group's products in the Belgian market	EUR	1,636,359	211,665	B E D	74.00 10.00 14.00



Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>WAM Bulk Handling Machinery International Trading (Shanghai) Co. Ltd.</b> Waigaoqiao FTZ Shanghai (CN) Distribution of group's products in the Chinese market	CNY	145,823,716	(4,563,245)	B	100.00
<b>WAM Bulk Handling Machinery (Shanghai) Co. Ltd.</b> Shanghai, Pu Dong (CN) Various productions within the group's business	CNY	82,197,647	(16,982,833)	B	100.00
<b>WAM Bulk Handling Machinery (WuXi) Co. Ltd</b> WuXi, JiangSu (CN) Various productions within the group's business	CNY	100,758,753	(6,557,163)	B	100.00
<b>Wam Bulk Solid Handling (MT) SDN BHD</b> Shah Alam, Selangor (MY) Distribution of group's products in the Malaysian market	MYR	1,511,132	638,833	B	100.00
<b>WAM B.H.E.I. (Thailand) Co. Ltd.</b> Bangkok (TH) Distribution of group's products in the Thai market	THB	113,161,302	18,111,123	B C	94.99 5.00
<b>WAM B.H.E.Service (Thailand) Co. Ltd</b> Bangkok (TH) Distribution of group's products in the Thai market	THB	(275,153)	73,515	B C	48.00 0.01
<b>WAM do Brasil Equip.Industriais Ltda.</b> São José Dos Campos (BR) Distribution of group's products in the Brazilian market	BRL	14,076,171	(1,252,774)	B	100.00
<b>WAM do Brasil Industrial Ltda.</b> São Jose Dos Campos (BR) Various productions within the group's business	BRL	(1,521,629)	(2,519,666)	B	100.00
<b>WAM Chile S.A.</b> Lampa -Santiago (CL) Distribution of group's products in the Chilean market	CLP	809,281,680	167,233,268	B	95.00
<b>WAM Egypt</b> Giza (EG) Distribution of group's products in the Egyptian market	EGP	(1,523,909)	(419,588)	B C	98.00 1.00
<b>WAM Engenering Ltd.</b> Tewkesbury (GB) Distribution of group's products in the UK and Irish market	GBP	962,782	893,565	B	100.00
<b>WAM Eurasia Makine Sanayi</b> Kütahya (TR) Production of machinery for handling and processing particulates, distribution of group's products in the Turkish market	TRK	19,041,495	4,561,083	B C	90.00 10.00
<b>WAM France Environnement S.A.S.</b> Roissy Charles de Gaulle (FR) Distribution of SPECO products in the French market	EUR	(23,767)	3,082	B D	39.20 60.70
<b>WAM Finland OY</b> Kotka (FI) Distribution of group's products in the Finland market	EUR	757,994	193,077	B	100.00
<b>WAM Helvetia GmbH</b> Altishofen (CH) Distribution of group's products in the Swiss market	CHF	60,603	923,550	E	100.00
<b>WAM Holland Bulk Handling Equipment B.V.</b> Maasdijk (NL) Distribution of group's products in the Dutch market	EUR	1,239,855	172,570	B	80.00

Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>WAM India Pvt. Ltd.</b> Thane (IN) Production of machinery for handling and processing particulates, distribution of group's products in the Indian market	INR	322,665,808	(5,339,196)	B	100.00
<b>WAM Italia S.p.A.</b> Modena (IT) Distribution of group's products in the Italian market	EUR	8,586,732	1,452,480	B	100.00
<b>WAM Japan Co. Ltd.</b> Saitama (JP) Distribution of group's products in the Japanese market	JPY	143,854,012	34,730,503	B	100.00
<b>WAM Korea</b> Seoul (KR) Distribution of group's products in the Korean market	KRW	338,571,675	190,098,092	B	100.00
<b>WAM Maroc Sarl</b> Casablanca (MA) Distribution of group's products in the Moroccan market	MAD	1,117,041	316,177	B C	94.80 0.20
<b>WAM Middle East FZ CO</b> Dubai (AE) Distribution of group's products in the Middle East market	AED	5,794,695	1,919,340	B C	80.00 20.00
<b>OOO "WAM - Moscow"</b> Moscow (RU) Distribution of group's products in the Russian market	RUB	129,517,107	9,305,584	B	100.00
<b>WAM North America</b> Gurnee (US) Waste water equipment	USD	(1,275,190)	(1,375,190)	B	87.50
<b>WAM Polska SP. Z.o.o.</b> Bolesławiec (PL) Distribution of group's products in the Poland market	PLN	2,388,498	2,338,498	B E	44.00 36.00
<b>WAM Product d.o.o.</b> Breznicki Hum (HR) Production of machinery for handling and processing particulates	HRK	97,779,773	22,511,607	B	100.00
<b>SC WAM Romania S.r.l.</b> Prahova (RO) Production of machinery for handling and processing particulates	RON	(18,400,144)	2,027,432	B	100.00
<b>SC WAM Romania Trading S.r.l.</b> Prahova (RO) Distribution of group's products in the Romanian market	RON	449,867	(133)	B	95.00
<b>WAM Scandinavia A/S</b> Hammel (DK) Distribution of group's products in the Scandinavian market	DKK	9,442,797	4,442,401	B	80.00
<b>WAM Singapore BHM Pte. Ltd.</b> Singapore (SG) Distribution of group's products in the Far East market	SGD	(1,403,630)	(396,801)	B	100.00
<b>WAM South Africa Bulk Handling Proprietary Ltd</b> Johannesburg (ZA) Distribution of group's products in the South African market	ZAR	(1,166,606)	(2,065,738)	B	100.00
<b>WAM Ukraine Ltd.</b> Kiev (UA) Distribution of group's products in the Ukrainian market	UAH	13,214,231	3,980,033	B C	20.00 80.00

(\*) Capital and Reserves includes year's result

## RECONCILIATION OF PARENT COMPANY'S SHAREHOLDERS' EQUITY AND YEAR'S RESULT TO THE CONSOLIDATED SHAREHOLDER'S EQUITY AND YEAR'S RESULTS

WAMHOLDING S.p.A.'S SHARE						MINORITY INTERESTS			TOTAL
Capital	Reserves	Consolidation reserve	Year's result	Reserve for translation difference	Total	Capital and reserves	Year's result	Total	
Shareholders' equity and year's result as per parent's annual accounts									
5,000,000	14,138,912		465,233	0	19,604,145				19,604,145
Capital and reserves of consolidated companies									
	4,852,450	244,903,370	-41,831,634		207,924,186	5,247,267		5,247,267	213,171,453
Book value of investments in consolidated companies									
		-93,141,716	6,510,875		-86,630,841				-86,630,841
Reserve for translation difference									
		-1,754,586	-447,516	7,614,030	5,411,928	676,132		676,132	6,088,060
Year's results of consolidated companies									
			74,053,097		74,053,097		1,635,224	1,635,224	75,688,321
Intercompany's profits included in changes in the stocks									
	-1,005,662	-8,398,974	3,426,830		-5,977,806	-1,456,059	-66,383	-1,522,442	-7,500,248
Other adjustments									
	3,690,097	-226,221	-1,282,333		2,181,543	31,303		31,303	2,212,846
Shareholders' equity and year's result as per consolidated annual accounts									
5,000,000	21,675,797	141,381,873	40,894,552	7,614,030	216,566,252	4,498,643	1,568,841	6,067,484	222,633,736

## RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

WAMHOLDING S.p.A.'S SHARE						MINORITY INTERESTS			TOTAL	
Capital	Stocks	Consolidation stock	Operating result	Translation stock	Total	Capital and stock	Operating result	Total		
Consolidated annual accounts at 31/12/2014										
5,000,000	13,662,479	141,381,873	8,013,318	6,415,420	174,473,090	7,667,848	3,706,809	11,374,657	185,847,747	
Year's result allocated to reserves										
	8,013,318		-8,013,318		0	3,706,809	-3,706,809	0	0	
Exchange differences										
				1,198,610	1,198,610	-556,854		-556,854	641,756	
Dividends paid (Extraordinary allocations included)										
					0	-1,414,196		-1,414,196	-1,414,196	
First consolidation WAM North America										
					0	11,142		11,142	11,142	
First consolidation SC WAM Romania Trading S.r.l.										
					0	5,128		5,128	5,128	
Deconsolidation S.P.ECO Latino America S.A.										
					0	147		147	147	
Share disposal for Sub-holding OLI S.p.A. and its subsidiaries										
					0	-4,995,360		-4,995,360	-4,995,360	
Intercompany change in interest in WAM Helvetia GmbH										
					0	42,677		42,677	42,677	
Decrease in interest 20% in WAM Polska SP. Z.o.o.										
					0	28,628		28,628	28,628	
Decrease in interest 5% in WAM Maroc Sarl										
					0	2,674		2,674	2,674	
Year's result 2015										
			40,894,552		40,894,552		1,568,841	1,568,841	42,463,393	
Consolidated annual accounts at 31/12/2015										
5,000,000	21,675,797	141,381,873	40,894,552	7,614,030	216,566,252	4,498,643	1,568,841	6,067,484	222,633,736	

# INDEPENDENT AUDITOR'S REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE 27<sup>th</sup> JANUARY 2010, NO. 39 ON THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31<sup>st</sup> DECEMBER 2015

**To the WAMHOLDING S.p.A. associates**

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

I carried out the audit of the attached consolidated financial statements of WAMHOLDING S.p.A. which belong to the WAMGROUP group, consisting of the Balance Sheet at December 31, 2015, the Income Statement for the year then ended and the Explanatory Notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that provide a true and fair view in accordance with the Italian regulations governing their preparation.

## **AUDITOR'S RESPONSIBILITY**

It is my responsibility to express an opinion on these consolidated financial statements based on the audit. I conducted the audit in accordance with the International Standards on Auditing (ISA Italy) established pursuant to art. 11, paragraph 3, of Legislative Decree no. 39/10.

Those standards require that we comply with the ethical requirements and with the audit plan and performance in order to obtain reasonable assurance whether the consolidated financial statements are free from significant errors.

An audit involves performing certain procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of significant errors risks in the consolidated financial statements due to fraud or to unintentional conduct or events.

In making those risk assessments, the auditor considers the internal control relevant to the preparation of the entity's consolidated financial statements that give a true and fair view in order to design audit procedures appropriate to the circumstances, and not to express an opinion on the effectiveness of the company's internal controls. The audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the management, as well as evaluating the presentation of the consolidated financial statements as a whole.

I believe I have obtained sufficient appropriate audit evidence on which to base my opinion.

## **OPINION**

In my opinion, the consolidated financial statements give a true and fair view of the financial position of the Company Wamholding Spa, part of the WAMGROUP group at 31 December 2015, of the financial performance and cash flows for the year then ended, in accordance with the Italian regulations that govern their preparation.



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinion on the consistency of the management report with the consolidated financial statements.**

I have carried out the ISA procedures (ISA Italy) n.720B in order to express, as required by law, an opinion on the consistency of the management report, which is the responsibility of the Wamolding S.p.A. administrators, with the Wamgroup group consolidated financial statements at 31 December 2015. In my opinion the management report is consistent with the Wamgroup group consolidated financial statements at 31 December 2015.

Modena, 3rd June 2016

Signed

THE AUDITOR

Dr. Maria Cristina Pasquinelli

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