

# The Most Trusted Brands in Bulk Solids Handling & Processing and Waste Water Treatment

Annual Report 2017





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



**Marcello Marchesini**

**Vainer Marchesini**  
*WAMGROUP® President*

**Roberto Marchesini**

**Elena Marchesini**

## CORPORATE PHILOSOPHY

WAMGROUP® aims for worldwide leadership in the supply of equipment for Bulk Solids Handling & Processing, 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 & Processing, Dust Filtration, Mixing, Waste Water & Sludge Treatment, and Renewable Energy Generation.

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® President

A handwritten signature in blue 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 five decades what began as a small workshop has grown into a global player.

# CORPORATE PROFILE



WAMGROUP is the global market leader in Screw Conveyors and amongst the most prominent players in the field of Bulk Solids Handling & Processing Equipment. The company founded in Modena, Italy, in 1968, employs about 2,000 people in 60 locations in 40 countries.

The Company's comprehensive product range includes equipment for Bulk Solids Handling & Processing, Dust Filtration, Waste Water Treatment and Renewable Energy Generation.

Strongly focused on the requirements of the market, WAMGROUP aims to produce market-oriented solutions turning them into a particularly user-friendly standard, tailored for a variety of industries. Industrial quality and an excellent price-performance ratio make WAMGROUP equipment the ideal choice for project engineers and provide customers all over the world with the best deal available on the market.

Uncompromising dedication to R&D is the foundation of the Company's vast product range and leads time and again to the development of highly innovative equipment from standardised modular components.

Highly rationalised and cost-effective CAD/CAM-supported production methods and logistics are constantly improved determining "state of the art" in the industry. Global quality management gives WAMGROUP customers the assurance that their equipment has been checked and tested in each phase of the manufacturing process.

Currently, WAMGROUP manufactures its product range in four continents and distributes it through its worldwide subsidiary network offering customers professional advice, smooth order management and 'round the clock' spares service.

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





## 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 city 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.

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

# [ HISTORY ]

Since Vainer Marchesini, founder and current President of the Group, manufactured his first Screw Conveyor in 1968 , the name WAMGROUP® has come to stand for innovation in bulk material handling technology and equipment supply.

1968



Present



Future





# HISTORY



For five decades, WAMGROUP has been one of the worldwide leaders in the manufacture of screw conveyors and feeders, with an annual production of thousands of units in sizes varying from small screw diameters for mass production to diameters beyond four metres for special applications, such as Archimedean water lifting screw pumps.

To this date, WAMGROUP has produced way over half a million screw conveyors of various lengths and configurations.

With its headquarters located near the northern Italian city of Modena, the Group currently has close to 2,000 employees worldwide.

Since 1968, the year in which Vainer Marchesini, the Group's founder and current president, manufactured his first screw conveyor, the name WAM has come to stand for innovation in bulk solids handling technology and equipment supply.

The start was made in the concrete industry. The Italian building boom of the 1960s had produced numerous concrete

hanger bearings was a particularly flow-dynamic cast hanger with an incorporated slide bush. Marchesini's idea of manufacturing his own gear reduction units could be considered revolutionary. Up until then, screw conveyor manufacturers depended on flange or foot-mounted gear motors which were linked to the screw conveyor through a flexible coupling. Marchesini's solution, on the other hand, was a single casing for shaft seals, end bearings and gears.

Manufacture of mechanical components on custom-built machinery and jigs guaranteed perfect centring and parallelism. For the fabricated parts and for the assembly of the augers, too, special machines and tools were installed in order to obtain the highest possible quality and the smallest possible tolerances. The objective was to achieve higher throughput rates without altering the screw diameter. One condition for higher r.p.m., however, was a particularly suitable shaft coupling. The solution consisted in mounting splined shafts and applying matching splined bushes on the centre pipe of the auger.

The new technology was soon applied in industries other than concrete and modified according to their requirements. After the asphalt industry came cement milling, lime and plaster processing, screw conveyors for de-watered biological sludge, for animal feed and flour mills, metering screw feeders for the chemical, the food and the glass industry, to name but a few.

In 1978, the former artisan business turned into a private joint-stock company. Meanwhile, butterfly valves, slide valves and dust collectors were added to the product range. The successful philosophy of series production led the management to open new manufacturing divisions.

1979 saw the setting up of SPECO – manufacturers of waste water handling equipment, such as water screw pumps, grit separating and recycling screws, screw screens and screw compactors.

In 1983, MAP, specialists in manufacturing industrial mixers, blenders and dust conditioners, started its business.

In 1986, the development and production of complete computer-controlled dosing and weighing systems was well under way.

One year later, TOREX supplied its first rotary valves followed by telescopic loading spouts, pinch valves and level monitoring equipment.



batching plant manufacturers with considerable demand for cement screw conveyors. Once the first customers were established, investments could begin. Until then, for the assembly of screw conveyors, bearing assemblies, couplings and drive units available on the market were used, although often these did not meet the special requirements of machines operating under tough field conditions.

First of all, Marchesini began to design his own end bearing assemblies and intermediate hanger bearings, later followed by gear reducers with integrated drive bearing assemblies. Both bearing assemblies and gear reducers were perfectly coordinated with customers' requirements. For the end bearing assemblies, flanged cast iron casings with integrated self-adjusting shaft seals were developed. Special gaps in the casing prevented material handled from invading the bearing zone. The main feature of the intermediate

By the beginning of 1991, a new powder discharging division, named EXTRAC, introduced its new range of products including automatic bag splitters, bulk bag emptying and filling units, and discharging bin activators. Today, WAM's EXTRAC Division ranks at the top among bin activator manufacturers worldwide.

Since 1984, in the same way as the manufacturing divisions, over fifty foreign trading subsidiaries controlled by WAMGROUP Holding have been established in various countries. Today assembly lines for screw conveyors and dust collectors are operational in the USA to produce according to both U.S. and WAM standards. Other manufacturing and assembly plants were set up in China, Brazil, India, Australia, Croatia, Romania, Malta and Turkey. In areas where no subsidiary under corporate control takes care of the constantly growing number of customers, a global dealer network guarantees professional advice, smooth order management and a 'round the clock' spare parts service.

Thanks to an experienced and determined management and a dynamic team, both the manufacturing divisions and the trading subsidiaries have succeeded not only in better assisting long-term customers but also in the ongoing conquest of new markets and industries.

One of the cornerstones of WAMGROUP's Vision & Mission is innovation. In order to match this requirement, the Group invests every year a considerable amount of its global turnover in R&D. Related activities, which are mainly devoted to handling and processing of powders and granular materials, are divided into basic and applied research.

In this context WAMGROUP's Corporate R&D department has taken part in various research programmes in collaboration with both Italian and international institutes, working together on international long-term projects with partners from the industry, as well as Italian and international universities.

The general analysis of powdery and granular material behaviour is based on the analysis of internal material characteristics during conveying and mixing processes and on the interaction of those materials with containers and conveying devices.

WAMGROUP's R&D department takes particular interest in the advanced analysis of innovative materials, with a strong focus on engineering polymers, which has led up to designing components for screw conveyors, dust collectors, mixers, valves and other WAMGROUP products.

Another branch of R&D is involved in the analysis of new production processes for the manufacture of components dedicated to the Group's product range.

Even though today a holding controls the companies of the Group, one fact has not changed since the beginning: the goal of each company and individual member of staff still is and always will be to offer high quality, industrially made, application-oriented, attractively priced products designed for the world market.



# [ 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 & Processing, Dust Filtration, Mixing, Waste Water & Sludge Treatment, and Renewable Energy Generation.



# MARKET-ORIENTED SOLUTIONS DESIGNED FROM STANDARD COMPONENTS



**Screw Conveyors & Feeders**



**Level & Pressure Monitoring Instruments**



**Bucket Elevators**



**Silo Safety Components**



**Drag Chain Conveyors**



**Pneumatic Conveying System Components**



**Dust Collectors**



**Rotary Valves**



**Flow Intercepting & Diverter Valves**



**Mixers, Blenders, Conditioners, Granulators**



**Discharging Equipment for Powders & Granules**



**Equipment for Waste Water & Sludge Treatment**



**Bag Emptying Equipment**



**Hydrodynamic Screws**



**Bulk Bag Filling & Emptying Equipment**



**Biogas Plant Equipment**



**Feeding & Metering 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 into 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 its 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, as well as renewable energy generation.



## PERFECT MATCH BETWEEN PRODUCT AND APPLICATION



WAMGROUP®'s 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, quarrying and 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, 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.



*International Sales & Marketing Training at WAMGROUP®  
Headquarters in Ponte Motta, 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, in the Americas and Asia.

## 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.



WAM®



MAP®



SPECO



TOREX



EXTRAC



RONCUZZI



FLITECH

# [ A GLOBAL PLAYER WITH ITALIAN ORIGINS ]



## 20+



## MANUFACTURING SITES

- WAM Industriale (Italy)
- CHIOR (Italy)
- FLITECH (Italy)
- MVM (Italy)
- TOREX (Italy)
- RONCUZZI (Italy)
- SAVI (Italy)
- TECNO CM (Italy)
- WAM do Brasil Industrial (Brazil)
- WAM EurAsia (Turkey)
- WAM USA - Georgia Division
- WAM USA - Texas Division
- WAM India
- WAM Product (Croatia)
- WAM Romania
- WAM Wuxi (P.R.C.)
- WAM Shanghai (P.R.C.)
- SILOFAB (Turkey)
- TOREX (Malta)
- TECNO CM (Romania)



# 47+ TRADING SUBSIDIARIES

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- WAM Adria (Croatia)
- WAM Argentina
- WAM Australia
- WAM Baltic (Estonia)
- WAM B.H.M (Belgium)
- WAM Chile
- WAM do Brasil (Brazil)
- WAM Egypt
- WAM Engineering (UK)
- WAM EurAsia (Turkey)
- WAM Finland
- WAM France
- WAM Germany
- WAM Helvetia (Switzerland)
- WAM Holland
- WAM India
- WAM Inc. Georgia Division (USA)
- WAM Inc. Texas Division (USA)
- WAM Indonesia
- WAM Italia (Italy)
- WAM Japan
- WAM Korea (South Korea)
- WAM Latin (USA)
- WAM Malaysia
- WAM Maroc (Morocco)
- WAM Mexico
- WAM Middle East (U.A.E.)
- WAM Moscow (Russia)
- WAM M.H.E. (New Zealand)
- WAM Polska (Poland)
- WAM Romania Trading
- WAM Scandinavia (Denmark)
- WAM Shanghai Trading (P.R.C.)
- WAM Singapore
- WAM South Africa
- WAM Spain
- WAM Sri Lanka
- WAM Thailand
- WAM Ukraine
- WAM Vietnam
- Enviro-Care (USA)
- MAP Germany
- OWC Italy
- SAVECO Italy
- SAVECO France
- SAVECO Ibérica (Spain)
- SAVECO Middle East (U.A.E.)

# [ SAFETY & ENVIRONMENT ]

## LIABLE TO FUTURE GENERATIONS

At WAMGROUP® we feel strongly about our future. 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.





# 2017 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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## DIRECTOR'S REPORT ON THE MANAGEMENT OF THE GROUP FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31<sup>st</sup>, 2017

Dear Shareholders,

However, in 2017 the Group achieved more than satisfactory results, despite the continuous uncertainties on the overall performance of the worldwide economies. The volume of sales was equal to EUR 249 million, with an increase of 15.7% compared to the previous year, owing especially to the lasting of the demand on the Asian markets and, above all, in China and to the total good trend of the European and North American markets; the consolidated group profit settled at EUR 31 million.

Hence, the group confirmed a good trend of the volumes in the Old World, the recovery of the Turkish and Russian markets and the subsistence of the volumes attained in Brazil and India. The North American market confirmed a positive trend, as, in general, in the whole Asian area, with an excellent result on the Chinese market. The excellent operating margins (net of the extraordinary operations) with an EBITDA of EUR 55 million equal to 21.8% of production value are confirmed.

### CONSOLIDATED REVENUES

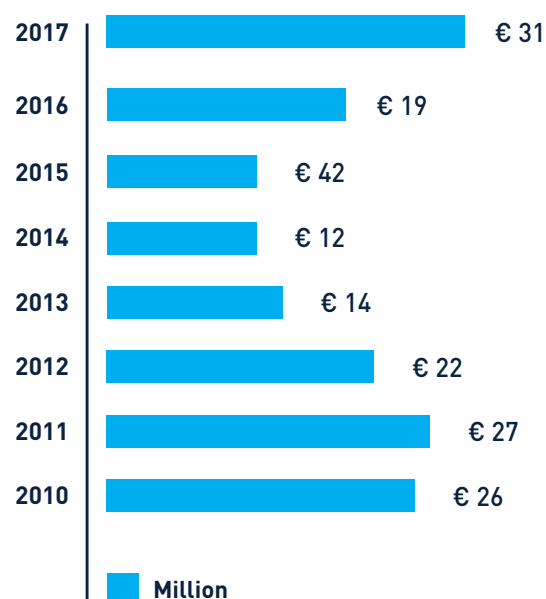


Pursuant to the provisions of art. 2428 of the Italian Civil Code, this management report has been drawn up to accompany and supplement the documents composing the consolidated financial statement related to the financial year ended on 31/12/2017, in accordance with the company by-laws.

The financial statements show a consolidated net profit, including shares attributable to third parties, amounting to EUR 31.01 million compared to EUR 19.07 million realised in 2016. The capital gain realised on the sale of a further 5% of OLI S.p.A., equal to EUR 5.54 million accounted for 17.86% of the result. The difference between production costs and values has been equal to EUR 39.66 million, compared to EUR 22.17 million in 2016.

The dynamics of changes has affected negatively in the amount of EUR 4.86 million, compared to 574 thousand of the previous year, due to a general strengthening of Euro compared to all the other currencies. Financial management has been on the whole negative for EUR 71 thousand. The pre-tax profit is of EUR 39.59 million after the allocation of EUR 12.68 million to the funds for amortization.

## CONSOLIDATED PROFIT



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 reorganisation process re-allocating 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 of 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, with the acquisition of new market shares.

The containment of sales prices, the rationalization of costs, the location of the production on the reference markets and the search for a concrete and effective proximity to customer needs, with a quick response to every need, have, in fact, allowed to increase the sales volume, thus consolidating market leadership. Despite the pressure of the competition with a high degree of competitiveness, the margins have been strengthened following the recovery of industrial efficiency and of huge economies of scale; 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.

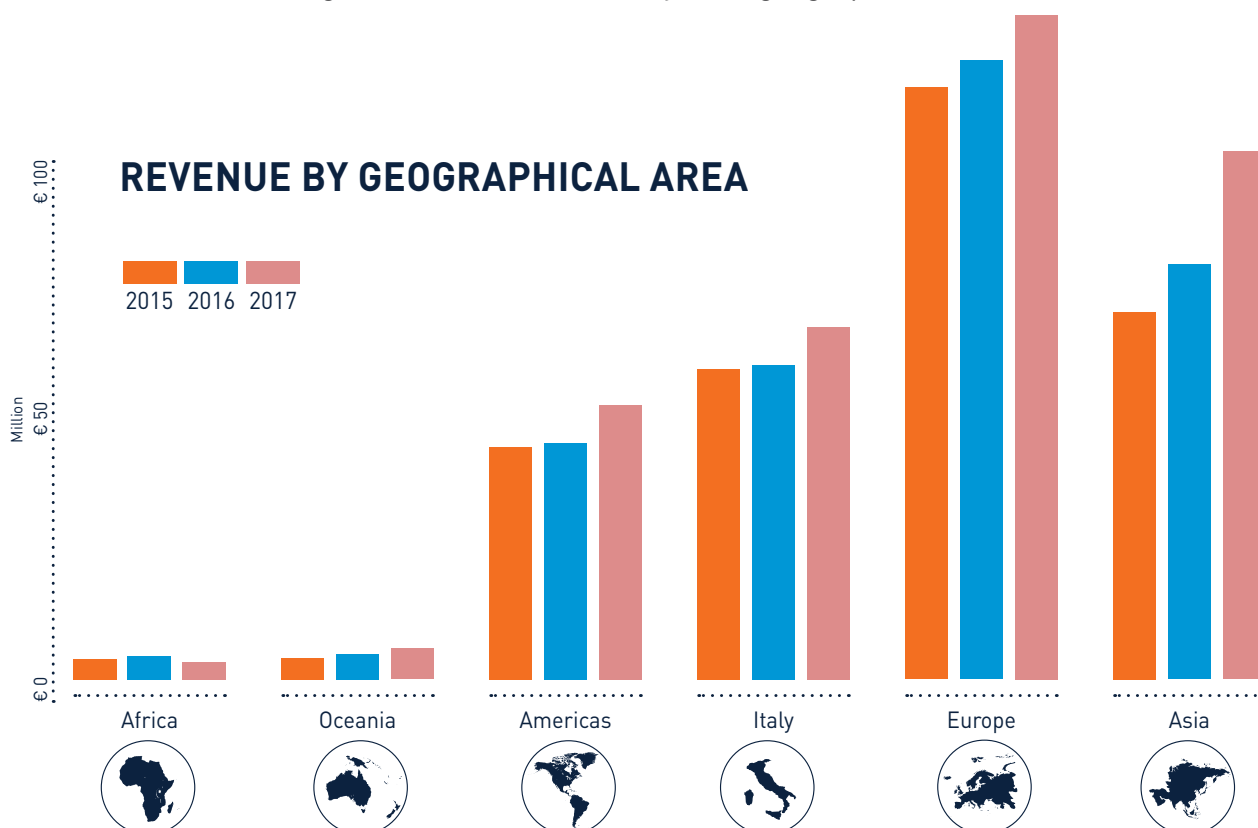
Effective customer orientation strategies include the establishment of branch offices in each relevant country, as well as an appropriate centralised organization, capable of providing assistance to each market area involved and aimed at satisfying market demand with prompt commercial and technical solutions.

## 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

Revenues from sales increased from EUR 215.08 million to EUR 248.75 million, an increase of 15.67%, while the value of production increased from EUR 220.48 million to EUR 256.30 million. Below is a chart showing sales revenues divided by main geographical areas:





	2017			2016		2015	
Italy	46,638,105	18.75%	13.27%	41,172,812	19.14%	40,923,086	20.08%
Europe	89,869,388	36.12%	9.75%	81,886,961	38.07%	78,334,595	38.43%
Asia	69,799,659	28.06%	27.13%	54,904,402	25.53%	48,718,340	23.90%
Americas	36,176,594	14.54%	16.10%	31,160,105	14.49%	30,715,783	15.07%
Oceania	3,792,725	1.52%	16.82%	3,246,683	1.51%	2,528,865	1.24%
Africa	2,519,051	1.01%	-7.10%	2,711,687	1.26%	2,628,196	1.29%
	248,795,521			215,082,650		203,848,865	

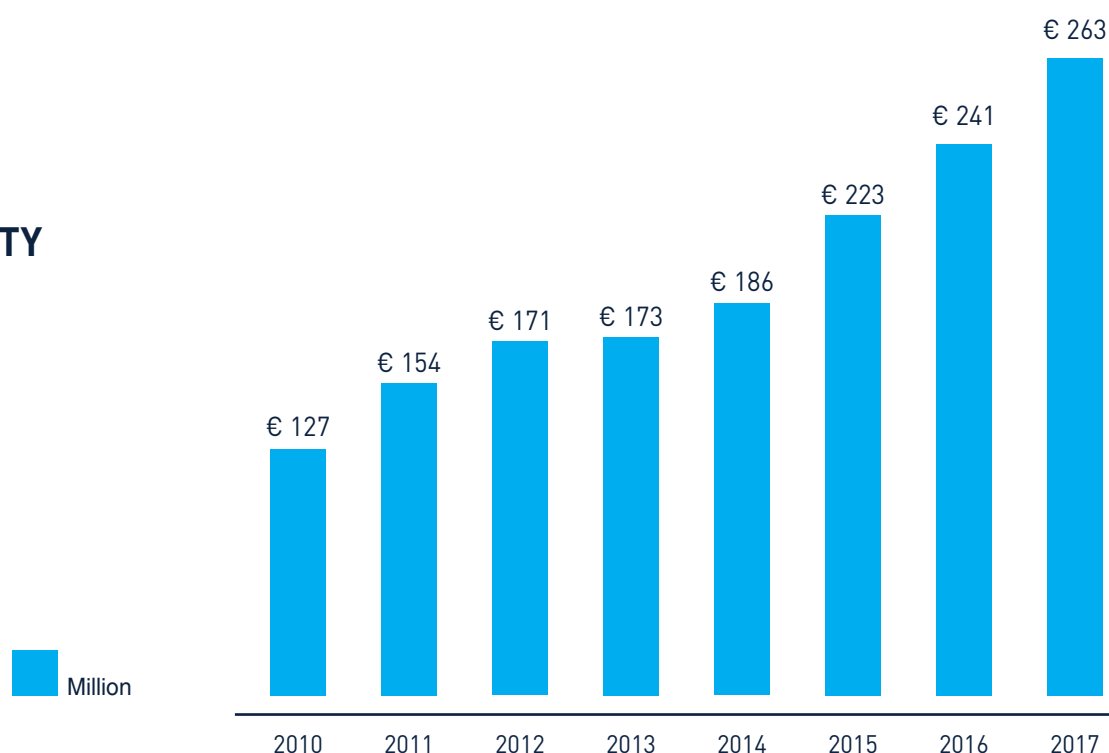
Total production costs have increased from EUR 199.37 million to EUR 217.39 with an impact on production value of 84.8%, with an improvement based on the enhancement of the production processes and of the economies of scale. The difference between the value and costs of production went from EUR 22.17 to EUR 39.66. The total of financial income and charges is negative for EUR 71 thousand, mainly due to foreign currency exchange losses (EUR 4.86 million) caused by general Euro strengthening. The net balance of the interest payable passed from Euro 1.61 to Euro 0.75 million, equal to a 0.3% incidence rate on the production value, subsequently confirming the Group's solid equity.

The extraordinary items, included under income from holdings, with a positive balance of EUR 5.55 million, have a significant impact, and are mainly represented by the capital gain obtained by the sale of further shares in OLI S.p.A.

The total result of the Group has passed from EUR 19.07 to EUR 31 million with an improvement of 62.5%.

## Net equity analysis

## EQUITY



The analysis of the Group's balance sheet shows its balance and absolute solidity, constantly improving, with total shareholders' equity of EUR 262 million, equal to 65% of liabilities. Total assets amount to EUR 403.76 million, an increase compared to the previous period. Current assets increased from Euro 257.91 million to Euro 299.29, owing to the increase of the after tax revenues. Liquid assets increased from EUR 93.03 million to EUR 114.32 million, due to the collection and improvement of financial trends.

The total payables has increased, passing from EUR 102.76 to EUR 114.78 million, due to the normal increase of trade payables, which passed from EUR 30.49 to EUR 35.45 and for the increase of the debt with the credit system beyond the period, passing from EUR 19.32 million to EUR 26.34 million.

### **Financial position analysis**

Consistently with the net equity, the financial position of the company confirms the Group's solidity. The overall financial position is positive for EUR 64.74 million, with an improvement of EUR 16.46 million compared to the previous year. The Group's self-financing capacity and its investment sustainability is further underlined by all the financial indexes.

### **INVESTMENTS**

During 2017, the Group has invested a total of EUR 14.11 million in assets, for EUR 3.47 realised in properties (EUR 2.09 of which of Wamgroup S.p.A.). Moreover, a total of EUR 10.64 million are registered under investments of systems and machinery, to assure development of volumes and realised for EUR 1.52 million by Wam Industriale S.p.A. (ITA), for EUR 2.21 million by Wam Wuxi (China), EUR 1.16 million by Tecno C.M. S.r.l (ITA), and EUR 0.91 million by MVM S.r.l. (ITA).

### **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 EUR 64.74 and a liquidity of EUR 114.32 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 negligible.

### **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.

## **INFORMATION ON PERSONNEL MANAGEMENT**

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.

The risks deriving from the personnel regulations are carefully monitored and managed, also through the help and assistance of professionals and/or external bodies and training courses on occupational safety.

The profuse attention towards human resources focuses, above all, on the issues of health, safety and human rights, through the adoption of rules and standards of conduct strongly shared and supported by a formative effort and a close encounter with the employees.

The growth and professional development of people, as a determining factor for the evolution and development of its activities, remains one of the Group's primary objectives. The high level of skills and knowledge acquired, as well as the commitment, flexibility, dedication to the tasks assigned and the daily pursuit of excellence in work are a precious asset that is intended to be preserved and increased as much as possible.

## **INFORMATION ON THE ENVIRONMENT**

At the centre of the Group's daily commitment is the preservation of the environment and natural resources, which are essential elements of the business model.

To this end, the Group carries out its activities in full compliance with the provisions relating to the environment and processes and performs its operations by ensuring that the environment is guaranteed protection as accurately as possible, engaging in the constant improvement of environmental performance, intended as an integral part of the company's economic and operating performance.

## **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 total expenditure of the Group, fully expensed in the profit and loss account, amounts to EUR 2.64 million, higher than 1% of the sales volume, mainly realised by Wamgroup S.p.A.

## **MAIN NON-FINANCIAL INDICATORS**

Pursuant to the second paragraph of art. 2428 of the Italian Civil Code, it is hereby declared that for the specific activity carried out and for a better understanding of the Group's situation and of the performance and results of the management, the exposure of non-financial indicators is not considered relevant.

## **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.

## **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.

## **FORESEEABLE EVOLUTION OF THE MANAGEMENT**

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.

In the first few months of the current financial year, the Group's performance is positive, with significant increases in turnover. The increase of volumes, along with the optimisation of the production processes and with the solid economies of scale, will at least assure even in 2018 to maintain the margins already achieved.

Modena, the 4<sup>th</sup> June, 2018  
THE SOLE DIRECTOR  
Vainer Marchesini



PRODUCTION VALUE PROFIT AND LOSS ACCOUNT	31-Dec-17	%	Var %	31-Dec-16	%
Revenue from sales	248,795.5	97.1%	15.7%	215,082.6	97.6%
Other revenues	6,452.7	2.5%	162.3%	2,459.9	1.1%
In-house production	1,049.5	0.4%	-64.3%	2,939.2	1.3%
<b>A. PRODUCTION VALUE</b>	<b>256,297.8</b>	<b>100.0%</b>	<b>16.2%</b>	<b>220,481.7</b>	<b>100.0%</b>
Raw, subsidiary materials and consumable materials and goods	82,962.4	32.4%	8.9%	76,180.4	34.6%
Other operating costs	51,920.5	20.3%	16.3%	44,649.6	20.3%
<b>B. EXTERNAL COSTS</b>	<b>134,882.9</b>	<b>52.6%</b>	<b>11.6%</b>	<b>120,830.1</b>	<b>54.8%</b>
<b>C. ADDED VALUE (A-B)</b>	<b>121,414.8</b>	<b>47.4%</b>	<b>21.8%</b>	<b>99,651.6</b>	<b>45.2%</b>
D. Personnel cost	65,552.9	25.6%	6.6%	61,491.2	27.9%
<b>E. GROSS OPERATING MARGIN (EBITDA) (C-D)</b>	<b>55,861.9</b>	<b>21.8%</b>	<b>46.4%</b>	<b>38,160.4</b>	<b>17.3%</b>
Depreciation of intangible fixed assets	3,820.5	1.5%	-11.5%	4,314.9	2.0%
Depreciation of tangible fixed assets	8,866.4	3.5%	9.9%	8,066.6	3.7%
Other allocations to provisions and devaluations	376.4	0.1%	-44.5%	677.9	0.3%
<b>F. DEPRECIATION AND DEVALUATIONS</b>	<b>14,018.7</b>	<b>5.5%</b>	<b>1.4%</b>	<b>13,820.2</b>	<b>6.3%</b>
<b>G. OPERATING RESULT (EBIT)</b>	<b>41,843.3</b>	<b>16.3%</b>	<b>71.9%</b>	<b>24,340.2</b>	<b>11.0%</b>
Extraordinary earnings	536.4	0.2%	88.1%	285.1	0.1%
Extraordinary charges	-1,343.2	-0.5%	0.8%	-1,332.5	-0.6%
<b>H. EXTRAORDINARY RESULT</b>	<b>-806.8</b>	<b>-0.3%</b>	<b>-23.0%</b>	<b>-1,047.3</b>	<b>-0.5%</b>
<b>I. ORDINARY RESULT OF PRODUCTION MANAGEMENT (G+H)</b>	<b>41,036.5</b>	<b>16.0%</b>	<b>76.2%</b>	<b>23,292.9</b>	<b>10.6%</b>
Extraordinary income	6,284.7	2.5%	-0.8%	6,332.7	2.9%
Extraordinary charges	-1,596.7	-0.6%	-15.9%	-1,899.6	-0.9%
<b>L. EXTRAORDINARY RESULT</b>	<b>4,687.9</b>	<b>1.8%</b>	<b>5.7%</b>	<b>4,433.1</b>	<b>2.0%</b>
<b>M. PRODUCTION MANAGEMENT RESULT (I+L)</b>	<b>45,724.4</b>	<b>17.8%</b>	<b>64.9%</b>	<b>27,726.0</b>	<b>12.6%</b>
N. Financial charges	6,127.5	2.4%	149.6%	2,455.4	1.1%
<b>O. GROSS RESULT (M-N)</b>	<b>39,596.9</b>	<b>15.4%</b>	<b>56.7%</b>	<b>25,270.6</b>	<b>11.5%</b>
P. Income taxes	8,588.6	3.4%	38.7%	6,192.1	2.8%
<b>NET RESULT (O-P)</b>	<b>31,008.4</b>	<b>12.1%</b>	<b>62.5%</b>	<b>19,078.5</b>	<b>8.7%</b>

RECLASSIFIED BALANCE SHEET (financial criterion)		31-Dec-17	%	Var %	31-Dec-16	%
<b>ASSETS</b>						
<b>FIXED ASSETS</b>		<b>99,061.0</b>	<b>24.5%</b>	<b>-5.6%</b>	<b>104,962.1</b>	<b>28.5%</b>
Intangible fixed assets		8,280.0			11,141.9	
Historical cost		21,289.6			22,600.8	
Depreciation fund		-13,009.5			-11,458.9	
Tangible fixed assets		86,874.4			89,213.7	
Historical cost		155,762.4			152,821.8	
Depreciation fund		-68,887.9			-63,608.1	
Financial fixed assets		3,906.6			4,606.5	
<b>CURRENT ASSETS</b>		<b>304,698.2</b>	<b>75.5%</b>	<b>15.5%</b>	<b>263,844.6</b>	<b>71.5%</b>
Stock		82,067.4			81,571.8	
Non-financial deferred cash funds		108,310.9			89,240.4	
Financial deferred cash funds		0.0			0.0	
Available cash funds		114,319.9			93,032.4	
<b>INVESTED CAPITAL</b>		<b>403,759.3</b>	<b>100.0%</b>	<b>9.5%</b>	<b>368,806.8</b>	<b>100.0%</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>		<b>262,613.7</b>	<b>65.0%</b>	<b>9.0%</b>	<b>240,898.9</b>	<b>65.3%</b>
Share capital		5,000.0			5,000.0	
Reserves		257,613.7			235,898.9	
<b>CONSOLIDATED LIABILITIES</b>		<b>39,476.3</b>	<b>9.8%</b>	<b>26.5%</b>	<b>31,199.9</b>	<b>8.5%</b>
Financial consolidated liabilities		26,339.8			19,320.5	
Non-financial Consolidated liabilities		13,136.5			11,879.4	
<b>CURRENT LIABILITIES</b>		<b>101,669.2</b>	<b>25.2%</b>	<b>5.1%</b>	<b>96,707.9</b>	<b>26.2%</b>
Financial current liabilities		23,614.6			25,724.7	
Current non-financial liabilities		78,054.6			70,983.2	
<b>FINANCING CAPITAL</b>		<b>403,759.3</b>	<b>100.0%</b>	<b>9.5%</b>	<b>368,806.8</b>	<b>100.0%</b>
<b>BALANCE SHEET FINANCIAL BREAKDOWN</b>		<b>31-Dec-17</b>			<b>31-Dec-16</b>	
<b>FIXED ASSETS</b>						
Intangible fixed assets		-8,280.0			-11,141.9	
Tangible fixed assets		-86,874.4			-89,213.7	
Financial fixed assets		-3,906.6			-4,606.5	
<b>EQUITY</b>						
Share capital		5,000.0			5,000.0	
Reserves		257,613.7			235,898.9	
<b>CONSOLIDATED LIABILITIES</b>		<b>39,476.3</b>			<b>31,199.9</b>	

<b>STRUCTURE MARGIN (A)</b>	<b>203,029.0</b>	<b>167,136.8</b>
Non-financial deferred cash funds	108,310.9	89,240.4
Stock	82,067.4	81,571.8
Current non-financial liabilities	-78,054.6	-70,983.2
<b>NET CURRENT CAPITAL (B)</b>	<b>112,323.6</b>	<b>99,829.0</b>
Available cash funds	114,319.9	93,032.4
Financial current liabilities	-23,614.6	-25,724.7
<b>NET SHORT - TERM FINANCIAL POSITION (A-B)</b>	<b>90,705.4</b>	<b>67,307.7</b>

<b>RECLASSIFIED BALANCE SHEET (by functional area)</b>	<b>31-Dec-17</b>	<b>%</b>	<b>Var %</b>	<b>31-Dec-16</b>	<b>%</b>
<b>INVESTMENTS</b>					
FIXED CAPITAL	95,154.5			100,355.6	
NET CURRENT CAPITAL	100,490.9			88,253.4	
<b>NET OPERATING INVESTED CAPITAL</b>	<b>195,645.4</b>	62.6%	3.7%	<b>188,609.0</b>	66.0%
EXTRA-OPERATING INVESTMENTS	116,922.8	37.4%		97,335.2	34.0%
<b>NET INVESTED CAPITAL</b>	<b>312,568.2</b>	100.0%	9.3%	<b>285,944.2</b>	100.0%
<b>SOURCES</b>					
EQUITY	262,613.7	84.0%		240,898.9	84.2%
FINANCIAL DEBT	49,954.4	16.0%		45,045.2	15.8%
<b>FINANCING SOURCES</b>	<b>312,568.2</b>	100.0%	9.3%	<b>285,944.2</b>	100.0%

<b>INDEX ANALYSIS</b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
<b>SELF-FINANCING AND DEBT SUSTAINABILITY</b>		
Self financing ratio [EBITDA/(Rv+Ra)]	21.9%	17.5%
Self-financing index [AuF/(Rv+Ra)]	17.6%	12.4%
Incidence rate of financial payables on sales [DF/(Rv+Ra)]	19.6%	20.7%
Incidence rate of financial debt on EBITDA [(PconsF+PcorrF)/EBITDA]	89.4%	118.0%
Incidence rate of financial debt on self- financing (DF/AuF)	111.1%	167.3%
Incidence rate of financial charges on sales [Of/(Rv+Ra)]	2.4%	1.1%
Incidence rate of financial charges on EBITDA (Of/EBITDA)	11.0%	6.4%
Incidence rate of financial charges on self-financing (Of/AuF)	13.6%	9.1%



**INDEX ANALYSIS**
**31-Dec-17**
**31-Dec-16**
**COMPOSITION RATIOS FOR INVESTMENTS AND SOURCES**
**Composition ratios for investments**

Rigidity index (AF/CI)	0.25	0.28
Flexibility ratio (AC/CI)	0.75	0.72
Stock availability ratio (M/CI)	0.20	0.22
Total liquidity ratio $[(Li+Ld+LdF)/CI]$	0.55	0.49

**Composition ratios of the sources**

Financial autonomy ratio (MP/CF)	0.65	0.65
Indebtedness ratio $[(Pcons+Pcorr)/CF]$	0.35	0.35
Medium/long-term indebtedness ratio (Pcons/CF)	0.10	0.08
Short-term indebtedness ratio (Pcorr/CF)	0.25	0.26
Capital protection ratio (R/MP)	0.98	0.98

**FINANCIAL SOLIDITY RATIO**
**Financing of assets**

Structure primary ratio (MP/AF)	2.65	2.30
Structure primary margin (MP-AF)	163,552.69	135,936.84
Structure secondary ratio $[(MP+Pcons)/AF]$	3.05	2.59
Structure secondary margin (MP+Pcons-AF)	203,028.97	167,136.77
Degree of tangible asset depreciation (faMat/csMat)	0.44	0.42
Fixed asset liquidation speed $[Amm/(cslimm+cslmat)]$	0.07	0.07

**Financial autonomy**

Leverage ratio (MP/CI)	65.0%	65.3%
Total indebtedness $[(Pcons+Pcorr)/MP]$	0.54	0.53
Financial indebtedness ratio (DF/MP)	0.19	0.19
Tangible equity value (MP-limm)	254,333.72	229,757.03

**LIQUIDITY RATIOS**

Current ratio (AC/Pcorr)	3.00	2.73
Current margin (AC-Pcorr)	203,028.97	167,136.77
Treasury ratio $[(Li+Ld+LdF)/Pcorr]$	2.19	1.88
Treasury margin (Li+Ld+LdF-Pcorr)	120,961.56	85,564.97
Net short-term financial position (Li-PcorrF)	90,705.35	67,307.73

**DURATION RATIOS OF MANAGEMENT CURRENT CAPITAL CYCLE**

Net Working Capital intensity $[NWC/(Rv+Ra)]$	39.4%	40.6%
Net Working Capital turnover ratio $[(Rv+Ra)/NWC]$	2.5	2.5
Stock turnover ratio (Rv/M)	3.0	2.6

INDEX ANALYSIS

31-Dec-17

31-Dec-16

MAIN PROFITABILITY RATIOS

Return on production ROP (RO/VP)	16.3%	11.0%
Return on net invested capital (VP/CION)	1.31	1.17
Return on sales ROS [RO/(Rv+Ra)]	16.4%	11.2%
Operating invested capital turnover [(Rv+Ra)/CION]	1.30	1.15
<b>Return on net operating invested capital ROI (RO/CION)</b>	<b>21.4%</b>	<b>12.9%</b>
Leverage (DF/MP)	0.19	0.19
<b>Return on equity ROE (RN/MP)</b>	<b>11.8%</b>	<b>7.9%</b>

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.

Vainer Marchesini

# CONSOLIDATED ANNUAL ACCOUNTS at 31<sup>st</sup> December 2017

Amounts in Euro Units

## BALANCE SHEET

ASSETS	31-Dec-2017	31-Dec-2016
<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	69,335	45,935
2) Research, development and advertising costs	5,200,000	7,800,000
3) Industrial patents and rights to use intellectual property	210,949	171,653
4) Concessions, licenses, trademarks and similar rights	275,972	383,265
5) Goodwill	327,461	489,168
6) Intangible assets under formation and advances	417,263	562,534
7) Other	1,779,036	1,689,365
<b>Total intangible assets</b>	<b>8,280,016</b>	<b>11,141,920</b>
<b>II. Tangible assets</b>		
1) Land and buildings	56,641,848	57,311,457
2) Plant and machinery	21,614,182	21,284,363
3) Industrial and commercial equipment	3,263,759	6,525,578
4) Other assets	2,674,840	3,130,547
5) Assets in course of construction and advances	2,679,806	961,781
<b>Total tangible assets</b>	<b>86,874,435</b>	<b>89,213,726</b>
<b>III. Investments</b>		
1) Shares in:		
B) associated companies	1,130,703	1,127,703
D-bis) other companies	2,775,890	3,478,756
<b>Total investments</b>	<b>3,906,593</b>	<b>4,606,459</b>
<b>Total fixed assets (B)</b>	<b>99,061,044</b>	<b>104,962,105</b>
<b>C) Current assets</b>		
<b>I. Stocks</b>		
1) Raw, subsidiary materials and consumables	29,570,950	28,954,249
2) Work in progress and semi-finished goods	10,360,918	8,762,401
3) Work in progress on contracts	15,393	54,087
4) Finished goods and goods for resale	32,302,411	34,393,682
5) Payments on account	3,135,679	1,887,159
<b>Total stocks</b>	<b>75,385,351</b>	<b>74,051,578</b>

## BALANCE SHEET

### II. Debtors

1) Trade debtors		
falling due within 1 year	71,205,984	58,599,292
3) Amounts owed by associated companies		
falling due after more than 1 year	1,303,738	303,738
5-bis) Tax credit		
falling due within 1 year	10,845,665	10,145,385
5-ter) Advanced taxes	6,682,064	7,520,224
5-quater) Other debtors		
falling due within 1 year	19,548,297	14,261,824
<b>Total debtors</b>	<b>109,585,748</b>	<b>90,830,463</b>

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

<b>Total financial assets not held as fixed assets</b>	<b>0</b>	<b>0</b>
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### IV. Liquid assets

1) Deposits with banks and post offices	112,029,914	91,485,481
2) Cheques	1,865,072	1,478,279
3) Cash and cash equivalents in hand	424,959	68,684
<b>Total liquid assets</b>	<b>114,319,945</b>	<b>93,032,444</b>

<b>V. intangible assets held for sale</b>	<b>0</b>	<b>0</b>
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<b>Total current assets (C )</b>	<b>299,291,044</b>	<b>257,914,485</b>
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<b>D) Prepayments and accrued income</b>	<b>5,407,171</b>	<b>5,930,164</b>
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<b>Total assets (A+B+C+D)</b>	<b>403,759,259</b>	<b>368,806,754</b>
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## LIABILITIES AND SHAREHOLDERS' EQUITY

31-Dec-2017

31-Dec-2016

### A) Capital and reserves

#### A1) Group:

I. Called up share capital	5,000,000	5,000,000
IV. Legal reserve	1,000,000	1,000,000
VI. Other reserves	153,386,031	161,856,023
of witch reserve for translation differences	-1,000,835	7,469,157
of witch consolidation reserve	141,760,117	141,760,117
of witch other reserves	12,626,749	12,626,749
VIII. Profits (losses) carried forward	66,802,177	49,494,324
IX. Net profit (loss) for the year	29,189,931	17,307,853
<b>Total (A1)</b>	<b>255,378,139</b>	<b>234,658,200</b>

#### A2) Minority interests:

Share of capital and reserves	5,417,155	4,470,105
Share of net profit (loss) for the year	1,818,438	1,770,645
<b>Total (A2)</b>	<b>7,235,593</b>	<b>6,240,750</b>

<b>Total capital and reserves (A)</b>	<b>262,613,732</b>	<b>240,898,950</b>
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## BALANCE SHEET

### B) Provisions for liabilities and charges

1) Pensions and similar obligations	417,136	410,593
2) Taxation	964,876	600,752
2-bis) Provisions for liabilities and charges arising on consolidation	4,695,915	3,212,354
4) Other provisions	8,023,408	8,256,464

<b>Total provisions for liabilities and charges (B)</b>	<b>14,101,335</b>	<b>12,480,163</b>
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<b>C) Staff severance fund</b>	<b>8,968,758</b>	<b>8,813,819</b>
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### D) Creditors:

4) Bank loans and overdrafts:		
falling due within 1 year	23,239,677	25,433,647
falling due after more than 1 year	26,339,826	19,320,513
5) Other providers of finance:		
falling due within 1 year	374,917	291,063
6) Payments on account:		
falling due within 1 year	6,277,480	5,896,724
7) Trade creditors:		
falling due within 1 year	35,448,680	30,496,139
10) Amounts owed to associated companies:		
falling due within 1 year	161,738	0
12) Taxation:		
falling due within 1 year	6,447,535	6,558,308
13) Due to social security authorities:		
falling due within 1 year	3,116,226	2,687,149
14) Other creditors:		
falling due within 1 year	13,377,275	12,077,623

<b>Total creditors (D)</b>	<b>114,783,354</b>	<b>102,761,166</b>
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<b>E) Accruals and deferred income</b>	<b>3,292,080</b>	<b>3,852,656</b>
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<b>Total liabilities and shareholders' equity (A+B+C+D+E)</b>	<b>403,759,259</b>	<b>368,806,754</b>
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## PROFIT AND LOSS ACCOUNT

**31-Dec-2017**
**31-Dec-2016**

### A) Value of production

1) Turnover	248,795,521	215,082,650
2) Changes in stocks of finished and semi-finished goods and in work in progress	1,025,316	2,915,117
4) Own work capitalised	24,204	24,056
5) Other operating income	7,217,221	3,523,088
of which grants for operating expenses	69,446	60,488

<b>Total value of production (A)</b>	<b>257,062,262</b>	<b>221,544,911</b>
<b>B) Cost of production</b>		
6) Raw and subsidiary materials, consumables and goods	86,670,223	74,275,820
7) Services	40,210,364	35,351,024
8) Leases and rentals	4,835,556	5,402,107
9) Staff costs:		
A) wages and salaries	53,445,026	49,455,834
B) social security costs	9,316,557	9,535,003
C) termination indemnities	1,791,448	1,789,655
E) other costs	999,899	710,740
10) Depreciation, amortisation and write-downs:		
A) amortisation of intangible assets	3,820,485	4,314,910
B) depreciation of tangible assets	8,866,416	8,066,648
D) amounts written off current and liquid assets	376,403	646,042
11) Changes in raw and subsidiary materials, consumables and goods	-3,707,832	1,904,627
12) Provisions for risks	0	31,824
14) Other operating charges	10,769,845	7,889,308
<b>Total cost of production (B)</b>	<b>217,394,390</b>	<b>199,373,542</b>
<b>Difference between value and cost of production (A+B)</b>	<b>39,667,872</b>	<b>22,171,369</b>
<b>C) Financial income and expense</b>		
15) Income from equity investments	5,550,148	5,285,586
16) Other financial income:		
D) financial income other than that above	506,387	269,035
17) Interest payable and similar charges	1,264,532	1,881,227
17bis) Profits and losses on exchange rates	-4,862,934	-574,165
<b>Total financial income and expense (C )</b>	<b>-70,931</b>	<b>3,099,229</b>
<b>D) Value adjustments to financial assets</b>		
<b>Total value adjustments to financial assets (D)</b>	<b>0</b>	<b>0</b>
<b>Profit (loss) before taxation (A+B+C+D+E)</b>	<b>39,596,941</b>	<b>25,270,598</b>
22) Tax on profit for the year		
A) current	9,748,488	8,463,704
C) advanced	-1,159,916	-2,271,604
23) Net profit (loss) for the year	31,008,369	19,078,498
<b>24) Minority interests - share of profit (loss) for the year</b>	<b>1,818,438</b>	<b>1,770,645</b>
<b>25) Group's profit (loss) for the year</b>	<b>29,189,931</b>	<b>17,307,853</b>

## ADDENDUM

The consolidated financial statement as of December 31, 2017 of Wamholding S.p.A. (Parent company) and of its subsidiaries (as a whole, identified as the Group), this addendum of which constitutes an integrating part, is issued in compliance with the provisions of the Leg.D. dated April 9, 1991, n. 127 and of the pertaining accounting standards, revised by the Italian Accounting Committee (OIC), further to the reform performed by the legislator as regards to corporate law by the Leg.D. n. 139/2015.

The financial statement consists in the Statement of assets and liabilities, the Consolidated Profit and Loss Statement - set up according to the diagrams, as per articles 2424 and 2425 of the Civil Code, suitably amended as required by art. 32 of the above-mentioned Leg.D. n. 127/1991 - and by the Consolidated Statement of cash flows, as provided by art. 29 of the amended Leg. D. 127/91, and, moreover, it is provided with the report on management arranged pursuant to art. 40 of the same Leg. D..

For a more comprehensive information, the statement of changes in the shareholders' equity and the reconciliation statement between the shareholders' equity and the result for the financial period, resulting from the financial statements of the Parent Company and those resulting from the consolidated financial statements, have been attached to this addendum.

For comparative purposes, the consolidated figures present a comparison with the consolidated Balance Sheet and Profit and Loss Account of the financial statements as of December 31, 2016. In this regard, it should be noted that we availed of the option referred to in art. 2423 ter. of the Italian Civil Code if there are items, the contents of which are not covered by any of those provided for by art. 2424 and 2425 of the Italian Civil Code. In particular, it should be noted that, following the statutory changes to the structure of the Balance Sheet and to the Profit and Loss Account arranged by Legislative Decree 139/2015, it has been provided, pursuant to the provisions set forth in OIC 24 and 29, that adjustments are to be made to the values of the Balance Sheet as at 31/12/2016, reported here for the purpose of comparability, as specified below.

The financial statements are expressed in Euros, which is the currency used to conduct most of the Group's operations. The foreign assets are included in the consolidated financial statements according to the principles indicated in the notes that follow.

The consolidated financial statements are prepared using the financial statements of the individual companies included in the scope of consolidation prepared by the respective corporate bodies, appropriately amended and reclassified, where necessary, to bring them into line with the accounting principles of the Group's uniform classification criteria.

The reference date of the consolidated financial statements coincides with the closing date of the Parent Company's financial year and with that of all the companies included in the consolidation area.

The consolidated financial statements are drawn up in compliance with the current legal provisions and the general postulates of clarity and truthful and correct representation of the financial position and results of the Group, on the assumption of business continuity. Pursuant to art. 2423-bis c.1 section 1-bis of the Italian Civil Code, the recognition and presentation of the items is carried out taking into account the substance of the operation or contract.

It is certified that, pursuant to art. 29 of the Leg.D. 127/91, shall the information required by specific law provisions not be sufficient to give a true and fair representation of the corporate situation, additional information deemed necessary for the purpose shall be provided

Below there is a description of the consolidation principles applied in the drafting of the consolidated financial statements, the scope of consolidation, the criteria adopted for the assessment of the main items that make up the balance sheet and the profit and loss account, while the information required by art. 38 of Legislative Decree n° 127/1991 and by accounting principle n° 17 of the OIC is also illustrated.

The statement of cash flows has been arranged as provided by art. 29 of the Leg.D. 127/91, which represents the summary document that relates the changes occurred during the financial year in company assets to the changes in the financial situation; this highlights the values relating to the financial resources that the company needed during the financial year, as well as the relative uses.

With regard to the method used, it is specified that the same has adopted, according to the OIC 10 forecast, the indirect method based on which the cash flow is reconstructed by adjusting the financial year results of non-monetary components.

## **1. CONSOLIDATION PRINCIPLES**

The consolidated financial statements include the financial statements of the Parent Company and those of its subsidiaries, prepared as of December 31 of each year. Control is obtained when the parent company has the power to determine the financial and management policies of a company in such a way as to obtain benefits from its activity.

The financial statements of the subsidiaries are drawn up adopting the same accounting standards as the Parent Company for each accounting closing. Where necessary, consolidation adjustments are made to homogenise the items that are affected by the application of different accounting standards.

All intergroup balances and transactions, including any unrealised gains deriving from relations between Group companies, are eliminated. Unrealised losses are eliminated, with the exception of cases where these cannot be recovered later.

Subsidiaries are consolidated starting from the financial year in which control was effectively transferred to the Group, and cease to be consolidated from the financial year in which control is transferred outside the Group.

Where there is a loss of control of a company falling within the scope of consolidation, the consolidated financial statements include, if significant, the result for the financial year in proportion to the period of the financial year in which the Group has maintained control.

Holdings in subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis.



The criteria adopted for the application of this method mainly include:

- the elimination of the book value of holdings in consolidated companies against the related shareholders' equity and the simultaneous assumption of all their assets and liabilities;
- the elimination of debit and credit items and intra-company transactions, including intergroup profits and losses not yet realised;
- any negative difference between the acquisition cost of the holding and the related shareholders' equity at book value at the purchase date is allocated to the "Consolidation Reserve" shareholders' equity item, not in any way corresponding to a real lower value of specific assets and liabilities of the investee companies at the time of the acquisition of the holdings themselves, nor being attributable to the forecast of unfavourable economic results of the investee companies;

In particular, it should be noted that the exclusion of holdings was carried out on the basis of the book values relating to the financial year ended on 31/12/2013 for the companies belonging to the group at that date, in which the consolidation process was again carried out with the same criteria applied at the time of the first 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 largely from the results and other variations in the shareholders' equity, which occurred after the acquisition of the holdings up to the date of their first inclusion in the consolidation;
  - this difference does not correspond in any way to a real greater or lower value of the assets and liabilities of the investee companies at the time of the acquisition of said holdings. Therefore in the consolidation, the following measures were adopted:
  - the surplus of the shareholders' equity at 31/12/2013 was recorded as "Consolidation Reserve";
  - the surplus of the acquisition cost compared to the value of the shareholders' equity on the date of the first consolidation or on the date of the inclusion in the consolidation was deducted from the Consolidation Reserve, as it was not derived, as mentioned earlier, from an actual higher value of the investee companies;
  - the results and other changes in the shareholders' equity of the consolidated companies, which occurred in the financial years that ended prior to 31/12/2013, were included in the "Consolidation Reserve" as a result 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 financial statements of subsidiaries expressed in currencies other than Euro have been converted by applying the following criteria:

- the balance sheet items, with the exception of the shareholders' equity items, at the exchange rates prevailing at the closing date of the financial statements;
- shareholders' equity items at historical exchange rates, by year of formation;
- the items of the profit and loss account at the average exchange rates of the financial year.

The exchange rate differences resulting from the comparison between the initial shareholders' equity converted at the current exchange rates at the end of the financial year and the same converted at historical exchange rates, as well as the difference between the economic result expressed at the average exchange rates of the financial year and that expressed at the exchange rates prevailing on the date of the financial statements, are recorded under the item "Conversion Reserve".

The exchange rates used to calculate the equivalent value in Euro of the subsidiaries' financial statements expressed in foreign currencies (currency for 1 Euro) are shown in the following table:

2017			2016	
Currency	F - closing rate	A - average rate	F - closing rate	A - average rate
<b>AED</b>	4,40	4,15	3,87	4,05
<b>ARS</b>	22,93	18,74	16,749	16,342
<b>AUD</b>	1,53	1,47	1,46	1,447
<b>BRL</b>	3,97	3,61	3,431	3,507
<b>CHF</b>	1,17	1,11	1,074	1,09
<b>CLP</b>	737,29	732,61	704,945	748,477
<b>CNY</b>	7,80	7,63	7,32	7,54
<b>DKK</b>	7,44	7,44	7,434	7,445
<b>EGP</b>	21,33	20,16	19,211	11,071
<b>EUR</b>	1,00	1,00	1	1
<b>GBP</b>	0,89	0,88	0,856	0,87
<b>HRK</b>	7,44	7,46	7,56	7,533
<b>INR</b>	76,61	73,53	71,594	72,061
<b>JPY</b>	135,01	126,71	123,4	120,197
<b>KRW</b>	1279,61	1276,74	1,269,36	1,284,18
<b>MAD</b>	11,24	10,95	10,657	10,85
<b>MXN</b>	23,66	21,33	21,772	20,667
<b>MYR</b>	4,85	4,85	4,729	4,584
<b>NZD</b>	1,69	1,59	1,516	1,589
<b>PLN</b>	4,18	4,26	4,41	4,363
<b>RUB</b>	69,39	65,94	64,3	64,434
<b>SEK</b>	9,84	9,64	9,553	9,589
<b>SGD</b>	1,60	1,56	1,523	1,528
<b>THB</b>	39,12	38,30	37,726	37,939
<b>TRL</b>	4,55	4,12	3,707	3,984
<b>UAH</b>	33,73	30,02	28,739	28,285
<b>USD</b>	1,20	1,13	1,054	1,103
<b>VND</b>	27233,00	25602,00	23,991,80	24,753,80
<b>ZAR</b>	14,81	15,05	14,457	14,578
<b>IDR</b>	16239,12	15118,02	14,173,40	14,720,80
<b>RON</b>	4,66	4,57	4,539	4,546

## 2. SCOPE OF CONSOLIDATION

The consolidated financial statements as at December 31, 2017 include, with the line-by-line method, the financial statements of the Parent Company and its subsidiaries, both Italian and foreign (none excluded), either by virtue of direct or indirect ownership of the majority of shares or shares with voting rights, as a result of the exercise of a dominant influence expressed by the power to determine, even indirectly, the financial and management choices of the same, even without participatory relationships.

Subsidiaries are consolidated starting from the financial year in which control is acquired and are deconsolidated starting from the financial year in which the control ceases. It is to be noted that no company was excluded from the scope of consolidation.

The companies included in the scope of consolidation are listed in the attached sheet A), with indication of the percentage of ownership and of their assets.

## 3. CRITERIA APPLIED TO THE FINANCIAL STATEMENT EVALUATIONS

The most significant criteria applied for the valuation of financial statement items are those provided for by art. 2424-bis and 2426 of the Italian Civil Code, as analytically highlighted below.

### Intangible Fixed Assets

The intangible fixed assets are recorded in the accounts only if they are identifiable and are likely to generate future economic benefits. They are recorded at purchase or production cost, including additional charges, net of accumulated depreciation and any permanent losses in value. Depreciation starts when the asset is available for use and is broken down systematically for the period of its expected future usefulness.

The costs for start-up and expansion, development, goodwill, patent rights and use of intellectual property, as well as for concessions, licenses and trademarks, are amortised on a straight-line basis over a period never exceeding five financial years.

Goodwill values are registered in the assets of the subsidiary Wam North America Inc. , with reference to the company acquired by the same. 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.

Development costs are generally recognised in the profit and loss account at the time they are incurred. When capitalised, they are amortised on a straight-line basis over five financial years.

### Tangible Fixed Assets

They are recorded at purchase or production cost, net of accumulated depreciation and any permanent losses in value, adjusted for certain assets in application of specific revaluation laws. The costs include the additional charges, as well as the direct and indirect costs reasonably attributable to the asset.

Maintenance and repair costs are fully charged to the profit and loss account for the financial year in which they are incurred; the costs for modernisation and improvements that prolong the economic life of the asset are attributed to the asset to which they refer and are amortised according to the rate applicable to the asset in relation to its residual possibility of use.



The assets are systematically depreciated each financial year, on a straight-line basis, on account of economic-technical rates determined in relation to the residual possibility of their use.

In the year of entry into operation of the assets, the depreciation rates are reduced by 50%, which are considered to be reasonably representative of their period of use.

Land is not depreciated.

Durable goods of low value were fully expensed in the profit and loss account, in the year when the cost was incurred.

The book values of the assets alienated or disposed of, as well as the related accumulated depreciation are eliminated from the corresponding balance sheet items; the realised capital gains and losses are recorded in the profit and loss account.

Tangible fixed assets under construction are valued at a specific cost, including the directly attributable charges; the depreciation will be calculated starting from the year in which they will be operational.

### **Leased Assets**

Assets acquired under financial leasing, consisting mainly of industrial properties of the Wamgroup operating sub-holding, are accounted for, as required by the legislator, according to the equity method, with the recording of the leasing charges between the operating costs. The implications deriving from the difference in accounting with respect to the financial method consist of the value of leased assets of EUR 11.13 million, the current value of unpaid instalments of EUR 6.50 million, depreciation for EUR 349 thousand and financial charges for EUR 124 thousand.

### **Financial Fixed Assets**

#### **Shareholdings**

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. The holdings in subsidiaries have all been included in the scope of consolidation.

#### **Non current receivables**

The receivables classified as financial fixed assets have been recorded in the financial statements according to the amortised cost criterion, as defined by art. 2426 c.2 of the Italian Civil Code, taking into account the time factor and the estimated break-up value, in compliance with the provisions of art. 2426, para. 1, no. 8 of the Italian Civil Code.

For receivables for which the irrelevance of the application of the amortised cost method and/or discounting has been verified, for the purpose of providing a truthful and correct representation of the financial and economic corporate situation, the entry was maintained according to the presumed break-up value.

This event occurs, for example, in the case of receivables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the event that transaction costs, commissions and any other difference between the initial value and the value on maturity are of

little importance or, again, in the case of discounting, in the presence of an interest rate inferable from the contractual conditions not significantly different from the market interest rate.

Therefore, it is specified that, according to the provisions of article 12 para. 2 of the Leg.D. 139/2015, the amortised cost criterion has been applied exclusively to the receivables classified among the financial assets arisen during this period.

### **Stocks**

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

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.

### **Receivables**

The receivables classified as current assets have been recorded in the financial statements according to the amortised cost criterion, as defined by art. 2426 c.2 of the Italian Civil Code, taking into account the time factor and the estimated break-up value, in compliance with the provisions of art. 2426, para. 1, no. 8 of the Italian Civil Code.

The adjustment to the presumable break-up value was made by allocating a “provision for bad debts” fund. On the basis of the examination made of the various credit items during the drafting of the financial statement, the adjustment from the fund can be considered coherent.

For receivables for which the irrelevance of the application of the amortised cost method and/or discounting has been verified, for the purpose of providing a truthful and correct representation of the financial and economic corporate situation, the entry was maintained according to the presumed break-up value. This event occurs, for example, in the case of receivables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the event that transaction costs, commissions and any other difference between the initial value and the value on maturity are of little importance or, again, in the case of discounting, in the presence of an interest rate inferable from the contractual conditions not significantly different from the market interest rate. Therefore, it is specified that, according to the provisions of article 12 para. 2 of the Leg.D. 139/2015, the amortised cost criterion has been applied exclusively to the receivables classified among the current assets arisen during this period.

Losses on receivables are recorded in the financial statements when there is objective evidence that the Group will not be able to recover the amount due from the counterparty on the basis of the contractual terms.

### **Cash Funds**

The cash funds are recorded at their nominal value..

### **Accruals and Deferred Income**

These items include the portions of costs and income, common to two or more financial years, valued by means of a time-based breakdown, in order to achieve the accrual principle.

## **Funds for Risks and Charges**

Funds for risks and charges are allocated to cover liabilities whose existence is considered certain or probable, but whose amount or date of occurrence could not be determined at the end of the financial year. The allocations reflect the best possible estimate based on the elements available; the establishment of the funds was carried out on the basis of the principles of competence, observing the requirements of OIC Accounting Principle no. 31. For the assessment of risks and charges, the risks and losses, which became known after the end of the financial year and up to the date of preparation of the financial statements, have been taken into account.

It is believed that, at present, any situation not covered by a specific provision can be resolved in a satisfactory manner and without a significant impact on the result.

## **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 have been recorded in the financial statements according to the amortised cost criterion, as defined by art. 2426 c.2 of the Italian Civil Code, taking into account the time factor, in compliance with the provisions of art. 2426, para. 1, no. 8 of the Italian Civil Code. For payables for which the irrelevance of the application of the amortised cost method and/or discounting has been verified, for the purpose of providing a truthful and correct representation of the financial and economic corporate situation, the entry was maintained according to the nominal value. This event occurs, for example, in the case of payables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the event that transaction costs, commissions and any other difference between the initial value and the value on maturity are of little importance or, again, in the case of discounting, in the presence of an interest rate inferable from the contractual conditions not significantly different from the market interest rate.

Therefore, it is specified that, according to the provisions of article 12 para. 2 of the Leg.D. 139/2015, the amortised cost criterion has been applied exclusively to the payables registered in the financial statement of this period.

## **Foreign Currency Transactions**

Transactions in currencies other than the Euro are initially recorded at the exchange rates. Monetary assets and liabilities denominated in the aforementioned currencies, for which no hedging transactions have been carried out, are re-stated at the exchange rates prevailing at the end of the financial year. The emerging exchange gains and losses are recognised in the profit and loss account of the financial year. Non-monetary assets and liabilities, valued at the historical cost expressed in foreign currency, are not reconverted at the date of the financial statements.

In the consolidated financial statements, the assets and liabilities of foreign subsidiaries are converted at the exchange rates prevailing at the date of the financial statements. Income and expenses are converted at the average exchange rates of the period. Emerging exchange differences are recorded in the statement of profits and losses recognized in the shareholders' equity and classified under the item "Conversion Reserve".

## **Costs and Revenues**

They have been identified according to the criterion of prudence and accrual basis accounting as per art. 2423-bis of the Italian civil code, pursuant to art. 2425-bis of the Italian civil code, with identification of the relating accruals and deferrals. Costs and revenues are shown net of returns, discounts, allowances and bonuses, as well as taxes directly connected to the purchase and sale of goods and services. Revenues for contracts and other services are recognised upon completion of the execution of the services provided; revenues from product sales are recognised upon transfer of ownership, which is normally identified with the delivery or shipment of the goods.

## **Financial Income**

Financial income is recorded on an accruals basis. These include interest income on invested funds, exchange gains and income from financial instruments, when not offset as part of hedging transactions. Interest income is recognised in the profit and loss account at the time it is accrued, considering the actual yield.

## **Financial Charges**

Financial charges are recorded on an accruals basis. They include the interest payable on financial debts calculated using the effective interest method, exchange losses and losses on derivative financial instruments.

## **Income Taxes for the Financial Year**

The income taxes for the financial year represent the sum of the current and deferred taxes. Current taxes are based on the taxable result for the financial year, using the rates applicable in the countries in which the Group operates, in force at the date of the financial statements.

Deferred taxes are the taxes that are expected to be paid or recovered on the temporary differences between the book value of the assets and liabilities in the financial statements and the corresponding tax value resulting from the calculation of the taxable income. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are recognised to the extent that it is probable that there will be future taxable results that allow the use of temporary deductible differences. Assets and liabilities are not recorded if the temporary differences derive from goodwill.

Deferred taxes are calculated based on the tax rate that is presumed to be in effect at the time the asset is realised or the liability is settled. Deferred taxes are charged directly to the profit and loss account, with the exception of those relating to items recognised directly in the shareholders' equity, in which case the related deferred taxes are also recognised in the shareholders' equity.

Deferred tax assets and liabilities are offset when they relate to taxes due to the same tax authority and the Group intends to liquidate the current tax assets and liabilities on a net basis.

Overall, the valuation of the financial statement items is carried out with a view to prudence and the continuity of the business activity, taking into account the economic function of the assets and liabilities, indicating only profits made on an accrual basis at the closing of the financial year, as well as the risks and losses, even if becoming aware thereof after the end of the financial year, and taking care to safeguard clarity and to represent the financial and economic situation of the Group in a truthful and correct manner.



#### 4. EXAMINATION OF THE STATEMENT OF ASSETS AND LIABILITIES ITEMS

##### Tangible and Intangible Fixed Assets

The following table shows the movements of the fixed assets in question:

	Previous Finan. Year	Var.	Current Finan. Year
<b>1) Start-up and expansion costs</b>	<b>45,935</b>	<b>23,400</b>	<b>69,335</b>
Gross value	49,932	62,960	112,892
Depreciation fund and impairment	-3,997	-39,560	-43,557
<b>2) Development costs</b>	<b>7,800,000</b>	<b>-2,600,000</b>	<b>5,200,000</b>
Gross value	13,014,000	-14,000	13,000,000
Depreciation fund and impairment	-5,214,000	-2,586,000	-7,800,000
<b>3) Patent and intellectual property rights</b>	<b>171,653</b>	<b>39,296</b>	<b>210,949</b>
Gross value	537,817	129,575	667,392
Depreciation fund and impairment	-366,164	-90,279	-456,443
<b>4) Concessions, licences, trademarks and similar rights</b>	<b>383,265</b>	<b>-107,293</b>	<b>275,972</b>
Gross value	841,498	-269,806	571,692
Depreciation fund and impairment	-458,233	162,513	-295,720
<b>5) Goodwill</b>	<b>489,168</b>	<b>-161,707</b>	<b>327,461</b>
Gross value	1,015,465	-790,725	224,740
Depreciation fund and impairment	-526,297	629,018	102,721
<b>6) Fixed assets in progress and payments in advance</b>	<b>562,534</b>	<b>-145,271</b>	<b>417,263</b>
<b>7) Others</b>	<b>1,689,365</b>	<b>89,671</b>	<b>1,779,036</b>
Gross value	6,579,579	-284,002	6,295,577
Depreciation fund and impairment	-4,890,214	373,673	-4,516,541
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	<b>11,141,920</b>	<b>-2,861,904</b>	<b>8,280,016</b>

Depreciation for the current financial year amounts to EUR 3.82 million, while that for the previous year amounted to EUR 4.31 million. There were no significant investments.

## Tangible Fixed Assets

The following table shows the movements of the fixed assets in question:

	Previous Finan. Year	Var.	Current Finan. Year
<b>1) Land and buildings</b>	<b>57,311,457</b>	<b>-669,609</b>	<b>56,641,848</b>
Gross value	76,078,551	296,502	76,375,053
Depreciation fund and impairment	-18,767,094	-966,111	-19,733,205
<b>2) Plants and machinery</b>	<b>21,284,363</b>	<b>329,819</b>	<b>21,614,182</b>
Gross value	42,096,281	6,765,005	48,861,286
Depreciation fund and impairment	-20,811,918	-6,435,186	-27,247,104
<b>3) Industrial and commercial equipment</b>	<b>6,525,578</b>	<b>-3,261,819</b>	<b>3,263,759</b>
Gross value	23,901,460	-5,577,499	18,323,961
Depreciation fund and impairment	-17,375,882	2,315,680	-15,060,202
<b>4) Other assets</b>	<b>3,130,547</b>	<b>-455,707</b>	<b>2,674,840</b>
Gross value	9,783,704	-261,434	9,522,270
Depreciation fund and impairment	-6,653,157	-194,273	-6,847,430
<b>5) Fixed assets in progress and payments in advance</b>	<b>961,781</b>	<b>1,718,025</b>	<b>2,679,806</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>89,213,726</b>	<b>-2,339,291</b>	<b>86,874,435</b>

The variations of the tangible assets can be referred as increasing compared to the investments performed in the various companies of the Group, decreasing compared to the disinvestments performed, mainly for the acquisition of industrial land and buildings and for the renewal of plants and machinery to assure the growth of the production volumes in the various companies of the group as follows:

- For the acquisition of the new industrial areas and the construction of new warehouses in Italy, by the operative parent company (Wamgroup);
- For the automation of lines and systems, especially in the Italian companies (Wam Industriale, Teco CM, Flitech);
- For the acquisition of new plants and equipment (MVM, Wam Wuxi, Wam Product);
- To replace obsolete plants and equipment (for amounts not completely relevant in the various companies);

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 2017, permanently ascribed to the relevant fixed assets. No investments by lease assets have been carried out.

## Investments during the financial year 2017

### ANALYSED BY TYPE

Land and buildings	3,471,775
Plants, machinery and equipment	9,008,395
Other assets	1,634,272
<b>TOTAL</b>	<b>14,114,442</b>

### ANALYSED BY COMPANY

WAMGROUP S.p.A.	2,342,540
WAM Industriale S.p.A.	1,524,504
WAM B.H.M. (Wuxi) Ltd (China)	2,211,884
TECNO CM S.r.l.	1,168,216
MVM S.r.l.	911,177
WAM Product doo (Croatia)	605,932
WAM Romania S.r.l. (Romania)	560,554
FLITECH S.r.l.	558,672
TOREX S.r.l.	494,527
WAM Gmbh (Germany)	460,538
WAM U.S.A.	413,476
WAM Shanghai Ltd (China)	448,774
Other companies	2,827,121
<b>TOTAL</b>	<b>14,114,442</b>

**€ 14,114,442**  
**INVESTMENTS 2017**



**€ 3.5**

REAL ESTATE

**24.6%**



**€ 9.0**

PLANT AND MACHINERY

**63.8%**



**€ 1.6**

OTHER INVESTMENTS

**11.6%**

The investments made by the various companies are mainly aimed at the modernisation and replacement of plants and machinery.

### Financial Fixed Assets

#### Holdings in subsidiaries

All holdings in subsidiaries have been consolidated.

#### Holdings in affiliated companies

The amount recorded as holdings in affiliated companies, unchanged with respect to the previous year, 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;

### **Holdings in other companies**

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

- stake held by the subsidiary Wamgroup S.p.A., equal to 6% of the SIR S.p.A capital;
- stake held by the subsidiary Wamgroup S.p.A., equal to 8% of the OLI 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 company a r.l. 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. (low-profit company with the purpose of gathering and promoting companies) based in Rome;
- shares of company consortium (whose amount, both singly and collectively, is very low).

In 2017, a further 5% of the investee company OLI S.p.A. was sold, realising a capital gain of EUR 5.264 million, recorded in revenues under item c)15) of the financial statements. The income from holdings of EUR 30 thousand refers to dividends received by Wamgroup S.p.A. and distributed by SIR S.p.A.

### **Payables to Banks**

The short-term net cash/debt of the Group (cash and cash equivalents net of the short-term bank debt) at the end of the financial year is positive for EUR 91.08 million; the net financial debt (short- and long-term debt towards banks minus cash and cash equivalents) is positive for EUR 64.74 million, with an improvement compared to the previous financial year, owing to the liquid assets generated by the operations net of the investments in capital and current assets.

Long-term financing has been acquired for the greatest part by the operative subholding company Wamgroup S.p.A. (for EUR 20.47 million), Wam India Pvt (India) (for EUR 1.23 million). Wam Eurasia (Turkey) (for EUR 1.05 million) and Wam Wuxi (China) (for EUR 1.66 million).

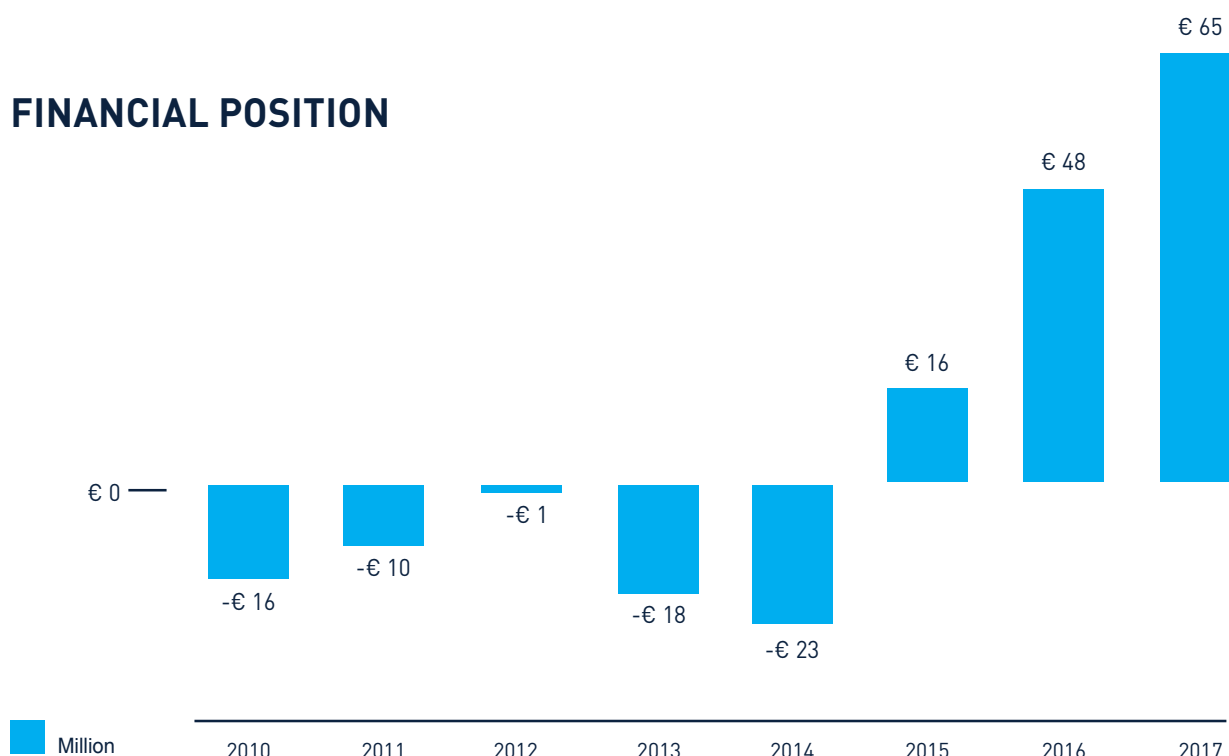
### **Other Asset and Liability Items**

Receivables from customers increased from EUR 58.6 million to EUR 71.2 million, in line with the increase in turnover. Inventory has slightly increased, from EUR 74.051 to EUR 75.38 million, and are in line with the previous year, despite the increase in volumes, owing to more accurate policies as to management of the production flows.

Receivables from affiliated companies consist of funds (expiring after the following financial year) granted by Wamgroup S.p.A. to the affiliated company ELDRIVE S.r.l.

Tax assets are in line with the previous year and are focused in the Italian companies, as for the dynamics of both direct and indirect taxes (IRES and VAT for EUR 6.027 million).

## FINANCIAL POSITION



Prepaid taxes refer to, as for EUR 2.89 million, to amounts registered during consolidation for taxes relating to profits within the Group and consolidation adjustments; for EUR 2.75 million to amounts registered by Wam Industriale S.p.A. and Torex S.p.A. based on risk provisions subject to taxes.

Other accounts receivable have increased from EUR 14.26 to EUR 19.54 million, mainly owing to the receivables relating to the collection of the sale price of OLI S.p.A. on behalf of Wamgroup, which occurred early in the following year.

Payables are equal to EUR 35.44 million, with an increase compared to the previous year due to the increase of the volume of purchases.

The residual items of the assets and liabilities have not registered any significant changes, but they represent the sum of the single insignificant changes of the various consolidated companies, mainly connected to the increase of the volumes registered during the year.

### Shareholders' Equity

For the analysis and information, please refer to table B). The change in the shareholders' equity is due almost entirely to the allocation of profits from previous years.

## 5. COMPOSITION OF THE ITEMS "START-UP AND EXPANSION COSTS" AND "DEVELOPMENT COSTS"

The "start-up and expansion costs" of residual amount to be depreciated non-materially, refer to expenses incurred for operations of extraordinary nature (e.g. business start-up, adaptations of the company by-laws, transfer of production units or sites or other extraordinary operations) in various companies of the Group.



The "research and development costs" refer for the amount of EUR 13 million to strategic Know-How, acquired during 2014 by Wamgroup S.p.A. and amortised during five financial years.

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

At the closing date of the financial year there were found to be outstanding loans, granted mainly to WAMGROUP S.p.A. and WAM Industriale S.p.A., WAM G.m.b.H., Wam Eurasia (Turkey), Wam India and Wam Wuxi (China), with average maturities beyond the following financial year, for a total amount of EUR 26.34 million. There are no payables with a residual duration of more than five years, nor are there mortgage-backed securities.

#### **7. 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 2.32 million leasing fees anticipated by Wamgroup S.p.A. for two real estate leasings, 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.

Accrued liabilities and deferred income refer to, for EUR 2.32 million, capital gains on the lease-back transaction made by Wamgroup S.p.A., and to the remainder from leasing fees or rent and interest on loans, as well as anticipated costs, relating to the consolidated companies and non-tangible single amount.

Other provisions for liabilities for EUR 8.02 million refer almost thoroughly to the accrued warranty liability, set aside by Wam Industriale S.p.A. (EUR 4.39 million) and by Torex S.p.A. (EUR 3.12 million).

The sum of EUR 3.2 million was also entered in the consolidation fund for future risks and expenditures, set up to face any future losses the Group companies may suffer.

#### **8. AMOUNT OF FINANCIAL CHARGES ALLOCATED IN THE FINANCIAL YEAR TO THE VALUES ENTERED UNDER ASSETS**

No financial charges have been allocated to any of the values recorded in the assets of the balance sheet.

#### **9. POTENTIAL COMMITMENTS, GUARANTEES AND LIABILITIES NOT RESULTING FROM THE BALANCE SHEET**

There are no potential commitments, guarantees and liabilities of significant amount and/or material that do not result from the balance sheet.

## 10. REVENUES DIVIDED BY GEOGRAPHICAL AREA

In 2017, the Group continued its development in international markets. The revenues at December 31, 2017, broken down by geographical area, are shown below:

	<b>2017</b>	<b>%</b>	<b>Delta</b>	<b>2016</b>	<b>%</b>
<b>Italy</b>	46,638,105	18.75%	13.27%	41,172,812	19,14%
<b>Europe</b>	89,869,388	36.12%	9.75%	81,886,961	38.07%
<b>Asia</b>	69,799,659	28.06%	27.13%	54,904,402	25.53%
<b>Americas</b>	36,176,594	14.54%	16.10%	31,160,105	14.49%
<b>Oceania</b>	3,792,725	1.52%	16.82%	3,246,683	1.51%
<b>Africa</b>	2,519,051	1.01%	-7.10%	2,711,687	1.26%
	<b>248,795,521</b>	<b>100.00%</b>		<b>215,082,650</b>	<b>100.00%</b>

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

Interest payable to banks amount to a total of EUR 468 thousand, of which EUR 91 thousand refer to the short-/medium-term mortgages contracted by Wamgroup S.p.A., EUR 243 thousand on mortgages contracted by Wam Eurasia (Turkey) and EUR 89 thousand on mortgages contracted by Wam Wuxi. Moreover, bank charges of Wam India (also for the mortgage early repayment) for EUR 402 thousand have also been identified. The residual amount refers to bank interests and charges of the various companies of the group for single insignificant amounts.

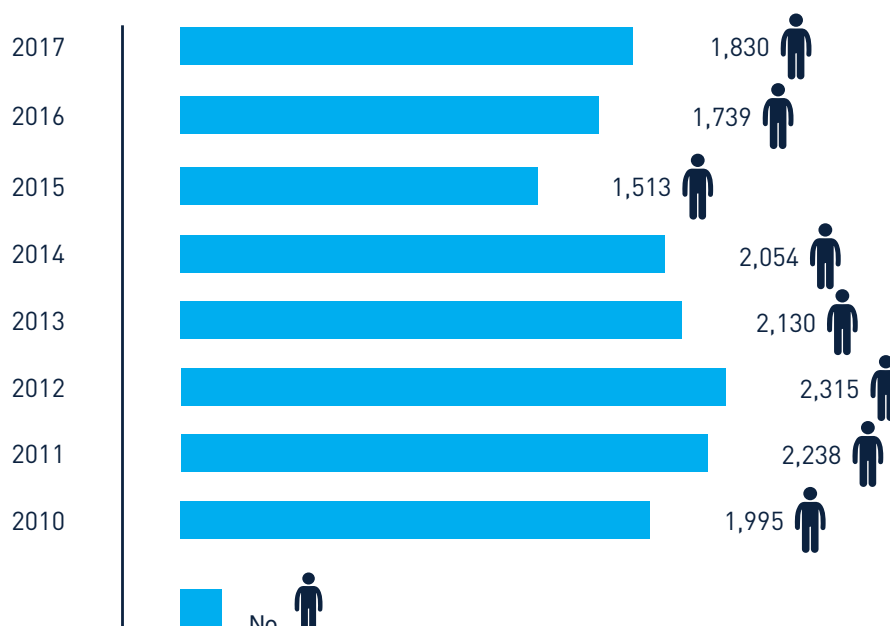
## 12. AMOUNT AND NATURE OF THE INDIVIDUAL ELEMENTS OF REVENUE/COST OF ENTITIES OR EXCEPTIONAL INCIDENCE

The item Revenue from holdings includes capital gains for EUR 5.26 million relating to the assignment of further shares equal to 5% of OLI S.p.A. No further items of income and expenditure arising out of transactions of an exceptional nature being of a significant and/or tangible amount are present.

## 13. AVERAGE NUMBER OF EMPLOYEES, DIVIDED BY CATEGORY, OF COMPANIES INCLUDED IN THE CONSOLIDATION

The average number of employees of the consolidated companies totals 1,830.

## EMPLOYEES



### 14. AMOUNT OF THE FEES DUE TO THE DIRECTORS AND TO THE CONTROLLING AND AUDITING BODY OF THE PARENT COMPANY FOR THE EXECUTION OF THESE FUNCTIONS, ALSO IN OTHER COMPANIES INCLUDED IN THE CONSOLIDATION

The amount of the fees to which the members of the Board of Directors of the Parent Company (sole director) are entitled to for performing these functions, also within the other consolidated companies, amounts to EUR 390,000=.

The sum of the fees to which the members of the parent company's Board of Auditors are entitled to for performing their duties, also within the other consolidated companies, amounts to € 104,462=.

### 15. 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.

### 16. 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 are all recorded in the financial statements, at a value that does not exceed their fair value.

### 17. OPERATIONS CARRIED OUT WITH RELATED PARTIES

With reference to the information note, required by art. 38 para. 1 lett. o-quinques of the Leg.D. 127/91, it should be noted that the transactions carried out during the financial year by the companies included in the scope of consolidation with related parties, whose definition is envisaged in Accounting Principle no. 12 of OIC, concern normal economic and financial relations, and were made on terms similar to those applied for transactions concluded with independent third parties and on the basis of assessments of mutual economic convenience, and the definition of the conditions to be applied was made in compliance with substantial correctness.

The operations carried out with related parties include:

- directly or indirectly controlled companies not included in the scope of 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.

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 point 10 above;
- fees granted to the members of the Board of Auditors, as indicated under points 10 and 11 above;

The operations carried out during the financial year by companies included in the scope of consolidation with related parties 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.

## **18. INFORMATION ON AGREEMENTS NOT RESULTING FROM THE BALANCE SHEET**

With reference to the information note, required by art. 38 para. 1 lett. o-sexies of the Leg.D. 127/91, it is noted that during the financial year no agreements, resulting from the statement of assets and liabilities, have been stipulated, which may have generated significant risks and/or benefits in order to assess the assets and financial situation of the Group, other than what has already been commented in this addendum.

## **19. AMOUNTS DUE TO THE STATUTORY AUDITOR**

With reference to the information note, required by art. 38 para. 1 lett. o-septies of the Leg.D. 127/91, it is noted that the only amount due to the Statutory Auditor equals to EUR 6,500 for the auditing of the accounts of the consolidation parent company and consolidated subsidiary.

## **20. COMPANIES THAT DRAW UP THE FINANCIAL STATEMENTS OF THE LARGEST/SMALLEST GROUP OF COMPANIES IN WHICH THEY ARE A SUBSIDIARY**

The company draws up these consolidated financial statements as the controlling company; therefore, there is no case in point in art. 38 para. 1 letter o-octies and o-novies of Legislative Decree n. 127/91.

## **21. INFORMATION ON SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING OF THE FINANCIAL YEAR**

With reference to the information note, required by art. 38 para. 1 lett. o-decies of the Leg.D. 127/91, no significant events have occurred following the closing of the financial year, which may have significantly affected the assets, financial and economic trend.

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



## FINANCIAL STATEMENT AT 31<sup>st</sup> December 2017

Amounts expressed in Euro

	31-Dec-17	31-Dec-16
<b>A. FINANCIAL FLOWS DERIVING FROM OPERATING ACTIVITY (INDIRECT METHOD)</b>		
<b>Profit (loss) for the financial year</b>	<b>31,008,369</b>	<b>19,078,498</b>
Income taxes	8,588,572	6,192,100
Interest payable/(Interest income)	5,621,079	2,186,357
(Dividends)	-30,000	-16,110
(Gains)/losses deriving from the sale of assets	-4,939,137	-6,332,191
<b>1. Profit (loss) for the financial year before income taxes, interest, dividends and gains/losses from sale</b>	<b>40,248,883</b>	<b>21,108,654</b>
ADJUSTMENTS FOR NON-MONETARY ITEMS THAT DID NOT HAVE AN OFFSET IN THE NET CURRENT CAPITAL		
Provisions for funds	1,791,448	1,821,479
Depreciation of fixed assets	12,686,901	12,381,558
Devaluations for lasting losses in value	376,403	646,042
<b>2. Financial flow before changes in the net current capital</b>	<b>55,103,635</b>	<b>35,957,733</b>
CHANGES IN THE NET CURRENT CAPITAL		
Decrease/(increase) of stocks	-1,333,773	-437,007
Decrease/(increase) of receivables vs. customers	-12,983,095	-6,416,367
Increase/(decrease) in payables to suppliers	4,952,541	187,628
Decrease/(increase) of accruals and deferred income	522,994	237,956
Decrease/(increase) of accruals and deferred expenses	-560,576	199,592
Other changes in the net current capital	-11,803,941	11,918,370
<b>3. Financial flow after changes in the net current capital</b>	<b>33,897,785</b>	<b>41,647,905</b>
OTHER ADJUSTMENTS IN		
Interest received/(paid)	-5,621,079	-2,186,357
(Income taxes paid)	-9,748,488	-8,463,704
Dividends received	30,000	16,110
(Use of funds)	-233,056	123,117
Other proceeds/(payments)	732,233	1,620,836
<b>FINANCIAL FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>19,057,395</b>	<b>32,757,907</b>

	At 31-Dec-17	At 31-Dec-16
<b>B. FINANCIAL FLOWS DERIVING FROM INVESTMENT ACTIVITIES</b>		
TANGIBLE FIXED ASSETS		
(Investments)	-5,139,626	-17,712,563
Disinvestments	-581,010	12,750,982
INTANGIBLE FIXED ASSETS		
(Investments)	-958,581	-444,837
FINANCIAL FIXED ASSETS		
Disinvestments	6,220,014	5,972,507
(ACQUISITION OF SUBSIDIARIES NET OF CASH AND CASH EQUIVALENTS)	-1,387,500	0
<b>FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)</b>	<b>-1,846,703</b>	<b>566,089</b>
<b>C. FINANCIAL FLOWS DERIVING FROM FINANCING ACTIVITIES</b>		
THIRD-PARTY FINANCING		
Increase (decrease) of short-term payables to banks	-1,669,400	-1,783,738
New financing	15,083,854	7,409,141
(Repayment of loans)	-8,505,256	-34,466,229
EQUITY		
Contributions	490,931	399,896
of which: Contributions due to the Group	0	378,244
of which: Contributions due to third parties	490,931	21,652
Dividends (and advances on dividends) paid	-1,323,320	-1,047,937
<b>FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>4,076,809</b>	<b>-29,488,867</b>
<b>INCREASE (DECREASE) OF LIQUID ASSETS (A ± B ± C)</b>	<b>21,287,501</b>	<b>3,835,129</b>
<b>Liquid assets at the beginning of the financial year</b>	<b>93,032,444</b>	<b>89,197,315</b>
of which:		
bank and postal deposits	91,485,481	87,639,755
checks	1,478,279	1,315,627
cash and equivalents in hand	68,684	241,933
<b>Liquid assets at the end of the financial year</b>	<b>114,319,945</b>	<b>93,032,444</b>
of which:		
bank and postal deposits	112,029,914	91,485,481
checks	1,865,072	1,478,279
cash and equivalents in hand	424,959	68,684
<b>Acquisition or sale of subsidiaries</b>		
Total fees paid or received	1,387,500	0
Book value of acquired or sold assets/liabilities	10,542	0

## 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	21,423,331	1,326,175	=	=
<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	145,944,061	14,866,086	A	100.00
<b>C</b>	<b>WAM Industriale S.p.A.</b> Modena (IT) Production of machinery for handling and treating particulates	EUR	33,937,162	2,995,333	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	3,829,538	320,803	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	7,614,313	1,557,600	B	70.00
<b>F</b>	<b>WAM USA Inc.</b> Lawrenceville - Georgia (US) Production of machinery for handling and processing particulates	USD	10,483,614	2,487,638	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	416,782	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	2,668,209	679,176	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	2,875,525	(1,102,934)	B	95.00
<b>N</b>	<b>TECNO C.M. S.r.l.</b> Modena (IT) Production of engineering polymer components	EUR	758,303	154,856	B	60.00
<b>O</b>	<b>TOREX S.p.A.</b> Modena (IT) Production of Torex products	EUR	5,435,669	2,171,903	B	88.00
<b>P</b>	<b>TOREX Holding Malta Ltd.</b> Birzebbugia (MT) Holding	EUR	3,116,002	(4,814)	B O	0.0001 99.9999
<b>Q</b>	<b>WAM Singapore BHM Pte. Ltd.</b> Singapore (SG) Distribution of group's products in the Far East market	SGD	(1,834,780)	(149,828)	B	100.00
	<b>AGRITEC GMBH</b> Altlußheim (DE) Distribution machinery and accessories for the maintenance of green areas	EUR	2,119,464	125,974	E	100.00
	<b>EUROSTAR Finance L.t.d.</b> Hong Kong (CN) Serices and investments	USD	366,944	(7,819)	Q	100.00

Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>FLITECH S.r.l.</b> Modena (IT) Production and trade of helicoid steel flighting	EUR	(640,423)	(429,863)	B	95.00
<b>Immobiliare MUGINARO S.r.l.</b> Modena (IT) Building administrations	EUR	7,268	(3,274)	B	100.00
<b>LATINWAM TRADING, S DE RL DE CV</b> Jalisco (MX) Distribution of group's products in the Mexican market	MXN	18,963,419	2,751,317	G	100.00
<b>MAP GmbH</b> Altlussheim (DE) Distribution of MAP products in the German market	EUR	816,871	156,055	E	100.00
<b>MVM S.r.l.</b> Modena (IT) Production of machinery for handling and treating particulates	EUR	(409,687)	(419,687)	B	80.00
<b>OWC Equipment S.r.l.</b> Modena (IT) Elastic systems production and distribution	EUR	(125,995)	(189,939)	B	100.00
<b>PUNTA BIANCA S.r.l.</b> Modena (IT) Building administrations	EUR	644,183	30,313	B	100.00
<b>RONCUZZI S.r.l.</b> Ravenna (IT) Plants and equipment for renewable energy generation and various industrial applications	EUR	7,329,998	1,512,501	B	100.00
<b>SAVECO France S.A.S.</b> Roissy Charles de Gaulle (FR) Waste water equipment distribution	EUR	135,122	138,876	B D	39.20 60.70
<b>SAVECO Iberica S.L.</b> Casarrubios del Monte - Toledo (ES) Waste water equipment distribution	EUR	1,379,996	150,009	B H	51.00 39.00
<b>SAVECO Italia S.r.l.</b> Modena (IT) Waste water equipment	EUR	28,600	(67,849)	B	100.00
<b>SAVI S.r.l.</b> Modena (IT) Waste water equipment	EUR	877,047	162,929	B	80.00
<b>TECNO C.M. Romania S.r.l.</b> Comuna Dumbravesti Sat Plopeni (RO) Production of engineering polymer components	RON	(1,392,012)	(476,716)	B N	1.00 99.00
<b>TOREX Malta Ltd</b> Birzebbugia (MT) Production of TOREX products	EUR	1,340,833	840,833	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	325,589	(45,783)	L	100.00
<b>WAMGROUP Vietnam</b> Ho Chi Minh City (VN) Distribution of group's products in the Vietnamese market	VNT	1,975,216,339	3,569,865,978	B	100.00
<b>PT.WAMGROUP TRADING Indonesia</b> Pulogadung, Jakarta Timur (ID) Distribution of group's products in the Indonesian market	IDR	8,468,753,595	(1,755,543,811)	B C	99.67 0.33

Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>WAM Adria D.o.o.</b> Breznički Hum (HR) Distribution of group's products in the Croatian market	HRK	(240,599)	857,609	B	100.00
<b>WAM Argentina S.A.</b> Córdoba (AR) Distribution of group's products in the Argentinian market	ARS	8,804,564	2,467,488	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	54,617	(58,188)	B	100.00
<b>WAM Bulk Handling Machinery N.V.</b> Laarne (BE) Distribution of group's products in the Belgian market	EUR	2,253,476	315,396	B E D	74.00 10.00 14.00
<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	155,425,593	6,961,213	B	100.00
<b>WAM Bulk Handling Machinery (Shanghai) Co. Ltd.</b> Shanghai, Pu Dong (CN) Various productions within the group's business	CNY	74,816,108	7,182,408	B	100.00
<b>WAM Bulk Handling Machinery (WuXi) Co. Ltd</b> WuXi, JiangSu (CN) Various productions within the group's business	CNY	143,116,253	23,072,907	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	(13,577)	99,310	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	96,215,250	23,543,746	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	1,218,736	1,367,384	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	15,755,616	598,758	B	100.00
<b>WAM do Brasil Industrial Ltda.</b> São Jose Dos Campos (BR) Various productions within the group's business	BRL	(3,942,697)	(2,188,155)	B	100.00
<b>WAM Chile S.A.</b> Lampa -Santiago (CL) Distribution of group's products in the Chilean market	CLP	763,035,471	11,150,027	B	95.00
<b>WAM Egypt</b> Giza (EG) Distribution of group's products in the Egyptian market	EGP	(1,421,398)	247,335	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	894,741	821,289	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	29,675,469	8,295,811	B C	90.00 10.00
<b>WAM Finland OY</b> Kotka (FI) Distribution of group's products in the Finland market	EUR	1,168,063	246,816	B	100.00



Name	Currency	Capital and reserves (*)	Profit/loss for the year	Investor	Share %
<b>WAM Helvetia GmbH</b> Nebikon (CH) Distribution of group's products in the Swiss market	CHF	20,115	(20,272)	E	100.00
<b>WAM Holland Bulk Handling Equipment B.V.</b> Maasdijk (NL) Distribution of group's products in the Dutch market	EUR	1,121,724	365,696	B	80.00
<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	240,936,870	(56,770,463)	B	100.00
<b>WAM Italia S.p.A.</b> Modena (IT) Distribution of group's products in the Italian market	EUR	12,285,899	1,955,195	B	100.00
<b>WAM Japan Co. Ltd.</b> Saitama (JP) Distribution of group's products in the Japanese market	JPY	261,041,288	60,354,330	B	95.00
<b>WAM Korea</b> Seoul (KR) Distribution of group's products in the Korean market	KRW	778,831,326	388,989,228	B	100.00
<b>WAM Maroc Sarl</b> Casablanca (MA) Distribution of group's products in the Moroccan market	MAD	1,479,777	240,941	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	6,757,607	749,204	B	100.00
<b>000 "WAM - Moscow"</b> Moscow (RU) Distribution of group's products in the Russian market	RUB	181,544,540	40,706,388	B	100.00
<b>WAM North America</b> Gurnee (US) Waste water equipment	USD	(2,245,733)	62,234	B	87.50
<b>WAM Polska SP. Z.o.o.</b> Boleslawiec (PL) Distribution of group's products in the Poland market	PLN	6,623,652	2,350,263	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	84,959,132	28,035,139	B	100.00
<b>SC WAM Romania S.r.l.</b> Prahova (RO) Production of machinery for handling and processing particulates	RON	10,300,948	597,594	B	100.00
<b>SC WAM Romania Trading S.r.l.</b> Prahova (RO) Distribution of group's products in the Romanian market	RON	1,048,018	522,629	B	95.00
<b>WAM Scandinavia A/S</b> Hammel (DK) Distribution of group's products in the Scandinavian market	DKK	13,536,386	6,902,075	B	80.00
<b>WAM South Africa Bulk Handling Proprietary Ltd</b> Johannesburg (ZA) Distribution of group's products in the South African market	ZAR	3,121,615	846,188	B	100.00
<b>WAM Ukraine Ltd.</b> Kiev (UA) Distribution of group's products in the Ukrainian market	UAH	26,712,383	8,593,087	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	Total	Capital and reserves	Year's result	Total	
Shareholders' equity and year's result as per parent's annual accounts									
5,000,000	15,097,156		1,326,175		21,423,331				21,423,331
Capital and reserves in consolidated companies									
	55,036,220	251,300,275	-14,174,579		292,161,916	6,471,384		6,471,384	298,633,300
Book value of investments in consolidated companies									
	5,874,498	-100,537,334	1,123,504		-93,539,332				-93,539,332
Reserve for translation difference									
	-447,516	-1,754,586		-1,000,835	-3,202,937	664,556	-1,613	662,943	-2,539,994
Year's results in consolidated companies									
			41,896,195		41,896,195		1,837,686	1,837,686	43,733,881
Intercompany's profits included in reserve changes									
	1,755,310	-8,398,974	-456,275		-7,099,939	-1,497,366	-17,635	-1,515,001	-8,614,940
Other adjustments									
	3,113,259	1,150,736	-525,090		3,738,905	-221,420	0	-221,420	3,517,485
Shareholders' equity and year's result as per consolidated annual accounts									
5,000,000	80,428,926	141,760,117	29,189,931	-1,000,835	255,378,139	5,417,155	1,818,438	7,235,593	262,613,732

## RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

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		
Consolidated annual accounts at 31/12/2016										
5,000,000	63,121,073	141,760,117	17,307,853	7,469,157	234,658,200	4,470,105	1,770,645	6,240,750	240,898,950	
Year's result allocated to reserves										
	17,307,853		-17,307,853		0	1,770,645	-1,770,645	0	0	
Exchange differences										
				-8,469,992	-8,469,992	8,794		8,794	-8,461,198	
Dividends paid (Extraordinary allocations included)										
					0	-1,323,320		-1,323,320	-1,323,320	
Minority share transfer										
					0	488,931		488,931	488,931	
Other adjustments										
					0	2,000		2,000	2,000	
Year's result 2017										
			29,189,931		29,189,931		1,818,438	1,818,438	31,008,369	
Consolidated annual accounts at 31/12/2017										
5,000,000	80,428,926	141,760,117	29,189,931	-1,000,835	255,378,139	5,417,155	1,818,438	7,235,593	262,613,732	

# **INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ART. 14 OF LEGISLATIVE DECREE 27<sup>th</sup> JANUARY 2010, NO. 39 ON THE CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31<sup>st</sup>, 2017**

**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 Wamolding S.p.A., which belong to the WAMGROUP group, consisting of the Balance Sheet at December 31, 2017, the Income Statement for the year then ended, the Consolidated Statement of Cash Flows 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 S.p.A., part of the WAMGROUP group at 31 December 2017, 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 STATUTORY AND REGULATORY PROVISIONS**

### **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 WAMHOLDING S.p.A. administrators, with the Wamgroup group consolidated financial statements at 31 December 2017. In my opinion, the management report is consistent with the Wamgroup group consolidated financial statements at 31 December 2017.

Modena, 12<sup>th</sup> June 2018

Signed

THE AUDITOR

Mrs Maria Cristina Pasquinelli



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