

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

Annual Report 2016



WAMGROUP®

strong ethics

.... winning spirit



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, likely belonging to Vainer 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 at some than 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



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

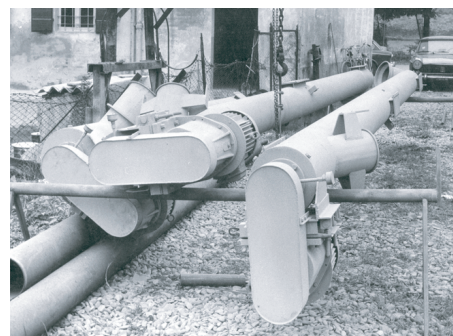
In the 1960s young Vainer Marchesini worked in the technical office of a concrete plant manufacturer in the northern Italian city of Modena. One of Marchesini's tasks was to provide cement screw conveyors. The only options were either in-house manufacturing or subcontracting to local artisans. This was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

OF. M. B. MARCHESINI VAINER
TRASPORTATORI A CODICE
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 more than half a millionscrew conveyors of various lengths and configurations.

With its headquarters located near the northern Italian city of Modena, the Group currently has over 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 their business.

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

One year later, TOREX supplied their 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



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

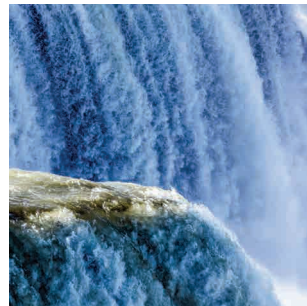
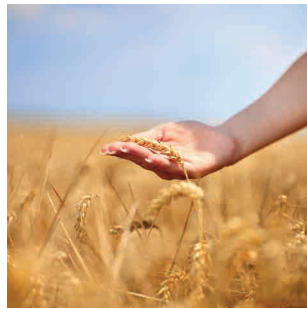
WAMGROUP® takes pride in having patented a large number of inventions. Setting new trends in the market has become a tradition and represents a commitment for the future.

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



These products are widely used in a vast number of industrial sectors, such as building and construction, food processing, flour and animal feed milling, chemicals and plastics, 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.



[A GLOBAL PLAYER WITH ITALIAN ORIGINS]



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MANUFACTURING SITES

- WAM Industriale (Italy)
- FLITECH (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.)
- SILOFAB (Turkey)
- TOREX (Malta)
- TECNO CM (Romania)



FLITECH



SEPCOM



TECNO CM



SILOFAB



SAVI



45



TRADING SUBSIDIARIES

- ⦿ 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 France Environnement
- ⦿ 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 Thailand
- ⦿ WAM Ukraine
- ⦿ WAM Vietnam
- ⦿ Enviro-Care (USA)
- ⦿ MAP Germany
- ⦿ SPECO Hidrotecnología

[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.

2016 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 THE 31st DECEMBER 2016

Dear Shareholders,

the reconstruction and the full operation of the major part of the production facilities of Cavezzo, after the effects of the severe earthquake of May 2012, has been substantially implemented, while the general reorganisation of the entire industrial area (the main one of the group) has not yet been completed, with projects still in progress.

However, the Group has achieved more than satisfactory results in 2016, despite the continuing uncertainties that have for years weighed on the overall performance of the world economies. Sales volume amounted to EUR 215 million, an increase of 5.5% compared to the previous year, mainly thanks to the recovery of the Chinese market and the good overall performance of the European market; consolidated group profit amounted to EUR 19 million. Thus, the group confirmed a good recovery in the Italian and European markets (France and Spain), while India, Turkey, Russia and Brazil slowed down compared to the previous years. The North American market confirmed the positive trend, as, in general, the entire Asian region. The results achieved by the African and Australian branches are still growing. It confirms the excellent operating margins (net of extraordinary transactions) with an EBITDA of EUR 36 million or 16.4% of the value of production, despite the high level of competition due to the increasingly competitive markets. The sales volume is amounting to EUR 215.08 million.

In compliance with 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 31/12/2016, in accordance with the company by-laws.

CONSOLIDATED REVENUES

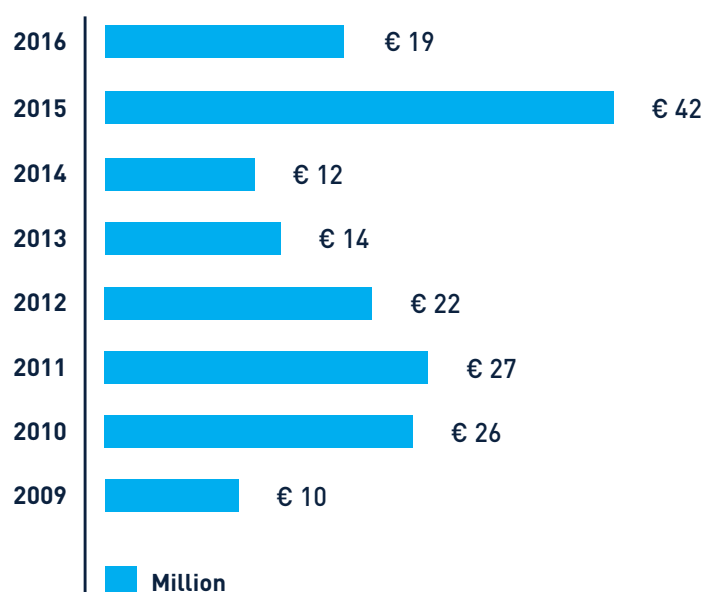


The financial statements show a consolidated net profit, including shares attributable to third parties, amounting to EUR 19.07 million compared to EUR 42.46 million realised in 2015. The capital gain realised on the sale of a further 5% of OLI S.p.A., equal to EUR 5.26 million (EUR 26.11 million in 2015),

accounted for 27.5% of the result. The difference between costs and production values was EUR 22.17 million, compared to EUR 47.2 million in 2015 (influenced by EUR 6.9 million in contributions for the post-earthquake reconstruction and EUR 26.11 million in capital gains from the sale of subsidiaries).

Exchange rate fluctuations had a negative impact of EUR 574 thousand, with financial charges decreasing from EUR 1.98 million to EUR 1.88 million. The financial management was positive for EUR 3.1 million, also due to the accounting of the capital gain from the sale of the former subsidiary OLI S.p.A. for EUR 5.26 million. The pre-tax profit is of EUR 25.27 million after the allocation of EUR 13.06 million to the funds for amortization and risks and charges, respectively.

CONSOLIDATED PROFIT



Wamholding S.p.A. - as the non-operating group parent company - manages through the sub-holding WAMGROUP S.p.A. all the equity of the Group's companies. As a non operative parent company, Wamholding S.p.A. controls all holdings held by the Group through the sub-holding 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 and making the most of the opportunities due to the still existing worldwide recession. 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; 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.

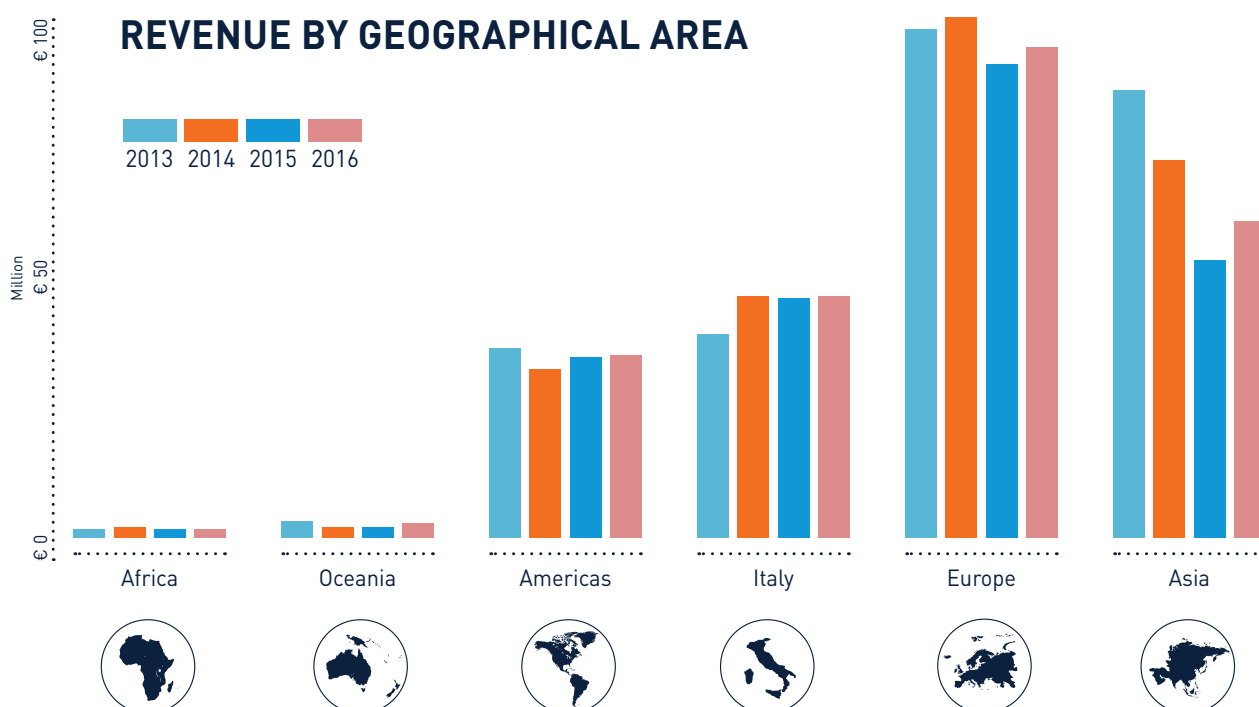
Effective customer orientation strategies include the establishment of branch offices in each relevant country, as well as an appropriate centralised organization, capable of providing assistance to each market area involved and aimed at satisfying market demand with prompt commercial and technical solutions.

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 203.84 million to EUR 215.08 million, an increase of 5.5%, while the value of production increased from EUR 214.12 million to EUR 220.48 million. Below is a chart showing sales revenues divided by main geographical areas:



	2016			2015			2014		2013	
Italy	41,172,812	19.1%	0.6%	40,923,086	20.1%		41,033,984	14.8%	34,698,444	15.8%
Europe	83,012,748	38.6%	3.9%	79,894,954	39.2%		88,138,481	36.6%	85,942,513	30.7%
Asia	53,778,616	25.0%	14.0%	47,157,981	23.1%		63,895,101	32.2%	75,494,856	36.8%
Americas	31,160,105	14.5%	1.4%	30,715,783	15.1%		28,888,523	13.8%	32,302,912	14.6%
Oceania	3,246,683	1.5%	28.4%	2,528,865	1.2%		2,489,418	1.6%	3,638,140	1.4%
Africa	2,711,687	1.3%	3.2%	2,628,196	1.3%		3,257,734	1.1%	2,558,318	0.7%
	215,082,650			203,848,865			227,703,241		234,635,183	

Total production costs increased from EUR 199,69 million to EUR 199,37, in line with the increase in sales volume, with an impact on the value of production of 89.9%. The difference between the value and costs of production went from EUR 48.19 to EUR 22.17. Total financial income and expenses is positive for EUR 3.09 million, mainly due to the capital gain on the sale of 5% of OLI S.p.A. The net balance of interest payable went from EUR 1.26 million to EUR 1.61 million, with an incidence of 0.73% on the value of production, confirming the Group's absolute financial solidity.

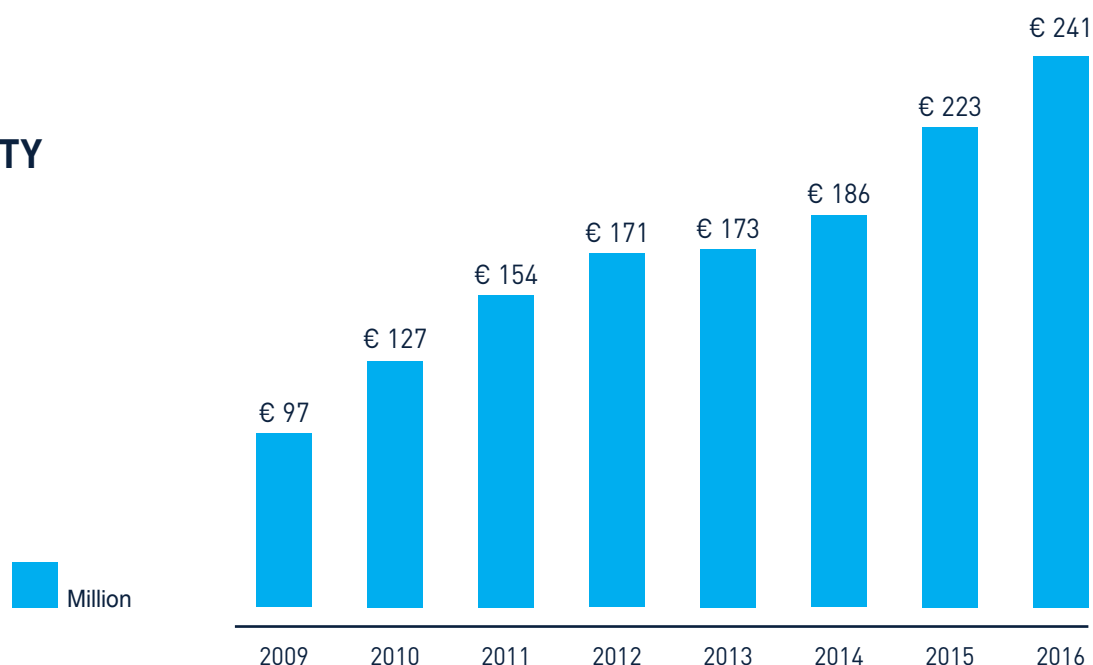
The extraordinary items, included under income from holdings, with a positive balance of EUR 5.26 million, have a significant impact, and are mainly represented by the capital gain obtained by the sale of further shares in OLI S.p.A.

The overall result of the Group moved from EUR 42.46 million to EUR 19.7 million.

Net equity analysis

The analysis of the Group's balance sheet shows its balance and absolute solidity, constantly improving, with total shareholders' equity of EUR 240.89 million. Total assets amount to EUR 368.8 million, a slightly decrease compared to the previous period. The current assets increased from EUR 255.39 million to EUR 257.91 million, in proportion to the increase in the sales volume. Liquid assets increased from EUR 89.20 million to EUR 93.03 million, due to the collection and improvement of financial trends.

EQUITY



Total payables decreased from EUR 126.80 million to EUR 102.76 million due to the reduction in debt with the credit system from EUR 73.66 million to EUR 44.75 million, with repayment of bank loans not instrumental for the assets.

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 48.27 million, with an improvement of EUR 32.748 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

In 2016, the Group invested a total of EUR 25.96 million in fixed assets, realised for EUR 16.9 million in property (of which EUR 11.65 million leased in Italy, EUR 2.87 million in Italy and EUR 1.44 million in Turkey. Also note EUR 2.07 million of Wam Industriale S.p.A., mainly in plants and automations, EUR 1.95 million of Wam Wuxi (China) for the completion of plants and new lines, EUR 1.91 million of techno CM (Italy), EUR 0.63 million of Flitech (Italy), and EUR 1.03 million of Wam Eurasia (Turkey) for the acquisition, plants, equipment.

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 48.28 and a liquidity of EUR 93 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 2.51 million, equal to 1.2% 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 volumes and quantities. The Group's excellent market position, the distribution of production and sales on almost every world market, combined with flexible management and maximum attention to costs, are all contributing factors for the foreseeable maintenance of margins in 2017 as well, despite the strong pressure of the other market competitors.

Modena, the 2nd June, 2017
THE SOLE DIRECTOR
Vainer Marchesini

PRODUCTION VALUE PROFIT AND LOSS ACCOUNT	31-Dec-16	%	Var %	31-Dec-15	%
Revenue from sales	215,082,6	97.6%	5.5%	203,848,9	94.1%
Other revenues	2,459,9	1.1%	-79.0%	11,731,5	5.4%
In-house production	2,939,2	1.3%	180.0%	1,049,6	0.5%
A. PRODUCTION VALUE	220,481,7	100.0%	1.8%	216,630,0	100.0%
Raw, subsidiary materials and consumable materials and goods	76,180,4	34.6%	7.0%	71,211,8	32.9%
Other operating costs	46,742,8	21.2%	-1.1%	47,281,0	21.8%
B. EXTERNAL COSTS	122,923,3	55.8%	3.7%	118,492,8	54.7%
C. ADDED VALUE (A-B)	97,558,4	44.2%	-0.6%	98,137,1	45.3%
D. Personnel cost	61,491,2	27.9%	2.0%	60,286,4	27.8%
E. GROSS OPERATING MARGIN (EBITDA) (C-D)	36,067,2	16.4%	-4.7%	37,850,7	17.5%
Depreciation of intangible fixed assets	4,314,9	2.0%	-4.3%	4,510,4	2.1%
Depreciation of tangible fixed assets	8,066,6	3.7%	1.7%	7,931,1	3.7%
Financial lease instalments (capital share)	0,0	0.0%		0,0	0.0%
Other allocations to provisions and devaluations	677,9	0.3%	-72.7%	2,479,7	1.1%
F. DEPRECIATION AND DEVALUATIONS	13,059,4	5.9%	-12.5%	14,921,2	6.9%
G. OPERATING RESULT (EBIT)	23,007,8	10.4%	0.3%	22,929,6	10.6%
Extraordinary earnings	285,1	0.1%	-85.9%	2,028,0	0.9%
Extraordinary charges	0,0	0.0%		0,0	0.0%
H. EXTRAORDINARY RESULT	285,1	0.1%	-85.9%	2,028,0	0.9%
I. PRODUCTION MANAGEMENT ORD. RESULT (G+H)	23,292,9	10.6%	-6.7%	24,957,6	11.5%
Extraordinary income	6,332,7	2.9%	-77.6%	28,263,8	13.0%
Extraordinary charges	-1,899,6	-0.9%	-36.5%	-2,992,9	-1.4%
L. EXTRAORDINARY RESULT	4,433,1	2.0%	-82.5%	25,270,9	11.7%
M. PRODUCTION MANAGEMENT RESULT (I+L)	27,726,0	12.6%	-44.8%	50,228,5	23.2%
N. Financial charges	2,455,4	1.1%	53.0%	1,604,7	0.7%
O. GROSS RESULT (M-N)	25,270,6	11.5%	-48.0%	48,623,8	22.4%
P. Income taxes	6,192,1	2.8%	0.5%	6,160,5	2.8%
NET RESULT (O-P)	19,078,5	8.7%	-55.1%	42,463,3	19.6%

RECLASSIFIED BALANCE SHEET (financial criterion)		31-Dec-16	%	Var %	31-Dec-15	%
ASSETS						
FIXED ASSETS		104,962,1	28.5%	-5.9%	111,577,6	29.9%
Intangible fixed assets		11,141,9			15,012,0	
Historical cost		22,600,8			27,621,1	
Depreciation fund		-11,458,9			-12,609,1	
Tangible fixed assets		89,213,7			91,256,1	
Historical cost		152,821,8			148,674,6	
Depreciation fund		-63,608,1			-57,418,5	
Financial fixed assets		4,606,5			5,309,5	
CURRENT ASSETS		263,844,6	71.5%	0.9%	261,562,0	70.1%
Stock		81,571,8			81,180,5	
Non-financial deferred cash funds		89,240,4			91,184,1	
Financial deferred cash funds		0,0			0,0	
Available cash funds		93,032,4			89,197,3	
INVESTED CAPITAL		368,806,8	100.0%	-1.2%	373,139,5	100.0%
EQUITY AND LIABILITIES						
EQUITY		240,898,9	65.3%	8.2%	222,633,7	59.7%
Share capital		5,000,0			5,000,0	
Reserves		235,898,9			217,633,7	
CONSOLIDATED LIABILITIES		31,800,7	8.6%	-34.8%	48,749,1	13.1%
Financial consolidated liabilities		19,320,5			36,897,5	
Non-financial Consolidated liabilities		12,480,2			11,851,6	
CURRENT LIABILITIES		96,107,1	26.1%	-5.6%	101,756,7	27.3%
Financial current liabilities		25,724,7			36,988,6	
Current non-financial liabilities		70,382,4			64,768,1	
FINANCING CAPITAL		368,806,8	100.0%	-1.2%	373,139,5	100.0%

BALANCE SHEET FINANCIAL BREAKDOWN		31-Dec-16	31-Dec-15
FIXED ASSETS			
Intangible fixed assets		-11,141,9	-15,012,0
Tangible fixed assets		-89,213,7	-91,256,1
Financial fixed assets		-4,606,5	-5,309,5
EQUITY			
Share capital		5,000,0	5,000,0
Reserves		235,898,9	217,633,7
CONSOLIDATED LIABILITIES		31,800,7	48,749,1

STRUCTURE MARGIN (A)	167,737,5	159,805,2
Non-financial deferred cash funds	89,240,4	91,184,1
Stock	81,571,8	81,180,5
Current non-financial liabilities	-70,382,4	-64,768,1
NET CURRENT CAPITAL (B)	100,429,8	107,596,5
Available cash funds	93,032,4	89,197,3
Financial deferred cash funds	0,0	0,0
Financial current liabilities	-25,724,7	-36,988,6
NET SHORT - TERM FINANCIAL POSITION (A-B)	67,307,7	52,208,7

RECLASSIFIED BALANCE SHEET (by functional area)	31-Dec-16	%	Var %	31-Dec-15	%
INVESTMENTS					
FIXED CAPITAL	100,355,6			106,268,1	
NET CURRENT CAPITAL	88,253,4			96,048,6	
NET OPERATING INVESTED CAPITAL	188,609,0	66.0%	-6.8%	202,316,7	68.2%
EXTRA-OPERATING INVESTMENTS	97,335,2	34.0%		94,203,1	31.8%
NET INVESTED CAPITAL	285,944,2	100.0%	-3.6%	296,519,8	100.0%
SOURCES					
EQUITY	240,898,9	84.2%		222,633,7	75.1%
FINANCIAL DEBT	45,045,2	15.8%		73,886,0	24.9%
FINANCING SOURCES	285,944,2	100.0%	-3.6%	296,519,8	100.0%

INDEX ANALYSIS	31-Dec-16	31-Dec-15
SELF-FINANCING AND DEBT SUSTAINABILITY		
Self financing ratio [EBITDA/(Rv+Ra)]	16.6%	17.6%
Self-financing index [AuF/(Rv+Ra)]	13.8%	14.1%
Incidence rate of financial payables on sales [DF/(Rv+Ra)]	20.7%	34.3%
Incidence rate of financial debt on EBITDA [(PconsF+PcorrF)/EBITDA]	124.9%	195.2%
Incidence rate of financial debt on self- financing (DF/AuF)	150.5%	242.2%
Incidence rate of financial charges on sales [Of/(Rv+Ra)]	1.1%	0.7%
Incidence rate of financial charges on EBITDA (Of/EBITDA)	6.8%	4.2%
Incidence rate of financial charges on self-financing (Of/AuF)	8.2%	5.3%

INDEX ANALYSIS
31-Dec-16
31-Dec-15
COMPOSITION RATIOS FOR INVESTMENTS AND SOURCES
Investment composition ratios

Rigidity index (AF/CI)	0.28	0.30
Flexibility ratio (AC/CI)	0.72	0.70
Stock availability ratio (M/CI)	0.22	0.22
Total liquidity ratio $[(Li+Ld+LdF)/CI]$	0.49	0.48

Source composition ratios

Financial autonomy ratio (MP/CF)	0.65	0.60
Indebtedness ratio $[(Pcons+Pcorr)/CF]$	0.35	0.40
Medium/long-term indebtedness ratio (Pcons/CF)	0.09	0.13
Short-term indebtedness ratio (Pcorr/CF)	0.26	0.27
Capital protection ratio (R/MP)	0.98	0.98

FINANCIAL SOLIDITY RATIO
Financing of fixed assets

Structure primary ratio (MP/AF)	2.30	2.00
Structure primary margin (MP-AF)	135,936,84	111,056,17
Structure secondary ratio $[(MP+Pcons)/AF]$	2.60	2.43
Structure secondary margin (MP+Pcons-AF)	167,737,52	159,805,24
Degree of tangible asset depreciation (faMat/csMat)	0.42	0.39
Fixed asset liquidation speed $[Amm/(cslimm+cslmat)]$	0.07	0.07

Financial autonomy

Leverage ratio (MP/CI)	65.3%	59.7%
Total indebtedness $[(Pcons+Pcorr)/MP]$	0.53	0.68
Financial indebtedness ratio (DF/MP)	0.19	0.33
Tangible equity value (MP-limm)	229,757,03	207,621,74

FINANCIAL SOLIDITY RATIO

Current ratio (AC/Pcorr)	2.75	2.57
Current margin (AC-Pcorr)	167,737,52	159,805,24
Treasury ratio $[(Li+Ld+LdF)/Pcorr]$	1.90	1.77
Treasury margin (Li+Ld+LdF-Pcorr)	86,165,72	78,624,70
Net short-term financial position (Li-PcorrF)	67,307,73	52,208,73

DURATION RATIOS OF MANAGEMENT CURRENT CAPITAL CYCLE

Net Working Capital intensity $[NWC/(Rv+Ra)]$	40.6%	44.6%
Net Working Capital turnover ratio $[(Rv+Ra)/NWC]$	2.5	2.2
Stock turnover ratio (Rv/M)	2.6	2.5

INDEX ANALYSIS

31-Dec-16

31-Dec-15

MAIN PROFITABILITY RATIOS

Return on production ROP (RO/VP)	10.4%	10.6%
Return on net invested capital $(VP/CION)$	1.17	1.07
Return on sales ROS $[RO/(Rv+Ra)]$	10.6%	10.6%
Operating invested capital turnover $[(Rv+Ra)/CION]$	1.15	1.07
Return on net operating invested capital ROI $(RO/CION)$	12.2%	11.3%
Leverage (DF/MP)	0.19	0.33
Return on equity ROE (RN/MP)	7.9%	19.1%

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 31st December 2016

Amounts in Euro Units

BALANCE SHEET

ASSETS	31-Dec-2016	31-Dec-2015
A) Due from shareholders for share capital not paid		
Total due from shareholders for share capital not paid (A)	0	0
B) Fixed assets		
I. Intangible assets		
1) Start-up and capital increase costs	45,935	116,059
2) Research, development and advertising costs	7,800,000	10,414,696
3) Industrial patents and rights to use intellectual property	171,653	408,866
4) Concessions, licenses, trademarks and similar rights	383,265	513,936
5) Goodwill	489,168	770,879
6) Intangible assets under formation and advances	562,534	627,395
7) Other	1,689,365	2,160,164
Total intangible assets	11,141,920	15,011,995
II. Tangible assets		
1) Land and buildings	57,311,457	56,360,372
2) Plant and machinery	21,284,363	20,461,877
3) Industrial and commercial equipment	6,525,578	6,195,086
4) Other assets	3,130,547	3,040,467
5) Assets in course of construction and advances	961,781	5,198,277
Total tangible assets	89,213,726	91,256,079
III. Investments		
1) Shares in:		
B) associated companies	1,127,703	1,127,703
D-bis) other companies	3,478,756	4,181,786
Total investments	4,606,459	5,309,489
Total fixed assets (B)	104,962,105	111,577,563
I. Stocks		
1) Raw, subsidiary materials and consumables	28,954,249	30,723,089
2) Work in progress and semi-finished goods	8,762,401	13,891,709
3) Work in progress on contracts	54,087	653,590
4) Finished goods and goods for resale	34,393,682	27,320,210
5) Payments on account	1,887,159	1,025,973
Total stocks	74,051,578	73,614,571

BALANCE SHEET

II. Debtors

1) Trade debtors		
falling due within 1 year	58.599.292	52.828.968
3) Amounts owed by associated companies		
falling due after more than 1 year	303.738	303.738
5-bis) Tax credit		
falling due within 1 year	10.145.385	9.162.169
5-ter) Advanced taxes	7.520.224	7.565.968
5-quater) Other debtors		
falling due within 1 year	14.261.824	22.721.103
Total debtors	90.830.463	92.581.946

III. Financial assets not held as fixed assets

Total financial assets not held as fixed assets	0	0
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IV. Liquid assets

1) Deposits with banks and post offices	91.485.481	87.639.755
2) Cheques	1.478.279	1.315.627
3) Cash and cash equivalents in hand	68.684	241.933
Total liquid assets	93.032.444	89.197.315

V. intangible assets held for sale	0	0
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Total current assets (C)	257.914.485	255.393.832
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D) Prepayments and accrued income	5.930.164	6.168.121
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Total assets (A+B+C+D)	368.806.754	373.139.516
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LIABILITIES AND SHAREHOLDERS' EQUITY

31-Dec-2016

31-Dec-2015

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	161,856,023	161,622,652
of witch reserve for translation differences	7,469,157	7,614,030
of witch consolidation reserve	141,760,117	141,381,873
of which other reserves	12,626,749	12,626,749
VIII. Profits (losses) carried forward	49,494,324	8,049,048
IX. Net profit (loss) for the year	7,307,853	40,894,552
Total (A1)	234,658,200	216,566,252

A2) Minority interests:

Share of capital and reserves	4,470,105	4,498,643
Share of net profit (loss) for the year	1,770,645	1,568,841
Total (A2)	6,240,750	6,067,484

Total capital and reserves (A)	240,898,950	222,633,736
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BALANCE SHEET

B) Provisions for liabilities and charges

1) Pensions and similar obligations	410,593	379,107
2) Taxation	600,752	158,619
2-bis) Provisions for liabilities and charges arising on consolidation	3,212,354	3,212,354
4) Other provisions	8,256,464	8,101,524

Total provisions for liabilities and charges (B) **12,480,163** **11,851,604**

C) Staff severance fund **8,813,819** **8,194,296**

D) Creditors:

4) Bank loans and overdrafts:		
falling due within 1 year	25,433,647	36,763,592
falling due after more than 1 year	19,320,513	36,897,466
5) Other providers of finance:		
falling due within 1 year	291,063	224,991
6) Payments on account:		
falling due within 1 year	5,896,724	4,476,752
7) Trade creditors:		
falling due within 1 year	30,496,139	30,308,511
12) Taxation:		
falling due within 1 year	6,558,308	5,776,746
13) Due to social security authorities:		
falling due within 1 year	2,687,149	2,483,388
14) Other creditors:		
falling due within 1 year	12,077,623	9,875,370

Total creditors (D) **102,761,166** **126,806,816**

E) Accruals and deferred income **3,852,656** **3,653,064**

Total liabilities and shareholders' equity (A+B+C+D+E) **368,806,754** **373,139,516**

PROFIT AND LOSS ACCOUNT

31-Dec-2016
31-Dec-2015

A) Value of production

1) Sales revenues	215,082,650	203,848,865
2) Changes in stocks of finished and semi-finished goods and in work in progress	2,915,117	965,427
4) Own work capitalised	24,056	84,178
5) Other operating income	3,523,088	39,994,060
of which grants for operating expenses	60,488	6,952,000

Total value of production (A) **221,544,911** **244,892,530**

BALANCE SHEET

B) Cost of production

6) Raw and subsidiary materials, consumables and goods	74,275,820	72,885,233
7) Services	35,351,024	35,087,162
8) Leases and rentals	5,402,107	5,445,535
9) Staff costs:		
A) wages and salaries	49,455,834	49,225,579
B) social security costs	9,535,003	8,970,883
C) termination indemnities	1,789,655	1,612,280
E) other costs	710,740	477,661
10) Depreciation, amortisation and write-downs:		
A) amortisation of intangible assets	4,314,910	4,510,372
B) depreciation of tangible assets	8,066,648	7,931,141
D) amounts written off current and liquid assets	646,042	1,679,679
11) Changes in raw and subsidiary materials, consumables and goods	1,904,627	-1,673,385
12) Provisions for risks	31,824	800,000
14) Other operating charges	7,889,308	9,741,226

Total cost of production (B) **199,373,542** **196,693,366**

Difference between value and cost of production (A+B) **22,171,369** **48,199,164**

C) Financial income and expense

15) Income from equity investments	5,285,586	1,314,385
of which related to subsidiary companies	0	1,313,070
16) Other financial income:		
D) financial income other than that above	269,035	714,947
17) Interest payable and similar charges	1,881,227	1,978,265
17bis) Profits and losses on exchange rates	-574,165	373,613

Total financial income and expense (C) **3,099,229** **424,680**

D) Value adjustments to financial assets

Total value adjustments to financial assets (D) **0** **0**

Profit (loss) before taxation (A+B+C+D+E) **25,270,598** **48,623,844**

22) Tax on profit for the year		
A) current	8,463,704	7,791,589
C) advanced	-2,271,604	-1,631,138
23) Net profit (loss) for the year	19,078,498	42,463,393

24) Minority interests - share of profit (loss) for the year **1,770,645** **1,568,841**

25) Group's profit (loss) for the year **17,307,853** **40,894,552**

ADDENDUM

The consolidated financial statements as of December 31, 2016 of Wamholding S.p.A. (Parent Company) and its subsidiaries (collectively referred to as the Group), of which this addendum is an integral part, are prepared in accordance with the provisions of Legislative Decree n° 127 of April 9, 1991, and with the applicable accounting standards, reviewed by the Italian Accounting Body (OIC) following the reform made by the legislator in the field of company law by Legislative Decree n° 139/2015.

The financial statements consist of the consolidated Balance Sheet and Profit and Loss Account - prepared according to the formats referred to in art. 2424 and 2425 of the Italian Civil Code, appropriately amended as required by art. 32 of the aforementioned Legislative Decree n° 127/1991 - as well as of the consolidated Cash-Flow Statement, as required by art. 29 of the amended Legislative Decree n° 127/91, and are also accompanied by the Management Report prepared pursuant to art. 40 of the same Legislative Decree.

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, 2015. 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 whose contents 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 31/12/2015, 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.

We affirm that, pursuant to art. 29 of Legislative Decree no. 127/91, if the information required by specific legal provisions are not sufficient to give a truthful and correct representation of the company's 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 new civil law provisions established by Legislative Decree no. 139/2015 have profoundly changed the provisions of the Civil Code relating to the financial statements, and have led to a broad review of the accounting principles of the OIC. In particular, in the present consolidated financial statements, steps have been taken for the accounting write-off of the amounts previously recorded under the item "research, development and advertising costs", attributing the residual value to the adjustment of the shareholders' equity.

The cash flow statement required by art. 29 of Legislative Decree no. 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, has been prepared; 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;
 - o 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:
 - o the surplus of the shareholders' equity at 31/12/2013 was recorded as "Consolidation Reserve";
 - o 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;

- o 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:

2016			2015	
Currency	F - closing rate	A - average rate	F - closing rate	A - average rate
AED	3,870	4,063	3,997	4,073
ARS	16,749	16,342	14,097	10,260
AUD	1,460	1,489	1,490	1,478
BRL	3,431	3,856	4,312	3,700
CHF	1,074	1,090	1,084	1,068
CLP	704,945	748,477	772,713	726,406
CNY	7,320	7,352	7,061	6,973
DKK	7,434	7,445	7,463	7,459
EGP	19,211	11,071	8,520	8,552
EUR	1,000	1,000	1,000	1,000
GBP	0,856	0,819	0,734	0,726
HRK	7,560	7,533	7,638	7,614
INR	71,594	74,371	72,022	71,196
JPY	123,400	120,197	131,070	134,314
KRW	1,269,360	1,284,180	1,280,780	1,256,540
MAD	10,657	10,850	10,788	10,814
MXN	21,772	20,667	18,915	17,616
MYR	4,729	4,584	4,696	4,337
NZD	1,516	1,589	1,592	1,593
PLN	4,410	4,363	4,264	4,184
RUB	64,300	74,144	80,674	68,072
SEK	9,553	9,589	9,190	9,353
SGD	1,523	1,528	1,542	1,525
THB	37,726	39,042	39,248	38,028
TRL	3,707	3,343	3,177	3,025
UAH	28,739	28,285	26,159	24,281
USD	1,054	1,107	1,089	1,110
VND	23,991,800	24,753,800	24,475,100	24,320,300
ZAR	14,457	16,264	16,953	14,172
EEK	15,647	15,647	15,647	15,647
IDR	14,173,400	14,720,800	15,040,000	14,870,400
RON	4,539	4,490	4,524	4,445

2. SCOPE OF CONSOLIDATION

The consolidated financial statements as at December 31, 2016 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.

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

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 11.47 million, the current value of unpaid instalments of EUR 6.98 million, depreciation for EUR 175 thousand and financial charges for EUR 99 thousand.

Financial Fixed Assets

Holdings

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.

Capitalised 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.

Furthermore, it is specified that, based on the provisions of art. 12 para. 2 of Legislative Decree no. 139/2015, the amortised cost criterion was applied exclusively to receivables classified as financial fixed assets arising in the current financial year.

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 of the various credit items performed during the drafting of the financial statements, the adjustments made 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. Furthermore, it is specified that, based on the provisions of art. 12 para. 2 of Legislative Decree no. 139/2015, the amortised cost criterion was applied exclusively to receivables classified as current assets arising in the current financial year.

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.

Furthermore, it is specified that, based on the provisions of art. 12 para. 2 of Legislative Decree no. 139/2015, the amortised cost criterion was applied exclusively to payables recorded in the financial statements in the current financial year.

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 are recognized on the basis of the criterion of prudence and economic competence referred to in art. 2423-bis of the Italian Civil Code, pursuant to art. 2425-bis of the Italian Civil Code, with recording of the related 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 MAIN BALANCE SHEET ITEMS

Tangible and Intangible Fixed Assets

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

Analysis of the movements of the intangible fixed assets

	31/12/2016	31/12/2015
1) Start-up and expansion costs	45,935	116,059
Gross value	49,932	156,264
Depreciation fund and impairment	-3,997	-40,205
2) Development costs	7,800,000	10,414,696
Gross value	13,014,000	13,096,134
Depreciation fund and impairment	-5,214,000	-2,681,438
3) Industrial patent and intellectual property rights	171,653	408,866
Gross value	537,817	809,642
Depreciation fund and impairment	-366,164	-400,776
4) Concessions, licences, trademarks and similar rights	383,265	513,936
Gross value	841,498	908,268
Depreciation fund and impairment	-458,233	-394,332
5) Goodwill	489,168	770,879
Gross value	1,015,465	1,288,195
Depreciation fund and impairment	-526,297	-517,316
6) Fixed assets in progress and payments in advance	562,534	627,395
7) Others	1,689,365	2,160,164
Gross value	6,579,579	10,735,189
Depreciation fund and impairment	-4,890,214	-8,575,025
TOTAL INTANGIBLE FIXED ASSETS	11,141,920	15,011,995

Depreciation for the current financial year amounts to EUR 4.31 million, while that for the previous year amounted to EUR 4.51 million. There were no significant investments.

Tangible Fixed Assets

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

Analysis of the movements of the tangible fixed assets

	31/12/2016	31/12/2015
1) Land and buildings	57,311,457	56,360,372
Gross value	76,078,551	73,249,632
Depreciation fund and impairment	-18,767,094	-16,889,260
2) Plants and machinery	21,284,363	20,461,877
Gross value	42,096,281	38,497,871
Depreciation fund and impairment	-20,811,918	-18,035,994
3) Industrial and commercial equipment	6,525,578	6,195,086
Gross value	23,901,460	22,121,664
Depreciation fund and impairment	-17,375,882	-15,926,578
4) Other assets	3,130,547	3,040,467
Gross value	9,783,704	9,607,110
Depreciation fund and impairment	-6,653,157	-6,566,643
5) Fixed assets in progress and payments in advance	961,781	5,198,277
TOTAL INTANGIBLE FIXED ASSETS	89,213,726	91,256,079

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

- For the acquisition of new industrial areas and the construction of new warehouses, also in leasing, at the production site in Cavezzo (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 (Wam Wuxi, Wam do Brasil, Wam India, Wam Eurasia);
- To replace obsolete plants and equipment (for amounts not completely relevant in the various companies);

In order to give complete information about the amount of capital invested in the Group, it is necessary to notice that, in addition to the tangible fixed assets entered in the assets of the balance sheet, other leased goods are used by the Group companies (in particular by those with head office in Italy). The total amount at which the said goods would have been registered at the closing date of the financial year if they had been considered as fixed assets (assuming the value of each leased good equal to the cost incurred by the leasing company to buy it) is € 10.1 million.

The investments made during the financial year are detailed hereunder according to the type and company that made said investments, including the fixed assets in progress and the down-payments made in the previous years and during 2016, permanently ascribed to the relevant fixed assets. The list includes investments in industrial buildings realised for EUR 11,653,532 through leasing from Wamgroup S.p.A..

Investments during the financial year 2016

ANALYSED BY TYPE

Land and buildings	5,850,377
Land and buildings leased	11,653,532
Plants, machinery and equipment	7,988,929
Other assets	473,347
TOTAL	25,966,185

ANALYSED BY COMPANY

WAMGROUP S.p.A.	13,989,673
WAM Industriale S.p.A.	2,072,145
Wam B.H.M. (Wuxi) Ltd (China)	1,995,865
TECNO CM S.r.l.	1,916,774
FLITECH S.r.l.	630,538
Wam do Brasil Ltda	414,269
WAM India Ltd.	365,007
Roncuzzi S.r.l.	400,548
WAM Eurasia Ltd	2,494,626
Other companies	1,686,740
TOTAL	25,966,185

€ 25,966,000
INVESTMENTS 2016



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 S.r.l. based in Reggio Emilia;
- stake held 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 13% of the OLI S.p.A capital;
- stake held by the subsidiary WAM Industriale S.p.A. equal to 10% of the capital of Zhejiang Mantovani Machinery Co., Ltd, based in China;
- minority share owned by Wamgroup S.p.A. in the company MODENA CAPITALE S.p.A., with head office in Modena;
- minority share owned by Wamgroup S.p.A. in the limited liability company CRIT (Centro di Ricerche Innovazione Tecnologiche S.r.l.);
- minority share owned by Wamgroup S.p.A. in the company TWB Sistema Italia S.p.A. (a low-profit company aimed at aggregating and promoting companies), with head office in Rome;
- shares of company consortium (whose amount, both individually and collectively, is very low).

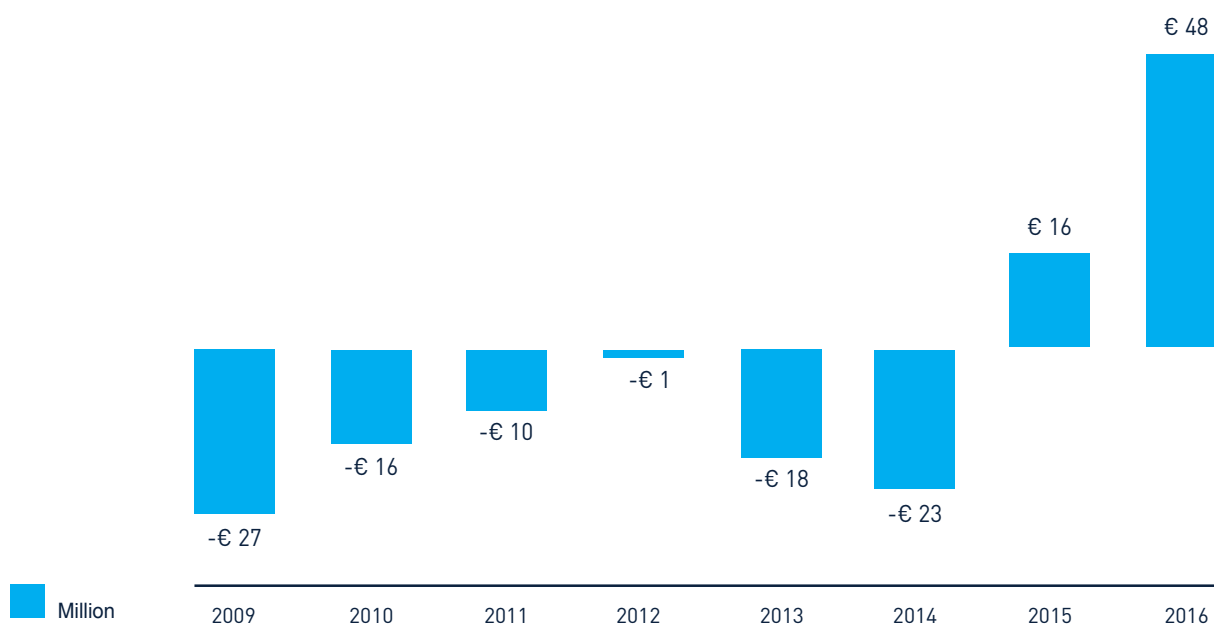
In 2016, a further 5% of the investee company OLI S.p.A. was sold, realising a capital gain of EUR 5.264 million, recorded in revenues under item c)15) of the financial statements.

The income from holdings of EUR 16 thousand refers to dividends received by Wamgroup S.p.A. and distributed by Sir S.p.A. and Modena Capitale S.p.A.

Payables to Banks

The Group's short-term net financial position (cash funds after deduction of the short-term banking borrowing) at the end of the financial year was positive for EUR 67.6 million; the total net borrowing (short- and long-term banking borrowing after deduction of cash funds) is positive for EUR 48.28 million, with an increase compared to the previous year, partly due to the sale of OLI S.p.A. (deferred proceeds and sale of additional shares).

The long-term funding has been taken on, for the main part, by the operating sub-holding Wamgroup S.p.A. (for EUR 19.1 million), Wam India Pvt (India) (for EUR 2.15 million) and Wam Eurasia (Turkey) (for EUR 2.16 million).



FINANCIAL POSITION

Other Asset and Liability Items

Receivables from customers increased from EUR 52.8 million to EUR 58.6 million, in line with the increase in turnover. Stocks are in line with the previous year.

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 receivables, in line with the previous year, are concentrated in the companies that have an operating office in the province of Modena, where the seismic event of May 2012 has occurred with maximum intensity; this trend, which concerns direct and indirect taxes (IRES and VAT in the amount of EUR 4.88 million), was also the result of the substantial expenses incurred to restore the properties.

Taxes paid in advance refer to EUR 2.71 million for sums accounted for at the time of consolidation for taxes relating to Group internal profits and for consolidation adjustments, for EUR 2.84 million at amounts booked by individual Italian companies, in particular Wam Industriale S.p.A. and Torex S.p.A. against provisions for risks subject to taxation, and for EUR 706 thousand from Wamholding due to the effect of definitive tax rebates.

Receivables from others decreased from EUR 22.7 million to EUR 14.26 million, mainly due to the collection of part of the sale price of OLI S.p.A. from Wamgroup.

Payables to suppliers are in line with the previous year, just as the other items of assets and liabilities that did not register significant changes, but are the sum of individual non-significant changes in the numerous consolidated companies.

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 to strategic know-how acquired for EUR 13 million during the financial year by Wamgroup S.p.A., depreciated over five years, and the remaining charges incurred by the subsidiaries Roncuzzi S.r.l., Tecno CM S.r.l. and Oscillating System Technology Europe S.r.l. (the latter to a lesser extent) in relation to the study of new products and production processes.

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) and Wam India, with average maturities beyond the following financial year, for a total amount of EUR 19.32 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”

Accrued income and prepayments refer to EUR 4.14 million for fees paid in advance by Wamgroup S.p.A. for two real estate leases, to EUR 0.51 million in fees anticipated by Flitech S.r.l. for a real estate lease and, for the remainder, mainly to lease instalments, lease or rental fees, interest and insurance premiums.

Accrued liabilities and deferred income refer (for EUR 2.55 million) to 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.

The other funds entered under liabilities for EUR 8.25 million refer, almost entirely, to the product guarantee risk fund set aside by Wam Industriale S.p.A. for EUR 4.39 million and by Torex S.p.A. for 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 2016, the Group continued its development in international markets. The revenues at December 31, 2016, broken down by geographical area, are shown below:

	2016		2015	
ASIA	53,778,616	25.0%	47,157,981	23.1%
EUROPE	83,012,748	38.6%	79,894,954	39.2%
ITALY	41,172,812	19.1%	40,923,086	20.1%
AFRICA	2,711,687	1.3%	2,628,196	1.3%
AMERICAS	31,160,105	14.5%	30,715,783	15.1%
OCEANIA	3,246,683	1.5%	2,528,865	1.2%
	215,082,650	100.0%	203,848,865	100.0%

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

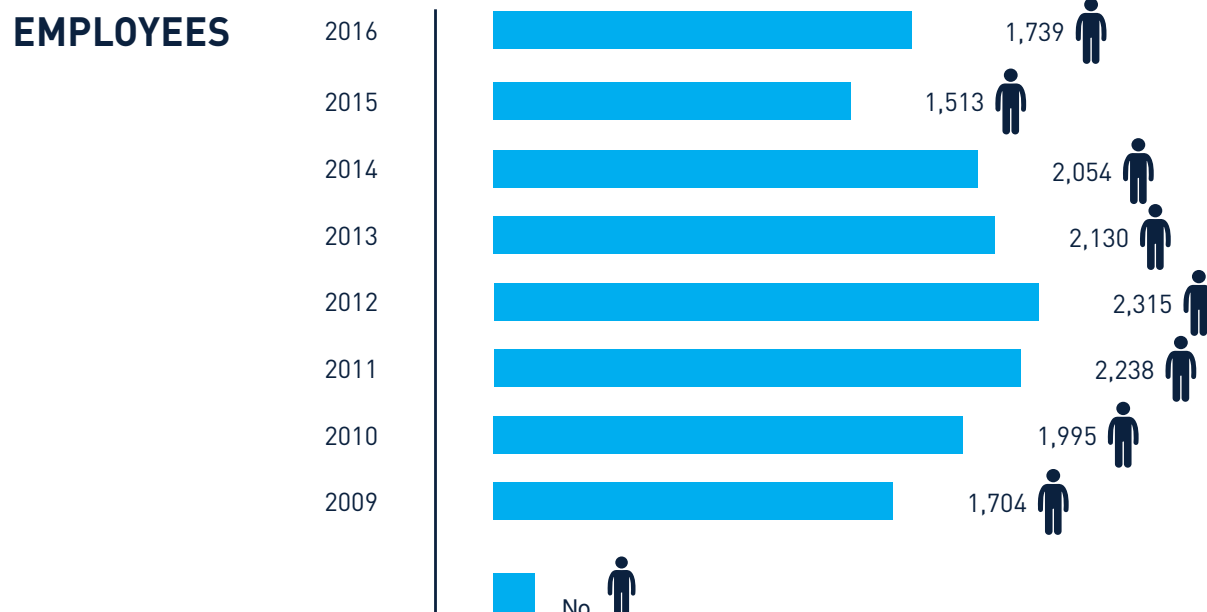
Interest payable to banks amount to a total of EUR 1.39 million, of which EUR 348 refer to the short-/medium-term mortgages contracted by Wamgroup S.p.A., EUR 439 thousand on mortgages contracted by Wam Eurasia (Turkey) and EUR 395 thousand on mortgages contracted by Wam India. The remaining amount refers in whole to interest from current accounts, short-term funding and bank charges.

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

They note, in the item "Income from Holdings", gains of EUR 5.26 million from the sale of a further 5% stake in OLI S.p.A. There are no other revenues or exceptional costs of significant amount and/or material.

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

The average number of employees of the consolidated companies totals 1,739.



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 for performing their duties, also within the other consolidated companies, amounts to € 115,962=.

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 required by art. 38 para. 1 letter o-quinques of Legislative Decree no. 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 reciprocal 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;
- salaries and fees granted in total by the Group's companies to the other shareholders of the parent company, which amount to EUR 420,000=.

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 required by art. 38 para. 1 letter o-sexies of Legislative Decree no. 127/91, it is specified that, during the financial year, no agreements were entered into that were not shown on the balance sheet, which could generate significant risks and/or benefits, in order to assess the Group's financial position and assets, in addition to what is possibly commented on in this addendum.

19. AMOUNTS DUE TO THE STATUTORY AUDITOR

With reference to the information required by art. 38 comma 1 letter o-septies of Legislative Decree no. 127/91, the only fee payable to the statutory auditor is the amount of EUR 6,500 due for auditing the accounts of the consolidating and the consolidated company.

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 no. 127/91.

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

With reference to what is required by art. 38 para. 1 letter o-decies of Legislative Decree no. 127/91, there are no significant events after the closing of the financial year that have had a significant impact on the performance of the balance sheet, financial position and income statement.

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

SOLE DIRECTOR
Vainer Marchesini

FINANCIAL STATEMENT AT 31st December 2016

	31-Dec-16	31-Dec-15
A. FINANCIAL FLOWS DERIVING FROM OPERATING ACTIVITY (INDIRECT METHOD)		
Profit (loss) for the financial year	19,078,498	42,463,393
Income taxes	6,192,100	6,160,452
Interest payable/(Interest income)	2,186,357	889,705
(Dividends)	-16,110	-1,313,070
(Gains)/losses deriving from the sale of assets	-6,332,191	-30,323,284
1. Profit (loss) for the financial year before income taxes, interest, dividends and gains/losses from sale	21,108,654	17,877,196
ADJUSTMENTS FOR NON-MONETARY ITEMS THAT DID NOT HAVE AN OFFSET IN THE NET CURRENT CAPITAL		
Provisions for funds	1,821,479	2,412,280
Depreciation of fixed assets	12,381,558	12,441,513
Devaluations for lasting losses in value	646,042	1,679,679
2. Financial flow before changes in the net current capital	35,957,733	34,410,668
CHANGES IN THE NET CURRENT CAPITAL IN THE NET CURRENT CAPITAL		
Decrease/(increase) of stocks	-437,007	-6,225,575
Decrease/(increase) of receivables vs. customers	-6,416,367	-5,825,810
Increase/(decrease) in payables to suppliers	187,628	2,878,421
Decrease/(increase) of accruals and deferred income	237,956	861,930
Decrease/(increase) of accruals and deferred expenses	199,592	-126,385
Other changes in the net current capital	11,918,371	-7,412,797
3. Financial flow after changes in the net current capital	41,647,906	18,560,452
OTHER ADJUSTMENTS IN THE NET CURRENT CAPITAL		
Interest received/(paid)	-2,186,357	-889,705
(Income taxes paid)	-8,463,704	-7,791,589
Dividends received	16,110	1,313,070
(Use of funds)	565,250	321,173
Other proceeds/(payments)	1,178,702	783,775
FINANCIAL FLOW FROM OPERATING ACTIVITIES (A)	32,757,907	12,297,176

	31-Dec-16	31-Dec-15
B. FINANCIAL FLOWS DERIVING FROM INVESTMENT ACTIVITIES		
TANGIBLE FIXED ASSETS		
(Investments)	-17,712,563	-10,236,091
Disinvestments	12,750,982	2,712,286
INTANGIBLE FIXED ASSETS		
(Investments)	-444,837	-16,779,023
FINANCIAL FIXED ASSETS		
(Investments)	0	-2,977,968
Disinvestments	5,972,507	-9,549
(ACQUISITION OF SUBSIDIARIES NET OF CASH AND CASH EQUIVALENTS)	0	0
SALE OF SUBSIDIARIES NET OF CASH AND CASH EQUIVALENTS	0	60,332,935
FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)	566,089	33,042,590
C. FINANCIAL FLOWS DERIVING FROM FINANCING ACTIVITIES		
THIRD-PARTY FINANCING		
Increase (decrease) of short-term payables to banks	-1,783,738	-2,011,950
New financing	7,409,141	17,000,000
(Repayment of loans)	-34,466,229	-29,613,683
EQUITY		
Contributions	399,896	16,417
of which: Contributions due to the Group	378,244	0
of which: Contributions due to third parties	21,652	16,417
(Reimbursements)	0	-4,921,381
of which: (Reimbursements due to third parties)	0	-4,921,381
(Dividends (and advances on dividends) paid)	-1,047,937	-1,414,198
FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)	-29,488,867	-20,944,795
INCREASE (DECREASE) OF LIQUID ASSETS (A ± B ± C)	3,835,129	24,394,971
Liquid assets at the beginning of the financial year	566,089	64,802,344
of which:		
bank and postal deposits	87,639,755	63,994,286
checks	1,315,627	742,893
cash and equivalents in hand	241,933	65,165
Liquid assets at the end of the financial year	93,032,444	89,197,315
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
Acquisition or sale of subsidiaries		
Total fees paid or received	0	63,648,930
Part of fees consisting of cash and cash equivalents	0	10,236,133
Book value of acquired or sold assets/liabilities	0	34,216,946

LIST OF COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

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

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

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

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

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

WAMHOLDING S.p.A.'S SHARE						MINORITY INTERESTS			TOTAL
Capital	Reserves	Consolidation reserve	Year's result	Reserve for translation difference	Total	Capital and reserves	Year's result	Total	
Shareholders' equity and year's result as per parent's annual accounts									
5,000,000	14,604,145		493,011		20,097,156				20,097,156
Capital and reserves in consolidated companies									
	37,073,913	245,281,732	-11,067,595		271,288,050	5,834,554		5,834,554	277,122,604
Book value of investments in consolidated companies									
	6,510,875	-93,141,834	-636,377		-87,267,336				-87,267,336
Reserve for translation difference									
	-447,516	-1,754,586		7,469,157	5,267,054	655,762		655,762	5,922,816
Year's results in consolidated companies									
			29,029,902		29,029,902		1,958,150	1,958,150	30,988,052
Intercompany's profits included in reserve changes									
	2,421,167	-8,398,974	-665,857		-6,643,664	-1,522,441	25,076	-1,497,365	-8,141,029
Other adjustments									
	2,958,489	-226,221	154,770		2,887,038	-497,770	-212,581	-710,351	2,176,687
Shareholders' equity and year's result as per consolidated annual accounts									
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

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 31/12/2015										
5,000,000	21,675,797	141,381,873	40,894,552	7,614,030	216,566,252	4,498,643	1,568,841	6,067,484	222,633,736	
Year's result allocated to reserves										
	40,894,552		-40,894,552		0	1,568,841	-1,568,841	0	0	
Exchange differences										
				-144,873	-144,873	-20,369		-20,369	-165,242	
Dividends paid (Extraordinary allocations included)										
	550,724				550,724	-1,598,662		-1,598,662	-1,047,938	
Other adjustments										
		378,244			378,244	21,652		21,652	399,896	
Year's result 2016										
			17,307,853		17,307,853		1,770,645	1,770,645	19,078,498	
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	

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE 27th JANUARY 2010, NO. 39 ON THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31st DECEMBER, 2016

To the WAMHOLDING S.p.A. associates

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

I carried out the audit of the attached consolidated financial statements of Wamholding S.p.A., which belong to the WAMGROUP group, consisting of the Balance Sheet at December 31, 2016, the Income Statement for the year then ended and the Explanatory Notes.

Directors' responsibility for the consolidated financial statements

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In my opinion, the consolidated financial statements give a true and fair view of the financial position of the Company Wamholding Spa, part of the WAMGROUP group at 31 December 2016, of the financial performance and cash flows for the year then ended, in accordance with the Italian regulations that govern their preparation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

I have carried out the ISA procedures (ISA Italy) no. 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 SpA administrators, with the Wamgroup group consolidated financial statements at 31 December 2016. In my opinion, the management report is consistent with the Wamgroup group consolidated financial statements at 31 December 2016.

Modena, June 10, 2017

Signed
THE AUDITOR
Dr. Maria Cristina Pasquinelli

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