

Titagarh Firema Adler S.p.A.



FINANCIAL STATEMENT
AT MARCH 31, 2016

COMPANY INFORMATION

GENERAL INFORMATION ON THE COMPANY

REGISTERED OFFICE	MILAN	VIA TRIBONIANO 220
VAT CODE	09135960962	
HOUSE OF TRADE REGISTER NUMBER	MI-2071051	
LEGAL FORM	SPA	
SHARE CAPITAL	10.000.000	FULLY PAID

OWNERSHIP

SHAREHOLDER	OWNERSHIP SHARE (EURO)	% OWN.
TITAGARH SING. PTE	8.820.000	88,2%
TITAGARH WAGONS LTD	180.000	1,8%
ADLER PLASTIC SPA	1.000.000	10%

BOARD OF DIRECTORS AND AUDITORS

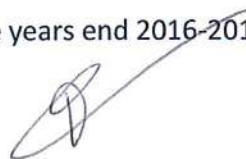
BOARD OF DIRECTOS

TITLE	NAME	DATE OF APPOINTMENT
CHAIRMAN	U. CHOWDARY	25/07/2016
DIRECTOR	PAOLO SCUDIERI	03/08/2015
DIRECTOR	A.K. AGARWAL	03/08/2015
DIRECTOR	M. MOHANKA	03/08/2015
DIRECTOR	G.MOISE	03/08/2015

BOARD OF AUDITORS

TITLE	NAME	DATE OF APPOINTMENT
PRESIDENT	E. FILETTO	26/6/2015
AUDITOR IN CHARGE	M. RUSSO	26/6/2015
AUDITOR IN CHARGE	P. DE CONCILIIS	26/6/2015
DEPUTY AUDITOR	C.FERONE	26/6/2015
DEPUTY AUDITOR	M.D. RENDO	26/6/2015

STATUTORY AUDIT: EY SPA from October 22, 2015 for the years end 2016-2018.



MANAGEMENT REPORT



This document represents the Management Report included in the Financial Statements at March 31, 2016 of Titagarh Firema Adler S.p.A. (hereinafter also the "Company" or "TFA") which reports a net profit of €/thousands 1.138, after depreciation of €/thousands 1.977 and taxes of € / thousands 624.

COMPANY BUSINESS

The Company performs the following activities directly or indirectly:

1. the management of industrial plants technically organized for: the construction, conversion and repair of railway rolling stock, tram and trolley-bus, the electrical equipment of the rolling stock, rail or road, and the design of the same;
2. the construction and repair military means, equipment and their components;
3. the realization of transport systems, also "turnkey", including feasibility studies and execution of civil works and tooling orders;
4. the machining of metallic materials, ferrous and non-ferrous, plastic materials, wood materials and glassy materials;
5. the realization of installations for the production of energy from alternative sources, electrical installations in general and for power plants, telecommunications systems, thermal ventilation and air conditioning systems, telephone systems, radiotelephone, television and similar, the maintenance of said installations;
6. the construction and installation of thermal insulation, acoustic, fire protection;
7. the production of metallic carpentry;
8. the placement and sale of its products and services;
9. The Company may also carry out the execution of real estate transactions, including the purchase, the sale and the barter of land and buildings and carrying out construction activities through restructuring, conversion, renovation, construction, management, maintenance and restoration real estate and construction of technical service facilities, toilets, electrical, civil and industrial;



10. the management of their assets, real estate, civil, industrial, commercial, both in Italy and abroad;

11. valorisation and the parcelling (duly authorized) of its industrial areas and not for their own use and for third parties;

The Company may perform all acts necessary, by means of the administrative body and the sole judgment of the same, for the achievement of its objects (with the express exclusion of the activities referred to in Legislative Decree n. 58 of February 24, 1998 and subsequent amendments, and then only in order to achieve the social aims, non-exclusively, and not to the public) and so among other things:

1. fulfil commercial and industrial operations, financial (excluding those set forth in Legislative Decree n. 385 of September 01, 1993 of the Legislative Decree n. 58 of February 24, 1998 and subsequent amendments) mortgage and real estate comprised the purchase, the sale, the barter of mobile goods, also recorded, real estate and property rights, the lease and the active and passive lease of movable and immovable property, with exclusion of the active financial leases;

2. resort to any form of financing (leasing and liabilities) by credit institutions, banks, companies and private, conceding the opportune real and personal guarantees;

3. grant sureties, guarantees and real guarantees in favour of parent, subsidiary and affiliated (pursuant to art. 2359 of the Civil Code) and controlled by the same parent, and in any event within the same group, under existing legislation (DM 6 July 1994 published in the Official Gazette of 22 July 1994 n. 170);

4. participate in consortia or businesses groupings;

5. assume participations and interests in companies in compliance with Article 2361 of the Civil Code and always with the exception of the activities referred to Legislative Decree n. 385 of September 01, 1993, Legislative Decree n. 58 of February 24, 1998 and then only in order to achieve the social aims, non-exclusively.

OPERATING STRUCTURE

The Company operates mainly in the business of train's construction. This activity is carried out, directly or within consortia, at Caserta and Tito plants (Components).



The Company also carries out activities of Maintenance, Production Spare Parts and Service. These activities, when are not carried out directly at the customer site (so called "yards"), essentially takes the Spello site.

The Planning activities, Research and Development are under the responsibility of the Technical Department, located in Milan, registered office of the Company. Production activities and assistance are also made in Oslo (Norway), where the Company operates as a Permanent Establishment.

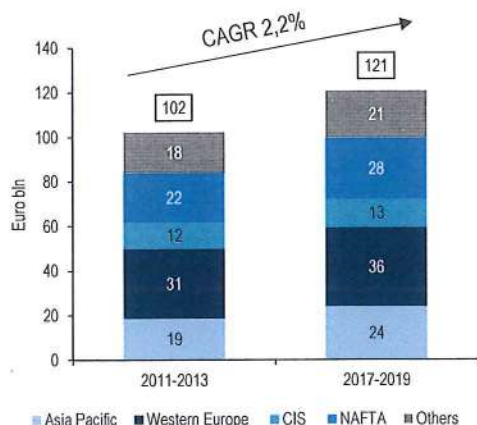
The table below provides a complete list of locations and local sites of the Company:

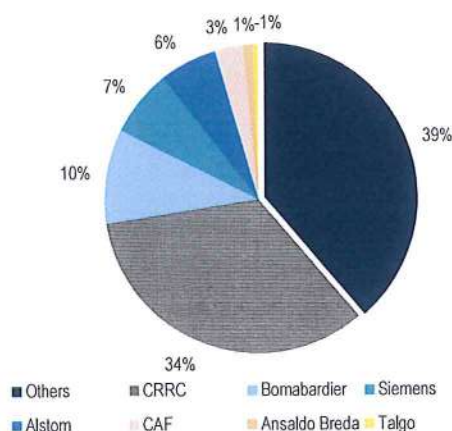
Category	Location	Address
REGISTERED OFFICE	Milano	Via Triboniano 220 - 20156
Site and administration office	Caserta	Strada Prov. Appia - 81100
Branch	Heimdal (Norway)	Vestre Rosten 69 - 7072
Site	Spello (PG)	Via San Claudio, 16 - 06038
Site	Tito (PZ)	Zona Industriale Scalo - 85050

MARKET AND POSITIONING

The Company's target market (Production of vehicles, maintenance, assistance Railway carriers) identifies a potentially global scope, the mainly demand is represented by public entities. The following charts have the purpose to summarize: value, geographical distribution and rate of development expected on the demand side and the distribution of quotas between operators on the supply side.

Regarding to the expected growth rate (CAGR 2.2%) it was considered a CAGR of 2.2% for the period 2017-2019 in line with the rate of growth during the period 2011-2013 and considering a global market open to all operators without barriers to entry.





The current presence of the Company as a result of the state of START UP, successor in FIREMA AS contracts (hereinafter the "FAS"), the unit acquired, is limited to the domestic market, with a concentration on a limited number of customers and Products.

Corporate strategy, however, expected to exceed this positioning, widening its range to some local markets in North Africa, the Middle East and India.

BUSINESS AND CORPORATE EVENTS OCCURRING DURING THE YEAR

The events for the year ended March 31, 2016 is substantially divided into four different phases. In particular:

- I. COMPANY'S COSTITUTION;
- II. DIVISION COMPANY AND REAL ESTATE SECTOR ACQUISITION FROM FAS WITH EFFECT FROM JULY 14, 2015;
- III. START UP PHASE;
- IV. RELATIONSHIPS' DEFINITION BETWEEN TFA AND FIREMA UNDER EXTRAORDINARY ADMINISTRATION (NETTING PROCESS).

I. COMPANY'S COSTITUTION

The Company was born on June 26, 2015 with a capital of EURO 200,000 in the form of a joint stock Company. At this stage the shares are held for 90% by Titagarh WAGONS LIMITED (hereinafter also "TWL") and for 10% by ADLER PLASTIC SPA (hereinafter also "ADLER"). Furthermore, the Managing Director and the Board of Auditors were appointed.



On July 8, 2015, it is resolved to increase the capital to EUR 10.000.000, subscribed to EUR 8.82 million from Titagarh SINGAPORE PTE LMDT (hereinafter also "TSPL") and EURO 920.000 from ADLER, paid during the year.

At the date of this document, the control's percentage are the following:

- TWL 1.8% (paid-up capital of 180,000 EURO);
- ADLER 10% (paid-up capital of EURO 1,000,000);
- TSPL 88.2% (paid-up capital of EURO 8.82 millions).

On July 8, 2015, in addition to reviewing specific aspects of the Statute, the members of the Board of Directors currently in charge were appointed.

II. DIVISION COMPANY AND REAL ESTATE SECTOR ACQUISITION FROM FAS WITH EFFECT FROM JULY 14, 2015

On July 9, 2015, TFA and FAS signed a purchase agreement for the sale of the Business Unit (Going Concern) and of the Real Estate sector.

The contract includes the purchase, for €/thousands 11.500, of the following items:

- the business unit, of which are identified the related assets and liabilities;
- the Real Estate sector, which includes the production sites of Caserta, Tito and Spello, their land and buildings.

The transfer of the Business Unit (Going Concern) includes:

1. tangible and intangible assets by FAS, for a contract value of about € / thousands 11.500;
2. n.13 contracts with specific customers on specific projects;
3. subsequent work in progress (about €/thousands 54.000) and subsequent progress payments received on these contracts (about €/thousands 73.500);
4. FAS advances payments to suppliers for materials delivered to TFA (about € €/thousands 1.500);
5. employments relations with 337 workers.

The agreement also provides a system of financial regulation, the so-called "NETTING", which commits the parties to balance the receivables and liabilities to third parties arising from the values referred to in points 2-3-4, measured at July 14, 2015, with a value to recognize each other.



As above described, against a contractual value of €/million 11.5 and the value of the transferred credits under the netting process, amounting to €/million 8.6, arise an effective purchase price of €/million 2.9.

The netting process also provides a payoff in the same financial settlement for the following items arising after July 14, 2015:

1. purchases by FAS technical material (incoming stocks after August 2010, Firema in Extraordinary Administration) with a mandatory minimum value of €/thousands 19,000 as at the "book" value in FAS;
2. any further purchases from FAS to the market value of technical material deriving from stocks before August 2010 (FAS *in bonis*);
3. costs and revenues subsequent to July 14, 2015.

The mechanisms described above, initially forecasted that they could be concluded within 60 days of the contract signing, have committed TFA and FAS until the preparation of this Financial Statement.

In particular, the parties have worked together on the following aspects:

- a) definition of credits and debits value to balance in the NETTING process at July 14 2015, for which the parties presented a complex work of analysis, reflected in the present draft financial statements according to the accounting standards of reasonableness and prudence;
- b) definition of the value of the technical material purchased since July 14, 2015 and in particular the part relating to the incoming stocks before August 2010, (FAS *in bonis*), for which FAS has performed an evaluation of the relative FAIR VALUE;
- c) definition of costs and revenues across July 14, 2015.

For more details, refer to point IV "Relationships' definition between TFA and Firema under extraordinary administration (netting process).".

The company, in order to reflect the purchase transaction of Going Concern and the Real Estate sector, has conducted a Purchase Price Allocation (PPA process), approved by the Board of Directors as of September 2, 2016, aimed at the allocation of the purchase price supported to the current values of assets and liabilities acquired.

From the analysis carried out in the PPA by management with the support of the advisor PRAXI, as the following emerged:

- the evaluation at the fair value of the assets and liabilities acquired;
- the estimate of potential liabilities at July 14, 2015 as a result of contract losses and / or probable liabilities transferred to the business unit and then allocated among the provisions for risks and charges.

During PPA process, based on analysis carried out by the Management on the transferred contracts and related orders in place, it has been identified a total amount of potential liabilities to be allocated to provision for risks and charges for a total of €/million 22,8, made of €/thousands 6.900 relating to the estimate value of the penalties to receive and €/ thousands 15.900, which includes the expected losses within the Budget of long-term contracts and the overall effect linked to the "under absorption" of the general, administrative and overhead costs that are expected for the coming years, causing further charges due to the non-absorption of these costs with respect the overall margins arising from contracts acquired.

For more details on values and the contents of the Opening Financial Position at July 14, 2015, please refer to the financial statements and disclosures in the Notes.

III. START UP PHASE

The activities of the Company's management focused mainly on the transformation and rationalization of the acquired business, on the implementation of certain commercial opportunities and on the articulation of an R&D program that can retrieve the technology gap with the competitors.

The main results achieved during the first year of start-up of the Company are the following:

1. A new leaner organization and adherent to market profile;
2. A substantial increase in productivity compared to FAS;
3. Significant rationalization of fixed costs;
4. Enlargement of the contract portfolio through the exercise of the option to FNM S.p.a. for the supply of 24 "wagons" during the years 2016-2017;
5. The definition of a R&D plan that will allow the mentioned recovery of the technological gap and will realign progressively, from year 2016, TFA to the best competitors standards.

A summary of the aims and results is represented in the corporate Budget approved by the Board of Directors on September 2, 2016 and for which please refer to the section "Business Outlook Management."

IV. RELATIONSHIPS' DEFINITION BETWEEN TFA AND FIREMA UNDER EXTRAORDINARY ADMINISTRATION (NETTING PROCESS).

About the definition of NETTING process, based on the provisions of art. 7 of the acquisition agreement of the Business Unit, on October 20, 2016, FAS has sent to the Company a proposal to define the reciprocal credit/debit positions (hereinafter the "Proposal") that provides the payment of € / thousands 12.500 (plus VAT) recalling the main contested positions between the parties.

Following the approval of the proposal of the Board of Directors, on 25 October 2016, TFA expressed its intention to define amicably their present and future claims, accepting its contents.

On January 11, 2017 TFA and FAS signed the agreement, approved by the Ministry of Economic Development.

These financial statements reflect the accounting effects of the transaction described above as of March 31, 2016, arising from the closing of the Netting process.

ECONOMIC AND FINANCIAL PERFORMANCE – COMBINED RATIOS

The following tables summarize the Economic and Financial performance of the Company and the related combined indexes.

For further elements of the composition and contents, please refer to the Notes.

Reclassified Income Statement	31.03.2016	% effect on Prod. Value
Sales	9.041	25,16%
Production	26.887	74,84%
OPERATING PRODUCTION VALUE	35.928	100,00%
Operating external costs	20.982	58,40%
ADDED VALUE	14.945	41,60%
Payroll costs	10.536	29,33%
EBITDA	4.409	12,27%
Depreciation and provisions	2.014	5,60%
OPERATING INCOME	2.395	6,67%
Other revenues (expenses)	(607)	-1,69%
Extraordinary revenues (expenses)	0	0,00%

EBIT	1.789	4,98%
Financial revenues (expenses)	(26)	-0,07%
PROFIT (LOSS) BEFORE TAXES	1.762	4,91%
Taxes	624	1,74%
NET PROFIT (LOSS)	1.138	3,17%

Reclassified Balance Sheet	31/03/2016	To FAS	To Other
Trade receivables	24.435	1.236	23.199
Inventory	97.916	0	97.916
Other assets	21.760	8.845	12.915
Trade Payables	(36.886)	(19.830)	(17.057)
Advances to customers	(99.982)	0	(99.982)
Other liabilities	(6.573)	(2.319)	(4.254)
Working Capital	669	(12.068)	12.736
Fixed Assets	36.649	1.000	35.649
Long term Liabilities	(26.333)	(8.000)	(18.333)
TOTAL NET INVESTED CAPITAL	10.985	(19.068)	30.053
Net Financial Position	(153)	0	(153)
Equity	11.138	0	11.138
TOTAL FOUNDS	10.985	0	10.985

Net Financial Position	(153)	0	(153)
Cash and cash equivalent	(4.180)	0	(4.180)
Loan from parent Company	4.026	0	4.026

Economic/Financial Ratios	31/03/2016
ROE (Net Profit/Equity)	10,2%
ROI (EBIT/Net Invested Capital)	16,3%
ROS (EBIT/Prod. Value)	3,2%
TURNOVER INVESTED CAPITAL (Prod. Value/ Net Invested Capital)	3,3



INVESTMENTS AND R&D

During the year, exceed what was directly related to the process of acquisition of the business segment and the real estate sector, the investments held by the Company were mainly focused on the intangible assets, particularly in software.

No activities of research and development have been recorded during the year, which required the optimization analysis of the structure, the definition of short and medium-term goals and the related implementation plan.

EMPLOYMENT SITUATION

The table below summarizes the evolution of the employment of TFA from the business acquisition to year-end, with a dynamic that shows the progressive units employees:

TYPE	CATEGORY	CASERTA	MILANO	TITO	SPELLO	YEARDS	TOTALE
Work force at July 14, 2015	Workers	177		54	17	4	252
	Office Workers	49	20	6	1		76
	Managers	6	3				9
	Executives						
	Total	232	23	60	18	4	337
Recruitments	Workers	14					14
	Office Workers	5	4				9
	Managers	3	2	1	1		7
	Executives	5	2				7
	Total	27	8	1	1		37
Dismissals	Workers						
	Office Workers	-2	-1				-3
	Managers		-2				-2
	Executives						
	Total	-2	-3				-5
Work force at March 31, 2016	Workers	191		54	17	4	266
	Office Workers	52	23	6	1		82
	Managers	9	3	1	1		14
	Executives	5	2				7
	Total	257	28	61	19	4	369

SUBSEQUENT EVENTS



The main subsequent events to the year-end are the followings:

1. Corporate Governance changes with dismissal of the Executive Committee starting from May 19, 2016, replaced by a system of delegated powers to individual Directors operating in conjunction with each other or with elements identified in the corporate Management (BOD of May 19, 2016 then divided into further details through Board resolutions of July 27, 2016)
2. Start of the preparation and implementation of a model of organization, management and control within the meaning of Legislative Decree. N.231/01, which is expected to complete in the current year. The matter has been treated in the BOD of May 19, 2016 and July 27, 2016;
3. Amendments of the Organizational Structure with new functions and management responsibilities in agreement with BOD resolutions of July 27, 2016;
4. In the Board of July 27, 2016 President J.P. Chowdary resignation occurred, of which has been recommended by the Board the appointment as Chairman Emeritus. Mr J.P. Chowdary was replaced as Chairman by Board Member Mr U. Chowdary, starting from July 27, 2016;
5. During the month of September 2016 two transfer without recourse factoring contracts came into force for receivables to customers FNM S.p.A. (Mediocredito Italian S.p.A. factor), SEPSA S.p.A. and Metrocampania Northeast Srl (Ifitalia S.p.A. factor);
6. On November 17, 2016 the Company signed a loan contract with AXIS BANK LIMITED, guaranteed by TWL partner, for an amount of €/thousands 12.000. As of today the Company received an amount of € / thousands 6.030;
7. On October 28, 2016 a meeting in Rome between the Company, the Ministry of Development, FAS and the social partners was held in order to define the contractual position of the "Firema Basin" workers. The Parties established the extension of unemployment benefits paid by the regions of Campania, Basilicata, Lazio, Umbria and Lombardia. Furthermore, TFA has become available to hire in the next 6 months no. 45 "Firema Basin" workers and retraining, for the purpose of hiring other 15 workers, after medical examination and withdrawal with respect to any legal action brought against TFA. For the remaining workers in the "Basin", except for employees who accrue the right to retirement during the period of social safety nets validity, an action aimed at their complete reallocation will be activated by national and local institutions.

Starting from November 25, 2016 the Parties will undertake periodic update meetings to verify the conditions and the points above described.

Based on the available information, after consultation with the legal in charge and after the findings of the meeting of October 28, 2016,, the Company has considered appropriate to make no provisions for "Firema Basin" employees legal actions, because there have were not detected significant items which could result in the recognition of a liability.

BUSINESS OUTLOOK

The actions carried out and already partially reflected in the Financial Statement at March 31, 2016 leave to believe in a dynamic growth of the Company during the current year.

In particular, the operational program approved by the Company expects a significant improvement in profitability, however intended to be reflected progressively in the financial situation until the financial statements at March 31, 2017.

Therefore, the Company and its shareholders, considering potential financial tensions which might slow down the expected growth, underline their attention to the problem and have turned the consequent actions to support the natural increase of working capital with adequate credit lines, backed by guarantees.

About new construction contracts acquired, TFA won the Trenitalia S.p.A. tender related to manufacturing and maintenance services on n. 64 TAF coaches. On October 31, 2016 TFA paid a guarantee deposit of €/thousands 5.024 (10% of contract value).

Please note that the first six months of the year ending on March 31, 2017 recorded a positive economic result, in line with management expectations.

RISK ANALYSIS

OPERATING

The Company's activities imply the assumption of risk, which if not managed properly, lead to economic and financial losses and / or damage to the Company or to third parties. The risk of losses or damages can arise from both endogenous and exogenous events. If appropriate, effective risk management policies and specific insurance coverage minimize the consequences of such damage. In the area of operating risks, information systems that support business operations deserve to be mentioned, with regard to the technical, commercial and administrative aspects. In order to limit the risk of business interruption

caused by potential system malfunctions, the Company has hardware and software architectures in a highly reliable configuration for applications that support critical activities.

MARKET

Market risk is, in the present case, the risk inherent in the railway construction business, which recorded in the last ten years a substantial demand decrease. To manage this risk, the Company intends to pursue a research and development, in order to constantly innovate their products and a saving policy of the general and administrative costs in order to improve their competitiveness.

CREDIT

Credit risk represents the Company's exposure to potential losses arising from default by a counterparty.

The credit risk of the Company is limited, because of the characteristics and the rating of the customers served. Furthermore, accounts receivable portfolio is constantly monitored by the relevant functions.

LIQUIDITY

The liquidity risk is related to the possibility that the Company is in a situation of difficulty to cope the financial obligations arising from contractual commitments and, more generally, from their liabilities. The Company proceeds consequently to a constant monitoring of the actual and perspective movement of its cash flow, in order to maintain a constant visibility of significant periods. Corrective actions, such as recourse to external sources (e.g. by factoring advances), are planned and implemented in advance compared to the actual financial requirements.

INTEREST RATES

The Company has no financial assets linked to changes in interest rates and the shareholders loans outstanding at March 31, 2016 are related to a fixed interest rate and substantially independent from the performance of the market interest rates.

According to Article 2428, paragraph 2, point 6 bis of the Italian Civil Code, the Company has no financial instruments.

OTHER INFORMATION

The Company has ISO quality certifications 9001 and ISO 14001 for Environmental Management Standard (EMS), while activities for the preparation and implementation of a model of organization, management and control according to Legislative Decree n.231/01 are ongoing.

In relation to the provisions of Decree Law of February 9, 2012, converted in Law n. 35 of April 4, 2012, that the Company, during its first operational year, ended at March 31, 2016, has developed an IT system in accordance with the established standards, with the implementation of all obligations related to privacy provided by law.

For details of related party transactions, please refer to the notes on financial statements.



FINANCIAL STATEMENT AT MARCH 31, 2016



ASSETS		31.03.16	14.7.2015
RECEIVABLES FROM SHAREHOLDERS FOR CAPITAL PAYMENTS		0	4.810.350
FIXED ASSETS			
I Intangible Assets			
4) grants, licenses, trademarks and similar rights	243.052	0	
7) other intangible assets	0	0	
Total I	243.052	0	
II Tangible assets			
1) lands and buildings	30.044.605	29.307.367	
2) plants and machines	3.918.187	4.849.880	
3) industrial and commercial equipment	908.748	1.307.722	
4) other tangible assets	534.703	622.031	
Total II	35.406.243	36.087.000	
III Financial assets			
2) long term credit			
d) to other parties	1.000.000	0	
Total III	1.000.000	0	
TOTAL FIXED ASSETS	36.649.295	36.087.000	
CURRENT ASSETS			
I Inventory			
1) raw material	17.436.858	0	
3) Work in progress	75.327.927	52.983.000	
5) Advances to suppliers for raw material	5.150.755	1.455.433	
Total I	97.915.540	54.438.433	
II Receivables			
1) trade receivables (short term)	24.379.736	0	
1) trade receivables (long term)	55.763	0	
4) tax credit	4.093.183	0	
4) bis Deferred Tax Assets	283.860	0	
5) receivables from others	17.061.246	20.083.261	
Total II	45.873.788	20.083.261	
III Current Financial Assets			
Total III	0	0	
IV Cash and cash equivalent			
1) bank accounts	4.178.861	5.188.911	
3) cash money	772	0	
Total IV	4.179.633	5.188.911	
TOTAL CURRENT ASSETS	147.968.961	79.710.605	
ACCRUED EXPENSES AND DEFERRED			
prepaid expenses	321.389	0	
TOTAL ACCRUED EXPENSES AND DEFERRED	321.389	0	
TOTAL ASSETS	184.939.644	120.607.955	

LIABILITIES		31.03.16	al 14.7.2015
A) EQUITY			
I SHARE CAPITAL	10.000.000		10.000.000
IV LEGAL RESERVE	0		0
VIII PROFIT (LOSS) OF PREVIOUS YEARS	0		0
IX PROFIT (LOSS) OF THE YEAR	1.138.489		0
TOTAL (A)		11.138.489	10.000.000
B) PROVISION			
3) other provisions	18.333.231		22.838.932
TOTAL (B)		18.333.231	22.838.932
C) EMPLOYEES BENEFITS			
	0		0
TOTAL (C)		0	0
D) PAYABLES			
3) payables to shareholders for financial loans	4.026.178		0
6) advances from customers	99.981.954		73.793.829
7) trade payables	36.583.122		0
10) payables to affiliated companies	84.247		0
11) payables to parent company	219.055		0
12) tax debts	1.183.334		0
13) social security's debts	524.882		0
14) other payables (short term)	4.865.152		5.975.194
14) other payables (long term)	8.000.000		8.000.000
TOTAL (D)		155.467.924	87.769.023
E) ACCRUED REVENUES AND DEFERRED			
TOTAL (E)	0	0	0
TOTAL LIABILITIES		184.939.644	120.607.955



PROFIT AND LOSS		31.03.16
A) PRODUCTION VALUE		
1) revenues from sales and services	9.041.213	
3) change in wip inventory	26.886.617	
5) other revenues	8.371	
Total (A)		35.936.200
B) PRODUCTION COSTS		
6) cost for raw materials	32.964.644	
7) cost for services	5.390.500	
8) costs for rent	235.681	
9) payroll cost		
a) Salary	7.423.594	
b) social securities	2.536.154	
c) empl. Benefits accruals	541.662	
e) other payroll costs	35.036	
10) deprec. and write-off		
a) deprec. on intangible assets	27.088	
b) deprec. on tangible assets	1.950.486	
11) change in raw material inventory	(17.608.370)	
13) other allowance	36.000	
14) other operating costs	614.916	
Total (B)		34.147.390
		1.788.810
C) FINANCIAL INCOME (EXPENSES)		
16) other financial revenues		
d) financial revenues from third parties	51	
17) financial expenses		
- from parent company	(26.178)	
- from other company	(145)	
17bis) - Profits (Losses) on currency exchange	(74)	
Total financial items (16 - 17 - 17 bis)		(26.346)
D) ADJUSTMENTS ON FINANCIAL ITEMS		
Total adjustments on financial items		0
E) EXTRAORDINARY ITEMS		
Total of extraordinary items		0
PROFIT BEFORE TAXES (A - B - C - D - E)		1.762.464
22) current and deferred taxes		
a) - current taxes	907.835	
b) - deferred taxes	(83.860)	
23) NET PROFIT (LOSS)		1.138.489

Caserta, January 12, 2017

Chairman of the Board of
Directors



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**NOTES
ON FINANCIAL STATEMENTS AT MARCH 31, 2016**



INTRODUCTION

The draft of the Financial Statements for the year ended on March 31, 2016, approved by the Board of Directors meeting on January 12, 2017, submitted for your review and for your approval, records a profit of Euro 1.138.489, after current and deferred taxes amounted to Euro 623.975.

As approved in the Board of Directors of June 30, 2016, under the art. 14 of the Statute of the Company, in order to refine the regulatory activities of the Business Unit purchase price (NETTING), as better described in the Management Report, and to reflect the accounting records in the Financial Statement, it has been necessary to use the term of 180 days for the approval of the financial statements. However, it was necessary to use additional days, to the above-mentioned period, due to the continuation of negotiations on which the Board of Directors of TFA of October 25, 2016 expressed its intention to define amicably present and future claims, accepting the contents of the proposal received, via certified mail, by Firema AS on October 20, 2016. The previously mentioned proposal is pending approval from the Ministry of Development.

The draft of the Financial Statements has been prepared in accordance with specified standards set out in Directive IV C.E.E., in the Legislative Decree 9 April 1991 n. 127 with changes made by the reform of Company law concerning Company Financial Statements introduced by Legislative Decree n. 6 of January 17, 2003 and by Legislative Decree no. 310 of December 28, 2004, and conforms to the art. 2423 et seq. of the Civil Code as shown below in these Notes, which shows in detail the valuation criteria, the composition of Balance Sheet items and the main changes in their consistency.

Just for exhibition purposes, the Financial Statement shows the amount of Assets, Liabilities and Equity as of July 14, 2015, the starting date of the Company operating, related to the business acquisition from FAS, as previously described.

The Financial Statements gives a true and fair view of the statement of financial position and the economic result for the year that corresponds to the accounting records:

1. Accounting policies are in accordance with the articles of the Civil Code interpreted and supplemented, where necessary, by the standards issued by the Italian Accounting;
2. No exceptional circumstances occurred that required recourse to the derogations provided in Art.2423, paragraph 4 and art.2423 bis;
3. No grouping of items was made in the Balance Sheet and Income Statement;

4. There aren't assets and liabilities elements that fall under more balance sheet items;
5. The financial result is related to costs and revenues occurred during the period from July 14, 2015 (effective starting day of business operating) to March 31, 2016.

Many information useful for the understanding of business dynamics, related to the scenario, the commercial forecast, the NETTING activities, receivables and payables to FAS, the allocation of the purchase price, are included in the Report Management. Please refer to comments reported in that document for details.

As of today, TFA is not under the direction and coordination of other Company

ACCOUNTING POLICY

The Balance Sheet and the Income Statement have been prepared according to the standard required by applicable laws, supplemented by the accounting principles processed by the National Council of Certified Public Accountants and updated by the accounting standards documents.

The valuation of Balance Sheet items have been made based on general criteria of prudence and competence, in a going concern business basis, and taking into account of the assets and liabilities economic function.

The economic function is the expression of substance over form principle that, where not expressly in contrast to other specific rules on the Financial Statement, allows the representation of the operations according to the economic reality underlying the formal aspects.

The application of the prudence principle implied the individual evaluation of the elements that compose the assets and liabilities items, to avoid compensation between losses to be recognized and profits not to be recognized because unrealized.

In accordance with the accrual principle, the effect of transactions and other events are accounted in the year in which such transactions and events refer and not in the year of related cash movement (receipts and payments)

In these notes are showed receivable and payable to related parties, whose transaction prices are in line with the market.



There were no exceptional circumstances that would have required recourse to the derogations provided for in the Civil Code, art. 2423 paragraph 4 and art. 2423 paragraph 2.

Following there are the accounting policies used in preparing the Financial Statements at March 31, 2016 in compliance with the art. 2426 of Civil Code:

a) Intangible assets are recorded at purchase or production cost, including any additional costs and are shown net of accumulated depreciation. They are depreciated in relation to the nature of the items and their expected residual use.

b) Tangible fixed assets are recorded at purchase or production cost, including directly attributable additional costs, increased for some items of revaluations made within the limits and subject to the specific legal provisions that have provided and allowed.

Tangible fixed assets are recorded net of accumulated depreciation, fed according to a systematic plan with constant rate taking into account the economic and technical deterioration of the assets and their estimated useful lives.

For increases of the year, depreciation are calculated from the day of completion of the asset.

The following table shows the depreciation rates applied to assets covered by the business acquisition and the new ones:

Category	Rates
Licences e software	20%
Buildings	3%
Plants and equipments	10%
Various equipments	25%
Electronic equip.	20%
Furnishings and furniture	12%

For the assets subject to appraisal during the Purchase Price Allocation (PPA), the useful life of the assets acquired has been defined and, consequently, the related depreciation rates are based on the valuation made by the expert consultant.

Independently of their accumulated depreciation, if there is a permanent impairment of value, the asset is written down; if in subsequent years the reasons of the impairment end, the original value is restored.

Ordinary maintenance costs are charged to the Income Statement in which they are incurred. Maintenance costs that increase the value of the assets to which they refer are allocated to such assets and are depreciated over the remaining useful life of the same.

b.1) Write-downs for impairment of tangible and intangible assets.

According to the OIC 9 (Italian accounting standard), at each date of the Balance Sheet, the recoverability of the carrying value of tangible and intangible assets is checked, in order to determine whether there is any indication that there is an impairment loss. If that indication exists, it is necessary to estimate the recoverable amount of the asset to determine the possible loss of value.

The recoverable amount of an asset is the higher between the fair value of the asset less the selling costs and its value in use determined as the present value of estimated future cash flows.

An impairment loss is recognized if the recoverable amount of the asset is less than its carrying value. When, subsequently, the loss on the asset disappears or is reduced, the carrying amount of the asset is increased to the revised estimate of its recoverable value, without exceeding the value that would have been determined if no loss had been recognized. The revaluation does not apply to goodwill.

c) Financial fixed assets refer to long term financial activities such as security deposits and similar items carried at their nominal.

d) Inventories refer to stocks of raw materials, consumables and supplies and are valued at the lower cost between the cost and the market value. The cost is determined using the moving average unit cost method (called MAUC). Obsolete and slow-moving inventories have been evaluated in relation to their level of utilization or presumed realizable value.

Inventories are shown net of related provisions.

"Advances" include the amount paid to the supplier before the delivery of the related goods used in the production process. The work in progress are valued on the basis of the percentage of completion method where costs, revenues and margins are recognized on the basis of the production progress determined on the ratio of costs sustained to the evaluation date and the total expected costs on the project.

The valuation reflects the best estimate of the schedules at the reporting date. If from the completion of an order a loss at the gross margin level will result, it is recorded in its entirety in the period in which it becomes reasonably foreseeable.

Work in progress are disclosed gross of advances and invoices issued to the progress that does not refer to payment definitively acquired and gross of provisions for costs to sustain after the completion of contracts, as well as those related to the provision for probable losses on the contract.

As of today, the Company has no agreement denominated in a currency other than the functional currency.



e) Receivables and Payables (trade and financial) are shown respectively at realizable value and at nominal value.

The receivables are shown in the balance sheet net of write-downs and other adjustments (e.g. billing adjustments, discounts and allowances) to reduce them to the estimated realizable value.

The classification of receivables and payables between due within and after one year is carried out with regard to their contractual or statutory deadline, taking account of facts and events foreseen in the contract that may result in a change to their original maturity, occurred by the date of the balance sheet.

Advances from customers refer to the turnover on work in progress for the amount paid as no definitive anticipation by the customer.

f) Cash and cash equivalents are recorded at nominal value, with separate disclosure of bank and postal deposits and cash on hand.

g) Provisions for risks and charges are recorded to cover specific liabilities that are certain or probable, but whose, at the year-end, the amount or date of occurrence are indeterminate. The risks and charges include provisions for expected losses on ongoing construction contracts and reasonably estimated probable penalties based on delays in execution times.

h) Accruals and prepayments are recorded on an accruals basis and reflect revenues, income, costs and charges attributable to a period of several years.

The OIC 18 (Italian Accounting Standard) clarifies that the multi-year accrued income should be recorded based on the estimated realizable value. Any impairment losses are recorded in b.10.d of the balance sheet "write-downs of items included in current assets and liquid assets".

i) Memo accounts include the value of actual risks, commitments and guarantees given and received, on the date of the financial statements and which are not included in other balance sheet items.

l) Revenues and costs in the Income Statement are booked to the year according to the accrual basis and are determined according to prudence principles.

Revenues also include changes in work in progress and for which please refer to the item Inventories.

Revenues from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership of the goods, which in many cases coincides with the transfer of title or ownership to the buyer, or when the revenue can be measured reliably.

Revenues from services are recognized when they can be reliably estimated, based on the percentage of completion method.

Costs are recorded in the financial statements according to the principles of prudence and economic competence.

m) Taxes. Current taxes are calculated based on taxable income of the year and according to the tax rates applied by law.

Deferred taxes are calculated on temporary differences between the carrying amounts in the financial statements and the corresponding values recognized for tax purposes by applying the tax rates provided to the payment date.

The registration as assets of deferred taxes is subject to the reasonable certainty of their recovery in the future.

n) Use of estimates. The preparation of Financial Statement requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The development of such estimates involves using available information and the adoption of subjective assessments that based on experience. By their nature, the estimates used may be different from year to year and, therefore, not be excluded that in future years the current book values may differ due to changes in the subjective evaluations. The main estimates for which is required to make subjective assessments are used for:

- the assessment of the recoverability of some items of assets (tangible and intangible assets, impairment of receivables, etc.);
- provision for risks;
- deferred tax, whose recognition is supported by the prospect of tax liability resulting from the expected profitability.

Estimate assumptions are reviewed periodically and the effects of any changes are reflected in the Income Statement of the period in which the change is recorded.

o) Cash flow statement includes all the outflows and incoming cash during the year. In the cash flow statement the cash flows items are presented separately in the following categories:

- a. operating activities;
- b. investment activities;
- c. financing activities.

The categories of financial flows are shown sequentially. The cash flow of operating activities is determined using the indirect method, after adjusting the profit or loss for the

year reported in the Income Statement. The net of cash flows from each category specified above represents the change (increase or decrease) in cash during the year.

The OIC 10 (Italian Accounting Standard) states that:

- Interest paid and interest received are presented separately in the cash flows of operating activities, except in special cases when they are directly related to investments (investing activities) or finance (financing activities);
- The collected and paid dividends are presented separately, respectively, in the income management and as financing activities;
- Cash flows relating to income taxes are separately disclosed and classified as operating activities.

The amounts shown in these notes to the financial statements are in unit of Euro currency, unless otherwise indicated.



NOTES ON FINANCIAL STATEMENT

BALANCE SHEET - ASSETS

RECEIVABLES FROM SHAREHOLDERS FOR CAPITAL PAYMENTS

The balance as of July 14, 2015 refers to the part of share capital approved by the Extraordinary Shareholders' Meeting on July 8, 2015 but not yet paid.

As of March 31, 2016 the entire share capital, amounting to €/thousands 10.000, is paid.

FIXED ASSETS

As of March 31, 2016 the total amount of fixed assets is €/thousands 36.649.

• INTANGIBLE ASSETS

Intangible assets amounted to €/thousands 243, are related to the acquisition of software and licenses necessary for the continuation of the industrial and technical activities.

The following table shows the movements in the year:

Intangible assets	14/07/2015	Increasing in cost	Deprec. of the year	Other changes	31/03/2016
- Grants, licenses, trademarks and similar rights	-	270.140	(27.088)	-	243.052
Total	-	270.140	(27.088)	-	243.052

Software amounts to €/thousands 19 and refers to the value of additional applications of the IT SAP management system, while licenses amount to €/thousands 224, refers to the CDM/PTC applications used as a design software.

• TANGIBLE ASSETS

Tangible fixed assets, net of the related accumulated depreciation, amounted to €/thousands 35.406.

The following table shows the movements in the year:



Tangible assets	14/07/2015	Increasing in cost	Deprec. of the year	Other changes	31/03/2016
- Lands	12.030.845	-	-	-	12.030.845
- Buildings	17.287.062	1.259.189	(532.491)	-	18.013.760
Total lands and buldings	29.317.907	1.259.189	(532.491)	-	30.044.605
- Plants and machines	4.849.880	-	(931.693)	-	3.918.187
- Industrial and commercial equip.	1.298.368	9.354	(398.974)	-	908.748
- Other tangible assets	620.528	1.503	(87.328)	-	534.703
Total	36.086.683	1.270.046	(1.950.486)	-	35.406.243

•• **Land and buildings** amount to €/thousands 30.045. The amount consists of land for €/thousands 12.031, industrial buildings of €/thousands 18,014, net of accumulated depreciation of €/thousands 532.

•• **Plants and machines** amount to €/thousands 3.918. This amount is composed of specific plants and machines for €/thousands 1.458, net of accumulated depreciation of €/thousands 316, and automatic machines for €/thousands 2.460, net of accumulated depreciation of €/thousands 616.

•• **Industrial and commercial equipment** amount to €/thousands 909. The item is composed exclusively of industrial and commercial equipment for €/thousands 1.308, net of accumulated depreciation of €/thousands 399.

•• **Other tangible assets** amount to €/thousands 535. This item includes furniture for €/thousands 105, net of accumulated depreciation of €/thousands 13, electronic office machines €/thousands 9, net of the provision of depreciation for €/thousands 27, Motor internal transportation vehicle for €/thousands 8, net of accumulated depreciation to €/thousands 3, Cars and Vehicles for €/thousands 46, net of depreciation for €/thousands 10 and other assets €/thousands 366, net of accumulated depreciation for €/thousands 34.

The inclusion of tangible fixed assets value, falling in the Business acquisition from FIREMA AS, has been determined by management, using an expert assessment carried out by PRAXI SPA. The details of these amounts represent the opening balance as July 14, 2015 of "Tangible Assets". For more details, please refer to the information included in the Management Report.

• **Financial fixed assets** amount to €/thousands 1.000 and are related to the security deposit paid to FAS according to the business unit acquisition agreement, conditional on the release of guarantee for the benefit of the seller.



CURRENT ASSETS

Current assets amount to €/thousands 147.969 and includes:

- **Inventory** amounted to €/thousands 97.916, divided as follows:

Inventory	31/03/2016	14/07/2015	Changes
- Raw materials	17.436.858	-	17.436.858
- W.I.P.	75.327.927	52.983.000	22.344.927
- Advances to suppliers	5.150.755	1.455.433	3.695.323
Total	97.915.540	54.438.433	43.477.107

- **Raw materials** amount to €/thousands 17.437. Following a breakdown of the item divided by site (amounts in €/thousands) is reported:

Warehouses	31/03/2016
Caserta	16.400
Tito	881
Spello	49
Goods in transit	107
Total	17.437

- **Work in progress** amount to €/thousands 75.328, of which €/thousands 50.912 related to inventories of work in progress in the operation contents of the Business Unit purchase.

The balance related to the WIP does not include amounts that have been billed to customers as advances and that are exposed into liabilities of the Balance Sheet under "Advance from customers" amounting to €/thousands 99.982.

The change recognized in the Income Statement amount to €/thousands 22.345 increased of €/thousands 4.541 related to the reversal of onerous contract provision, as described in the "Provisions" notes.

- **Advances to suppliers**, amount to €/thousands 5.258, are related to advances paid to suppliers against orders issued, of which €/thousands 1.455 related to advance payments for the operation of the Business Unit purchase.

- The total number of **Receivables** at March 31, 2016 amount to €/thousands 45.874. Following the detail of the items:



- **Trade receivables** amount to €/thousands 24.435. In detail the balance as March 31, 2016:

Trade receivables	31/03/2016
Within 12 months	
Invoices issued	23.629.736
Invoices to be issued	750.000
Over 12 months	
Warranty credit	55.762
Total	24.435.498

Trade receivables to FAS at March 31, 2016 amount to €/thousands 1.236 and refer to rebilling of costs incurred by TFA.

All trade receivables refer to domestic customers.

- **Tax credit** amount to €/thousands 4.093.

This item is composed exclusively of VAT, of which €/thousands 700 was used for offsetting other taxes after presentation of 2015 VAT Return.

- **Deferred tax credit** amount to €/thousands 284.

The following table provides a breakdown of deferred tax recognized at March 31, 2016 and for which it is expected the utilization with the taxable income that will be generated in future fiscal years:

Deferred tax credit	Tax basis	14/07/2015	Increasing	Decreasing	31/03/2016
- differ. between fiscal and statutory deprec. (24%)	1.182.751	-	283.860	-	283.860
Total		-	283.860	-	283.860

- **Receivables from other** amount to €/thousands 17.061 and are composed as follows:

Other credit	31/03/2016	14/07/2015	Changes
- receivables from employees	30.346	-	30.346
- receivables from social securities INAIL	184126	-	184126
- Deposits	2.740	-	2.740
- receivables from FAS	16.844.034	20.083.261	(3.239.227)
Total	17.061.246	20.083.261	(3.022.015)

Receivables from FAS at March 31, 2016 amounted to €/thousands 16.844 and decreased during the year for the financial regulation of some items related to the purchase contract. The balance at March 31, 2016 refers for about €/million 8,8 to receivables from FAS inside the Netting process and for about €/million 8 to receivables from third party customers of FAS transferred as a part of the Business Unit acquisition, and collected by TFA in the month of May 2016.

For other information on Netting amounts, please refer to paragraph contained into Management Report.

- The **Cash and cash equivalents** amount to €/thousands 4.180 and mainly refer to the availability on bank and postal accounts:

Cash and cash equivalents	31/03/2016	14/07/2015	Changes
Bank accounts	4.178.861	5.188.911	(1.010.050)
Cash	772	-	772
Total	4.179.633	5.188.911	(1.009.278)

ACCRUALS AND PREPAYMENTS (DEFERRALS)

Accruals and prepayments (deferrals), amount to €/thousands 321. This item is composed of prepaid expenses for insurance for €/thousands 74, prepaid maintenance costs of €/thousands 131, prepayment on commissions for guarantees for €/thousands 112 and others for €/thousands 4.

There are no prepayments running for more than five years.



BALANCE SHEET - LIABILITIES

EQUITY

Equity amounts to €/thousands 11.138 and refers to €/thousands 10.000 of share capital and €/thousands 1.138 of the profit of the year ended as of March 31, 2016.

The following table shows the changes of the item balance from the constitution of the Company to March 31, 2016:

Equity	Share Capital	Legal Reserve	Other reserves	Profits (losses) forwarded	Profit (loss) of the period	Total
Establishment of the Company - 26/06/2015	200.000					200.000
Increasing of share capital 08/07/2015	9.800.000					9.800.000
Balance at 14/07/2015	10.000.000	-	-	-	-	10.000.000
Result of the year end as March 31, 2016					1.138.489	1.138.489
Balance at 31/03/2016	10.000.000	-	-	-	1.138.489	11.138.489

The share capital amounts to Euro 10.000.000 represented by no. 10.000.000 ordinary shares of Euro 1 held by shareholders as follows:

- TITAGARH SINGAPORE PTE LIMITED, No. 8.820.000 shares;
- ADLER PLASTIC SPA, No. 1.000.000 shares;
- TITAGARH WAGONS LIMITED, No. 180.000 shares;

The following table shows the availability of equity balance at March 31, 2016:

DESCRIPTION	Amount at 31/03/2016	Possibility of use	Available amount
Share Capital	10.000.000		
Legal reserve	0		0
Other reserves	0		0
Total	10.000.000		0
Amount not available			
Available residual amount			

Legend:

A for capital increase

B to cover losses

C for payments to shareholders

PROVISIONS

At March 31, 2016 **Provisions** for risks and charges amount to €/thousands 18.333.

During PPA process, based on the analyzes carried out by the management on the transferred contracts and related orders in place, a total amount of liabilities was identified to be allocated to provision for risks and charges for an amount of €/million 22.8, of which €/thousands 6.900 relating to the estimate value of penalties to receive and €/thousands 15.900 which includes the expected losses within the Budget of long-term contracts and the overall effect linked to the "under absorption" of general administrative and structure costs that are expected for the coming years, leading to additional costs due to the non-absorption of these costs than overall margins arising from contracts acquired.

The following table shows the details at March 31, 2016:

Provision	14/07/2015	Increasing	Decreasing	31/03/2016
Penalties	6.900.000			6.900.000
Future Losses	15.938.932	-	4.541.701	11.397.231
Product warranty provision	-	36.000	-	36.000
Total	22.838.932	36.000	4.541.701	18.333.231

As of March 31, 2016 the use of future losses provision refers for €/thousands 461 to "under absorption" of general, administrative and structure costs and for €/thousands 4.081 to expected losses within the budget of long-term contracts.

PAYABLES

Payables amount to €/thousands 155.468.

- **Payables to shareholders for financial loans**, amounting to €/thousands 4.026 are related to the value of the loans received by the shareholder TITAGARH SINGAPORE PTE LIMITED on the basis of the loan agreement of September 30, 2015, with an interest rate of 6.5% on yearly basis.

Please note that at the date of preparation of this Financial Statements the loan received from TSPL amounts to €/thousands 16.000.

- **Advances from customers** amount to €/thousands 99.982 of which €/thousands 73.159 related to residual advances contained in the operation of the business unit purchase. The balance refers to contractual payments from customers and advances from customers on work in progress, related to revenues not yet definitively acquired and set to offset the item Inventories work in progress.

- **Trade Payables** amount to €/thousands 36.611. The following table shows the details at March 31, 2016:

Trade receivables	31/03/2016	14/07/2015	Changes
Invoices received from domestic suppl.	33.523.341	-	33.523.341
Invoices received from foreign suppl.	41.079	-	41.079
Invoices to be received	3.998.055	-	3.998.055
Credit notes to be received	(979.353)	-	(979.353)
Total	36.583.122	-	36.583.122

As reported in the Management Report, at the closing date of this Financial Statement, trade payables to FAS amounted to €/thousands 20.599 while Credit Notes to receive amounted to €/thousands 770.

At March 31, 2016, there were no debts in foreign currency.

- **Payables to affiliated companies and to parent company** are, respectively, equal to €/thousands 84 and €/thousands 219 and they are related to the personnel costs of the Group companies that operated for Titagarh Firema Adler S.p.A. during the year ended on March 31, 2016. Please see the section "Other Information" for further details.

- **Tax debts** amount to €/thousands 1.183, divided as follows:

Tax debts	31/03/2016	14/07/2015	Changes
<i>IRES debts</i>	777.340	-	777.340
<i>IRAP debts</i>	130.495	-	130.495
<i>VAT Split payment</i>	115.151	-	115.151
<i>Debts for payroll withholding staff</i>	160.348	-	160.348
Total	1.183.334	-	1.183.334

- **Social security debts** amounts to €/thousands 525, divided as follows:

Social securities debts	31/03/2016	14/07/2015	Changes
<i>Previdai found</i>	15.268	-	15.268
<i>Fasi found</i>	1.426	-	1.426
<i>Social securities to be paid</i>	179.918	-	179.918
<i>Social securities on holidays</i>	327.682	-	327.682
<i>Other Social securities debts</i>	588	-	588
Total	524.882	-	524.882

• **Other Payables** amount to €/thousands 12.865 at March 31, 2016, and related to:

Other Payables	31/03/2016	14/07/2015	Changes
<i>Personnel Payables</i>	466.756	-	466.756
<i>Real estate Payables to FAS</i>	1.000.000	1.000.000	-
<i>Local taxes</i>	194.642	-	194.642
<i>Payables for purchasing of FV plant</i>	1.748.068	1.748.068	-
<i>Payables to FAS</i>	1.319.228	2.227.126	(907.899)
<i>Other Payables</i>	136.458	-	136.458
Total within 12 months	4.865.152	4.975.194	(110.043)
<i>Real Payables to FAS</i>	8.000.000	9.000.000	(1.000.000)
Total over 12 months	8.000.000	9.000.000	(1.000.000)
Total	12.865.152	13.975.194	(220.086)

The amount over 12 months refers to the portion of payables to FAS relating to the purchase of the business unit - real estate from FAS payable after March 31, 2017 based on the Business Unit Acquisition Agreement.

MEMO ACCOUNTS

About the memo accounts as of March 31, 2016, the Company has not provided guarantees directly to third parties or Group companies.

However, the Company as of March 31, 2016 received guarantee policies from suppliers for the payment of advances for €/thousands 1.360.



INCOME STATEMENT

• PRODUCTION VALUE

Production value amounts to €/thousands 35.936 and is composed as follows:

•• **Revenues from Sales and Services**, amounts to €/thousands 9.041. The geographical breakdown of revenues is not significant because the totality of sales and service revenues is related to the domestic market.

•• The balance of the **change in work in progress** as March 31, 31, 2016 amounts to €/thousands 26.887. Please refer to the comments of the Balance Sheet item "Work in progress" for more details.

•• **Other Revenues** amount to €/thousands 9 and are mainly refer to the recharge of costs to third parties.

• PRODUCTION COSTS

Production Costs amounts to €/thousands 34.147. Following there is the analysis of the costs:

•• **Cost for Raw Materials** amount to €/thousands 32.965 and is related substantially to the purchase of components, semi-finished products and auxiliary materials used in the completion of orders. At year-end, the costs related to the purchase of materials from the FAS amount to about €/thousands 16.900.

•• **Costs for services** amounts to €/thousands 5.391, following the details of the item:

Costs for services	31/03/2016
Industrial services	1.046.157
Maintenance	518.241
Insurance	143.027
Consultant and certification	792.991
Utilities	687.291
Transportation and commercial costs	633.018
Common costs	922.940
Other Payroll costs	460.754
Bank fee	139.252
BoD retribution	46.829
TOTAL	5.390.500

- **Costs for rent**, amounts to €/thousands 236, are composed as follows:

Costs for rent	31/03/2016
Rent of equipment	135.980
Rent of office/building	77.629
Other rent	22.071
Total	235.681

- **Payroll cost** amount to €/thousands 10.536 and consists of €/thousands 7.424 for wages and salaries, €/thousands 2.536 for social security INPS and INAIL, €/thousands 542 related to severance indemnities and complementary allowances and €/thousands 35 for other personnel costs.

The average number of Company's employees for the year ended at March 31, 2016 amounted to 353 units. For more details on the composition of the staff, please refer to "Employment Situation" section in the Management Report.

- **Depreciation and write-off** amounts to €/thousands 1.977, of which €/thousands 27 in depreciation of intangible assets and €/thousands 1.950 in depreciation of tangible assets. Please refer to "Accounting Policy" paragraph for details about depreciation rates used.

For the year ended as of March 31, 2016 no impairment losses on the Company's assets has been recorded.

- **Change in Inventories Raw materials, supplies, consumable and goods** is positive for €/thousands 17.608. The difference compared to the balance sheet, amount to €/thousands 172, is given by the net effect of the accounting treatment of credit notes to be received from FAS for inventory write-down of materials related to FAS Business acquisitions (about €/thousands 279) and accounting for goods in transit to €/thousands 107 in inventories of raw materials.

- **Risk Provision**, amounting to €/thousands 36, refers to the risk provision allocation for contractual charges related to warranty on products.

- **Other operating costs** amount to €/thousands 615, below the details of the item:



Other operating costs	31/03/2016
Local and other taxes	538.852
Association fees	6.446
Penalties	66.820
Other costs	2.797
Total	614.916

• FINANCIAL INCOME AND EXPENSES

•• **The Financial Position** refers mainly to interest expenses on loans from shareholders (€/thousands 26) accrued at the Balance Sheet date.

For more details, see the comments of "payables to shareholders for financial loan " in the Balance Sheet.

• CURRENT AND DEFERRED INCOME TAXES

Current and deferred income taxes for the year amount to €/thousands 624. The following table shows the composition of the item:

Current and deferred taxes	31/03/2016
IRES Tax (Corporate Tax)	777.340
IRAP Tax (Regional Tax)	130.495
Deferred Tax	(283.860)
Total	623.975

•• Current tax

The following table reports the reconciliation of IRES and IRAP to theoretical rates with the effective ones for the year ended as of March 31, 2016:

- IRES

IRES tax rate reconciliation	31/03/2016
Profit before taxes(A)	1.762.464
IRES tax rate (B)	27,5%
Theoretical tax (A*B)	484.678
Deprec. not deductible	1.182.751
Provisions	36.000



Local taxes and other	69.111
Total Increasing Changes (C)	1.287.862
Decreasing variations	-
Total Decreasing Changes (D)	-
ACE deduction (E)	(223.634)
Total Tax basis (F= A+C+D+E)	2.826.692
Effective Tax (F=E*B)	777.340
Effective tax rate (F/A)	44.1%

- IRAP

IRAP tax rate reconciliation	31/03/2016
Positive Items (A)	35.936.200
Negative Items (B)	(23.574.945)
IRAP Tax rate (C)	4,6%
Theoretical tax (A+B)*C	571.090
Personnel/consultant cost not deductible	138.688
Financial expenses on leasing	22.071
Other Increasing variation	1.499
Total Increasing Changes (D)	162.259
Decreasing variations	-
Total Decreasing Changes (E)	-
Social securities deduction	(332.182)
Other payroll cost deduction	(9.380.286)
Total payroll deduction (F)	(9.712.468)
Total Tax basis (G= A+B+D+E+F)	2.811.046
Effective tax (H)	130.495
Effective Tax rate H/(A+B)	1,1%

•• Deferred Taxes

For the current year deferred tax for €/thousands 284 were recorded. For details, please refer to the information provided in the note on "Deferred Tax Assets".



CASH FLOW STATEMENT

Cash Flow Financial Statement	From 14/07/2015 To 31/03/2016
A) cash flow from operating activities	
1) Profit (Loss) of the period	1.138.489
Adjustments without effects on NWC	
Provisions	36.000
Depreciations	1.977.574
2) Cash Flow before Net Working Capital changes	3.152.063
Changes in NWC	
Inventory Decrease/(Increase)	(43.477.107)
Trade receivables Decrease/(Increase)	(24.435.499)
Other current assets Decrease/(Increase)	(1.676.417)
Other not current assets Decrease/(Increase)	(1.000.000)
Trade payables (Decrease)/Increase	36.583.122
Payables to related parties (Decrease)/Increase	303.302
Advances from costumers (Decrease)/Increase	26.188.124
Other Liabilities (Decrease)/Increase	598.174
Provisions (Decreasing)/Increasing	(4.541.701)
3) Cash Flow after Net Working Capital changes	(8.305.938)
Other adjustments	
(Income taxes paid)	
4) Cash Flow after adjustment	(8.305.938)
Cash Flow after operating activities (A)	(8.305.938)
B) cash flow from investment activities	
<i>Tangible Assets</i>	
Investments	(1.269.729)
Other movements	
<i>Intangible Assets</i>	
Investments	(270.140)
Other movements	
Cash flow from investment activities (B)	(1.539.869)
C) Cash flow from financial activities	
Loan from other	
Increase in borrowings	4.026.178
Equity	
Increasing in share capital paid	4.810.350
Cash flow from financial activities (C)	8.836.528
Cash Flow of the period	(1.009.278)
Cash at the beginning of the period	5.188.911
Cash at the end of the period	4.179.633

OTHER INFORMATION

• Related party transactions

In accordance with the art. 2427, paragraph 22bis of the Civil Code, with regard to transactions with related parties, significant transactions were carried out during the year ended at March 31, 2016, concluded under normal market conditions for prices and trade conditions and for underlying reasons that generated them.

Below there is the detail of transactions with related parties as of March 31, 2016:

Related Party	Operating costs	Financial expenses	Trade Payables	Financial Liabilities
Titagarh Wagons Limited	219.055		219.055	
Titagarh Singapore PTE Limited		26.178		4.026.178
AFR Titagarh Wagons	84.247		84.247	

• Financial instruments

There were no financial instruments issued by the Company or other instruments with equity or shareholding rights. Then, the Company has no derivatives financial instruments.

• Specific Loan

There are no assets for the direct or the completion of a specific transaction.

• Own share capital

In accordance with art. 2357 of the Civil Code there are no treasury shares or shares in parent companies held by the Company even through trust companies or third parties, and any treasury shares or shares in parent companies were purchased and/or sold by the Company, during the year, even through trust companies or nominees.



DIRECTORS AND CONTROL BODIES FEES

For the year ended as of March 31, 2016, fees paid to members of Board of Directors amount to €/thousands 49 while those approved for Statutory Auditors amounted to €/thousands 53.

BOARD OF DIRECTORS PROPOSAL FOR DESTINATION OF PROFIT OF THE YEAR

Dear Shareholders,

We submit for your approval the Financial Statements as of March 31, 2016, including Notes to financial statements and Management Report, which records a profit for the year of Euro 1.138.489,42, proposing the allocation of this profit as follows:

- Legal Reserve for Euro 56.924,47;
- Profits (losses) carried forward for Euro 1.081.564,95.

Caserta, January 12, 2017

**Chairman of the Board of
Directors**

