

Sintex-Wausauke Composites, Inc. and Subsidiaries

Wausauke, Wisconsin

Consolidated Financial Statements

Years Ended December 31, 2015 and 2014

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidated Financial Statements

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Independent Auditor's Report

To the Board of Directors of Sintex-Wausaukee Composites, Inc.
Wausaukee, Wisconsin

We have audited the accompanying consolidated financial statements of Sintex-Wausaukee Composites, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated income statements by function, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sintex-Wausaukee Composites, Inc. and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations, changes in equity, and their cash flows for the years then ended in conformity with IFRS, as issued by the International Accounting Standards Board.

Wipfli LLP

Wipfli LLP

April 28, 2016
Green Bay, Wisconsin

Sintex-Wausauke Composites, Inc. and Subsidiaries

Consolidated Balance Sheets

(All Amounts in U.S. Dollars)

December 31, 2015 and 2014

<i>Assets</i>	Footnote Reference	2015	2014
Noncurrent assets:			
Property, plant, and equipment - Net	5	\$2,781,265	\$3,783,656
Intangible asset - Net	6	3,507,766	4,054,438
Debt issuance costs	7	100,602	125,820
Deferred income taxes	15	404,697	404,697
Total noncurrent assets		6,794,330	8,368,611
Current assets:			
Inventories	8	2,595,773	3,821,586
Trade receivables	9	2,502,153	3,163,971
Receivables - Related party	23	131,477	26,503
Prepaid expenses		249,535	344,402
Cash		136,597	102,980
Total current assets		5,615,535	7,459,442
Assets held for sale	10	1,553,381	851,828
TOTAL ASSETS		\$13,963,246	\$16,679,881

<i>Liabilities and Equity</i>	Footnote Reference	2015	2014
Equity:			
Capital and reserves attributable to the Company's equity holders:			
Share capital and premium	11	\$24,353,350	\$24,353,350
Accumulated deficit		(14,384,027)	(13,336,371)
Total equity		9,969,323	11,016,979
Liabilities:			
Noncurrent liabilities:			
Line of credit borrowings	12	977,866	1,931,909
Long-term notes payable	13	1,212,753	1,516,433
Total noncurrent liabilities		2,190,619	3,448,342
Current liabilities:			
Accrued and other liabilities	14	493,267	463,283
Trade payables		742,405	1,318,376
Trade payables - Related party	23	105,552	129,221
Current maturities of long-term notes payable	13	462,080	303,680
Total current liabilities		1,803,304	2,214,560
Total liabilities		3,993,923	5,662,902
TOTAL LIABILITIES AND EQUITY		\$13,963,246	\$16,679,881

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidated Income Statements by Function

(All Amounts in U.S. Dollars)

Years Ended December 31, 2015 and 2014

	Footnote Reference	2015	2014
Sales		\$27,403,886	\$26,277,470
Cost of sales		24,297,621	22,950,261
Gross profit on sales		3,106,265	3,327,209
Other operating income - Net		9,031	15,209
Operating expenses:			
Engineering		739,268	827,313
Selling and administrative		3,272,927	3,109,386
Loss from operations		(896,899)	(594,281)
Finance costs		150,757	120,885
Loss for the year		(\$1,047,656)	(\$715,166)

Sintex-Wausauke Composites, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

(All Amounts in U.S. Dollars)

Years Ended December 31, 2015 and 2014

	Share Capital and Premium	Accumulated Deficit	Total Equity
Balance at December 31, 2013	\$24,353,350	(\$12,621,205)	\$11,732,145
Loss for the year		(715,166)	(715,166)
Balance at December 31, 2014	24,353,350	(13,336,371)	11,016,979
Loss for the year		(1,047,656)	(1,047,656)
Balance at December 31, 2015	\$24,353,350	(\$14,384,027)	\$9,969,323

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(All Amounts in U.S. Dollars)

Years Ended December 31, 2015 and 2014

	2015	2014
Increase (decrease) in cash:		
Cash flows from operating activities:		
Loss for the year	(\$1,047,656)	(\$715,166)
Adjustments for:		
Depreciation and amortization	1,024,873	1,014,677
Impairment of assets held for sale	97,938	105,516
Gain from sale of property, plant, and equipment	(8,000)	0
Interest charged	150,757	120,885
Subtotal	217,912	525,912
Changes in working capital:		
Trade receivables	661,818	(943,283)
Inventories	1,225,813	(1,237,414)
Prepaid expenses and other assets	(10,107)	(273,730)
Trade payables	(599,640)	472,313
Accrued and other liabilities	29,984	(50,796)
Net changes in working capital	1,307,868	(2,032,910)
Cash generated from operating activities	1,525,780	(1,506,998)
Interest paid	(150,757)	(120,885)
Net cash provided by (used in) operating activities	1,375,023	(1,627,883)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(245,083)	(614,079)
Proceeds from sale of property, plant, and equipment	8,000	0
Net cash used in investing activities	(237,083)	(614,079)
Cash flows from financing activities:		
Proceeds from issuance of long-term borrowings	198,000	2,018,400
Payment of loan fees	(5,000)	0
Repayments of long-term borrowings	(343,280)	(1,438,545)
Net payments on line-of-credit borrowings	(954,043)	1,739,241
Net cash provided by (used in) financing activities	(1,104,323)	2,319,096
Net increase in cash	33,617	77,134
Cash at beginning	102,980	25,846
Cash at end	\$136,597	\$102,980

See accompanying notes to consolidated financial statements.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 **General Information**

Sintex-Wausaukee Composites, Inc. and Subsidiaries (referred to as "SWC") is incorporated and domiciled in the United States of America. The address of its registered office is 160 Greentree Drive, Dover, Delaware. SWC is a wholly owned subsidiary of Sintex Holdings, B.V., incorporated in the Netherlands. Sintex Holdings, B.V. is a wholly owned subsidiary of Sintex Industries, Ltd., organized in India.

SWC's consolidated financial statements include its 100% owned subsidiaries, WCI Wind Turbine Components, LLC, and Wausaukee Composites - Owosso, Inc. WCI Wind Turbine Components, LLC includes its 100% owned subsidiary, Cuba City Real Estate, LLC. Wausaukee Composites - Owosso, Inc. includes its 100% owned subsidiary, Owosso Real Estate, LLC. SWC controls all financial and operational aspects of these subsidiaries.

SWC operates entirely in the plastics segment as a manufacturer of various types of fiberglass composites for commercial use primarily for sale in the United States. SWC also distributes products purchased from Sintex Industries, Ltd. to customers in the United States. Manufacturing facilities are located in the United States as follows: Wausaukee, Wisconsin; Gillett, Wisconsin; and Owosso, Michigan. Operations in Cuba City, Wisconsin, were ceased during 2013 with equipment and related manufacturing for customers moved to other SWC facilities.

These consolidated financial statements were authorized for issue by management on April 28, 2016.

Note 2 **Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Basis of Preparation

The consolidated financial statements of SWC and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as promulgated by the International Accounting Standards Board (IASB). The accounts are prepared based on the accrual method of accounting. These financial statements are prepared under the historical cost convention.

Changes in Accounting Policy and Disclosure

There were no new standards or interpretations effective for the first time for periods beginning on or after January 1, 2015. None of the amendments to standards that are effective from that date had a significant effect on these consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which SWC has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Intercompany transactions, balances, and unrealized gains or losses on transactions between subsidiaries are eliminated.

Property, Plant, Equipment, and Depreciation

Property, plant, and equipment are valued at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the property, plant, and equipment, as well as any cost necessary to make these items ready for their intended purpose. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in income. Land is not depreciated.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Property, Plant, Equipment, and Depreciation (Continued)

Depreciation on other assets is calculated using the straight-line method to allocate their costs over their estimated useful lives as follows:

Buildings	20 - 30 years
Land improvements	7 - 20 years
Machinery and equipment	5 - 11 years
Furniture, office, and computer equipment	3 - 7 years

Intangible Assets

Intangible assets acquired are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their cost can be measured reliably. Amortization is charged on a straight-line basis over the estimated useful life and is recorded in selling and administrative expenses in the consolidated income statements by function. Intangible assets are reported at cost less accumulated amortization, subject to a review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized over the related debt term using the straight-line method, which approximates the interest method.

Financial Assets Classification

SWC's only financial assets are trade receivables and cash. Trade receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and are classified as loans and receivables under IAS 39.

Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out (FIFO) method or net realizable value. Obsolete and slow moving inventories are identified and written down to net realizable value.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Trade Receivables and Credit Policy

Trade receivables are uncollateralized customer obligations due on normal trade terms requiring payment within 10 to 90 days from the invoice date. Collections of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Trade receivables are carried at the contractual amount reduced by an allowance that reflects management's best estimate of the amounts that will not be collected.

SWC is exposed to credit risk losses if a customer fails to meet its contractual obligations. SWC assesses the credit risk of new customers before entering contracts and monitors credit risk associated with existing customers.

Trade Payables

Trade payables are recognized at the contractual amount due. SWC believes that the fair value of the trade payables is not materially different than the carrying amount.

Borrowings

Borrowings are recognized at amortized costs which approximates fair value because the underlying debt instruments bear interest primarily at variable rates plus credit spreads. Management believes credit spreads are reasonable compared to those attainable in the current open market.

Revenue Recognition

Revenue represents amounts received and receivable for goods provided in the normal course of business, net of discounts and sales-related taxes. Revenue from the sale of goods is recognized in the consolidated income statements by function when all of the following conditions have been satisfied: (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Shipping and handling fees charged to customers are reported as revenue and related expenses on cost of sales.

Sintex-Wausauke Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 **Summary of Significant Accounting Policies** (Continued)

Financial Risk Management

SWC's activities expose it to a variety of financial risks including interest rate risk. Risk caused by fluctuations in variable interest rates is managed by periodically assessing exposures by comparing against market fixed rates offered.

Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. Current income tax expense is calculated on the basis of the tax laws enacted in the jurisdictions where SWC operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are determined based upon the difference between the financial statement and tax bases of assets and liabilities, as measured by the expected tax rates that will be in effect when these differences are expected to reverse. Deferred tax assets relating to the carryforward of unused tax losses are recognized to the extent that it is probable future taxable profit will be available against which the tax assets can be utilized.

Note 3 **Capital Risk Management**

SWC's objectives when managing capital are to safeguard SWC's ability to continue as a going concern by maintaining available borrowing capacity and overall liquidity. The operating line of credit is maintained with sufficient excess borrowing availability to provide projected working capital needs. SWC has long-term financing for its real estate and equipment, most of which matures during 2019.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 Capital Risk Management (Continued)

The gearing ratio is computed as follows:

	2015	2014
Total borrowings (Notes 12 and 13)	\$2,652,699	\$3,752,022
Less - Cash	136,597	102,980
Net debt	2,516,102	3,649,042
Total equity	9,969,323	11,016,979
Total capital	\$12,485,425	\$14,666,021
Gearing ratio	20%	25%

Note 4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of SWC's accounting policies, which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

The following are the key assumptions, estimates, and judgments that have a significant effect on the financial results and are at risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Amortization and impairment of customer list - An original value of \$8,200,000 was assigned to a customer list intangible with the 2007 acquisition of Wausaukee by Sintex, which is expected to be amortized over a 15-year period. SWC monitors its customer list at least annually and prepares financial projections of profitability to determine the intangible is not impaired. No impairment charge was recognized in 2015 or 2014.
- Realization of deferred tax asset arising from tax net operating loss carryovers - The realization of future benefits of tax carryovers is an estimate based on projections of future profitability.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

- Valuation of assets held for sale - SWC's Cuba City operations were ceased in 2013 and the real estate is listed for sale for an amount in excess of the carrying value. Management estimates the net realizable value upon eventual sale of the real estate will approximate the carrying value. See Note 10 for further details.
- Self-funded health insurance - SWC records a liability for outstanding claims that is an estimate.
- Useful lives of property, plant, and equipment - The useful lives of capital assets used by SWC are estimated and are subject to annual review.
- Inventories are valued at lower of cost or market.

The judgments applied related to estimates of asset valuations of the customer list and deferred taxes noted above are in part dependent on future profitability. The 2015 and 2014 years resulted in operating losses; however, were both EBITDA positive.

As further discussed in Note 10, the Company is planning to sell its Owosso facility in 2016. After the sale, equipment and machinery from the Owosso facility will be transferred to other SWC facilities. As a result, profitability improvements are expected in the future resulting from consolidation of physical locations while maintaining sales volume and technological capabilities. In addition to direct cost savings related to the reduction of one physical location, management expects indirect cost savings and profit improvement with the ability to focus management oversight on the remaining two plants.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 Property, Plant, and Equipment - Net

Property, plant, and equipment consisted of the following for 2015:

	Cost					12-31-15 Balance
	1-1-15 Balance	Additions	Disposals	Transfers	Transferred to Held For Sale	
Land and improvements	\$169,725	\$16,341	\$0	\$0	(\$30,000)	\$156,066
Buildings	2,632,946	21,284	0	0	(1,112,884)	1,541,346
Machinery and equipment	4,420,368	24,214	(30,847)	5,125	0	4,418,860
Furniture, office, and computer equipment	333,237	13,687	(520)	0	0	346,404
Capital additions in progress	375,498	167,555	0	(5,125)	0	537,928
Total cost basis	\$7,931,774	\$243,081	(\$31,367)	\$0	(\$1,142,884)	\$7,000,604

	Accumulated Depreciation					Net Book Value
	1-1-15 Balance	Additions	Disposals	Transferred to Held For Sale	12-31-15 Balance	
Land and improvements	\$68,484	\$7,781	\$0	\$0	\$76,265	\$79,801
Buildings	726,263	128,143	0	(343,393)	511,013	1,030,333
Machinery and equipment	3,106,652	283,205	(30,847)	0	3,359,010	1,059,850
Furniture, office, and computer equipment	246,719	26,852	(520)	0	273,051	73,353
Capital additions in progress	0	0	0	0	0	537,928
Totals	\$4,148,118	\$445,981	(\$31,367)	(\$343,393)	\$4,219,339	\$2,781,265

All of the above assets are pledged as collateral on the bank debt described in Note 12.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 Property, Plant, and Equipment - Net (Continued)

Property, plant, and equipment consisted of the following for 2014:

	Cost				12-31-14 Balance
	1-1-14 Balance	Additions	Disposals	Transfers	
Land and improvements	\$169,725	\$0	\$0	\$0	\$169,725
Buildings	2,521,822	111,124	0	0	2,632,946
Machinery and equipment	3,852,665	113,693	(1)	454,011	4,420,368
Furniture, office, and computer equipment	310,402	22,835	0	0	333,237
Capital additions in progress	463,082	366,427	0	(454,011)	375,498
Total cost basis	\$7,317,696	\$614,079	(\$1)	\$0	\$7,931,774

	Accumulated Depreciation				Net Book Value
	1-1-14 Balance	Additions	Disposals	12-31-14 Balance	
Land and improvements	\$59,341	\$9,143	\$0	\$68,484	\$101,241
Buildings	605,297	120,966	0	726,263	1,906,683
Machinery and equipment	2,791,127	315,526	(1)	3,106,652	1,313,716
Furniture, office, and computer equipment	224,348	22,371	0	246,719	86,518
Capital additions in progress	0	0	0	0	375,498
Totals	\$3,680,113	\$468,006	(\$1)	\$4,148,118	\$3,783,656

Sintex-Wausauke Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 Intangible Asset - Net

The intangible asset, which arose in the 2007 acquisition of Wausauke by Sintex, consists of a customer list whose accounting activity follows:

Balance at December 31, 2013	\$4,601,109
Amortization for the year	(546,671)
Balance at December 31, 2014	4,054,438
Amortization for the year	(546,672)
Balance at December 31, 2015	\$3,507,766

Intangible asset - net consisted of a customer list as follows at December 31:

	2015	2014
Cost of customer relationship intangible	\$8,200,000	\$8,200,000
Less - Accumulated amortization	4,692,234	4,145,562
Total intangible asset - Net	\$3,507,766	\$4,054,438

Annual amortization of \$546,672 is expected through May 2022.

Note 7 Debt Issuance Costs

	2015	2014
Debt issuance costs	\$155,525	\$150,525
Less - Accumulated amortization	54,923	24,705
Debt issuance costs - Net	\$100,602	\$125,820

Amortization expense was \$30,218 for 2015 and \$24,705 for 2014. Future amortization is expected to be approximately \$32,000 through 2018 and \$5,000 in 2019.

Sintex-Wausauke Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 Inventories

Inventories consisted of the following at December 31:

	2015	2014
At current cost:		
Raw materials and work in process	\$1,987,865	\$2,702,736
Finished products	493,877	786,650
Logistics Inventory	114,031	332,200
Totals	\$2,595,773	\$3,821,586

All inventories are expected to be sold or used within the next 12 months. Inventory determined to be obsolete is written off.

Note 9 Trade Receivables

Trade receivables consisted of the following at December 31:

	2015	2014
Gross accounts receivable	\$2,529,485	\$3,243,971
Less - Allowance for doubtful accounts	27,332	80,000
Trade receivables - Net	\$2,502,153	\$3,163,971

Changes to the allowance for doubtful accounts are as follows:

	2015	2014
Balance at January 1	\$80,000	\$96,474
Provision (credit) for allowance for doubtful accounts	12,000	(20,056)
Receivable recovery (write-off) during the year	(64,668)	3,582
Balance at December 31	\$27,332	\$80,000

Sintex-Wausauke Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 **Assets Held for Sale**

SWC closed its Cuba City, Wisconsin operating facility during 2013. Equipment and other portable assets were transferred to other facilities where similar operations continue. The real estate in Cuba City is listed for sale and being actively marketed as of December 31, 2015. Management estimates that the proceeds from ultimate sale will approximate the carrying value of the remaining assets of \$753,890. SWC recorded an impairment of \$97,938 in 2015 and \$105,516 in 2014 to reduce the value of the assets to their estimated net realizable value.

Subsequent to December 31, 2015, SWC signed an agreement to sell its Owosso real estate. Equipment and machinery from the facility will be transferred to other SWC facilities. Proceeds from the sale of \$900,000 will be used to pay down existing bank debt on the real estate. The sale of the building is not finalized as of the date of this report, but is expected to be final by the end of the second quarter of 2016. The carrying value of the building has been classified as assets held for sale on the accompanying consolidated balance sheets as of December 31, 2015.

Although the Cuba City real estate is included in assets held for sale, SWC is considering potential future uses for the facility based on the sale of the Owosso real estate.

Assets held for sale consisted of the following at December 31:

	2015	2014
Cuba City real estate	\$753,890	\$851,828
Owosso real estate	799,491	0
Totals	\$1,553,381	\$851,828

Note 11 **Share Capital and Premium**

SWC has authorized 1,000 shares at a par value of USD \$0.001 per share; 100 of these shares were issued to Sintex Holdings, B.V. for \$24,353,350 and remain outstanding.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 Line of Credit Borrowings

SWC has a \$6,500,000 revolving credit agreement that is secured by substantially all assets, of which \$977,866 and \$1,931,909 was borrowed at December 2015 and 2014, respectively. The revolving credit agreement expires March 7, 2019, and requires monthly interest payments at the three-month LIBOR plus 3.00% and 2.50% at December 31, 2015 and 2014, respectively (3.61% and 2.88% at December 31, 2015 and 2014, respectively).

Note 13 Long-Term Notes Payable

Long-term notes payable consisted of the following at December 31:

	2015	2014
Bank note for real estate, with monthly principal payments of \$12,500 plus interest, balloon payment due March 7, 2019	\$1,237,500	\$1,387,500
Bank note for purchase of equipment, with monthly principal payments of \$4,473 plus interest, due March 7, 2019	178,933	232,613
Bank note for purchase of equipment, with monthly principal payments of \$8,333 plus interest, final payment due in December 2016	100,000	200,000
Bank note for purchase of equipment, with monthly principal payments of \$13,200 plus interest, due December 1, 2016	158,400	0
Totals	1,674,833	1,820,113
Less - Current maturities	462,080	303,680
Long-term portion	\$1,212,753	\$1,516,433

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13 Long-Term Notes Payable (Continued)

The bank term notes and line of credit borrowings described in Note 11 are supported by a loan agreement between SWC, its subsidiaries, and Wells Fargo Bank. Interest on the term notes above, per the credit agreement, is paid monthly at the three-month LIBOR plus an amount determined in the loan agreement of 3.50% at December 31, 2015, and 3.00% at December 31, 2014. The applicable interest rate was 4.11% at December 31, 2015, and 3.38% at December 31, 2014. The term notes and line of credit borrowings are secured by substantially all assets of SWC. The loan agreement provides for certain restrictive covenants including a minimum debt service coverage ratio.

Note 14 Accrued and Other Liabilities

Accrued and other liabilities consisted of the following at December 31:

	2015	2014
Employee payroll, vacation, and benefit liabilities	\$244,089	\$357,644
Other liabilities	249,178	105,639
Totals	\$493,267	\$463,283

Note 15 Income Taxes

There was no current or deferred income tax expense for SWC for either 2015 or 2014. A reconciliation between tax credit and tax at the applicable tax rate follows:

	2015	2014
Tax credit at federal tax rate of 34%	(\$356,203)	(\$243,156)
Tax amortization of goodwill for which no deferred asset was previously recognized	(254,742)	(254,742)
Net operating loss for which no tax asset was recognized	604,609	489,983
Nondeductible expense items	6,336	7,915
Total income tax credit	\$0	\$0

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 15 Income Taxes (Continued)

Changes in deferred tax assets (liabilities) for the year ended December 31, 2015, consisted of the following:

	Balance at 1-1-15	Credited (Charged) to Income Statement	Charged Directly to Equity	Balance at 12-31-15
Property, plant, and equipment	(\$116,793)	\$61,430	\$0	(\$55,363)
Net operating loss carryforwards	500,362	(24,987)	0	475,375
Vacation accrual	54,179	(25,825)	0	28,354
Prepaid expenses	(77,473)	6,393	0	(71,080)
Provision for bad debts	27,200	(17,907)	0	9,293
Other disallowed accrued items	17,222	896	0	18,118
Total	\$404,697	\$0	\$0	\$404,697

Changes in deferred tax assets (liabilities) for the year ended December 31, 2014, consisted of the following:

	Balance at 1-1-14	Credited (Charged) to Income Statement	Charged Directly to Equity	Balance at 12-31-14
Property, plant, and equipment	(\$186,995)	\$70,202	\$0	(\$116,793)
Net operating loss carryforwards	566,408	(66,046)	0	500,362
Vacation accrual	61,309	(7,130)	0	54,179
Prepaid expenses	(86,728)	9,255	0	(77,473)
Provision for bad debts	32,801	(5,601)	0	27,200
Other disallowed accrued items	17,902	(680)	0	17,222
Total	\$404,697	\$0	\$0	\$404,697

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 15 **Income Taxes** (Continued)

Deferred income tax assets are recognized to the extent the realization of the related tax benefit through future taxable profits is probable. As of December 31, 2015 and 2014, SWC did not recognize deferred income tax assets for \$1.6 million and \$1.9 million, respectively, associated with future deductible amounts of the goodwill previously impaired for financial reporting purposes.

As of December 31, 2015, SWC has approximately \$9.5 million of United States federal tax loss carryforwards available to offset future income through expiration beginning in 2028. As noted in the tables on the previous page, SWC had recorded a deferred tax asset for a portion of the net operating loss carryforwards. However, it is estimated that a portion of the net operating loss carryforwards will expire unused. As a result, as of December 31, 2015 and 2014, deferred income tax assets related to carryforwards of \$2.8 million and \$2.1 million, respectively, were not recognized.

Note 16 **Change in Finished Goods Inventory**

The change in finished goods inventory for the years ended December 31, 2015 and 2014, follows:

	2015	2014
Finished goods at end	\$493,877	\$786,650
Finished goods at beginning	786,650	317,299
Change in finished goods inventory	(\$292,773)	\$469,351

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 17 Expenses by Nature

Expenses by nature for the years ended December 31, 2015 and 2014, consisted of the following:

	2015	2014
Raw materials consumed	\$13,069,620	\$11,672,823
Employee-related expenses:		
Salaries, wages, bonuses, and other payments	8,548,896	8,821,301
Employee benefits and welfare expenses	1,679,757	1,211,301
Subtotals	10,228,653	10,032,602
Manufacturing and other expenses:		
Stores and spare parts consumed	1,420,451	1,553,716
Depreciation and amortization	1,122,596	1,120,193
Power and fuel	696,316	859,271
Professional services	353,612	277,807
Rent	84,133	75,276
Commissions and brokerage on sales	204,651	199,177
Rates and taxes	93,246	94,452
Machinery repairs	117,193	149,700
Insurance	123,247	123,915
Building repairs	39,427	32,847
Stationery, printing, postage, telephone, and advertising	74,403	60,462
Other repairs	95,466	120,825
General charges	586,802	513,894
Subtotals	5,011,543	5,181,535
Total expenses by nature	\$28,309,816	\$26,886,960

Management Compensation

Key management for SWC includes corporate officers and vice presidents. The compensation paid to key management consists primarily of salaries and other short-term employee benefits, totaling approximately \$423,000 and \$602,000 for 2015 and 2014, respectively. Employment agreements do not include any material long-term or post-employment benefits. Severance payments will apply to terminations other than for cause.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 18 Leases

Rent expense for operating leases, the majority of which are short-term equipment leases, was \$31,807 and \$75,276 for the years ended December 31, 2015 and 2014, respectively. Future minimum lease payments under noncancelable leases, with terms in excess of one year, are not material. There are no leases for buildings where there would be a risk of immediate termination and disruption to operations.

Note 19 Defined Contribution Retirement Plan

SWC sponsors a 401(k) retirement plan covering substantially all its employees having at least one year of service. There were no contributions made by the Company in 2015 or 2014.

Note 20 Self-Funded Insurance

In 2014, SWC switched to a self-funded health care plan that provides medical benefits to substantially all full-time employees. The health care cost is expensed as incurred. The health care expense is based on actual claims paid, reinsurance premiums, administrative fees, and estimated unpaid claims at year-end. SWC buys reinsurance to cover catastrophic individual claims over \$75,000.

Health care expense was approximately \$970,000 in 2015 and \$640,000 in 2014. SWC has recorded a liability of \$64,069 and \$60,400 at December 31, 2015 and 2014, respectively, for claims outstanding. Management believes this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 21 Major Customers

SWC had customers that individually represent a significant amount of overall sales and accounts receivable as follows:

2015	Percent of Sales	Percent of Accounts Receivable
Customer A	25%	12%
Customer B	18%	15%
Customer C	11%	15%

2014	Percent of Sales	Percent of Accounts Receivable
Customer A	35%	18%
Customer B	15%	38%
Customer C	10%	6%

Note 22 Contingencies

In the ordinary course of conducting business, SWC occasionally becomes involved in legal proceedings relating to contracts, environmental issues, or other matters. While any proceeding or litigation has an element of uncertainty, management of SWC believes the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of SWC.

Note 23 Related-Party Transactions

During 2015 and 2014, SWC purchased product directly from Sintex Industries, Ltd for resale through its logistics division. Total purchases were approximately \$2.7 million for 2015 and \$2.8 million for 2014. At December 31, 2015 and 2014, SWC has accounts payable to Sintex Industries, Ltd. for \$105,552 and \$129,221, respectively. The Company also had sales of \$93,228 to a subsidiary of Sintex Industries, Ltd. during 2015 and a receivable balance of \$131,477 from the subsidiary at December 31, 2015, which includes reimbursement of certain expenses. At December 31, 2014, the Company had a receivable from the subsidiary of \$26,503 for reimbursement of certain expenses.

Note 24 Reclassifications

Certain reclassifications have been made to the 2014 consolidated financial statements to conform to the 2015 classifications.

Supplementary Information



Independent Auditor's Report on Supplementary Consolidating Information

To the Board of Directors of Sintex-Wausaukee Composites, Inc.
Wausaukee, Wisconsin

We have audited the consolidated financial statements of Sintex-Wausaukee Composites, Inc. and Subsidiaries as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 28, 2016, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information appearing on pages 28 through 32 is presented for purposes of additional analysis, rather than to present financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

April 28, 2016
Green Bay, Wisconsin

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidating Balance Sheet

December 31, 2015

<i>Assets</i>	Sintex-Wausaukee Composites, Inc.	WCI Wind Turbine Components, LLC & Subsidiary	Wausaukee Composites - Owosso, Inc. & Subsidiary	Eliminations	Consolidated Total
Noncurrent assets:					
Property, plant, and equipment - Net	\$2,504,953	\$0	\$276,312	\$0	\$2,781,265
Intangible asset - Net	3,507,766	0	0	0	3,507,766
Debt issuance costs	100,602	0	0	0	100,602
Deferred income taxes	404,697	0	0	0	404,697
Total noncurrent assets	6,518,018	0	276,312	0	6,794,330
Current assets:					
Inventories	1,579,699	0	1,016,074	0	2,595,773
Trade receivables	2,505,713	0	(3,560)	0	2,502,153
Receivables - related party	131,477	0	0	0	131,477
Intercompany receivables	4,391,004	0	0	(4,391,004)	0
Prepaid expenses	249,535	0	0	0	249,535
Cash	136,597	0	0	0	136,597
Total current assets	8,994,025	0	1,012,514	(4,391,004)	5,615,535
Assets held for sale	0	753,890	799,491	0	1,553,381
TOTAL ASSETS	\$15,512,043	\$753,890	\$2,088,317	(\$4,391,004)	\$13,963,246

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2015

<i>Liabilities and Equity</i>	Sintex-Wausaukee Composites, Inc.	WCI Wind Turbine Components, LLC & Subsidiary	Wausaukee Composites - Owosso, Inc. & Subsidiary	Eliminations	Consolidated Total
Equity:					
Capital and reserves attributable to the Company's equity holders:					
Share capital and premium	\$24,353,350	\$0	\$0	\$0	\$24,353,350
Accumulated deficit	(12,760,219)	(1,168,699)	(455,109)	0	(14,384,027)
Total equity	11,593,131	(1,168,699)	(455,109)	0	9,969,323
Liabilities:					
Noncurrent liabilities:					
Line of credit borrowings	977,866	0	0	0	977,866
Long-term notes payable	1,212,753	0	0	0	1,212,753
Total noncurrent liabilities	2,190,619	0	0	0	2,190,619
Current liabilities:					
Accrued and other liabilities	452,009	17,821	23,437	0	493,267
Intercompany payables	0	1,904,768	2,486,236	(4,391,004)	0
Trade payables	708,652	0	33,753	0	742,405
Trade payables - Related party	105,552	0	0	0	105,552
Current maturities of long-term notes payable	462,080	0	0	0	462,080
Total current liabilities	1,728,293	1,922,589	2,543,426	(4,391,004)	1,803,304
Total liabilities	3,918,912	1,922,589	2,543,426	(4,391,004)	3,993,923
TOTAL LIABILITIES AND EQUITY	\$15,512,043	\$753,890	\$2,088,317	(\$4,391,004)	\$13,963,246

See Independent Auditor's Report on Supplementary Consolidating Information.

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidating Income Statement by Function

Year Ended December 31, 2015

	Sintex-Wausaukee Composites, Inc.	WCI Wind Turbine Components, LLC & Subsidiary	Wausaukee Composites - Owosso, Inc. & Subsidiary	Consolidated Total
Sales	\$20,722,566	\$0	\$6,681,320	\$27,403,886
Cost of sales	18,260,590	120,850	5,916,181	24,297,621
Gross profit on sales	2,461,976	(120,850)	765,139	3,106,265
Other operating gain - Net	9,013	0	18	9,031
Operating expenses:				
Engineering	553,047	0	186,221	739,268
Selling and administrative	2,362,131	28,514	882,282	3,272,927
Loss from operations	(444,189)	(149,364)	(303,346)	(896,899)
Finance costs	140,149	0	10,608	150,757
Loss for the year	(\$584,338)	(\$149,364)	(\$313,954)	(\$1,047,656)

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidating Statement of Cash Flows

Year Ended December 31, 2015

	Sintex-Wausaukee Composites, Inc.	WCI Wind Turbine Components, LLC & Subsidiary	Wausaukee Composites - Owosso, Inc. & Subsidiary	2015 Consolidated Total
Increase (decrease) in cash:				
Cash flows from operating activities:				
Loss for the year	(\$584,338)	(\$149,364)	(\$313,954)	(\$1,047,656)
Adjustments for:				
Depreciation and amortization	858,719	0	166,154	1,024,873
Impairment of assets held for sale	0	97,938	0	97,938
Gain from sale of property, plant, and equipment	(8,000)	0	0	(8,000)
Interest charged	140,149	0	10,608	150,757
Subtotal	406,530	(51,426)	(137,192)	217,912
Changes in working capital:				
Trade receivables	18,126	0	643,692	661,818
Inventories	1,085,810	0	140,003	1,225,813
Prepaid expenses and other assets	(34,595)	0	24,488	(10,107)
Trade payables	(321,216)	0	(278,424)	(599,640)
Intercompany balances	224,461	52,960	(277,421)	0
Accrued and other liabilities	85,093	(1,534)	(53,575)	29,984
Net changes in working capital	1,057,679	51,426	198,763	1,307,868
Cash generated from operating activities	1,464,209	0	61,571	1,525,780
Interest paid	(140,149)	0	(10,608)	(150,757)
Net cash provided by operating activities	1,324,060	0	50,963	1,375,023

Sintex-Wausaukee Composites, Inc. and Subsidiaries

Consolidating Statement of Cash Flows (Continued)

Year Ended December 31, 2015

	Sintex-Wausaukee Composites, Inc.	WCI Wind Turbine Components, LLC & Subsidiary	Wausaukee Composites - Owosso, Inc. & Subsidiary	2015 Consolidated Total
Cash flows from investing activities:				
Purchases of property, plant, and equipment	(\$225,814)	\$0	(\$19,269)	(\$245,083)
Proceeds from sale of property, plant, and equipment	8,000	0	0	8,000
Net cash used in investing activities	(217,814)	0	(19,269)	(237,083)
Cash flows from financing activities:				
Proceeds from issuance of long-term borrowings	198,000	0	0	198,000
Payment of loan fees	(5,000)	0	0	(5,000)
Repayments of long-term borrowings	(343,280)	0	0	(343,280)
Net payments on line-of-credit borrowings	(954,043)	0	0	(954,043)
Net cash used in financing activities	(1,104,323)	0	0	(1,104,323)
Net increase in cash	1,923	0	31,694	33,617
Cash at beginning	134,674	0	(31,694)	102,980
Cash at end	\$136,597	\$0	\$0	\$136,597