Consolidated Financial Statement

Dear Shareholders,

The consolidated financial statement closed at 31.12.2003 which we are submitting to your attention shows a net profit of 1.355.320 Euro.
In order to evaluate the results of the financial statement it is necessary to consider some of the facts that have influenced the financial year 2003, many of which have already been highlighted in the Supplementary Note to the Financial Statement of Bolzoni S.p.A:

- The fork lift truck market, which we use as our reference , recorded a new drop in Europe during 2003 (-1,6%) following the previous year's fall (-4.2%) with a low point in Italy which reached –15% in 2003.
  On the other hand there have been strong and positive signals from USA where the market has grown by 10%, a very interesting result but unfortunately, not sufficient to compensate the Italian and European situations.

- The Consolidated Financial Statement for 2002 included the turnover of the subsidiary Auramo S.p.A.
  Having sold the line of business concerning the production of masts, the turnover related to this product is practically zero, with a 1.337.417 Euro reduction compared to the previous year.

- The sale of the above-mentioned line of business has produced non-operating profits in Auramo S.p.A.'s financial statement with a net result for 2002 (later consolidated) amounting to Euro 711.485.
  Obviously this is to be considered an exceptional and unrepeatable operation with an impact on the 2002 Financial Statement.

- It is important to underline that, also during the financial year 2003, Euro 560.133 have been allocated for the depreciation of the good-will and acquisition costs of those companies (or lines of business) which have become part of our Group (Elman Spain, Auramo Finland, Saco Germany, Brudi USA).

- The development of the integration programme between Bolzoni S.p.A. and Auramo OY with regards to both marketing and production areas has continued throughout 2003, producing important results, and will be completed during 2004.

- The setting up of the new Brudi Bolzoni Auramo factory in Chicago proceeded during 2003 and this will also be completed within 2004.

- The exchange rates have heavily conditioned turnover and consequently the results in financial statement, with an overall difference for both Bolzoni S.p.A. and Auramo OY amounting to Euro 1.546.235, comparing the average 2003 exchange rates with those of the previous year.

- The operations made to cover exchange rate risks have allowed us to limit the devaluation effects of receivables in foreign currencies (with a final negative balance of 199.047 Euro for Bolzoni SpA and 38.149 Euro for Auramo OY after having devaluated receivables in Dollars at the exchange rate of 1,2496 compared to the 1,0422 rate of the previous year).

The points described above clearly explain the lower result of the financial statement, which has passed from 3.343.483 Euro in 2002 to 1.355.320 Euro in 2003.

The consolidated turnover, passing from 78.918.083 Euro in 2002 to 75.140.157 Euro in 2003, and in view of the conditions described above, indicates that our Group has substantially maintained its market share in both Europe and worldwide.

The EBIT-DA, which in 2002 was equivalent to 11,65% , reached 10,00 % in 2003 and underlines the fact that despite the negative aspects already described, important results have been achieved with regards to reduction in costs and general expenses.

Below are details of the aggregated figures (in Euro) of the Subsidiaries and which have therefore been included in the Consolidated Financial Statement:

Subsidiary	Turnover	Net Result
Bolzoni S.p.A.	49.487.000	1.146.628
Bolzoni Auramo SL (Spain)	8.028.000	15.048
Bolzoni Auramo Sud (Italy)	1.849.000	258
Bolzoni Auramo Ltd (UK)	2.353.000	- 156.091
Bolzoni Auramo Rental (UK)	139.000	- 8.672
Bolzoni Auramo sarl (France)	7.016.000	254.432
Bolzoni Auramo GmbH (Germany)	7.237.000	- 124.044
Bolzoni Auramo AB (Sweden)	2.490.000	102.035
Bolzoni Auramo PTY (Australia)	1.066.000	- 189.372
Bolzoni Auramo BV (Netherlands)	1.016.000	- 133.949
Bolzoni Auramo SA (Chile)	162.000	- 68.967
Brudi Bolzoni Auramo Ltd (Canada)	722.000	- 33.541
Brudi Bolzoni Auramo Inc (USA)	10.453.000	- 81.436
Auramo OY (Finland)	13.697.000	340.500

For the analysis of each subsidiary's financial statement results please refer to the Management Report of Bolzoni S.p.A.

We also believe it is useful to point out the following important factors present during the first months of this year:

- A negative trend persists on the Italian market.
- There are signs of stability or growth on the other markets.
- Sales volumes for Bolzoni products on the whole have maintained a positive level compared to the same period last year.
- There has been a considerable increase in the sales of Auramo products.

We would also like to point out that, throughout the Group, internal costs regarding research and development have not been capitalized.
No other important facts were recorded.

Our sincere thanks to the Shareholders for their trust and to all our collaborators for their precious assistance.

PODENZANO, 11.05.2004
THE DIRECTORS

ASSETS					31.12.2003	31.12.2002
A		1		**Share capital proceeds to be received**	0	0
B				**Fixed assets**		
	I			Intangible fixed assets		
		2		Research, development and advertising costs	79.200	0
		3		Industrial patents and similiar rights	930.447	1.038.419
		4		Softward licences	268.794	333.284
		5		Consolidation differences	8.154.987	8.630.035
		6		Assets under construction	0	0
		7		Others	745.204	497.653
				Total intangible fixed costs	10.178.632	10.499.391
	II			Tangible fixed costs		
		1		Land and buildings	4.643.202	4.800.680
		2		Plant and machinery	6.051.892	7.214.362
		3		Industrial and commercial equipment	728.988	345.265
		4		Other assets	1.987.654	1.881.561
		5		Assets under construction	667.053	0
				Total tangible fixed assets	14.078.789	14.241.868
	III			Financial fixed assets		
		1		Investments in		
			a	- subsidiary companies	0	9.180
			b	- associated companies	314.722	348.222
			d	- other companies	50.000	52.000
		2		Amounts receivable		
			d	* due after one year	137.805	153.204
		3		Other securities	0	0
				Total financial fixed assets	502.527	562.606
				Total fixed assets	**24.759.948**	**25.303.865**
C				**Assets forming part of working capital**		
	I			Inventory		
		1		Raw materials and supplies	3.965.378	4.483.697
		2		Work in progress and semi-finished goods	4.043.265	4.630.097
		4		Finished goods	7.240.493	6.281.528
				Total inventory	15.249.136	15.395.322
	II			Receivables		
		1		Trade receivables		
				- due within one year	18.067.652	19.666.988
		3		From associated companies		
				- due within one year	390.056	1.467.272
				- due after one year	0	0
		5		From others		
				- due within one year	2.851.807	2.167.626
				- due after one year	1.316.451	1.238.847
				Total receivables	22.625.966	24.540.733
	IV			Liquid funds	1.694.532	3.328.776
				Total assets forming part of working capital	**39.569.634**	**43.264.830**
D				**Prepayments and accrued income**	**231.020**	**365.406**
				TOTAL ASSETS	64.560.602	68.934.101

LIABILITIES					31.12.2003	31.12.2002
A				**Shareholders' equity**		
	I			Share capital	5.319.149	5.319.149
	II			Share premium reserve	5.277.504	5.277.504
	III			Revaluation reserve	1.323.314	1.323.314
	IV			Legal reserve	405.355	316.471
	VII	1		Other reserves	3.379.703	2.754.102
		2		Conversion reserve	-1.013.742	-617.446
		3		Consolidation reserve	2.100.025	534.854
	IX			Net profit for the year	1.355.320	3.343.483
				Total Group Shareholders' equity	**18.146.628**	**18.251.431**
				Third party share capital and reserves	27.641	18.609
				Third party profit (loss)	-65.583	4.241
				Total Group and Third Party Shareholders' equity	**18.108.686**	**18.274.281**
B				**Provisions for contingencies and charges**		
		1		Pension and similar	0	0
		2		Taxation	650.731	585.062
		3		Other reserves	387.290	233.704
				Total provisions for contingencies and charges	**1.038.021**	**818.766**
C				**Employees' leaving entitlement**	**2.707.559**	**2.479.601**
D				**Payables:**		
		3		Due to banks:		
				- due within one year	8.505.512	11.347.066
				-due after one year	16.225.795	16.189.475
		4		Due to other financial institutions		
				- due within one year	308.738	725.786
				-due after one year	1.017.994	1.925.780
		5		Accounts:		
				- due within one year	79.517	35.968
		6		Payables to suppliers:		
				- due within one year	12.606.654	12.971.939
		9		Payables to associated companies:		
				- due within one year	0	0
		11		Payables to taxation authorities:		
				- due within one year	917.194	878.716
				-due after one year	0	0
		12		Social security payables:		
				- due within one year	641.163	548.232
		13		Other payables:		
				- due within one year	2.168.409	2.136.085
				-due after one year	0	363.000
				Total payables	**42.470.976**	**47.122.047**
E				**Accrued expenses and deferred income**	**235.360**	**239.406**
				TOTAL LIABILITIES	**64.560.602**	**68.934.101**

MEMORANDUM AND CONTINGENCY ACCOUNTS	31.12.2003	31.12.2002
Collateral given	14.034.990	14.034.990
Obligation to sell foreign currency	0	3.255.562
TOTAL	**14.034.990**	**17.290.551**

PROFIT AND LOSS ACCOUNT					31.12.2003	31.12.2002
A				**Production revenues:**		
		1		Turnover from goods and services	75.140.157	78.918.083
		2		Total inventory variations	-36.756	-628.089
		4		Increases to assets after internal work	59.585	64.856
		5		Other revenues and income:		
				- grants for operating expenses	17.666	14.541
				- others	466.656	370.191
				Total other revenues and income	*484.322*	*384.732*
				Total production revenues	**75.647.308**	**78.739.582**
B				**Production costs:**		
		6		Purchase of raw material, consumables and supplies	-24.015.033	-23.439.971
		7		Purchase of services	-18.019.851	-20.306.418
		8		Use of third party assets	-3.442.103	-3.025.901
		9		Personnel expenses:		
			a	- wages and salaries	-15.589.680	-15.805.919
			b	- social security contributions	-4.214.232	-4.288.270
			c	- employees' leaving entitlement	-596.553	-562.506
			e	- other costs	-355.993	-301.995
				Total personnel costs	*-20.756.458*	*-20.958.690*
		10		Amortisation, depreciation and write-downs:		
			a	- amortisation of intangible fixed assets	-876.761	-900.511
			b	- amortisation of tangible fixed assets	-2.447.777	-2.501.269
			d	- write-downs of receivables	-59.966	-65.336
				Total amortisation, depreciation and write-downs	*-3.384.504*	*-3.467.116*
		11		Inventory variations	-683.417	-170.483
		12		Provision for contingencies	-55.662	-57.953
		13		Other provisions	-75.380	-219.180
		14		Other operating costs	-1.006.292	-1.323.802
				Total production costs	**-71.438.700**	**-72.969.514**
				TOTAL (A + B)	**4.208.608**	**5.770.068**

PROFIT AND LOSS ACCOUNT					31.12.2003	31.12.2002
C				**Financial income and charges**		
		16		Other financial income:		
			a	- receivables classified as fixed assets but are not investments	91.259	5.552
			b	- securities included as fixed asets but are not investments	147.967	12.330
			d	- other income	1.085.355	648.320
				Total other financial income	*1.324.581*	*666.202*
		17		Interest and other financial charges from:		
				- short-term interest	-492.731	-760.225
				- medium/long term interest	-765.646	-685.896
				- exchange rate losses	-1.278.925	-1.133.970
				- other	-41.670	-52.795
				Total interest and other financial charges	*-2.578.972*	*-2.632.886*
				Total financial income and charges	**-1.254.391**	**-1.966.684**
D				**Adjustments to financial asset values:**		
		18		Revaluations:		
			a	- on investments	55.000	19.500
		19		Write-downs:		
			a	- on investments	-75.000	-230.146
				Total adjustments to financial asset values	**-20.000**	**-210.646**
E				**Extraordinary income and expenses:**		
		20		Income:		
				- other extraordinary income	43.106	1.386.063
		21		Expenses:		
				- other extraordinary expenses	-52.067	-201.828
				Total extraordinary income and expenses	**-8.961**	**1.184.235**
				PROFIT BEFORE TAXATION	**2.925.256**	**4.776.973**
		22		**Taxation on year's profit**	**-1.635.519**	**-1.429.248**
		23		**NET PROFIT FOR THE YEAR**	**1.289.737**	**3.347.725**
				Third party profit / loss	**65.583**	**-4.242**
				GROUP PROFIT	**1.355.320**	**3.343.483**

Information regarding the group

The profile and the nature of the Bolzoni Group's activities are described in detail in the management report of the parent company's financial statement, and presented together with the consolidated financial statement and to which reference should be made for further information. The disclosures required by the Civil Code are also given therein

The Bolzoni Group on the 31.12.2003 consisted of the parent company Bolzoni S.p.A. and the subsidiaries Bolzoni Auramo Sarl (100%), Brudi Bolzoni Auramo Incorporated (100%), Bolzoni Auramo Limited (100%), Bolzoni Auramo S.L. (100%), Bolzoni Auramo Sud srl (70%), Bolzoni Auramo Rental (100%), Bolzoni Auramo bv (51%), Bolzoni Auramo Australia Pty Ltd (100%), Bolzoni Auramo Gmbh (100%), Bolzoni Auramo Sa (100%), Brudi Bolzoni Auramo Ltd (100%), Bolzoni Auramo AB (100%), Auramo Oy (100%) which in turn controls the following companies, Auramo Baltic OU (100%), Bolzoni Auramo Polska (100%).

With the aim of providing a complete picture of the group's financial position , the consolidated cash flow statement is enclosed.

Preparation criteria

The consolidated financial statement of the Bolzoni Group, expressed in Euro and prepared in accordance with articles 25 and subsequent of the Legislative decree n° 127/91, consists of the balance sheet, profit and loss account and the supplementary note which forms an integral part thereof. The consolidated financial statement is expressed in units of Euro, omitting the decimals, as allowed by the rules in force.

Consolidation area

In addition to the financial statement of the parent company Bolzoni S.p.A. the consolidated financial statement includes the financial statements of Bolzoni Auramo Limited, Brudi Bolzoni Auramo Incorporated, Bolzoni Auramo SL, Bolzoni Auramo Sud srl, Bolzoni Auramo Sarl, Bolzoni Auramo Rental, Bolzoni Auramo BV, Bolzoni Auramo Australia Pty Ltd, Bolzoni Auramo Sa, Brudi Bolzoni Auramo Ltd, Bolzoni Auramo Gmbh, Bolzoni Auramo AB, and the sub-consolidated financial statement of the Auramo OY group with the percentages of control held by the parent company as indicated above. With respect to the previous year it should be noted that Auramo SpA's has been merged into Bolzoni Spa.

There have been no further variations to the consolidation area with respect to previous year.

Reference date

All the subsidiaries' financial statements were balanced on 31st December 2003; the consolidated financial statement is drawn up on the basis of the parent company's draft financial statement balanced on 31st December 2003 and prepared by the Board of Directors on the basis of the draft financial statements at 31st December 2003 approved by the respective Board of Directors of each of the subsidiaries.

Consolidating principles

The financial statements of the single companies, used for the consolidation, have been suitably amended to conform with the group's accounting principles and have been reclassified to comply with the guidelines and the provisions introduced by the Legislative decree n° 127/91.

The companies have been consolidated on the line-by-line basis.

Accordingly, the entry values of the consolidated investments held by the parent company are eliminated against the related portion of the shareholders' equity with the recording of all assets and liabilities. Any difference between the price paid and shareholders' equity on the acquisition date, consisting of the goodwill paid for the acquisition of the investment, is accounted for as 'Goodwill resulting from consolidation', if of future use, and depreciated on the basis of the expected future utility. If the expected future utility is no longer valid the remaining value is entirely written-down. This difference is deducted from the consolidated shareholders' equity when no future utility is possible.

Shareholders' equity towards third parties is shown in a specific caption of the consolidated balance sheet while the result for the financial year is indicated in the profit and loss account.

Dividends and the coverage of intercompany losses have been eliminated from the consolidated profit and loss account and charged to reserves.

Intercompany receivables and payables, income and charges have been eliminated whereas profit and losses arising from intercompany transactions have been eliminated if not yet achieved with third parties.

Deferred tax assets and liabilities are recorded if expected in future.

Conversion of financial statements expressed in foreign currencies

The balance sheet items of the subsidiaries expressed in non EU currencies (pounds sterling, US dollars, Canadian dollars, Australian dollars, Chilean pesos and Swedish crowns) are converted into Euro using the exchange rates at the end of the financial year, whilst those of the Profit and Loss statement are converted using the average annual rate.

The differences between the year's result converted using average rates and that using the end of year rates, as well as the exchange rate difference resulting from the conversion of the initial shareholders' equity at the rates ruling at the beginning of the year, are recorded under shareholders' equity in the account called 'Conversion reserve'.

The following exchange rates have been applied to convert the financial statements originally prepared in foreign currencies:

PROFIT AND LOSS ACCOUNT – Average 2003 exchange rate at 31.12.2003

Currency	Euro
US Dollar	1,13088
Pound Sterling	0,69190
Australian Dollar	1,73838
Swedish crown	9,12436
Canadian Dollar	1,58204
Chilean pesos	779,667

BALANCE SHEET – Exchange rates at 31.12.2003

Currency	Euro
US Dollar	1,24960
Pound Sterling	0,70360
Australian Dollar	1,67420
Swedish crown	9,07700
Canadian Dollar	1,63800
Chilean pesos	744,234

Evaluation principles

The accounting and evaluation principles are the same as those of the previous year and have been applied all round for all the consolidated companies, in compliance with the current legislative requirements integrated and interpreted by the Accounting Principles issued by the National Council of Professional Accountants. They have been applied in line with the concepts of prudence and accrual, on a going-concern basis.

Positive and negative income components are accounted for on an accruals basis regardless of their collection or payment date, considering risks and losses emerged after the final balance sheet date.

The evaluation and accounting principles adopted for the preparation of the consolidated financial statement, and approved by the Board of Auditors where required by law, are those adopted by the parent company with the exception of, as in the previous financial period, inventory which has been evaluated at the average cost instead of Lifo in order to standardize the evaluation principles within the group and the most significant captions are described below.

Revaluations

No revaluations have been made except those foreseen by the special and specific monetary revaluation laws regarding tangible fixed assets.

Fiscally driven entries

The parent company has calculated accelerated depreciation only in order to obtain the relative tax benefits in the financial statements of year 2003 and previous. This has been eliminated from the consolidated financial statements for the part exceeding that necessary for the allocation of the costs of fixed assets over their expected life, and leading to the recording of deferred tax liabilities.

Intangible fixed assets

Intangible fixed assets are indicated at their cost, including accessory charges where foreseen, subject to the approval of the Board of Auditors, and are included in the financial statement net of the accumulated annual depreciations expenses.

The depreciation rates applied according to the nature of the intangible fixed assets, and considered suitable for spreading the cost over the expected future period of use, are as follows:

- Rights for industrial patents and original works

Depreciation is calculated over three years, corresponding to their expected future utilisation.

- Software

Depreciation is calculated on the remaining period of utilisation estimated in three years

- Goodwill resulting from consolidation

This refers to the increased cost for the acquisition of Auramo OY with respect to the company's shareholders' equity. This amount, included under caption 'Goodwill resulting from consolidation' and essentially represented by the goodwill paid, is depreciated in 20 years as foreseen by accounting principles where there is an expected long term investment return. This is based on the fact that the company operates in a mature and therefore fundamentally slow developing sector which nonetheless is affected by important changes in the methods of distributing products following the adoption of Internet as a new technology.

All this has resulted in an evolution with regards to the way products are stocked and distributed and subsequent large investments with regards to both property and attachments (which interests us particularly). This evolution, which is positive for us, started a few years ago and its effects will certainly continue to develop for more than ten years.

- Other intangible fixed assets

The remaining value refers to costs paid for obtaining medium/long term loans. Depreciation is calculated on the basis of the length of the loan.

Tangible fixed assets

In the financial statement they are accounted for at their buying price which, in the case of assets acquired from third parties, corresponds to price paid plus additional charges sustained until ready for use, excluding financial expenses. In the case of assets produced internally, the cost corresponds to all the production costs, both direct and indirect. For the parent company these figures are increased by the monetary revaluations foreseen by laws 576/75, 72/83, 413/91 and 342/2000.

These values included in the assets are indicated net of accumulated depreciation which is calculated on a straight line basis for all depreciable assets existing at the end of the year, referred to the remaining estimated utilisation of the assets, based on rates considered representative of the life of the assets themselves. These rates are described in the comment to tangible fixed assets.

Depreciation is not calculated for assets not yet in use and a 50% rate is applied to assets acquired or partially used during the year in order to reflect their lesser utilisation. Assets with a unit value of less than Euro 516,46 are fully depreciated during the year of acquisition, given their shorter life.

Ordinary maintenance and repair costs, which do not lengthen the assets' useful life, are recorded as cost in the year in which sustained.

Should the assets produce a permanent loss of value, regardless of the accumulated depreciation, they are accordingly written-down. If during subsequent years the devaluation conditions no longer exist, the assets are booked at their original value.

- Leased assets

In the consolidated financial statement, assets acquired with financial leases are accounted for using the financial method and thus recorded under the tangible fixed assets, according to their contractual value, net of financial charges and depreciated according to the rates applicable to their category. The financial payable due to the leasing company is shown under liabilities with the related interest recorded on an accrual basis.

Deferred taxes are recorded in the consolidated financial statement for leased assets, registered using the prevailing method established by the Civil code, which determines that the assets are accounted for under tangible fixed assets only when redeemed and when the lease instalments are taken to the profit and loss account on a pro rata temporis basis.

Financial fixed assets

The financial fixed assets regarding investments in the subsidiaries are calculated at cost, and where necessary, amended in the case of permanent losses of value.

The financial fixed assets regarding investments in affiliated companies are calculated according to the equity method except for those whose value is considered irrelevant and which have therefore been recorded and calculated at cost, and possibly amended in the case of permanent losses of value.

In compliance with Law 342/2000, the parent company has revalued a majority investment during the previous financial period. The amount of the revaluation, exceeding the shareholders' equity of the subsidiary included in the consolidated financial statement of the previous financial period, has been deducted from the consolidation reserves.

The amounts receivable consist of guarantee deposits and tax advances on employees' leaving entitlement. They are accounted for at their nominal value, corresponding to their estimated realisable value.

Inventory

Inventory is evaluated at the lowest of the following costs: purchase (including additional charges), production and the estimated realisable value (replacement costs for raw material) based on the market trend. Purchase cost includes the prices paid to suppliers, net of discounts and rebates. Production costs include costs for transport and to bring the asset to the condition in which it is at the end of the financial year, as well as the specific costs for each asset or category and the total costs for their preparation.

The normal production capacity of the plant is taken into account for the allocation of the general production expenses necessary for the calculation of the product's cost. All the stock categories have been evaluated using the average annual purchase or production cost most similar to the current cost. In order to align all the values according to this principle, the parent company's inventory has been adjusted with respect to the value shown in its financial statement. In order to provide for any losses in value, a stock devaluation provision has been established to cover obsolescence risks based on the items scrapped during the year.

Receivables and payables

Receivables are indicated at the estimated realisable value, obtained through a provision for bad debts, thus reducing their nominal value.

The amount of this provision is proportionate to the risks related to the specific bad debts and also to the general risk of non-collection on all receivables, which for precaution, is estimated by taking into account past experience, the solvency of the debtors and considering that the companies within the group have insurance coverage for most of the receivables existing at the date of the balance sheet.

Payables are indicated at their nominal value, corresponding to their estimated settlement value.

Receivables and payables in non-Euro currencies, are converted to Euro using the official exchange rate ruling on the date of the related transaction. Their value, if still existing at the end of the period, is adjusted to the exchange rates ruling at the end of the year, according to Accounting Principle 26.

Exchange rate differences arising from the settlement of receivables and payables and also from their conversion into short term foreign currency towards third parties are debited or credited to the profit and loss account as financial income or charges.

There were no medium or long term receivables or payables in foreign currencies at the end of the financial period 31.12.2003.

Prepayments and accrued income, accrued expenses and deferred income

Accrued income and expenses represent the counter entries to income and costs, related to at least 2 financial periods, for which the corresponding variations have not yet taken place at the date of the balance sheet. They are accounted for according to their economic and temporal competence and in obedience to the general principle of correlation regarding income and costs.

Prepayments and deferred income respectively represent the portion of costs or income related to at least 2 years, not however connected to the result for the year in which the corresponding variations have taken place.

Provisions for risks and charges

Allocations to risks and charges provisions are made to cover certain or probable liabilities of the consolidated companies, according to realistic estimates, not related to specific asset items, and whose due date or amount are unknown at the end of the financial period.

Employees' leaving entitlement

The employees' leaving entitlement is calculated for Italian companies according to the related, ruling legislation (art. 2120 of the Civil code), the national labour contracts and internal agreements. It represents the payable due to employees, matured to the date of the annual report on the basis of length of service, net of any advance payments made.

Taxation

Income tax for the financial period is calculated on the basis of a realistic estimate of tax payable by each of the consolidated companies, in accordance with ruling legislation and considering all the due tax credits.

As for the previous year, deferred and prepaid tax arising from consolidation adjustments aimed at highlighting the related tax effect and from the temporary differences between the value indicated in the financial statement and the tax value of the assets and liabilities, have been accounted for on an accrual basis, matching costs and income to the related taxes to be paid or recovered in future years.

The Italian companies have not considered the DIT relief when calculating prepaid taxes as it is not certain that this benefit may be used when differences arise.

At the end of each financial year, the company checks if and to what extent the conditions exist for recording the prepaid tax assets and deferred tax liabilities in the financial statement.

Income and costs

They are cautiously included in the financial statement on an accruals basis and indicated with the related

prepayments and accrued income, accrued expenses and deferred income. Revenue and income, costs and charges are accounted for net of returns, discounts, rebates and premiums. All commercial transactions with the affiliated companies Eurolift PTY Ltd, Hydronika, and Auramo South Africa have taken place at normal market conditions. The relative statements of assets and liabilities are indicated below while the financial statement is included in the management report, to which reference should be made.

Grants for the running year are recorded on an accruals basis when their collection is certain.

Analysis of the main captions of the Balance Sheet and Profit and Loss Account

For easier reading, figures are indicated in thousands of Euro.

The main variations in the captions, which have taken place during the year, are described in the following paragraphs.

Balance Sheet - Assets

Intangible fixed assets

The balance of intangible fixed assets at the start and end of the financial year were as follows:

	Historic cost	Depreciation provisions 31.12.2002	31.12.2002	Increases	Depreciation	31.12.2003
Research	140	140	0	84	5	79
Patents	1.120	82	1.038	- 23	83	932
Software	1.040	707	333	145	210	245
Goodwill	9.501	871	8.630	0	475	8.155
Incorp. Bolzoni Auramo sarl	20	20	0	0	0	0
Others	1.040	542	498	351	104	195
Total	**12.861**	**2.362**	**10.499**	**557**	**877**	**10.179**

The other costs for industrial patent rights refer to costs following applications deposited. The above items have been registered with the approval of the Board of Auditors and will be depreciated over three financial years starting from the year in which they become operative.

Software investments made during the financial year refer to purchase of new programmes or to customization of existing ones and are depreciated over three years in consideration of the residual possibility of utilisation of the asset.

Tangible fixed assets

During the year these have been the following:

	31.12.2002	Net increases	Depreciation	31.12.2003
Land and buildings	4.801	- 36	122	4.643
Plant and machinery	7.214	394	1.557	6.052
Equipment	346	576	192	729
Other assets	1.881	684	577	1.988
Assets under construction	0	667	0	667
Total	**14.242**	**2.285**	**2.448**	**14.079**

The investments in buildings have decreased in view of the adjustment to the exchange rate of the building investment in the USA.

The other items mainly refer to technological upgrading of existing equipment.

During the previous financial period , the parent company took advantage of the possibility to reassess the net value of some assets belonging to similiar categories, present in the financial statement at 31.12.1999 and still existing at 31.12.2000, according to Law 342/2000, by reviewing their historic cost and relative depreciation provision.

These revised values are lower than the assets' current value as determined by external appraisals. The revaluations amount to a total of € 2.103 thousand which, net of € 401 thousand substitute tax, is included for the amount of € 1.702 thousand in a specific shareholders' equity reserve.

Variations in the cost of tangible fixed assets during the year are as follows:

	31.12.2002	Increases	Decreases	31.12.2003
Land and buildings	5.473	220	255	5.438
Plant and machinery	18.355	735	341	18.749
Equipment	3.574	631	142	4.063
Other assets	5.406	769	326	5.849
Assets under construction	0	667	0	667
Total	**32.808**	**3.022**	**1.064**	**34.766**

Variations in tangible fixed assets depreciation reserves are as follows:

	31.12.2002	Depreciation	Utilisation	31.12.2003
Land and buildings	672	123	0	795
Plant and machinery	11.140	1.557	0	12.697
Equipment	3.229	192	87	3.334
Assets under construction	3.525	576	240	3.861
Total	**18.566**	**2.448**	**327**	**20.687**

The following depreciation rates are applied:

Asset	Rate
Buildings	3%
Plants and machinery	10 - 14%
Equipment	25 - 30%
Cars	20 - 25%
Office furniture and equipment	10 -12%
Vehicles	20 -25%
Electronic equipment	20 - 25%

The tangible fixed assets are subject to the following collateral security for financing received:

	31.12.2002	31.12.2003
Mortgages on buildings	14.035	14.035

Financial fixed assets

➢ Investments in subsidiary companies

There are no investments in subsidiary companies outside the group.

➢ Investments in affiliated companies

	Historic cost	Previous Write-down	31.12.200:	Sales	Write-down	31.12.03
Eurolift	47	0	47	0	0	47
Hydronika	79	0	79	0	0	79
Auramo France	150	-75	75	0	- 75	0
Auramo New Zealand	1	0	1	1	0	0
Auramo South Africa	126	20	146	0	43	189
Total	**403**	**-55**	**348**	**1**	**- 32**	**315**

➢ Investments in other companies:

	31.12.2002	Write-down	31.12.2003
Helsingen Puhelin OY	9	0	9
Helsinkihalli OY	14	0	14
DV – Kinnisvara AS	29	2	27
Total	**52**	**2**	**50**

➢ Receivables

Variations in receivables during the financial period are as follows:

	31.12.2002	Increases	Decreases	31.12.2003
From others	47	15	0	62
Income tax advance on employees' leaving benefit	106	0	30	76
Total	**153**	**15**	**30**	**138**

Inventory

Following is the analysis of inventory:

	31.12.2003	31.12.2002	Variation
Raw material and supplies	4.051	4.582	- 531
Provision for obsolete raw material and supplies	- 86	- 98	12
Total raw material and supplies	**3.965**	**4.484**	**- 519**
Work in progress and semi-completed products	4.323	4.943	- 620
Provision for obsolete semi-completed products	- 280	- 313	33
Total WIP and semi-completed products	**4.043**	**4.630**	**- 587**
Finished goods	7.305	6.356	949
Provision for obsolete finished goods	- 64	- 75	11
Total finished goods	**7.241**	**6.281**	**960**
TOTAL	**15.249**	**15.395**	**- 146**

The caption 'Variations in inventory' in the profit and loss account is affected by the exchange rate differences arising from the conversion of the financial statements drawn up in foreign currencies, as described in the paragraph regarding the consolidation principles.

Following an analysis of slow moving material in stock an obsolescent stock provision has been set up for a total of Euro 430 thousand (Euro 486 thousand at 31st December 2002) and the details are below:

Obsolescent stock provision	31.12.2002	Utilisation	Accrual	31.12.2003
Raw materials and supplies	98	12	0	86
Work in progress and semi-completed products	313	33	0	280
Finished goods	75	11	0	64
Total	**486**	**56**	**0**	**430**

Material scrapped in the course of the financial period has resulted in a 56 thousand Euro reduction in this provision.

Receivables

➢ **Trade receivables**		31.12.2003	31.12.2002	Variation
Trade receivables		13.675	14.540	- 865
Bills subject to collection		4.627	5.314	- 687
Provision for bad debt		- 234	- 187	- 47
	Total	**18.068**	**19.667**	**- 1.599**
of which	- due within the following year	18.068	19.667	- 1.599
	- due after the following year	0	0	0

The bad debt provision at 31st December 2003 does not include any taxed items and appears adequate with respect to total receivables existing at that date, also in consideration of the fact that the group companies have taken out an insurance policy to cover an important part of the receivables.

Variations in the provision for bad debts during 2003:

Balance at 31.12.2002	187
Utilisation	13
Accrual	60
Balance at 31.12.2003	234

➢ **Receivables from affiliated companies**		31.12.2003	31.12.2002	Variation
Eurolift		160	128	32
Hydronika		0	88	- 88
Auramo New Zealand		0	571	- 571
Auramo South Africa		230	289	- 59
Auramo France		0	391	- 391
	Total	**390**	**1.467**	**- 1.077**
of which	- due within the following year	390	1.467	- 1.077
	- due after the following year	0	0	

These receivables are solely of a commercial nature for transactions performed at normal market conditions.

➢ **Receivables from others**	31.12.2003	31.12.2002	Variation
Taxation authorities	1.214	269	945
Deferred tax assets	1.374	1.434	- 60
Loans to employees	8	14	- 6
Advances to suppliers	70	141	- 71
Others	1.502	1.548	- 46
Total	**4.168**	**3.406**	**762**
of which - due within the following year	2.852	2.167	685
- due after the following year	1.316	1.239	77

Receivables due beyond the financial year refer to a deposit made by the subsidiary Auramo Oy to the Tapiola Oy company.

Deferred tax assets relate to temporarily increasing variations calculated for tax purposes and mainly refer to the parent company and the subsidiary Auramo OY.

As required by point 6 , article 2427 of the Civil Code, it should be noted that receivables due after one year are however considered due within five years.

➢ **Liquid funds**	31.12.2003	31.12.2002	Variation
Bank deposits	1.680	3.315	- 1.635
Cash-in-hand and cash equivalents	15	14	1
Total	**1.695**	**3.329**	**- 1.634**

➢ **Prepayment and accrued income**	31.12.2003	31.12.2002	Variation
Prepayments:			
- others	231	365	- 134
Total prepayments:	231	365	- 134
Total	**231**	**365**	**- 134**
of which - due within the following year	231	365	- 134
- due after the following year	0	0	

The amount of Euro 231 thousand under ‘other prepayments’ refers to costs incurred during the financial year but belonging to the following year and which also include costs for bank guarantees and insurance contracts.

Liabilities

➢ Shareholders' equity

The table below shows the variations in this account during the course of the year:

	Balance 31.12.02	Profit Allocation	Conversion adjustment	Other variations	Year's net profit	Balance 31.12.03
Share capital	5.319	0	0	0	0	5.319
Share premium reserve	5.278	0	0	0	0	5.278
Legal reserve	317	88	0	0	0	405
Revaluation reserve	1.323	0	0	0	0	1.323
Other reserves	2.754	626	0	0	0	3.380
Conversion reserve	- 617	0	- 396	0	0	- 1.013
Consolidation reserve	534	1.566	0	0	0	2.100
Year's net proft	3.343	- 3.343	0	0	1.355	1.355
Group shareholders' Equity	18.251	- 1.063	- 396	0	1.355	18.147
Third party share capital and reserves	20	0	0	9	0	29
Third party profit/loss	5	- 6	0	0	- 65	- 66
Shareholders' equity	18.276	- 1.069	- 396	9	1.290	18.110

A part of the previous year's profit amounting to Euro 1.069 thousand was distributed to shareholders following the Shareholders' resolution during the meeting for the approval of the financial statement.

Both the share capital and the share premium reserve correspond to those resulting from the parent company's financial statement, details of which can be found in the note to the parent company's financial statement presented together with this consolidated financial statement.

The column headed 'Conversion Adjustment' represents the reserve for converting the subsidiaries' Financial statements from local currencies to Euro.

The following table shows a summary of the differences between the parent company's financial statement and the consolidated version, with reference to those areas affecting the year's net result and shareholders' equity.

	Shareholders' Equity	Year's net result
Parent company's financial statement	18.452	1.147
Recording of leased assets (net of taxation)	246	- 2
Elimination of accelerated depreciation (net of taxation)	705	239
Elimination of profit on intercompany inventory (net of taxation)	- 1.277	20
Net effect of adjustment to consolidation accounting principles	- 272	- 122
Effect of evaluating consolidated companies using the equity method	1.307	73
Conversion reserve	- 1.014	0
CONSOLIDATED GROUP FINANCIAL STATEMENT	18.147	1.355
Minority interests	- 37	- 65
CONSOLIDATED FINANCIAL STATEMENT	18.110	1.290

Provisions for contingencies and charges

➢ Taxation provision

	31.12.2002	Accrual	Utilisation	31.12.2003
For consolidation adjustments	554	97	22	629
For appreciation (art. 54 Tax Law.)	31	3	12	22
Total	**585**	**100**	**34**	**651**

This provision mainly includes deferred taxes calculated on consolidation adjustments.

Moreover, this provision has also been set up to cover foreseeable future tax to be paid on deferred tax payment for appreciation and grants, as well as the recording of accelerated depreciation in the parent company's financial statement, which being a taxable item, has been cancelled in the consolidated financial statement, as established by the Group's accounting principles.

None of the group companies have pending litigations.

➢ **Other provisions for risks and charges:**	31.12.2002	Accrual	Utilisation	31.12.2003
Agents' termination benefit	63	15	0	78
Warranties	171	106	72	205
Other risks	0	119	0	119
Total	**234**	**225**	**72**	**387**

The warranty provision was set up to cover warranty charges on products sold during year 2003 and which are expected to incur the following year. The accrual is accounted for in line B13 of the profit and loss acount. The balance existing on 31.12.2002 was used to adjust the warranty costs paid during 2003.

➢ Employees' leaving entitlement

Variations have been the following:	31.12.2003	31.12.2002	Variation
Opening balance	2.486	2.238	248
Utilisation	287	150	137
Advances	62	124	- 62
Accrual	571	522	49
Closing balance	**2.708**	**2.486**	**222**

This provision refers only to the parent company and the subsidiary Bolzoni Auramo Sud, as the foreign group companies do not have a similar legal obligation.

The greater amount of accrual indicated in the profit and loss account compared to the above balance corresponds to the employees' leaving entitlement matured during the year by employees who have left the company and amounts to Euro 26 thousand.

Payables

➢ **Payables to banks**

	31.12.2003	31.12.2002	Variation
Current account overdrafts	2.301	5.039	- 2.738
Mortgage loans	7.969	8.148	- 179
Loans in foreign currency	0	0	0
Other financing	14.461	14.350	111
Total:	**24.731**	**27.537**	**- 2.806**
of which due:			
- within the following year	8.505	11.347	- 2.842
- after the following year	16.226	16.190	36

The existing mortgage loans have been obtained at the following conditions:

- Mediocredito Padano, principal Euro 1.007.091 obtained in 1996, outstanding payable on 31st December 2003 Euro 219.494, floating interest rate (3,65% at 31st December 2003) repayable in half-yearly instalments starting from 1997 and ending on 15.12.2005;
- Intesa Mediocredito, principal Euro 7.750.000 obtained in 2001, outstanding payable at 31st December 2003 Euro 7.750.000, floating interest rate (2,83% at 31st December 2003), repayable in half-yearly instalments starting from 31.03.2004 and ending on 30.09.2010.

Other financing mainly relates to loans obtained at the following conditions:

- Unicredito, principal Euro 2.000.000 obtained in 2003, outstanding payable at 31st December 2003 Euro 2.000.000, floating interest rate 2,57%.
- Principal Euro 7.000.000 obtained in 2002, outstanding payable at 31st December 2003 Euro 7.000.000, floating interest rate (3,05 % at 31st December 2003), repayable in half-yearly instalments starting from 30.09.2004 and ending on 31.03.2007; no collateral has been given for loan.
- The amount of Euro 5.461.000 refers to advances obtained by the subsidiaries.

➢ **Payables towards other financial institutions**

	31.12.03	31.12.02	Variation
Financing - Law 46/82	0	28	- 28
Financing - Law 388/81	598	206	392
Tapiola Loan	0	1.343	- 1.343
Finnvera Loan	372	587	- 215
Others	357	488	- 131
Total	**1.327**	**2.652**	**- 1.325**
of which due: - within the next year	**309**	**726**	**- 417**
- after the next year	**1.018**	**1.926**	**- 908**

It should be noted that in the amount due after one year, there are no payables for medium to long term loans repayable for a period exceeding 5 years.

➢ **Payments on account**	31.12.2003	31.12.2002	Variation
To customer	80	36	44

➢ **Payables to suppliers**	31.12.2003	31.12.2002	Variation
Italian suppliers	9.120	9.377	- 257
Foreign suppliers	3.487	3.595	- 108
Total	**12.607**	**12.972**	**- 365**

➢ **Payables to taxation authorities**		31.12.2003	31.12.2002	Variation
For wages and salaries		443	382	61
Income tax		50	54	- 4
VAT		354	332	22
Others		70	111	- 41
Total		**917**	**879**	**38**
of which due:	- within the next year	917	879	38
	- after the next year	0	0	0

➢ Social Security payables

This includes social security contributions to be paid by both the consolidated companies and the employees on the wages and salaries referring to month of December 2003, including holidays and year-end bonus, all payable within the following year.

➢ **Other payables:**		31.12.2003	31.12.2002	Variation
Due to employees:				
- for wages and salaries		594	693	- 99
- for matured but unused holidays		990	977	13
Sundry payables		584	829	- 245
	Total	**2.168**	**2.499**	**- 331**
of which due:	- within the next year	2.168	2.136	32
	- after the next year	0	363	- 363

Payables to staff for wages and salaries refer to the December 2003 salaries paid out in January 2004.
Payables to staff for deferred wages are made up of the accrual for unused holidays.

➢ **Accrued expenses and deferred income:**		31.12.2003	31.12.2002	Variation
Accrued expenses				
- interest payable		2	3	- 1
other		230	236	- 6
	Total accrued expenses	**232**	**239**	**- 7**
Deferred income		3	0	3
Total		**235**	**239**	**- 4**
of which due:	- within the next year	235	239	- 4
	- after the next year	0	0	0

- **Receivables and payables due after more than 5 years**

Further to the above, there are no other receivables and payables due after more than 5 years.

- **Memorandum accounts**

They are described in detail at the end of the balance sheet.
Collateral given for financing is described in the note to tangible fixed assets.
The group does not have any purchase or sale commitments outisde the normal business operations at the date of this report.
Guarantees received from third partes have been cancelled as the sureties have been returned by the financial institutions.

Profit and Loss Account

Considering the analytical breakdown of the captions of the profit and loss account and the comments to the balance sheet, extensive details are not given below.
Reference should be made to the management report for information on transactions with the affiliated companies.

Production income

- **Turnover, goods and services**

Following is the breakdown of this caption according to geographical area

	31.12.2003	31.12.2002	Variation
Italy	16.177	17.080	- 903
EU	42.803	42.653	150
Non EU	16.160	19.185	- 3.025
Total	**75.140**	**78.918**	**- 3.778**

- **Other income and revenues**

	31.12.2003	31.12.2002	Variation
Grants for operating expenses	17	15	2
Other income	296	275	21
Ordinary capital gain	171	95	76
Total	**484**	**385**	**99**

'Other income' refers mainly to charges made to suppliers not belonging to the group following warranty problems on delivered components and fringe benefits charged to employees.
'Ordinary capital gain' refers to the normal sale of industrial assets.

Production costs

➢ Purchasing costs

Detail of purchasing costs:	31.12.2003	31.12.2002	Variation
Raw materials	8.550	9.036	- 486
Commercial goods	3.239	3.849	- 610
Semi-finished products	8.115	6.032	2.083
Other purchases for production	3.099	3.570	- 471
Sundry purchases	395	404	- 9
Additional expenses	233	289	- 56
Finished goods	384	260	124
Total	**24.015**	**23.440**	**575**

➢ Service costs

Detail of service costs:	31.12.2003	31.12.2002	Variation
Subcontracting	8.953	10.067	- 1.114
Commercial expenses	1.239	1.708	- 469
Directors' fees	727	577	150
Commission	435	800	- 365
Transport on sales	1.521	1.823	- 302
Transport on purchases	495	716	- 221
Other	4.650	4.615	35
Total	**18.020**	**20.306**	**- 2.286**

'Other costs' include expenses for insurance, plant and machinery maintenance, telephone, canteen and legal and professional expenses.

➢ Use of third party assets

Detail is the following:	31.12.2003	31.12.2002	Variation
Renting of premises	1.525	1.634	- 109
Hiring of vehicles	560	345	215
Others	1.357	1.047	310
Total	**3.442**	**3.026**	**416**

➢ Other operating costs

Detail is the following:	31.12.2003	31.12.2002	Variation
Tax and duty	73	58	15
Others	933	1.266	- 333
Total	**1.006**	**1.324**	**- 318**

Financial income and charges

The group did not produce income deriving from investments.

➢ Other financial income

Includes:	31.12.2003	31.12.2002	Variation
Exchange rate gains	1.295	646	649
Interest income from clients	9	4	5
Interest income from bank current accounts	21	16	5
Interest income from bonds	0	0	0
Interest income on fixed credits	0	0	0
Total	**1.325**	**666**	**659**

➢ Interest and other financial charges

Includes:	31.12.2003	31.12.2002	Variation
Short term payable interest	639	760	- 121
Medium-long term payable interest	561	646	- 85
Exchange rate losses	1.279	1.134	145
Interst payable on lease contracts	58	40	- 18
Other	42	53	- 11
Total	**2.579**	**2.633**	**- 54**

Excluding exchange rate losses, net financial charges account for 1,34% of turnover compared to 1,63% in 2002.

Financial charges recorded in the consolidated companies' financial statements have been adjusted to include, in the consolidated profit and loss account, the effect of interest on the financial payables incurred for acquiring assets under financial leasing.

➢ Investment write-down

This refers to the decreased investment of Auramo France due to permanent loss of value.

Extraordinary income and expenses

➢ Extraordinary income

This includes:	31.12.2003	31.12.2002	Variation
Contingent assets	30	106	- 76
Capital gain	13	1.280	- 1.267
Total	**43**	**1.386**	**1.343**

- **Extraordinary expenses**

They include:	31.12.2003	31.12.2002	Variation
Contingent liabilities	45	186	- 141
Capital loss	7	16	- 9
Total	**52**	**202**	**- 150**

- **Taxation**

Taxation for the year is calculated on the taxable profit of each single company and in accordance with the relevent tax legislation in the respective countries.

Deferred taxes have been calculated on consolidation adjustments.

The break-down is as follows:	2003	2002	Variation
Current taxes	1.596	1.978	- 382
Net deferred tax	- 12	55	- 67
Net prepaid tax	52	- 604	656
Taxation on the year's profit	**1.636**	**1.429**	**207**

Other information

Remuneration for directors and auditors

The Shareholders' meeting on the 28th November 2001 agreed to a remuneration of Euro 555 thousand for the parent company's Board of Directors.

The remuneration of the parent company's Board of Auditors was decided during the Shareholders' meeting of 2nd February 2001 and amounts to Euro 44 thousand.

Amongst the subsidiaries remuneration has been established only for the Board of Directors of Bolzoni Auramo Sud (amounting to Euro 41 thousand) and Auramo OY (amounting to Euro 72 thousand).

Dividend bearing shares and bonds issued by the company

None of the group companes has issued dividend bearing shares, bonds convertible in shares, securities or similar.

This consolidated financial statement has been fairly prepared and complies with the accounting records of the consolidated companies.

Podenzano, 11th May 2004

The Directors

Annex 1 – Cash flow statement

	31.12.2003		31.12.2002	
Cash flows generated by operating activities:				
Net profit for the year		**1.355**		**3.443**
Adjustments on items not affecting liquidity:				
- Depreciation for the year	3.325		3.402	
- Employees' leaving benefit accrued in the year	597		563	
- Utilisation of employees' leaving benefit in the year	- 369		- 321	
- Acrrual (utilisation) of risk and charges provisions	219		357	
Total		**3.772**		**4.001**
Variations in current assets and liabilities:				
- Receivables from clients	2.677		- 757	
- Other receivables	- 746		- 1.479	
- Inventory	146		714	
- Prepayment and accrued income	134		138	
- Payables to suppliers	- 365		- 1.627	
- Other payables	- 194		452	
- Accrued expenses and deferred income	- 4		190	
- Sums payable to taxation authorities	38		- 550	
Total		**1.686**		**2.919**
Total cash flows generated by operating activities:		**6.813**		**4.425**
Cash flows generated by investments:				
- Net book value of sold assets	0		0	
- Purchase of technical fixed assets	- 2.285		- 5.247	
- Increase in intangible assets	- 556		- 1.538	
- Increase in investments	45		243	
Totale		**- 2.796**		**- 6.542**
Cash flows generated by financing activities:				
- New loans	0		7.507	
- Paying back loans	- 871		- 3.013	
- Share capital increases and other variations	- 457		- 927	
- Dividends paid out	- 1.064		- 1.064	
- Decreases in other fixed assets	0		0	
Total		**2.392**		**2.503**
Increase in bank accounts and cash-in-hand		**1.624**		**386**
Cash and banks at the beginning of the year		- 8.744		- 9.130
Cash and banks at the end of the year		- 7.120		- 8.744

BOLZONI S.P.A.
I CASONI DI PODENZANO (PC)
SHARE CAPITAL Euro 5.319.149 FULLY PAID
TAX CODE 00113720338
R. E. A. n. 87382

BOARD OF AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT AT 31.12.2003

Gentlemen,
we have examined and checked, from the Civil Law viewpoint, the Consolidated Financial Statement, the Supplementary Note and the Management Report, prepared by the Board of Directors of BOLZONI S.p.A. in accordance with art. 25 of the Law 127/91 and submitted to us according to the law.
In accordance with provisions laid down in art. 41 of the above mentioned Law, we have analytically examined all the accounting items, the Management report and the enclosures.
Our report follows.

The financial statement shows a total profit of € 1.355.320 consisting of a group profit corresponding to € 1.289.737 and a third party loss of €. 65.583 (shareholder with a 30% stake in Bolzoni Sud and shareholder with a 49% stake in Bolzoni Auramo B.V.) and may be summarized as follows:

BALANCE SHEET	
Assets	€ 64.560.602
Liabilities and funds	€ 46.451.916
Capital and group reserves	€ 18.146.628
Capital, reserves and third party results	€ -37.942
Total liabilities, funds and capital	€ 64.560.602
PROFIT AND LOSS ACCOUNT	
Production value	€ 75.647.308
Production costs	€ -71.438.700
Diff.between production value and costs	€ 4.208.608
Income and financial charges	€ -1.254.391
Financ.assets value adjustments	€ - 20.000
Income and extraordinary charges	€ -8.961
Result before tax	€ 2.925.256
Income tax for the financial period	€ -1.635.519
Net profit of the year	€ 1.289.737
Third party profit	€ 65.583
Group result	€ 1.355.320

The period to which the values refer is the year ending 31st December 2003, the date on which the financial statements of the companies forming the Group were closed, all 100% owned by Bolzoni Spa except for Bolzoni Auramo Sud srl where Bolzoni Spa has a 70% stake and Bolzoni Auramo B.V. 51% owned by Bolzoni Spa.

Following the audit and the analysis of the book-keeping entries, the documents and the information transmitted by the companies involved in the consolidation, we can declare that the Financial Statement presented to you is in order and corresponds to the book-keeping entries.

The ample and exhaustive Management Report prepared by the Directors, corresponds to the contents of the Consolidated Financial Statement. It offers a clear and precise overall situation of the entire Group, together with management trend as a whole and, analytically, also in the various areas in which the companies forming the group operate.

The consolidation principles used, and which we consider to be correct, are the following:

a) the total consolidation of those companies where the parent company directly or indirectly (Auramo Baltic OU and Bolzoni Auramo Polska) detains the majority of the voting rights;
b) the shareholders' equity method for the associated companies following the Auramo OY investment and the cost method for the directly associated companies where the percentage of ownership goes from 20 to 50%.

We moreover confirm that the Management Report and the Supplementary Note provide complete and exhaustive information regarding management performance, consolidation principles, important events which have occurred to date since the end of the financial year and the expected development of the management.

Piacenza, 28th May 2004

BOARD OF AUDITORS

(*original in Italian signed by)*

Dott. Benvenuto Girometti

Dott. Giorgio Picone

Dott. Fiorenzo Salvini

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Corso Magenta, 29
25121 Brescia

Tel. (+39) 030 2896111
Fax (+39) 030 295437
www.ey.com

AUDITORS' REPORT
(Translation from the original Italian text)

To the Board of Directors
of Bolzoni S.p.A.

1. We have audited the consolidated financial statements of Bolzoni S.p.A. as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Bolzoni S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated May 8, 2003.

3. In our opinion, the consolidated financial statements of Bolzoni S.p.A. comply with the Italian (1) regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Bolzoni S.p.A. as of December 31, 2003, and the consolidated results of its operations for the year then ended.

Brescia, May 14, 2004

Reconta Ernst & Young S.p.A.
signed by: Stefano Colpani, partner

(1) Words added in translation from original Italian text

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.111.000,00 i.v.
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(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

Management Report – Bolzoni Spa

Dear Shareholders,

The financial statement closed at 31.12.2003 which we are submitting to your attention shows a net profit of Euro 1.146.628.

We consider positive the result achieved , especially in view of the very important facts that have influenced the 2003 financial period:

- Our market of reference in Europe experienced a new drop in 2003 (- 1,6%) after last year's slump (-4,2%) with a particularly negative situation in Italy where the drop reached –15% in 2003.

  On the other hand, there have been strong and positive signs from the USA where the market has increased by 10% , a very interesting result but unfortunately, not sufficient to compensate the Italian and European situations.
- The exchange rates have heavily conditioned turnover and consequently the results of the financial statement.

  The revaluation of the Euro with respect to the US Dollar and Pound Sterling during 2003 has resulted in 1.302.235 Euro less turnover and lower margins compared to 2002.

  Of this amount, 1.162.122 Euro refer to the Dollar (comparing turnover in foreign currency at the average invoicing exchange rate of 1,13 in 2003 and 0,93 in 2002) and 140.113 Euro refer to Pound Sterling (comparing turnover in foreign currency at the average invoicing exchange rate of 0,69 in 2003 and 0,63 in 2002).
- The operations completed to cover exchange rate risks have allowed us to limit the devaulation effects of receivables in foreign currencies (with a final negative balance of 199.047 Euro) after having devaluated receivables in Dollars at the exchange rate of 1,2496 against the 1,0422 rate of the previous year.

The positive results obtained on cost reduction and the limiting of the general expenses has not been sufficient therefore to compensate the negative effect of the Euro's revaluation. The consequence is a result in the financial statement which is lower than the previous year's (2002 net profit equal to Euro 1.777.686).

It is also important to point out that the 2003 financial period has been an important year for the integration programme between Bolzoni Spa and the subsidiary Auramo OY, from the marketing and the production point of view.

All the actions planned were started and the majority have also been executed (even though there have been some delays and difficulties) and the result is a more and more rational integration between the two companies.

Great energy and focus has been put in supporting the development of our subsidiary in the USA, Brudi Bolzoni Auramo Inc. situated in a market which is becoming more and more important for our Group and where our market share is constantly on the increase.

We would also like to point out that the merger of Auramo Spa with Bolzoni Spa was completed on 1.8.2003.

If we now pass on to the analysis of what has already been amply described in the Supplementary Note, we believe it is necessary to add some considerations regarding the results obtained during the financial year 2003 and the prospects for the year 2004.

Firstly in examining the financial statement's figures for 2003 some points are worth highlighting and commenting:

- ✓ Income from sales amounted to Euro 49.487.033 compared to Euro 50.593.462 in 2002, a drop of 2,19 %.

  As already mentioned, this drop is fully justified by the effect of the revaluation of the Dollar and Pound Sterling.

  If the overall trend of our markets of reference is considered then the sales volumes recorded represent an increased market share of our Group both in Europe and worldwide.
- ✓ Financial charges, net of exchange rate differences, have remained stable with respect to the previous year (1,17% in 2002 and 1,16% in 2003)

  The percentage on turnover however remains at moderate levels.
- ✓ The financial statement includes depreciation for Euro 1.379.261 compared to Euro 1.426.037 of the previous year. This amount also includes accelerated depreciation for a total of Euro 391.679.
- ✓ End of year inventory passed from Euro 8.054.623 at 31.12.2002 to Euro 7.224.177 at 31.12.2003.

  The stock covering days have passed from 58 in 2002 to 53 in 2003 as a consequence of our stock reduction policy.

- ✓ Investments amounted to Euro 1.585.000 corresponding to 3,20 % of the turnover compared to 4,29 % in 2002.
- ✓ Financial exposure has remained stable passing from Euro 17.954.000 in 2002 to Euro 17.668.000 in 2003.
- ✓ Current and deferred taxes amounted to a total of Euro 1.128.211 compared to 1.798.863 during the previous financial period.

It should also be noted that internal costs for research and development activities have not been capitalized in this financial statement and there are no Bolzoni SpA shares in the portfolio.

In examining the financial statement figures of the Subsidiaries and the Affiliated companies it is important to point out the following:

✓ Bolzoni Auramo S.a.r.l. (France):

The financial statement at 31.12.2003 of our French subsidiary shows a total income of Euro 7.016.000 compared to Euro 5.773.344 of the previous year, with an increase of 21,52%, and a year's profit of Euro 254.000.

The considerable increase in turnover derives from the start of the marketing of Auramo products on the French market which, until 31.12.2002 were sold through a dealer.

The first part of the 2003 financial year has paid off the starting up phase of the new marketing process and this has meant considerably higher sales than during the second half of the year.

The increased turnover has also had beneficial effects on the financial statement's result.

Turnover towards Bolzoni Auramo Sarl amounted to Euro 4.293.611 and Bolzoni Auramo Sarl's turnover to Bolzoni S.p.A. amounted to Euro 93.033.

✓ Brudi Bolzoni Auramo Inc. (U.S.A.)

The financial statement at 31.12.2003 of our American subsidiary shows a total sales income amounting to $ 11.821.000 (Euro 10.452.945 at the average 2003 exchange rate) compared to $ 10.837.000 of the previous year with a negative result of $ 89.000.

Even though limited this negative result is the consequence of the inefficiencies during the starting up phase of the new plant and of the production as well, which was transferred and then launched in the course of the year.

Turnover towards BBA Inc. amounted to Euro 5.674.900 and BBA Inc.'s turnover to Bolzoni S.p.A. amounted to Euro 32.559.

✓ Bolzoni Auramo Limited (U.K.)

The financial statement at 31.12.2003 of our English subsidiary Bolzoni Auramo Ltd shows a total sales income of £ 1.628.000 (Euro 2.352.929 at the average 2003 exchange rate) compared to £ 1.051.009 of the previous year and a loss of £ 108.000.

The negative result is justified by the reorganisation process within the subsidiary in order to achieve a more effective handling of the marketing of both the Bolzoni products and the Auramo products (following the termination of contract with previous Auramo dealer as of 31.12.2002).

Also in the case of Bolzoni Auramo Limited, the first part of the financial year has paid off the start up phase of the marketing of Auramo products, with a much higher sales volume in the second half of the year compared to the first half.

Turnover towards Bolzoni Auramo Ltd amounted to Euro 947.370 and turnover from Bolzoni Auramo Ltd to Bolzoni S.p.A. amounted to Euro 102.323.

✓ Bolzoni Auramo Rental (U.K.)

The financial statement at 31.12.2003 of our English subsidiary Bolzoni Auramo Rental shows a total sales income of £ 96.000 (pari a Euro 138.748 at the average 2003 exchange rate) against £ 78.837 of the previous year and a loss of £ 6.000.

✓ Bolzoni Auramo S.L. (Spain)

The financial statement at 31.12.2003 of our Spanish subsidiary Bolzoni Auramo SL shows a total sales income of Euro 8.028.000 against Euro 7.907.947 of the previous year, with a profit of Euro 15.048.

Turnover towards Bolzoni Auramo SL amounted to Euro 3.668.517 and turnover from Bolzoni Auramo SL to Bolzoni S.p.A. amounted to Euro 2.050.559.

- Bolzoni Auramo Sud S.r.l. (Italy)

  The financial statement at 31.12.2003 of our Italian subsidiary Bolzoni Auramo Sud shows a total sales income of Euro 1.848.680 against Euro 2.079.164 of the previous year, with a profit of Euro 258.

  There is an equation between costs and revenue despite the drop in turnover which is fully justified by the market trend.

  Turnover towards Bolzoni Auramo Sud amounted to Euro 1.210.556 and turnover from Bolzoni Auramo Sud to Bolzoni S.p.A. amounted to Euro 5.800.

- Bolzoni Auramo GmbH (Germany)

  The financial statement at 31.12.2003 of our Germany subsidiary shows a total sales income of Euro 7.237.000 against Euro 7.406.267 of the previous year, with a loss of Euro 124.000.

  Bolzoni Auramo GmbH has undergone a reorganisation process during 2003 following integration with the previous, long-time Bolzoni dealer for Germany (Saco GmbH) who sold the line of business dedicated to our products to Bolzoni Auramo GmbH.

  The positive effects deriving from this reorganisation will only be evident in the 2004 financial statement.

  Turnover towards Bolzoni Auramo GmbH amounted to Euro 1.637.784 and turnover from Bolzoni Auramo GmbH to Bolzoni S.p.A. amounted to Euro 37.858.

- Bolzoni Auramo Ab (Sweden)

  The financial statement at 31.12.2003 of our Swedish subsidiary shows a total sales income of Sek 22.722.000 (Euro 2.490.258 at the average 2003 exchange rate) against 27.137.386 of the previous year, with a profit of Sek 931.000.

  Turnover towards Bolzoni Auramo Ab amounted to Euro 218.085

- Bolzoni Auramo bv (Netherlands)

  The financial statement at 31.12.2003 of our Dutch subsidiary shows a total sales income of Euro 1.016.000 (first year's activity) with a loss of Euro 134.000.

  Turnover towards Bolzoni Auramo bv amounted to Euro 348.858.

- Bolzoni Auramo Pty (Australia)

  The financial statement at 31.12.2003 of our Australian subsidiary shows a total sales income of $ Aus. 1.853.452 (Euro 1.066.192 at the average 2003 exchange rate) against 3.167.093 of the previous year, with a loss of $ Aus. 236.308.

  The considerable drop in turnover can be explained by an exceptional contract concluded in financial period 2002 and not repeated in 2003.

  Bolzoni Auramo Pty was reorganized at the start of 2003. The effects of this reorganization on the financial statement will be more evident in 2004.

  Turnover towards Bolzoni Auramo Pty amounted to Euro 249.259.

- Bolzoni Auramo S.a. (Chile)

  The financial statement at 31.12.2003 of our Chilean subsidiary shows a total sales income of Pesos 126.343.000 (Euro 162.047 at the average 2003 exchange rate) against Pesos 231.793.000 of the previous year, with a loss of Pesos 43.734.000.

  Turnover towards Bolzoni Auramo S.a. amounted to Euro 7.267.

- Brudi Bolzoni Auramo Limited (Canada)

  The financial statement at 31.12.2003 of our Canadian subsidiary shows a total sales income of $ Can 1.142.000 (Euro 721.853 at the average 2003 exchange rate) against $ Can 1.753.601 of the previous year, with a loss of $ Can 38.000.

  Turnover towards Brudi Bolzoni Auramo Ltd amounted to Euro 120.961.

- Auramo OY

  The financial statement at 31.12.2003 of the Finnish subsidiary alone shows a total sales income of Euro 13.310.029 against Euro 13.961.795 of the previous year, with a drop of 4,67%.

  The difference between the Euro's average exchange rate in 2002 and 2003 (amounting to 244.000 Euro) has heavily effected the financial statement of Auramo Oy too, both on turnover and on the financial statement's result.

  The financial statement's result for the subsidiary Auramo OY amounted to Euro 556.579.

The consolidated result of the Auramo group (which includes the Estonian subsidiary Auramo Baltic and the Polish subsidiary Bolzoni Auramo Polska) amounts to a profit of Euro 345.000 which is less than Auramo OY's result mainly due to the deduction of deferred tax assets amounting to Euro 162.000 .

✓ Eurolift PTY LTD

Our holding of 24,5% of the share capital has remain unvaried.

Turnover towards Eurolift amounted to Euro 573.365.

✓ Hydronika BV

Our holding of 24,5% of the share capital has remain unvaried.
Our turnover towards Hydronika amounted to zero as this was transferred to the newly established Bolzoni Auramo BV.

✓ Bolzoni Auramo South Africa

Auramo OY's holding has remained 40% of the share capital.
Turnover towards Bolzoni Auramo South Africa amounted to Euro 285.977.

Bolzoni S.p.A. has concluded both commercial and financial transactions with the subsidiaries and affiliated companies, as specified above, at normal market conditions. The related balances are described in detail in the Supplementary Notes to the Financial Statement.

In examining the events which have occurred during the first months of 2004, we would like to highlight the following facts which have been important for our company:

- Our market of reference shows contrasting signs in the different countries.
- On the domestic market the trend is still distinctly negative, whereas the other markets show signs of stability or growth.
- Our sales volumes maintain positive levels compared to the 2003 trend.

No other important facts were recorded.

We therefore invite you to approve the financial statement together with the Supplementary Notes.

We propose to use the financial statement's profit as follows:

Euro	57.331,40	for the legal reserve;
Euro	25.466,80	for the extraordinary reserve;
Euro	1.063.829,80	for dividends.

Our sincere thanks to the Shareholders for their trust and to all our collaborators for their precious assistance.

PODENZANO, 11.05.2004
THE DIRECTORS

ASSETS					31.12.2003	31.12.2002
A				**Share capital proceeds to be received**	0	0
B				**Fixed assets**		
	I			Intangible fixed assets		
		2		Research, development and advertising costs	19.200	0
		3		Industrial patents and similar rights	7.368	11.037
		4		Software licences	254.635	312.607
		7		Other	97.823	132.039
				Total intangible fixed assets	379.026	455.683
	II			Tangible fixed assets		
		1		Land and buildings	3.053.288	3.108.380
		2		Plant and machinery	1.854.515	2.016.718
		3		Industrial and commercial equipment	181.455	67.823
		4		Other assets	292.209	432.870
		5		Assets under construction	667.052	0
				Total tangible fixed assets	6.048.519	5.625.791
	III			Financial fixed assets		
		1		Investments		
			a	- Subsidiary companies	18.617.714	18.631.251
			b	-Associated companies	125.722	125.722
		2		Amounts receivable		
			a	- Subsidiary companies		
				* due within one year	4.327.367	5.101.710
			d	- Other		
				* due after one year	82.751	113.423
				Total financial fixed assets	23.153.554	23.972.106
				Total Fixed Assets	**29.581.099**	**30.053.580**
C				**Assets forming part of working capital**		
	I			Inventory		
		1		Raw materials and supplies	1.706.283	1.985.239
		2		Work in progress and semi-finished products	3.839.109	4.165.659
		4		Finished goods	1.678.785	1.903.725
				Total inventory	7.224.177	8.054.623
	II			Receivables		
		1		Trade receivables		
				-due within one year	7.239.478	8.637.999
		2		Subsidiary companies		
				- due within one year	7.849.143	6.577.454
		3		Associated companies		
				- due within one year	160.056	216.272
		5		Others		
				- due within one year	1.334.840	350.928
				- due after one year	0	9.740
				Total receivables	16.583.517	15.792.393
	III			Current financial assets	0	0
	IV			Liquid funds		
		1		Bank and postal accounts	510.036	1.361.539
		3		Cash	11.592	8.505
				Total liquid funds	521.628	1.370.044
				Total Assets forming part of working capital	**24.329.322**	**25.217.060**
D				**Prepayments and accrued income**	84.564	129.990
				TOTAL ASSETS	53.994.985	55.400.630

LIABILITIES					31.12.2003	31.12.2002
A				**Shareholder's equity:**		
	I			Share capital	5.319.149	5.319.149
	II			Share premium reserve	5.277.504	5.277.504
	III			Revaluation reserve	2.329.967	2.329.967
	IV			Legal reserve	405.355	316.471
	V			Reserve for own shares	0	0
	VI			Statutory reserve	3.094.877	2.469.905
	VII			Other reserves		
				- increased VAT allowance	*19.725*	*19.725*
				- social security	*264.472*	*264.472*
				- surplus from Auramo S.p.a.merger	*594.629*	*0*
				Total other reserves:	*878.826*	*284.197*
	IX			Net profit for the year	1.146.628	1.777.686
				Total Shareholders' equity	**18.452.306**	**17.774.878**
B				**Provisions for contingencies and charges**		
		1		Pension and similar provisions	0	0
		2		Taxation	21.957	30.598
		3		Other	202.753	151.772
				Total provisions for contingencies and charges	**224.710**	**182.370**
C				**Employees' leaving entitlement**	**2.597.124**	**2.377.050**
D				**Payables:**		
		3		Due to banks:		
				- due within one year	3.009.584	4.119.183
				-due after one year	14.569.795	14.969.494
				Total payables due to bank	*17.579.379*	*19.088.677*
		4		Sums due to other financial institutions:		
				- due within one year	0	28.424
				-due after one year	598.191	206.500
				Total sums due to other financial institutions	*598.191*	*234.924*
		5		Payments on account:		
				- due within one year	21.766	26.016
		6		Accounts payable to creditors:		
				- due within one year	10.421.314	10.860.044
		8		Amounts payable to subsidiaries:		
				- due within one year	2.538.878	3.265.403
		11		Sums payable to taxations authorities:		
				- due within one year	381.252	478.252
		12		Social security charges payable:		
				- due within one year	398.968	390.794
		13		Other sums payable:		
				- due within one year	776.497	719.498
				Total Payables	**32.716.245**	**35.063.608**
E				**Accrued expenses and deferred income:**	**4.600**	**2.724**
				TOTAL LIABILITIES	**53.994.985**	**55.400.630**

MEMORANDUM AND CONTINGENCY ACCOUNTS	31.12.2003	31.12.2002
Collateral given	14.034.990	14.034.990
Guarantees given on behalf of subsidiaries	0	601.238
Assets held under finance leases	1.643.209	1.723.776
Outstanding lease instalments	476.613	851.657
Obligation to sell foreign currency	0	3.255.562
TOTAL LIABILITIES	**16.154.812**	**20.467.223**

PROFIT AND LOSS ACCOUNT				31.12.2003	31.12.2002
A			**Production revenues:**		
	1		Turnover from goods and services	49.487.033	50.593.462
	2		Semi-finished and finished products	-551.491	-655.921
	4		Increases on internal work	57.585	57.221
	5		Other revenues and income:		
			- grants for operating expenses	16.666	14.541
			- other	70.716	94.363
			Total	*87.382*	*108.904*
			Total production revenues	**49.080.509**	**50.103.666**
B			**Production costs:**		
	6		Raw material, consumables and supplies	-19.589.558	-18.475.370
	7		Services	-13.653.653	-14.942.388
	8		Use of third party assets	-515.022	-565.588
	9		Personnel expenses:		
		a	- wages and salaries	-6.927.638	-6.594.256
		b	- social security contributions	-2.316.029	-2.288.657
		c	- employees leaving entitlement	-545.799	-525.735
		e	- other costs	-16.555	-39.222
			Total personnel expenses:	*-9.806.021*	*-9.447.870*
	10		Amortisation, depreciation and write-downs:		
		a	- amortisation of intangible fixed assets	-247.559	-220.579
		b	- amortisation of tangible fixed assets	-1.131.702	-1.205.458
		d	- write-downs of receivables	-43.966	-39.024
			Total amortisation, depreciation and write-downs	-1.423.227	-1.465.061
	11		Inventory variations regarding:	-278.956	-82.439
	12		Provision for contingencies	-15.000	-29.379
	13		Other provisions	-66.093	-72.392
	14		Other operating costs	-100.727	-91.217
			Total production costs	**-45.448.257**	**-45.171.704**
			TOTAL (A + B)	**3.632.252**	**4.931.962**

PROFIT AND LOSS ACCOUNT				31.12.2003	31.12.2002
C			**Financial income and charges:**		
	15		Income from investments	14.691	58.329
	16		Other financial income:		
		a	- receivables classified as fixed assets but are not investments	147.967	213.568
		d	- other income	1.056.639	456.110
			Total other financial income	*1.204.606*	*669.678*
	17		Interest and other financial charges:		
			- interest from financial institutions	-636.505	-767.617
			- interest from subsidiaries	-68.620	-21.944
			- exchange rate losses	-1.232.854	-917.171
			- others	-41.670	-15.380
			Total amortisation, depreciation and write-downs	*-1.979.649*	*-1.722.112*
			Total financial income and charges	**-760.352**	**-994.105**
D			**Adjustments to financial asset values:**		
	19		Write-downs:		
		a	- on investments	-581.122	-363.662
		b	- on financial fixed assets other than investments	0	0
			Total adjustments to financial asset values	**-581.122**	**-363.662**
E			**Extraordinary income and expenses:**		
	20		Income:		
			- other extraordinary income	30.129	32.027
	21		Expenses:		
			- other extraordinary expenses	-46.068	-29.673
			Total extraordinary income and expenses	**-15.939**	**2.354**
			PROFIT BEFORE TAXATION	**2.274.839**	**3.576.549**
	22		Taxation on proft for the year:		
			- current taxes	-1.249.936	-1.837.369
			- deferred tax charges	8.641	4.088
			- deferred tax income	113.084	34.418
			Total taxation	*-1.128.211*	*-1.798.863*
	23		**Net profit for the year**	**1.146.628**	**1.777.686**

Accounting Principles

The financial statement referring to period 01/01/03-31/12/03, made up of the Balance Sheet, Profit and Loss Account and these notes, in addition to the Management Report, has been prepared in compliance with the current legislative requirements, interpreted and completed by the accounting principles issued by the Italian Accounting Profession.

The financial statement faithfully represents the accounting records reflecting all the operations carried out by the Company.

In order to complete the picture regarding the financial situation of the Company, a statement of cash flows is also included.

Reference should be made to the Management Report for information on the nature of the Company's business activities, significant post-balance sheet events, expected future developments and relationships with subsidiary and associated companies.

The accounting policies adopted to prepare the financial statement are applied in line with the concept of prudence and are, at the same time, the same as those of the previous year; they are approved by the Board of Auditors, where required by the law, and are described below for the most significant captions.

Intangible fixed assets

Intangible fixed assets are recorded at cost of purchase, inclusive of ancillary charges, less the accumulated amortisation. Where required by Law, they are recorded with the approval of the Board of Auditors.

The depreciation rates applied and which are considered most suitable for calculating the costs over the expected useful period of life of the assets, are described below:

- Research and development costs

Depreciation is calculated over five years, period corresponding to their expected future use.

- Industrial patents and similar rights

Depreciation is calculated over three years, which is the period corresponding to their expected future use.

- Licenses, trademarks and similar rights – Software

Depreciation is calculated over three years, taking into account the expected period of use.

- Other intangible fixed assets

This caption includes costs incurred for obtaining medium/long term financing. Depreciation is based on the length of the relative financing contracts.

Tangible fixed assets

They are accounted for at their purchase price corresponding to price paid for assets purchased from third parties inclusive of additional charges incurred until they are put into use and excluding financial charges. With regards to assets produced internally, cost includes all direct and indirect productions expenses. These amounts are increased by the currency revaluation established by Laws 576/75, 72/83, 413/91 and 342/2000.

These balances are recorded net of accumulated depreciation, which is calculated on a straight line basis for all depreciable assets existing at the end of the year , according to their remaining estimated use, by means of rates considered representative of their useful lives. These rates, representing the maximum rates allowed by the tax legislation, are described in the note to tangible fixed assets. Assets not yet in use are not depreciated and 50% of the rate is applied for the year of purchase and activation in order to reflect their lesser use.

Assets with a unit value of less than € 516,46 are fully depreciated in the year of purchase given their short period of use.

Ordinary maintenance and repair costs, which do not lengthen the assets' life, are charged in the year in which they are incurred.

Should the assets incur in a permanent impairment of value. They are written down accordinly, regardless of the recorded depreciation. If the reasons for the write-down no longer exist in future years, the assets are restored to their original value.

In the current year, and in some of the previous ones, the company made recourse to accelerated depreciation, within the limits allowed by the ruling tax legislation (art. 67 of the Consolidated Tax Act n° 917 dated 22/12/1986 and subsequent modifications) in order to benefit from a corresponding deferred taxation and consequently, greater financial resources.

In the balance sheet, "Provision for accelerated depreciation" is shown together with Depreciation provision and is recorded as a reduction against the value of the relevant assets.

The effects of accelerated depreciation on the relevant balance sheet captions, on shareholders' equity and on the year's result are described in the note on tangible fixed assets.

- Leased assets

Assets acquired under leasing contracts are accounted for under tangible fixed assets in compliance with the ruling legislation, i.e. only when they are redeemed by the Company at the end of the contract. The lease instalments are taken to the profit and loss account on a pro rata temporis basis, while the outstanding payable is disclosed in the memorandum and contingency accounts over the lease term.

The effects of the recording of finance leasing contracts according to the international accounting principles which consider them as financing operations and therefore require them to be recorded using the financial method are described further on in these notes. In order to reflect the substance of the transaction, this method provides for the recording of the original value of the leased assets under tangible fixed assets, the disclosure of the corresponding residual payable due to the leasing company under liabilities and the recording in the profit and loss account of the depreciation charge and relative interest, which is included in the lease instalments paid to the leasing company, instead of the lease instalments recorded on pro rata temporis basis.

Financial fixed assets

The book value of investments, representing permanent industrial investments, is given by the costs incurred for their acquisition or establishment. Should a permanent loss in the shareholders' equity of the subsidiary or affiliated company arise from the most recent financial statements or from draft financial statements approved by the relevant board of directors, the real cost incurred is adjusted by means of a write-down of the investment.

These write-downs are not maintained in the future years if the reasons for them are no longer valid.

In order to give a better picture of the activities of the company and the group, in compliance with the ruling legislation, the company has prepared the consolidated financial statement of the group together with the statutory financial statement.

The receivables included under the financial fixed assets refer to receivables due from the subsidiary companies, guarantee deposits and tax advances on employees' leaving entitlement; they are accounted for at their cost value.

Inventory

Inventory is evaluated at the lower value between purchase cost, including ancillary charges, or production cost and estimated market value (replacement costs for raw material). Purchase costs include prices paid to suppliers net of discounts and rebates. Production costs include transport costs and expenses incurred to bring the asset to the condition in which it is at the end of the year, as well as specific costs for each single good or category of goods and general production costs. The normal production capacity of the plant is considered in the allocation of general production costs.

All inventory is valued using the year-to-year LIFO method. The difference with respect to the current value of inventory at year end is described in the note on the composition of inventory. A provision for inventory obsolescences is set up, in addition to the normal scrapping carried out during the year.

Receivables and payables

Receivables are recorded at their estimated break-up value, obtained through an accrual to the bad debt provision thus reducing their nominal value.

The amount of this provision is proportional to the risks related to specific bad debts and the general risk of non-collection on all receivables, precautionally estimated on the basis of past experience, as well as the solvency of the debtors, and also considering that the company has an important insurance coverage (90%) for most of the receivables existing at the date of the balance sheet.

Payables are indicated at their nominal value, which is considered to be near their expected settlment value.

Receivables and payables in non-Euro currencies are converted into Euro using the official exchange rate ruling on the date of the transaction. Exchange rate differences recorded upon settlement of the relevant receivables and payables are recorded in the profit and loss account as financial income or charges respectively. The value of receivables and payables in foreign currency existing at the end of the year is converted into Euro according to the year end exchange rates.

Prepayments and accrued income/accrued expenses and deferred income

Accrued income and expenses are the counter entries to income and costs relating to at least two years for which the corresponding cash movements have not yet taken place at the date of the balance sheet. They are accounted for on an accruals and matching basis.

Prepayments and deferred income respectively reflect the portion of costs and income relating to at least two years not attributable to the result of the year in which the related cash movement took place.

Provisions for contingencies and charges

Accruals are made to the provisions for contingencies and charges to cover the certain or probable liabilities of the company, not related to specific asset captions and of which the due date or the amount are unknown at year end.

Employees’ leaving entitlement

This provision is calculated in accordance with the relative ruling legislation (art. 2120 of the Civil Code) and with the national labour contracts and internal agreements It represents the accrued payable of the company at year end, due to its employees, based on length of service, net of any advanced payments

Taxation

Income taxes are calculated on the basis of a realistic estimate of the tax payable, in accordance to the ruling legislation and taking into account any tax exemption to which the company is entitled. Deferred tax assets and liabilities arising from temporary differences between the book and tax values of assets and liabilities have been accounted for on an accruals basis, matching the costs and income to the related taxes to be paid or recovered in future years.

Deferred tax assets are prudently recorded and only if there is a reasonable certainty of their future realisation while deferred tax liabilities are always recorded.

The company has not considered the DIT relief when calculating deferred tax assets and liabilities as it is not certain that it will be able to benefit from it when the temporary differences arise.

Income and costs

They are prudently indicated on an accruals basis and are matched with the related prepayments and accrued income, accrued expenses and deferred income.

Revenue and income, costs and charges are accounted for net of returns, discounts, rebates and premiums. All the intercompany transactions, both commercial and financial, with the subsidiary and associated companies, have taken place at normal market conditions. The related assets and liabilities statements are described below, while reference should be made to the management report for information on the financial situation.

Analysis of the main captions of the Balance Sheet and Profit and Loss Account

For easier reading, figures are indicated in thousands of Euro.

The main variations in the captions, which have taken place during the year, are described in the following paragraphs.

Intangible fixed assets

Variations during the year have been as follows:

Asset	% deprec.	31.12.2002	Reva-luation	Reserve 31.12.02	Net value 31.12.2002	Increases	Change	Net value 31.12.2003
R & D	20,0%	0	0	0	0	24	5	19
Patents	33,3%	51	0	40	11	3	7	7
Software		890	0	584	306	150	201	255
Others	**	250	0	118	132	0	34	98
Total		**1.191**	**0**	**742**	**449**	**177**	**247**	**379**

** due to the duration of the financing contracts.

The R & D costs refer to an analysis made by the Polytechnic of Milan on the future prospects of the logistics area. Industrial patents refer to costs incurred for filed applications. The captions have been included with the approval of the Board of Auditors and are depreciated over three years beginning from the year in which they are activated.

Software investments made during the year refer to purchase of new programmes or customization of existing ones and are depreciated over three years. Figures recorded for financing expenses are depreciated on the basis of the actual length of the contract.

Tangible Fixed Assets

Asset	% depr.	Amount 31.12.2002	Provis. 31.12.2002	Net value 31.12.2002	Purch.	Change	Ord. Depr.	Acc Depr.	Net value at 31.12.2003
Land		721	0	721	0	0	0	0	721
Buildings	3,0%	3.072	685	2.387	61	0	83	33	2.332
Total		**3.793**	**685**	**3.108**	**61**	**0**	**83**	**33**	**3.053**
Plant	10,0%	7.058	5.041	2.017	456	30	395	193	1.855
Machinery	15,5%	130	130	0	0	0	0	0	0
Total		**7.188**	**5.171**	**2.017**	**456**	**30**	**395**	**193**	**1.855**
Equipment	25,0%	2.330	2.262	68	226	0	72	40	182
Cars	20,0%	311	259	52	28	0	26	18	36
Furniture	12,0%	615	482	133	14	0	25	18	104
Elect.Equip.	20,0%	770	654	116	64	0	62	49	69
Other vehicles	25,0%	296	164	132	69	0	77	41	83
Other buildings	10,0%	2	2	0	0	0	0	0	0
Total		**1.994**	**1.561**	**433**	**175**	**0**	**190**	**126**	**292**
Assets under const.		0	===	0	667	0	0	0	667
TOTAL		**15.305**	**9.679**	**5.626**	**1.585**	**30**	**740**	**392**	**6.049**

During the financial year 2003 assets were sold for Euro 60.000 , depreciated by Euro 30.000, producing marginal losses and gains in capital.
The ratio between the cost and accumulated depreciation indicates that at end of year the fixed assets were depreciated by 67% (31st December 2002 = 63%).

Variations in tangible fixed assets during the year may be summarised as follows:

	31.12.2002	Invest.	Change	31.12.2003
Lands and buildings	3.793	61	0	3.854
Plant and machinery	7.188	456	37	7.607
Ind. and comm. equipment	2.330	226	0	2.556
Other assets	1.994	175	23	2.146
Assets under construction	0	667	0	667
TOTAL	**15.305**	**1.585**	**60**	**16.830**

The most important increases during the year regarded the following:

Third floor office building - renovation	30	
Renovation of Engin.Dept. filing area	13	
Other buildings	18	
Total land and buildings		**61**
Totem and road sign	20	
Electrical substation	13	
Installations for renov.Eng.Dept.	8	
Production masks	250	
Invision welder	8	
Other plants and machinery	157	
Total plant and machinery		**456**
Various minor equipment		226
Vehicles	28	
Hardware	64	
Other assets	83	
Total of other assets		**175**
Assets under construction		**667**
TOTAL		**1.585**

Variations in accumulated depreciation during the year are as follows :

Assets	31.12.2002	Depreciation	Utilisation	31.12.2003
Land and buildings	685	116	0	801
Plant and machinery	5.171	588	7	5.752
Industrial and commercial equipment	2.262	112	0	2.374
Other assets	1.561	316	23	1.854
Total	**9.679**	**1.132**	**30**	**10.781**

The transfer value for each asset corresponds to the difference between its disinvestment and utilisation of the related accumulated depreciation.

The following depreciation rates are applied (same as last year's):

Asset	Rate
Buildings	3%
Plant and machinery	10% - 15,5%
Equipment	25%
Vehicles for transport	20%
Office furniture and equipment	12%
Vehicles	25%
Electronic equipment	20%

As previously indicated, during both 2003 and previous years, the company accounted for accelerated depreciation only in order to make use of the tax benefits provided for by the relevant legislation.

If the Company had applied the maximum depreciation rates allowed by the tax legislation held to represent the residual utilisation of the assets on a straight line basis instead of recording the accelerated depreciation, the net tangible fixed assets at 31/12/2003 would have been approximately € 1.142 thousand higher (€ 780.000 at 31 December 2002) and depreciation for the same period would have been approximately € 362.000 lower.

Consequently, shareholders' equity at 31st December 2003 and the year's net profit would have been approximately € 705.000 (€ 466.000 at 31st December 2002) and € 239.000 higher respectively, net of the theoretical tax effect, calculated on the basis of the expected IRPEG and IRAP tax rates to be applied upon the reversal of accelerated depreciation and without considering any DIT effect.

As previously indicated, assets held under lease contracts have been accounted for during 2003, as in the past, in compliance with the provisions of the Civil Code.

Had the leases been accounted for using the so-called financial method, which establishes the recording of the value of the tangible fixed assets and corresponding payable, as well as the booking of the related accumulated depreciation on the basis of the useful economic-technical lives together with the interest attributable to year, then the effects on the financial statements at 31st December 2003 and 31st December 2002 would have been the following:

Assets	2003	2002
Higher gross value of tangible fixed assets	3.945	3.945
Higher value of acumulated depreciation	3.001	2.638
Lower prepayments	73	71

Liabilities

Higher financial payables	472	820
Within the next financial year	392	389
Beyond the next financial year	80	431

Profit and Loss Account

Higher depreciation	363	377
Higher financial charges	33	40
Lower costs for use of third party assets	379	428

Consequently, at 31st December 2003, shareholders' equity would have approximately € 251.000 higher and the year's closing result would have been approximately € 2.000 higher, net of the theoretical tax effect, calculated as explained previously.

Collateral on the tangible fixed assets for financing received is as follows:

	31.12.2002	31.12.2003
Mortgages on buildings	14.035	14.035

Financial fixed assets

➢ Investments

Variations during the year regarding investments were the following:

Subsidiaries:	Historic cost	Prev. Reval.	Prev. W-down	31.12.02	Incr./ Decr.	Reval.	31.12.03
Brudi Bolzoni Auramo Inc.	3.282	0	0	3.282	0	315	2.967
Bolzoni Auramo Ltd	721	0	698	23	181	0	204
Bolzoni Auramo S.l.	683	0	0	683	0	0	683
Bolzoni Auramo Sud s.r.l.	18	0	0	18	0	0	18
Bolzoni Auramo Rental	80	0	56	24	0	10	14
Bolzoni Auramo S.a.r.l.	376	0	0	376	0	0	376
Auramo Oy	13.119	0	0	13.119	0	0	13.119
Auramo S.p.a.	272	0	0	272	- 272	0	0
Bolzoni Auramo Bv	9	0	0	9	0	9	0
Bolzoni Auramo Pty	30	0	0	30	0	0	30
Bolzoni Auramo Sa	69	0	0	69	0	28	41
Brudi Bolzoni Auramo Ltd	22	0	22	0	85	22	63
Bolzoni Auramo Gmbh	129	0	125	4	515	138	381
Bolzoni Auramo Ab	722	0	0	722	0	0	722
TOTAL	**19.532**	**0**	**901**	**18.631**	**509**	**522**	**18.618**

Affiliated companies:							
Eurolift	47	0	0	47	0	0	47
Hydronika	79	0	0	79	0	0	79
TOTAL	**126**	**0**	**0**	**126**	**0**	**0**	**126**
TOTAL INVESTMENTS	**19.658**	**0**	**901**	**18.757**	**509**	**522**	**18.744**

We have set out below information on our subsidiary and affiliated companies, resulting from the latest financial statement approved by the Board of Directors or from the latest available drafts:

➢ SUBSIDIARIES

Brudi Bolzoni Auramo Incorporated (100% holding)
Reg.Office: 17635 Hoffman Way
Homewood Il 60430 USA

Currency	US $ 000	€ 000	€ 000 Hist.exch.rate
Share capital	500	480	480
2003 result	- 89	- 74	- 101
2003 shareholders' equity	2.626	2.102	2.325
2003 our part of shareh.equity	2.626	2.102	2.325
Book value		2.967	2.967
Difference		- 865	- 642

Bolzoni Auramo Limited (100% holding)
Reg.Office: Europa Bvd -West Brook
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	780	1.184	1.184
2003 result	- 108	- 153	- 153
2003 shareholders' equity	35	50	50
2003 our part of shareh.equity	35	50	50
Book value		204	204
Difference		- 154	- 154

Bolzoni Auramo S.L. (100% holding)
Reg.Office: C.Dels/Basters 10-14
Palau de Plegamans – Barcelona Spain

Currency	€ 000
Share capital	750
2003 result	43
2003 shareholders' equity	1.234
2003 our part of shareh.equity	1.234
Book value	683
Difference	551

Bolzoni Auramo Sud S.r.l. (70% holding)
Reg.Office: S.S. 16 Km 770+580
Bisceglie (Bari) Italy

Currency	€ 000
Share capital	26
2003 result	0
2003 shareholders' equity	126
2003 our part of shareh.equity	88
Book value	18
Difference	70

Bolzoni Auramo Rental (100% holding)
Reg.Office: Europa Bvd -West Brook
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	50	77	82
2003 result	- 6	- 9	- 9
2003 shareholders' equity	9	14	14
2003 our part of shareh.equity	9	14	14
Book value		14	14
Difference		0	0

Bolzoni Auramo S.A.R.L. (100% holding)
Reg.Office: Rue Avogadro – Z.I. Technopole Sud
57600 Forbach France

Currency	€ 000
Share capital	198
2003 result	257
2003 shareholders' equity	896
2003 our part of shareh.equity	896
Book value	376
Difference	520

Auramo Oy (100% holding)
Reg.Office: Valimotie 22-24
Vantaa Finland

Currency	€ 000
Share capital	565
2003 result	556
2003 shareholders' equity	5.497
2003 our part of shareh.equity	5.497
Book value	13.119
Difference	- 7.622

Bolzoni Auramo BV (51% holding)
Reg.Office: Waterbeemd 6A
Helmond Netherlands

Currency	€ 000
Share capital	18
2003 result	- 134
2003 shareholders' equity	- 116
2003 our part of shareh.equity	- 59
Book value	0
Difference	- 59

Bolzoni Auramo Australia PTY Ltd (100% holding)
Reg.Office:2/81 Harrison Rd
Dudley Park SA 5008 Australia

Currency	Aus.$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	950	512	512
2003 result	- 329	- 197	- 197
2003 shareholders' equity	94	31	56
2003 our part of shareh.equity	94	31	56
Book value		30	30
Difference		1	26

Bolzoni Auramo SA (100% holding)
Reg.Office: Avenue Isidora Goyenechea 2925 Off. 103
Las Condes – Santiago Chile

Currency	Pesos 000	€ 000	€ 000 Hist.exch.rate
Share capital	80.565	107	107
2003 result	- 43.734	- 28	- 28
2003 shareholders' equity	18.085	55	41
2003 our part of shareh.equity	18.085	55	41
Book value		41	41
Difference		14	0

Brudi Bolzoni Auramo Ltd (100% holding)
Reg.Office:90C Brunswick
Dollard des Ormeaux Quebec Canada

Currency	Can.$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	856	523	523
2003 result	- 38	- 24	- 24
2003 shareholders' equity	90	59	59
2003 our part of shareh.equity	90	59	59
Book value		63	63
Difference		- 4	- 4

Bolzoni Auramo GmbH (100% holding)
Reg.Office: Mühlenstrasse 74
Korschenbroich Germany

Currency	€ 000
Share capital	1.000
2003 result	- 124
2003 shareholders' equity	396
2003 our part of shareh.equity	396
Book value	381
Difference	15

Bolzoni Auramo AB (100% holding)
Reg.Office: P. O. Box 172
Gavle Sweden

Currency	Sw.Kr 000	€ 000	€ 000 Hist.exch.rate
Share capital	100	11	11
2003 result	931	76	76
2003 shareholders' equity	3.957	436	436
2003 our part of shareh.equity	3.957	436	436
Book value		722	722
Difference		- 286	- 286

Bolzoni Auramo Gmbh by means of a cash payment, and Brudi Bolzoni Auramo Ltd by partial conversion of financial receivables.

The merger of Auramo SpA by incorporation with Bolzoni SpA was completed on 01.08.2003 , following which a merger surplus of 594.000 Euro has been accounted for, without significant values in the assets and liabilities.

In the financial statement the value recorded for investments in Bolzoni Auramo Sa, Bolzoni Auramo Rental, Bolzoni Auramo Bv, Brudi Bolzoni Auramo Ltd, Brudi Bolzoni Auramo Inc and Bolzoni Auramo GmbH have been written down on the basis of the losses produced by these companies because, following precautionary criteria, they have been considered as permanent.

With reference to investments in Bolzoni Auramo Sud S.r.l., Bolzoni Auramo S.l., Bolzoni Auramo Sarl, Bolzoni Auramo Pty, the positive difference between the pro-quota shareholders' equity and the book value is due to retained earnings by the subsidiary.

With regards to investments in Bolzoni Auramo Ltd and Bolzoni Auramo Ab the negative differences between net shareholders' equity and the book value have not been written down on the basis of the future prospects indicated in the company budgets.

The Auramo Oy investment has not been written down as the future prospects allow us to believe that the difference between the company's net shareholders' equity and the investment's booked value can be recovered during the next few years.

The overall effects of the evaluation of investments, using the net shareholders' equity method, on the balance sheet and profit and loss account for year 2003 may be seen in the consolidated financial statement presented together with the parent company's own financial statement.

Receivables

Variations in receivables included under fixed assets during the year were as follows:

	31.12.2002	Inceases	Decreases	31.12.2003
Subsidiary companies	5.102	100	875	4.327

	31.12.2002	Increases	Decreases	31.12.2003
Other for guarantee deposits	7	/	/	7
IRPEF advance on employees' leaving benefit	106	/	30	76
TOTAL	**113**	**100**	**30**	**83**

During 2003 a loan amounting to 100.000 € was given Bolzoni Auramo Bv and partial loan redemptions were received from the subsidiaries amounting to Euro 875.000.= and therefore the situation at 31.12.2003 was the following:

	Amount
Brudi Bolzoni Auramo Inc	€ 800.000
Brudi Bolzoni Auramo Inc	$ 2.000.000
Bolzoni Auramo Ab	€ 280.000
Brudi Bolzoni Auramo Ltd	€ 525.000
Bolzoni Auramo Australia Pty	€ 700.000
Bolzoni Auramo Sa	€ 80.000
Bolzoni Auramo Ltd	£ 170.000
Bolzoni Auramo Bv	€ 100.000

Assets forming part of working capital

➢ Inventory

Variations in final inventory were as follows:

	31.12.2003	31.12.2002	Variation
Raw material and supplies	1.792	2.083	- 291
Provision for obsolete raw material and supplies	- 86	- 98	12
Total raw material and supplies	**1.706**	**1.985**	**- 279**
Work in progress and semi-completed products	4.039	4.393	- 354
Provision for inventory obsolescence	- 200	- 227	27
Total WIP and semi-completed products	**3.839**	**4.166**	**- 327**
Finished goods	1.743	1.979	- 236
Provision for inventory obsolescence	- 64	- 75	11
Total finished goods	**1.679**	**1.904**	**- 225**
TOTAL	**7.224**	**8.055**	**- 831**

Thanks to a better handling of the production area, the average inventory turnover rate achieved was : 53 days (58 days in 2002).

Provision for inventory obsolescence	31.12.2002	Utilisation	Accrual	31.12.2003
Raw material and supplies	98	12	0	86
WIP and semi-completed products	227	27	0	200
Finished goods	75	11	0	64
TOTAL	**400**	**50**	**0**	**350**

Following an analysis of slow moving inventory items, the provision for obsolescent stock was reduced to Euro 350.000, details of which are given above.

Inventory value at 31st December 2003, calculated on the basis of current costs, amounted to Euro 7.280.181 (compared to Euro 8.479.164 at 31.12.2002) and does not significantly differ from the financial statement's value.

Receivables

Detail of trade receivables	31.12.2003	31.12.2002	Variation
Trade receivables	4.160	5.348	- 1.188
Bills subject to collection	3.206	3.370	- 164
Invoices to be issued	39	59	- 20
Credit notes to be issued	- 4	- 3	- 1
Provision for bad debts	- 162	- 136	- 26
Total	**7.239**	**8.638**	**- 1.399**

Variations in trade receivables are mainly due to change in the average collection days for both Italian and Foreign clients.

Variations in the provision for bad debts during 2003	Provision as per Art.71 of Pres.Decree 917/86
Balance at 31.12.02	136
Utilisation	13
Accrual	39
Balance at 31.12.03	162

This provision at 31st December 2003 does not include any taxed items and appears adequate with respect to total receivables existing at that date, also in consideration of the fact that the company has an insurance policy covering its receivables.

The utilisation of the bad debt provision refers to small amounts under the minimum limit established by the insurance company or to the irrecoverable percentage of the receivable which is charged to the company.

Receivables from subsidiaries:	31.12.2003	31.12.2002	Variation
Auramo Oy	51	46	5
Bolzoni Auramo AB	48	36	12
Bolzoni Auramo Gmbh	334	136	198
Bolzoni Auramo Pty Ltd	244	263	-19
Bolzoni Auramo SA	1	4	-3
Bolzoni Auramo Polska	32	9	23
Brudi Bolzoni Auramo Ltd	43	18	25
Bolzoni Auramo SL	1.290	1.264	26
Brudi Bolzoni Auramo Inc.	3.535	2.916	619
Bolzoni Auramo Ltd	436	309	127
Bolzoni Auramo Rental	59	118	-59
Bolzoni Auramo Sud srl	505	477	28
Bolzoni Auramo sarl	1.205	981	224
Bolzoni Auramo BV	66	0	66
TOTAL	**7.849**	**6.577**	**1.272**

These receivables are solely of a commercial nature for transactions performed at normal market conditions.

Receivables from affiliated companies:	31.12.2003	31.12.2002	Variation
Eurolift	160	128	32
Hydronika	0	88	- 88
TOTAL	**160**	**216**	**- 56**

These receivables are solely of a commercial nature for transactions performed at normal market conditions

As may be seen in the following table, trade receivables in non-Euro currencies are calculated at the exchange rates ruling at 31.12.03 . The negative differences adjust the value of the receivables and are recorded under caption C 17 of the Profit and Loss account.

Currency	Amount	Ex.rate on 31.12.2003	Euro	Book value	Difference
$	4.645.635	1,2496	3.720.434	4.234.544	- 514.110
LGS	413.548	0,7036	587.760	598.098	- 10.338
SEK	416.819	9,0770	45.920	46.360	- 439
$ CAN	58.265	1,6380	35.571	37.359	- 1.788
TOTAL			**4.389.685**	**4.916.360**	**- 526.675**

Other receivables:			31.12.2003	31.12.2002	Variation
Taxation authorities			979	44	935
Deferred tax assets			243	130	113
Advances to suppliers			70	140	- 70
Others			45	47	- 2
		Total :	**1.335**	**361**	**974**
of which	- due within the following year		1.335	351	984
	- due after the following year		0	10	- 10

Deferred tax assets relate to taxes on temporary increases (provision for guarantees and industrial association contribution) calculated for tax purposes which will reverse in the short term.

As already mentioned, deferred tax assets are prudently recorded on the basis of the reasonable certainty regarding their future realisation. Consequently, the Company has not recorded any deferred tax assets on temporary differences generated by the provision for inventory obsolescence and for the agents' termination benefit amounting to a total of €181.000, as the date of their realisation is unknown and therefore there is no evidence that at that date a sufficient taxable income will be available to cancel the temporary differences.

As established by point 6 , article 2427 of the Civil Code, it should be noted that receivables due after one year are however due within five years.

➢ **Liquid funds:**	31.12.2003	31.12.2002	Variation
Bank accounts	510	1.362	- 852
Cash-in-hand and cash equivalents	12	8	4
TOTAL	**522**	**1.370**	**- 848**

Comments on the Company's financial position are given below in the paragraph regarding Payables to other Financial institutions.

➢ **Details regarding Prepayment and Accrued Income:**		31.12.2003	31.12.2002	Variation
Prepayments:				
- lease instalments		73	76	- 3
- others		12	54	- 42
	Total:	**85**	**130**	**- 45**
of which: - due within the following year		85	130	- 45
- due after the following year		0	0	0

Liabilities

➢ Shareholders' equity

Below is a summary of the variations during 2003:

	Share capital	Share Premium Reserve	Reval. reserve	Legal reserve	Statutory Reserve	Other Res.	Profit	Dividends	Total
Balance at 31.12.02	5.319	5.278	2.330	317	2.470	284	1.777	0	17.775
2002 profit allocation	0	0	0	88	626	0	- 1.777	1.063	0
Dividends	0	0	0	0	0	0	0	-1.063	- 1.063
Increases	0	0	0	0	0	594	0	0	594
2003 profit	0	0	0	0	0	0	1.146	0	1.146
Balance at 31.12.03	5.319	5.278	2.330	405	3.096	878	1.146	0	18.452

Following the Shareholders' resolution on 26.05.2003 the 2002 profit has been allocated to dividends for the amount of 1.063.000 € and the remainder allocated to reserve.

The 594.000 € increase in the Statutory Reserve refers to the surplus following the Auramo SpA merger, according to the Deed drawn up by the Notary Dr Brunetti on 01.08.2003.

Except for the legal reserve, the financial settlement does not include other non-distributable reserves.

Substitute tax has been applied on the revaluation reserve as per Law 342/2000, according to the tax rates established by the relevant law.

Composition of the share capital

At 31.12.2003 the share capital amounted to € 5.319.149.= divided into 5.319.149 shares each having a nominal value of € 1. There are no dividend-bearing shares or bonds.

Provisions for contingencies and charges

Pension for administrators

Variations to this provision have been as follows:	31.12.2003	31.12.2002	Variation
Opening balance	31	35	- 4
Utilisation	12	13	- 1
Accrual	3	9	- 6
Closing balance	22	31	- 9

The above amounts refer to deferred tax calculated on the basis of postponed taxation of the capital gain, in accordance with art. 54 of the Consolidated Tax Act.

The company's tax position is as follows:

Years open for tax purposes: 1998-1999-2000-2001-2002 Direct and Indirect tax

Pending litigations: In March 2003 the Tax Revenue Office of Piacenza carried out an inspection regarding year 1999. The final declaration dated 28.03.2003 does not evidence substantial irregularities.

Other provisions:

	31.12.2002	Accrual	Utilisation	31.12.2003
Agents' termination benefit	63	15	0	78
Warranties	72	66	72	66
Contingencies and charges	17	59	17	59
Total	**152**	**140**	**89**	**203**

Agents' termination benefit: this provision is set up to cover the indemnity matured by agents for this purpose. The accrual is recorded under caption B13 of the profit and loss account.

Warranties: this provision is set up to cover warranty charges on products sold during 2003 that the company expects to incur the following year.

The €72.000 utilisation is recorded under caption B7 of the profit and loss account.

Accrual for 2003 is recorded under caption B13 of the profit and loss account.

Contingencies and charges: the utilisation of Euro 17.000 was booked as a reduction of the investment in Brudi Bolzoni Auramo Ltd .

The accrual to this provision was made to cover the losses of Bolzoni Auramo Bv who closed 2003 with a negative shareholders' equity.

➢ **Employees' leaving entitlement**

Variations have been as follows:	31.12.2003	31.12.2002	Variation
Opening balance	2.377	2.175	202
Utilisation	238	156	82
Advances	62	57	5
Accrual	520	415	105
Closing balance	2.597	2.377	220

The greater amount of the accrual shown in the profit and loss account compared to the above balance relates to the entitlement benefit matured by resigning employees during the year amounting to € 25.000.

Average number of employees divided into different categoris:	31.12.2003	31.12.2002
Management	4	5
White collar	91	94
Blue collar	146	142
TOTAL	**241**	**241**

Payables

➢ **Payables to banks**		31.12.2003	31.12.2002	Variation
Current account overdrafts		610	1.847	- 1.237
Mortgage loans		7.969	8.148	- 179
Other financing		9.000	9.094	- 94
	Total:	**17.579**	**19.089**	**- 1.510**
of which:				
- due within the following year		3.009	4.119	- 1.110
- due after the following year		14.570	14.970	- 400

The mortgage loans have been obtained at the following conditions:

- Mediocredito Padano, principal Euro 1.007.091 obtained in 1996, outstanding payable at 31st December 2003 Euro 219.494, floating interest rate (3,65% at 31st December 2003) repayable in half-yearly instalments starting from 1997 until 15.12.2005;
- Intesa Mediocredito , principal Euro 7.750.000 obtained in 2001, outstanding payable at 31st December 2003 Euro 7.750.000, floating interest rate (2,83% at 31st December 2003), repayable in half-yearly instalments starting from 31.03.2004 until 30.09.2010.

Other financing mainly relates to loans obtained at the following conditions:

- Principal Euro 7.000.000 obtained in 2003, outstanding payable at 31st December 2003 Euro 7.000.000, floating interest rate (3,05 % at 31st December 2003), repayable in half-yearly instalments starting from 30.09.2004 until 31.03.2007; no collateral has been given for this loan.
- Unicredito, principal Euro 2.000.000 obtained in 2001, outstanding payable at 31st December 2003 Euro 2.000.000, floating interest rate (2,57% at 31.12.2003); no collateral has been given for this loan.

At 31.12.2003 there were two swap interest rate contracts for a basic capital amounting to 7.000.000 € and 2.500.000 € expiring in 2006, drawn up in order to cover the risk of increases in rates, and whose effects can be seen in the Profit and Loss Account caption 'Interest and other financial charges':

Mortgage loans and other financing varied as follows during 2003:	31.12.2002	New loans	Refunds	31.12.2003
Mortgage loans	7.970	0	1.234	6.736
Other financing	7.000	2.000	1.166	7.834
TOTAL	**14.970**	**2.000**	**2.400**	**14.570**

Guarantees on loans existing at 31st December 2003 are indicated in the financial statement under the caption Memorandum Account.

Below is the detail of the due dates:

within 2005	5.534
within 2006	3.440
within 2007	2.274
within 2008	1.107
After 2008	2.215
TOTAL	**14.570**

Please note that Euro 2.215.000 are due after more than 5 years.

- **Payables to other financial institutions**

This caption includes:

- Financing for the original amount of Euro 598.191,43 obtained thanks to Law 394/81 repayable over a 5 year period starting from 2004 at fixed instalments;

	31.12.2002	New loans	Refunds	31.12.2003
Financing Law 46	28	/	28	0
Financing Law 394	207	391	/	598
TOTAL	**235**	**391**	**28**	**598**

Below is the detail of the due dates:

within 2005	120
within 2006	120
within 2007	120
within 2008	120
after 2008	118
TOTAL	**598**

As established by point 6, article 2427 of the Civil Code, it should be noted that there are no medium to long term sums due to other financial institutions payable for a period longer than 5 years.

The following table analyses the company's net financial position in further detail:

	31.12.2003	31.12.2002	Variation
Payables to banks due within the year	- 3.009	- 4.119	1.110
Payables to other finan.instit. due within the year	- 591	- 235	- 363
Liquid funds	522	1.370	- 848
Total short term payables	**- 3.085**	**- 2.984**	**-101**
Payables to banks due after the year	- 14.570	- 14.970	400
Payables to other finan.inst.due after the year	0	0	0
Other securities	0	0	0
Total medium-long term payables	**- 14.570**	**- 14.970**	**400**
Net financial position	**- 17.655**	**- 17.954**	**299**

Payments on account	31.12.2003	31.12.2002	Variation
To customers	22	26	- 4

Accounts payable to creditors	31.12.2003	31.12.2002	Variation
Domestic suppliers	8.964	9.290	- 326
Foreign suplpliers	535	537	- 2
Credit notes to be received	- 39	- 14	- 25
Invoices to be received	961	1.047	- 86
TOTAL	**10.421**	**10.860**	**- 439**

Amounts payable to subsidiaries

This caption includes payables solely of a commercial nature due within the next financial year for transactions performed at normal market conditions with the following subsidiaries;

	31.12.2003	31.12.2002	Variation
Bolzoni Auramo SL	637	966	-329
Brudi Bolzoni Auramo Inc.	15	10	5
Bolzoni Auramo Ltd	30	24	6
Bolzoni Auramo Sud srl	8	4	4
Bolzoni Auramo Sarl	22	11	11
Bolzoni Auramo GmbH	14	2	12
Bolzoni Auramo SA	18	2	16
Bolzoni Auramo Polska	1	0,5	0,5
Auramo SpA	0	238	-238
Auramo Baltic	0	0,5	-0,5
Auramo Oy	1.783	2.008	-225
Bolzoni Auramo AB	3	0	3
Bolzoni Auramo BV	8	0	8
TOTAL	**2.539**	**3.266**	**-727**

This includes an interest bearing loan of Euro 1.608.806 obtained by Auramo Oy, due within the financial year, with a fluctuating interest rate.

- **Amounts payable to affiliated companies**
  None

As may be seen in the following table, accounts payable to creditors in non-Euro currencies are calculated by using the exchange rate ruling on 31st December 2003.

The positive difference adjusts the value of the payables and is recorded under caption C 16 d) of the profit and loss account.

Currency	Amount	Exchange Rate	Euro	Book Value	Difference
$	24.005	1,2496	19.211	20.821	- 1.610
LGS	22.435	0,7036	31.886	32.181	- 295
SEK	70.772	9,0770	7.797	8.096	- 299
$SIN	934	2,1278	439	527	- 88
TOTAL			**59.332**	**61.624**	**- 2.292**

➢ **Sums payable to taxation authorities**	31.12.2003	31.12.2002	Variation
For wages and salaries	330	370	- 40
For current income taxes	50	34	16
Others	1	74	- 73
TOTAL	**381**	**478**	**- 97**
- due within the following year	381	478	- 97
- due after the following year	0	0	0

➢ **Detail of current income taxes:**	31.12.2003	31.12.2002	Variation
Opening balance	34	310	- 276
Payment of prior year's tax	- 34	- 138	104
Current year's tax	1.128	1.799	- 671
Payment on account	- 1.941	- 1.937	-4
Other tax	0	0	0
Closing balance	- 813	34	- 847

➢ **Social security payables:**	31.12.2003	31.12.2002	Variation
INPS	376	362	14
INAIL	- 24	13	- 37
Others	47	16	31
TOTAL	**399**	**391**	**8**

➢ **Details of other payables**		31.12.2003	31.12.2002	Variation
Due to employees:		665	660	5
- wages and salaries		327	344	- 17
- matured but unused holidays		338	316	22
Others		27	16	11
Sundry payables		84	43	41
	TOTAL	**776**	**719**	**57**
of which	- due within the following year	776	719	57
	- due after the following year	0	0	0

➢ **Accrued expenses and deferred income:**		31.12.2003	31.12.2002	Variation
Accrued expenses				
- interest payable		2	3	- 1
- other		0	0	0
	Total accrued expenses	**2**	**3**	**- 1**
Deferred income		3	0	3
TOTAL		**5**	**3**	**2**
of which	- due within the following year	5	3	2
	- due after the following year	0	0	0

➢ **Receivables and payables due after more than 5 years**

Further to the above, it should be noted that the company does not have any other receivables or payables due after more than 5 years.

➢ **Memorandum accounts**

The detail of these accounts can be found at the foot of the balance sheet.

Collateral given for financing is described in the note to the tangible fixed assets.

The value of leased assets corresponds to the principal value of the goods held under finance leases. The value of the outstanding lease instalments is also shown.

Profit and Loss Account

Considering the analytical breakdown of the captions of the profit and loss account and the comments to the balance sheet, extensive details are not given below.

Reference should be made to the management report for information on transactions with subsidiary and affiliated companies.

Production income

➢ **Turnover, goods and services**

Following is the breakdown of this caption according to geographical area:

	2003	2002	Variation
Italy	15.355	16.006	-651
EU	25.626	25.094	532
Non – EU	8.506	9.493	-987
Total	**49.487**	**50.593**	**-1.106**

➢ **Gross income**

	2003	2002	Variation
Gross income	49.711	50.720	- 1.009
Returns on sales	- 224	- 127	- 97
Total	**49.487**	**50.593**	**- 1.106**

➢ **Other income and revenue**

	2003	2002	Variation
Grants for operating expenses	16	14	2
Other income	18	48	- 30
Ordinary capital gains	53	47	6
Total	**87**	**109**	**- 22**

The capital gain sum of Euro 11.000 refers to normal replacement of assets used in the company’s operations.

Production costs

➢ **Purchasing costs**

Detail of purchasing costs:	2003	2002	Variation
Raw materials	4.244	4.258	- 14
Commercial goods	3.095	2.786	309
Semi-finished products	8.683	7.713	970
Purchases of other products	3.099	3.299	- 200
Sundry purchases	395	327	68
Ancillary costs	74	92	- 18
Total	**19.590**	**18.475**	**1.115**

➢ **Services**

Detail of costs for services:	2003	2002	Variation
Subcontracting	8.563	9.570	- 1.007
Transport on purchased goods	414	464	- 50
Refund of travel expenses	256	250	6
Commission	434	666	- 232
Transport on sold goods	1.024	1.043	- 19
Motive power and lighting	228	197	32
Exhibitions and advertising costs	56	186	- 130
Maintenance	365	343	22
Directors' fees	555	455	100
Board of Auditors' fees	44	35	9
Other	1.715	1.733	- 18
Total	**13.654**	**14.942**	**- 1.288**

➢ **Amortisation/depreciation**

Detail per asset:	2003			2002		
	Ordinary	Accelerated	**Total**	Ordinary	Accelerated	**Total**
Land and buildings	83	33	**116**	62	15	**77**
Plant and machinery	395	192	**587**	524	173	**697**
Industrial equipment	72	40	**112**	80	38	**118**
Other assets	190	127	**317**	183	130	**313**
Total tangible fixed assets	**740**	**392**	**1.132**	**849**	**356**	**1.205**
Patents	7	0	**7**	7	0	**7**
Software	201	0	**201**	177	0	**177**
Other	40	0	**40**	36	0	**36**
Total intangible fiixed assets	**248**	**0**	**248**	**220**	**0**	**220**

➢ **Other operating costs**

Detail of other operating costs:	2003	2002	Variation
Taxes and duties	47	37	10
Other	54	54	0
Total	**101**	**91**	**10**

Financial income and charges

➢ **Income from investments**

This includes:	2003	2002	Variation
Bolzoni Sud dividends	15	58	- 43

➢ **Other financial income**

They include:	2003	2002	Variation
Revaluation of receiv.tax on employees' leav.entitlement	2	4	- 2
Exchange rate gains	1.034	456	578
Interest income from customers	148	194	- 46
Interest income from bank current account	21	16	5
Total	**1.205**	**670**	**535**

➢ **Interest and other financial charges**

These include:	2003	2002	Variation
Short term payable interest	42	86	- 44
Medium-long term payable interest	663	704	- 41
Exchange rate losses	1.233	917	316
Other	42	15	27
Total	**1.980**	**1.722**	**258**

Excluding exchange rate differences, the financial charges account has passed from 1,17% in 2002 to 1,16% in 2003. The revaluation of the Euro overt the other currencies has produced increased costs for exchange rate losses.

➢ **Value adjustments regarding financial activities:**

The detail of the write-downs is included in the caption regarding the financial fixed assets.

Extraordinary income and expenses

- **Extraordinary income**

This includes:	2003	2002	Variation
Contingent assets	30	32	- 2
Total	**30**	**32**	**- 2**

Contingent assets amounting to Euro 30.000 refer to the elimination of certain payables and subsequently no longer acknowledged and also to insurance refunds.

- **Extraordinary expenses**

These include:	2003	2002	Variation
Contingent losses	41	11	30
Losses	5	9	- 4
Total	**46**	**30**	**16**

The amount of Euro 41.000 refers to a cost which is not attributable to this financial year.

- **Taxation**

Current income taxes include:	2003	2002	Variation
Profit before taxation	2.275	3.587	- 1.312
Increases in taxed provisions	- 41	13	- 54
Other increases	737	425	312
Other decreases	- 911	- 559	- 352
Total taxable profit subject to IRPEG	2.060	3.466	- 1.406
Taxable profit subject to 19% IRPEG tax rate	276	276	0
19% IRPEG tax charge	52	52	0
Taxable profit subject to 34% IRPEG tax rate	1.784	3.190	- 1.406
34% IRPEG tax charge	607	1.149	- 542
Total IRPEG tax charge	659	1.201	- 542
Taxable income subject to IRAP	13.482	14.419	- 937
Decrease in IRAP	- 432	- 454	22
Increase in IRAP	853	1.011	- 158
Taxable income subject to IRAP	13.903	14.976	- 1.073
IRAP tax charge	591	636	- 45
Total current income taxes	**1.250**	**1.837**	**- 587**

	2003	2002	Variation
Current taxes	1.250	1.837	- 587
Deferred tax charges	- 12	- 4	- 8
Deferred tax income	- 110	- 34	- 76
Total	**1.128**	**1.799**	**- 671**

Deferred tax income and charges may be analysed as follows:

Deferred tax charges on 2003 pro-rata gains	3
Deduction of deferred tax charges from 2002 increases	- 12
Deferred tax income on 2003 increases	174
Elimination of deferred tax income on 2002 increases	- 60

- **Remuneration of the directors and statutory auditors**

The shareholders' meeting on 28.11.01 approved a remuneration for the Board of Directors amounting to Euro 555.000.

The shareholders' meeting of 2nd February 2001 approved a remuneration for the Statutory Auditors amounting to Euro 44.000.

This financial statement has been fairly prepared and complies with the accounting records.

The undersigned Directors declare that the computer document complies with the document recorded and undersigned in the company's corporate books.

Podenzano, 11th May 2003

The Directors

Annex 1 – Cash flow statement

	31.12.2003		31.12.2002	
Cash flows generated by ordinary activities:				
Net profit for the year		**1.147**		**1.778**
Adjustments on items not affecting liquidity:				
- Depreciation for the year	1.379		1.426	
- Employees' leaving benefit accrued in the year	546		526	
- Utilisation of employees' leaving benefit in the year	- 326		- 324	
- Accrual (utilisation) of risk and charges provisions	42		25	
Total		**1.641**		**1.653**
Variations in current assets and liabilities:				
- Receivables from clients	183		- 1.195	
- Other receivables	- 943		19	
- Inventory	831		738	
- Prepayment and accrued income	45		- 17	
- Payables to suppliers	- 1.165		3.021	
- Other payables	61		- 200	
- Accrued expenses and deferred income	2		- 7	
- Sums payable to taxation authorities	- 97		- 88	
Total		**- 1.083**		**2.271**
Total cash flows generated by operating activities:		**1.705**		**5.702**
Cash flows generated by investments:				
- Net book value of sold assets	0		0	
- Purchase of fixed assets	- 1.802		- 2.329	
- Increase in intangible assets	77		- 15	
- Increase in investments	13		- 3.426	
Total		**- 1.712**		**- 5.770**
Cash flows generated by financing activities:				
- New loans	2.392		7.507	
- Paying back loans	- 2.400		- 2.301	
- Loans to subsidiaries	774		- 3.602	
- Share capital increases and other variations	595		0	
- Dividends paid out	- 1.064		- 1.064	
- Decreases in other fixed assets	0		0	
Total		**297**		**540**
Increase in bank accounts and cash-in-hand		**290**		**472**
Cash and banks at the beginning of the year		- 2.778		- 3.250
Cash and banks at the end of the year		- 2.488		- 2.778

BOLZONI S.P.A.
I CASONI DI PODENZANO (PC)
SHARE CAPITAL Euro 5.319.149 FULLY PAID
TAX CODE 00113720338
R. E. A. n. 87382

BOARD OF AUDITORS REPORT ON FINANCIAL STATEMENT AT 31.12.2003

Gentlemen,
We have examined the proposed financial statement of the Company at 31st December 2003 drawn up by the Administrators, who have duly informed the Board of Auditors, together with the sheets containing "Supplementary Note" and the "Management Report".
The Auditors confirm that the documents contained in the financial statement are those prescribed by the law in force and that the financial statement's items correspond to the accounting results.

RESULTS OF THE AUDITS

During the accounting period the Board of Auditors carried out formal controls on the administration and ensured the observance of the law and the By Laws by taking part in the Board of Director meetings and performing the audits in accordance with art. 2403 of the Civil Code.
With reference to these audits the Board of Auditors did not discover any transgressions with regards to civil law, tax, social security and statutory fulfilments.
The Board of Auditors maintained frequent contacts with the Board of Directors and the Administration Manager, with the aim of obtaining the detailed information necessary for carrying out the audits and also received useful indications concerning the level of adequacy of the administrative-accounting system.

EXAMINATION OF THE FINANCIAL STATEMENT

The financial statement at 31.12.2003 presents the following results expressed in Euro without the decimals:

BALANCE SHEET

Fixed assets		
- Intangible assets	€	379.026
- Tangibile assets	€	6.048.519
- Financial assets	€	23.153.554
Total working capital	€	24.329.322
Prepayment and accrued income	€	84.564
Total assets	€	53.994.985

Shareholder equity	€	18.452.306
Reserve for risks and charges	€	224.710
Retirement allowance	€	2.597.124
Payables	€	32.716.245
Accrued costs	€	4.600
Total liabilities	€	53.994.985
Interim accounts amount to	€	16.154.812

PROFIT AND LOSS ACCOUNT

Production income	€	49.080.509
Production cost	€	45.448.257
Diff.between production income and cost	€	3.632.252
Income and financial costs	€	(760.352)
Subsidiary devaluation adjustments	€	(581.122)
Income and extraordinary costs	€	(15.939)
Result before tax	€	2.274.839
Tax on earnings	€	1.128.211
NET PROFIT	€	1.146.628

The Board of Auditors confirms that:

- the laws contained in art. 2423 bis of the Civil Code were applied in drawing up the Balance sheet and, in particular, the principles regarding caution and economic competence were followed;
- the outlines for Balance Sheets and Profit and Loss statements established by art. 2424 and 2425 of the Civil Code were observed;
- the provisions regarding the single entries of the Balance Sheet were observed, in accordance with art. 2424/bis of the Civil Code;
- from the controls made it emerged that the results regarding income, revenue, charges and costs have been indicated net of returns, discounts and allowances;
- the lower result achieved in financial year 2003 with respect to the previous year is explained, from the economic and operating point of view, in the Management report.

EVALUATION PRINCIPLES

We can state that during the preparation of the financial statement the evaluation principles provided in art. 2426 of the Civil Code were applied and the criteria regarding the continuity between one financial period and the other were observed.

With regards to the evaluation principles of the financial statement items, the Board of Auditors consider it necessary to point out the following:

- the intangible assets have been valued, with our consent, at the remaining cost, after having checked their long-term utility.

The depreciation expenses have been determined with respect to the actual utilisation period of the charges, as described in detail in the notes to the finanancial statements

◆ the tangible fixed assets have been booked at cost value (plus the additional expenses), as established by art. 2426 of the Civil Code. Depreciation has been calculated on the basis of plans taking into account the expected duration and intensity of use of the assets. The new production building, of which only the skeleton has been completed, has not been depreciated as it has not yet been used for company's manufacturing activity;

◆ the subsidiaries and their evaluation are described in detail in the supplementary note and a total write-down amounting to € 581.122 is evidenced, € 521.962 as direct write-down and € 59.160 as accrual to the risk provision for covering our part of the Bolzoni Auramo B.V.'s negative net shareholders equity;

◆ the raw material inventory has been recorded at purchase cost, the finished goods and work in progress have been recorded at the production cost correlated to the relative working phase reached at the end of the financial period; the provision for the value adjustment of slow moving inventory has decreased by € 50.000 with respect to the previous financial period;

◆ trade receivables are indicated at the nominal value subject to the deduction of € 162.000 concerning the provision for bad debts.

The amount of this provision, which increased by € 26.000 during the financial period, appears adequate for the reasonably foreseeable risks of uncollectable credits, also considering the insurance cover connected to these risks.

- payables have been booked under Liabilities of the Balance Sheet at their number value
- both receivables and payables in foreign currencies have been booked in the financial statement using the exchange rate on 31.12.2003, the exchange rate differences have been booked in the Profit and Loss statement

◆ the liquid funds have been recorded at their effective value;

◆ accrued assets, accrued liabilities, deferred assets and deferred liabilities – have all been calculated according to the time correlation between costs and income;

◆ the retirement allowance, with the additional allocation of the share to be charged to the accounting period, and deducted of the amount paid out to resigning staff, seems sufficient to cover the dues to employees who are part of the work force at the end of the period, according to the respective legal positions;

◆ under the caption 'extraordinary charges', among the contingent liabilities, is included the amount of € 30.000 for financial report adjustments regarding the acquisition of Auramo Oy in 2001;

◆ The taxation on the year’s profit has been calculated and indicated in the financial statement according to the current rates. Likewise, both the deferred and prepaid taxations have been correctly calculated.

SUPPLEMENTARY NOTE

We declare that the Board of Directors has drawn up the “Supplementary Note” in accordance with art. 2427 of the Civil Code, and it contains all the indications considered necessary for completing all the information.

MANAGEMENT REPORT

During the examination of the “Management report” prepared by the Administrative body, the Board of Auditors discovered that the information regarding the state of the business management was sufficiently complete.

OPINION OF THE BOARD OF AUDITORS

The Board of Auditors believe they can express a favourable opinion regarding the approval of the financial statement at 31st December 2003 and also with regards to the proposal of the Administrators referred to the disposition of the year’s net profit.

28th May 2004

BOARD OF AUDITORS

(original in Italian signed by)

Dott. Benvenuto Girometti

Dott. Giorgio Picone

Dott. Fiorenzo Salvini

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Corso Magenta, 29
25121 Brescia

Tel. (+39) 030 2896111
Fax (+39) 030 295437
www.ey.com

AUDITORS' REPORT
(Translation from the original Italian text)

To the Board of Directors
of Bolzoni S.p.A.

1. We have audited the financial statements of Bolzoni S.p.A. as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Bolzoni S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated May 8, 2003.

3. In our opinion, the financial statements of Bolzoni S.p.A. comply with the Italian (1) regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of Bolzoni S.p.A. as of December 31, 2003, and the results of its operations for the year then ended.

4. As in prior years, the Company booked accelerated depreciation expenses in addition to those based on useful lives of the fixed assets; the effects on the financial statements of such fiscal interference are illustrated in the notes to the financial statements.

Brescia, May 14, 2004

Reconta Ernst & Young S.p.A.
signed by: Stefano Colpani, partner

(1) Words added in translation from original Italian text

Reconta Ernst & Young S.p.A.
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