The Group's Activity

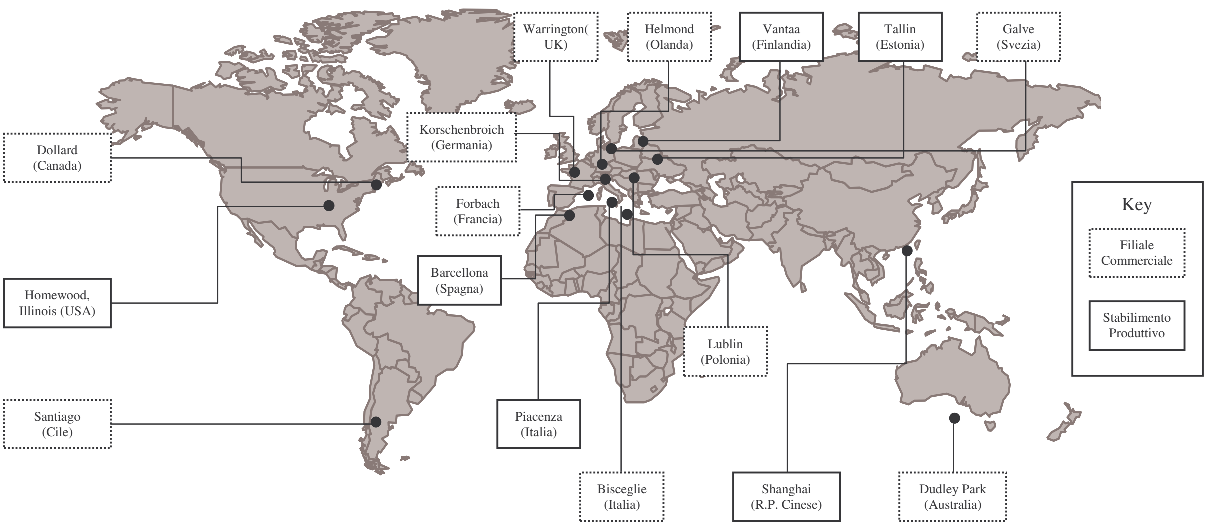
Bolzoni has been active since the early fifties in the engineering, manufacturing and marketing of attachments for fork lift trucks and industrial material handling, a sector leading back to the far vaster area of logistics which, also thanks to today's globalization process, shows important margins of growth.

Today Bolzoni's products are present in over forty countries worldwide, occupying a position of *leadership* in the European market of attachments for fork lift trucks and the second leading manufacturers of these products worldwide.

The Group offers a wide range of products employed in the material handling industry and, in particular, attachments for fork lift trucks, lifting tables and hand pallet trucks.

Bolzoni controls, either directly or indirectly, 15 companies, all included in the Group's consolidation area, located in different parts of the world, six of which are manufacturing plants (including the group headquarters) situated in Italy, Finland, United States of America, Estonia, Spain and China and ten with a uniquely commercial and distribution activity, directly supporting the principal world markets of logistics and goods handling.

The graph below illustrates the presence worldwide of the Group companies, giving work to 541 people (on 31st December 2005).

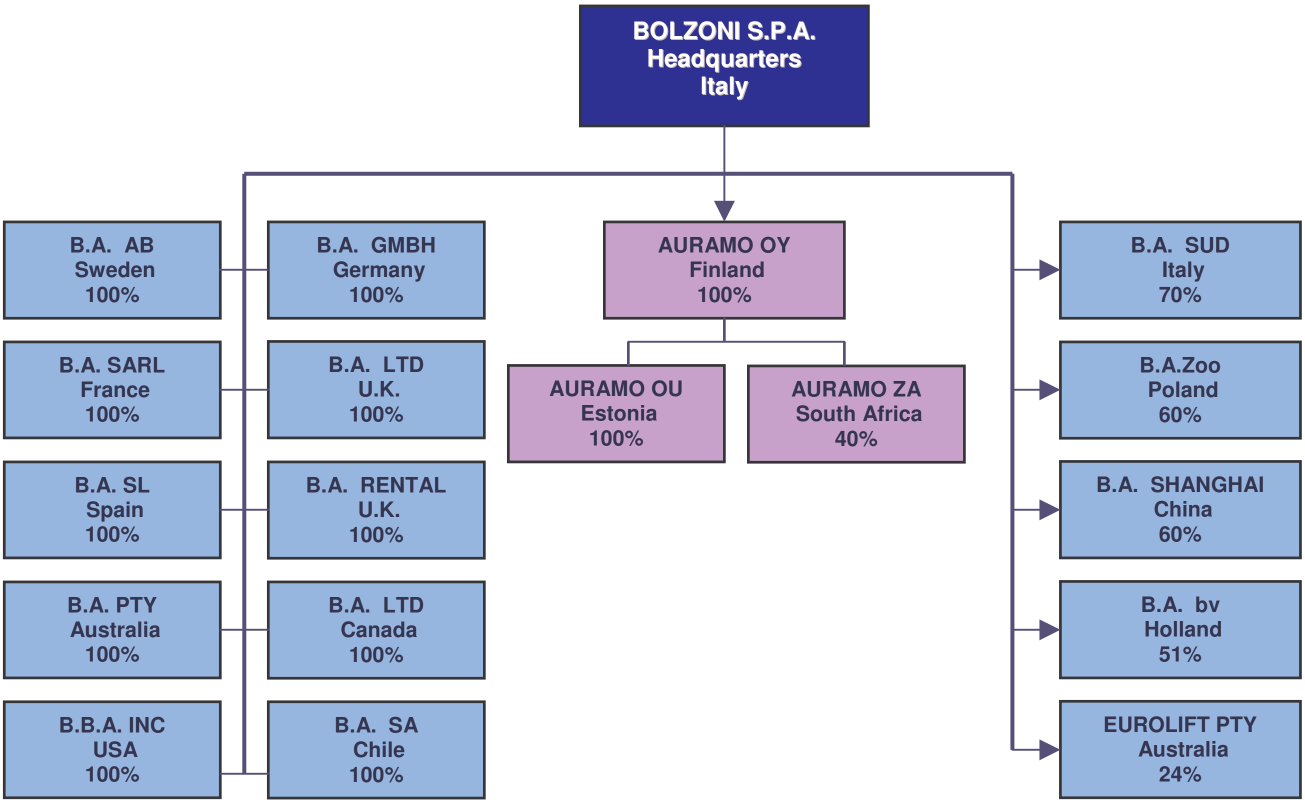


Shareholders

Shareholder	% Stake
Emilio Bolzoni	24,98%
Franco Bolzoni	9,51%
Luigi Pisani	14,27%
Roberto Scotti	12,12%
Pierluigi Magnelli	4,76%
Banca Intesa	28,36%
Karl Peter Staack	6,00%

No Group shares were either sold or bought during the course of the financial year.

Group Structure



Through its subsidiaries and associated companies the Group controls 80% of the market.
Five of the subsidiary companies are also production plants (Italy, Spain, Finland, USA, China), as well as taking care of the market in their area of competence

Only one company (Auramo OU Estonia) has an exclusively manufacturing activity and works as sub-supplier to the Finnish company Auramo Oy.

During the financial year 2005 the following variations to the Group structure took place:

- Sale of the stake in Hydronika bv
- Transfer of attachment transfer activity from Bolzoni Auramo Rental UK to Bolzoni Auramo Ltd UK (during the course of the financial year 2006 Bolzoni Auramo Rental will be completely shut down)

The benchmark market and competitors

The fork lift truck attachment market is a dense one, 90% of which is covered by four manufacturers (Cascade, Bolzoni, Kaup and Meyer).

With reference to the fork lift truck attachment market as a whole, Bolzoni (with approximately 30% of the market) holds the leading position in the European market followed by the Cascade Corporation, whereas on a worldwide level it occupies the second position (with a market share of about 20%) behind Cascade Corporation (occupying approximately 50%).

The third and fourth positions both in Europe and the World are held by Kaup and Meyer (German manufacturers).

Bolzoni holds the leadership position worldwide with regards to the production of integral side shifters, supplied directly to the manufacturers of fork lift trucks (with a market share of around 81%).

The following table shows the Group's share of the world market referred to the turnover generated by the sale of attachments for fork list trucks (figures refer to year 2004 – source BAIN).

Manufacturer	Turnover *(Euro/millions)*	Market share worldwide for fork lift truck attachments
Cascade	180	~50,7%
BOLZONI	**69,77**	**~19,7%**
Kaup	52	~14,7%
Meyer	20	~5,6%
Others	33	~9,3%
Total	**355**	**100%**

With regards to the production and the sale of integrated side shifters, the Group occupies a position of leadership with a share of the related market reaching approximately 81%.

Success factors

The factors behind the Group's success can be summed up in the following 7 points:

Presence worldwide,

Leadership in the European attachment market

World Leadership in integral side shifters

Market of reference with ample prospects for growth

Ample and consolidated customer portfolio

Strongly defended sales and distribution network

Excellence and quality of products and production procedure

Human Resources

Number of employees

The following table indicates the overall number of people employed in the Group companies on 31st December 2005, 2004 and 2003, divided according to the main categories and also to area (Italy and abroad).

Category	31.12.2005			31.12.2004			31.12.2003		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Executives	4	26	30	5	26	31	4	25	29
White collar	95	125	220	98	119	217	97	117	214
Blue collar	149	138	287	152	127	279	150	125	275
Total	**248**	**289**	**537**	**255**	**272**	**527**	**251**	**267**	**518**

IAS/IFRS

In view of the company's listing project on the Computerized Stock Trading Market handled by Borsa Italiana S.p.A. (Italian Stock Exchange), the Financial Report at 31.12.2005 has been drawn up in accordance with the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) as approved by the European Commission.
In order to allow an effective comparison with the figures of the previous reports, the comparitive figures for financial year 2004 have also been prepared according to IAS/IFRS procedures.

	Italian GAAP	IAS/IFRS	Audit Level
Year 2003	✓		● Fully audited
Year 2004	✓	✓	● Fully audited
Year 2005		✓	● Fully audited

With respect to the GAAP Italian standards, the variations have affected the following:

- Registration of development costs for Bolzoni S.p.A. and Auramo OY
- Reclassification of capitalized costs for additional loan charges
- Adjustment of TFR (Retirement allowance) subsequent to the actuarial process
- Registration of receivables for prepaid tax related to the past losses of BBA Inc USA and BA Australia
- Elimination of goodwill depreciation for the acquisition of Auramo OY
- Recalculation of stake values according to equity method in line with IAS/IFRS

The variations introduced for adjustment to IAS/IFRS are amply described in the FTA form attached to the Supplementary Consolidated Notes.

Significant facts which have marked the financial year 2005

For easier reading, unless otherwise specified, figures are indicated in thousand of Euro.

Turnover
As specified in detail in the analysis of the results of the Group companies, turnover increased by 11% in 2005 at a consolidated level.

Financial report indicators
Thanks to the increase in turnover and to a policy aimed at increasing efficiency, there has been a substantial improvement of all the indicators in the financial report.

	Al 31.12.2005		Al 31.12.2004	
	Bolzoni SpA	Consolidated	Bolzoni SpA	Consolidated
R.O.I.	13,34%	17,49%	9,47%	15,02%
R.O.E.	14,36%	18,28%	8,99%	13,19%

Cost of raw material
It is important to point out that the increase in cost of raw material still had a considerable effect during the first part of the financial year.
This cost increase however was transferred to the market and no longer affected the results of the second part of the year.
The results therefore derive from the sum of the first semester, with lower industrial margins, and the second semester, with higher margins.
This factor has particularly affected both the financial report's result of the manufacturing companies, and of the Group as well as, obviously, as a consequence, on the consolidated result.
During the course of the year the costs of raw material fell, even if only partially, with a tendency towards a relative stability during the last part of the year.

Trends in the benchmark market
According to the statistics issued by FEM (Fédération Européenne de la Manutention- European Federation of Materials Handling and Storage Equipment) the fork lift truck market, which we use as our benchmark, during 2005 dropped by 7,1% in Italy, and by 1,6% in Europe. Whereas in the USA it grew by 5,7% and in the rest of the world (including Europe and USA) it increased by 5,8%.
It is important to highlight the situation in a benchmark market like Germany where, during the last months of the year, there has been an important and positive change in trend.

Market share
The more than 11% increase in turnover was achieved in a market which in Europe (our main market of reference) experienced a drop of 1,6% and therefore, with an evident increase in our share of the market.

Dollar Exchange Rate
The Dollar exchange rate which so negatively affected the financial year 2004, after having closed on 31.12.2004 at 1,36 against the Euro, climbed rapidly and reached an average invoicing exchange rate with the parent company of 1,25, with an exchange rate of 1,18 on 31.12.2005.
The fluctuation in the exchange rates positively affects the financial report of Bolzoni SpA by an amount of 823 thousand Euro and by 992 thousand Euro on the Consolidated Financial Report.

EBITDA of the four quarters of 2005

The trend in the cost of raw material, the Euro/Dollar exchange rate and the time needed by our market for transferring higher raw material costs on to the sales prices have all affected the trend of margins during 2005 and therefore a considerable impact on the EBITDA of the various quarters.

For a proper comparison of the figures between the 2004 and the 2005 Financial Reports it is worth noting that the 8,4% EBITDA contained in the Bolzoni SpA 2004 Financial Report dropped to 7,2% in the first quarter of 2005, climbed up to 9,8% in the second quarter, went up again to 10,4% in the third quarter and reached 12,6% in the last quarter, as indicated in the table below.

	2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2005
EBITDA	8,4%	7,2%	9,8%	10,4%	12,6%	10,7%

The average EBITDA on the 2005 financial report was 10,7%

It should be noted that no exceptional and unrepeatable events occurred during the fourth quarter which could entirely or partly justify the improved result.

Economic figures of the group companies (in Euro)

	Turnover		EBITDA		Net Result	
	2004	2005	2004	2005	2004	2005
Bolzoni SpA	54.281	63.462	4.546	6.386	1.717	3.025
Auramo Finland	15.344	15.445	2.169	2.454	1.251	1.615
Bolzoni Auramo Sweden	2.411	2.217	145	199	79	106
Bolzoni Auramo Holland	1.332	2.054	-36	125	-56	112
Bolzoni Auramo Germany	8.065	7.442	231	125	131	88
Bolzoni Auramo UK	3.799	2.718	181	-133	167	-152
Bolzoni Auramo Rental UK	196	108	47	13	7	-53
Bolzoni Auramo Australia	1.434	1.221	-63	-44	-131	-31
Bolzoni Auramo Chile	253	202	5	-17	-3.	-24
Bolzoni Auramo France	8.092	10.346	552	883	334	566
Bolzoni Auramo Spain	8.471	10.282	-96	492	-291	174
Bolzoni Auramo Italy	2.100	1.938	89	67	35	17
Brudi Bolzoni Auramo USA	11.965	14.393	39	186	-395	-443
Brudi Bolzoni Auramo Canada	1.152	1.000	87	39	62	94
Bolzoni Auramo Poland	488	637	24	-4	24	-4
Bolzoni Auramo China	0	188	0	-113	0	-123
CONSOLIDATED	**83.973**	**94.697**	**8.934**	**10.734**	**2.644**	**4.359**

The growth in turnover has been achieved mainly thanks to Bolzoni S.p.A. but the subsidiaries in Holland, France, Spain , USA and Poland also gave their contribution.

A drop was recorded in Sweden, Germany, UK, Australia and Canada.

The other subsidiaries have had a more constant trend.

The increase in Bolzoni S.p.A.'s EBITDA has already been commented; the consolidated EBITDA increased by almost 20% and net profit by about 65%.

Within this excellent growth the positive results of Bolzoni S.p.A., as well as the French and Spanish subsidiaries stand out on the one side, and on the other, the negative result of the UK subsidiary, partly justified by a 13,2% slump in the market.

The results of our Chinese Subsidiary appear for the first time in the 2005 Consolidated financial report with a negative result obviously justified by the setting-up phase.

Investments during financial year 2005

As required by IAS/IFRS, the expenses for research and development have been capitalized only in the Consolidated financial report for the amount of 478 thousand Euro.

Investments 2005	Tangible	Intangible	Total Euro
Bolzoni S.p.A.	1.119	250	1.369
Auramo Finland	516	442	958
Bolzoni Auramo Sweden	74	0	74
Bolzoni Auramo Holland	2	0	2
Bolzoni Auramo Germany	33	0	33
Bolzoni Auramo UK	182	0	182
Bolzoni Auramo Rental UK	47	0	47
Bolzoni Auramo Australia	30	0	30
Bolzoni Auramo Chile	4	0	4
Bolzoni Auramo France	29	1	30
Bolzoni Auramo Spain	161	9	170
Bolzoni Auramo Italy	50	0	50
Brudi Bolzoni Auramo USA	49	5	54
Brudi Bolzoni Auramo Canada	39	0	39
Bolzoni Auramo Poland	30	0	30
Bolzoni Auramo Shanghai China	312	0	312
TOTAL	**2.677**	**707**	**3.384**

Inventory at 31.12.2005

	31.12.2005	31.12.2004
Bolzoni SpA	6.955	8.416
Auramo Finland	2.169	1.987
Bolzoni Auramo Sweden	322	457
Bolzoni Auramo Holland	120	186
Bolzoni Auramo Germany	1.166	1.065
Bolzoni Auramo UK	560	447
Bolzoni Auramo Rental UK	0	0
Bolzoni Auramo Australia	785	655
Bolzoni Auramo Chile	70	45
Bolzoni Auramo France	345	448
Bolzoni Auramo Spain	1.139	885
Bolzoni Auramo Italy	57	55
Brudi Bolzoni Auramo USA	5.674	3.706
Brudi Bolzoni Auramo Canada	385	365
Bolzoni Auramo Poland	115	48
Bolzoni Auramo China	718	0
CONSOLIDATED	**18.178**	**16.833**

Stock decreased substantially in Bolzoni S.p.A. despite increase in turnover. The considerable increase in turnover also justifies increase in stock in the Spanish subsidiary and, at least partly, in the US subsidiary.
In addition the stock in the newly incorporated Chinese subsidiary must also be taken into consideration. The increase in consolidated stock is the result of the sum of these variations.

2005 Financial Year Depreciation

The Bolzoni S.p.A. financial report for 2005 includes depreciation for 1.361.779 (Euro 1.222.765 in 2004).
The Consolidated financial report for 2005 includes depreciation for Euro 3.282.438 (Euro 2.873.616 in 2004).

Financial debts of Bolzoni S.p.A. and the group companies (in Euro)

	At 31.12.2005		At 31.12.2004	
	Bolzoni SpA	Consolidated	Bolzoni SpA	Consolidated
Short term	6.429	8.412	2.918	5.858
Medium/long term	9.792	10.078	13.050	13.520
TOTAL	**16.221**	**18.490**	**15.968**	**19.378**

Financial debts remained constant for Bolzoni S.p.A. and dropped by almost 900 thousand Euro at the consolidated level, despite the increase in turnover.

Net equity of the group companies (in Euro)

	Net Equity	
	2005	2004
Bolzoni SpA	21.067	19.106
Auramo Finland	8.354	6.836
Bolzoni Auramo Sweden	625	541
Bolzoni Auramo Holland	-59	-172
Bolzoni Auramo Germany	644	527
Bolzoni Auramo UK	66	211
Bolzoni Auramo Rental UK	9	24
Bolzoni Auramo Australia	-12	-73
Bolzoni Auramo Chile	-18	8
Bolzoni Auramo France	1.561	1.200
Bolzoni Auramo Spain	1.095	921
Bolzoni Auramo Italy	55	72
Brudi Bolzoni Auramo USA	1.311	1.540
Brudi Bolzoni Auramo Canada	231	107
Bolzoni Auramo Poland	96	45
Bolzoni Auramo China	303	0
CONSOLIDATED	**23.799**	**20.107**

Evaluation of stakes

The Bolzoni S.p.A. financial report includes write-down of the stakes in the subsidiaries Bolzoni Auramo Chile for the amount of 62 thousand Euro and Bolzoni Auramo Rental (UK) for 59 thousand Euro. It also includes the revaluation of stakes in the subsidiaries Bolzoni Auramo Germany for the amount of 72 thousand Euro and Bolzoni Auramo Holland for 61 thousand Euro.
The Consolidated Financial Report includes the revaluation of stakes in the associated companies Eurolift Australia for the amount of 19 thousand Euro and Auramo South Africa for the amount of 117 thousand Euro as the reasons for maintaining the previous write-downs no longer exist.
Both the write-downs and the revaluations have been calculated on the basis of the net financial report's results.

Sale of stake in Hydronika
The 24,5% stake in Hydronika was sold for the amount of 80 thousand Euro, in line with the book value.
Since the constitution of our Dutch subsidiary, our share in this company was no longer strategic.

Transactions with related parties

The following tables contain turnover figures, both for products and for interest, between the parent company Bolzoni S.p.A. and all the group companies:

Turnover from Bolzoni SpA to subsidiaries:	Products	Interest	Total Euro
Auramo Finland	482	0	482
Bolzoni Auramo Sweden	131	3	134
Bolzoni Auramo Holland	360	3	363
Bolzoni Auramo Germany	1.861	0	1.861
Bolzoni Auramo UK	921	8	929
Bolzoni Auramo Rental UK	31	0	31
Bolzoni Auramo Australia	235	20	255
Bolzoni Auramo Chile	13	3	16
Bolzoni Auramo France	6.163	0	6.163
Bolzoni Auramo Spain	4.516	0	4.516
Bolzoni Auramo Italy	1.138	0	1.138
Brudi Bolzoni Auramo USA	8.333	104	8.437
Brudi Bolzoni Auramo Canada	210	15	225
Bolzoni Auramo Poland	275	0	275
Bolzoni Auramo Shanghai China	400	0	400
TOTAL	**25.069**	**156**	**25.225**

Bolzoni SpA turnover to associated companies:	Products	Interesti	Total Euro
Eurolift Australia	580	0	580
Auramo South Africa	516	0	516
TOTAL	**1.096**	**0**	**1.096**

Consolidated turnover to associated companies:	Products	Interest	Total Euro
Eurolift Australia	580	0	580
Auramo South Africa	1.119	0	1.199
TOTAL	**1.779**	**0**	**1.779**

Turnover from subsidiaries to Bolzoni SpA:	Products	Interest	Total Euro
Auramo Finland	692	73	765
Bolzoni Auramo Sweden	0	0	0
Bolzoni Auramo Holland	7	0	7
Bolzoni Auramo Germany	49	0	49
Bolzoni Auramo UK	17	0	17
Bolzoni Auramo Rental UK	0	0	0
Bolzoni Auramo Australia	0	0	0
Bolzoni Auramo Chile	15	0	15
Bolzoni Auramo France	56	3	59
Bolzoni Auramo Spain	2.432	0	2.432
Bolzoni Auramo Italy	25	0	25
Brudi Bolzoni Auramo USA	190	0	190
Brudi Bolzoni Auramo Canada	0	0	0
Bolzoni Auramo Poland	0	0	0
Bolzoni Auramo China	0	0	0
TOTAL	**3.483**	**76**	**3.559**

The following tables show the debts and credits between the parent company Bolzoni S.p.A. and all the group companies:

Bolzoni SpA credits towards Subsidiaries:	Trade	Financial	Total Euro
Auramo Finland	126	0	126
Bolzoni Auramo Sweden	26	0	26
Bolzoni Auramo Holland	95	90	185
Bolzoni Auramo Germany	328	0	328
Bolzoni Auramo UK	650	248	898
Bolzoni Auramo Rental UK	20	0	20
Bolzoni Auramoy Australia	369	600	969
Bolzoni Auramo Chile	49	100	149
Bolzoni Auramo France	1.547	0	1.547
Bolzoni Auramo Spain	2.091	0	2.091
Bolzoni Auramo Sud Italy	478	0	478
Brudi Bolzoni Auramo USA	3.979	4.191	8.170
Brudi Bolzoni Auramo Canada	95	475	570
Bolzoni Auramo Poland	146	0	146
Bolzoni Auramo Shanghai China	411	0	411
TOTAL	**10.410**	**5.704**	**16.114**

Bolzoni SpA debts towards Subsidiaries:	Trade	Financial	Total Euro
Auramo Finland	203	2.500	2.703
Bolzoni Auramo Sweden	0	0	0
Bolzoni Auramo Holland	11	0	11
Bolzoni Auramo Germany	6	0	6
Bolzoni Auramo UK	4	0	4
Bolzoni Auramo Rental UK	6	0	6
Bolzoni Auramo Australia	0	0	0
Bolzoni Auramo Chile	13	0	13
Bolzoni Auramo France	40	0	40
Bolzoni Auramo Spain	823	0	823
Bolzoni Auramo Sud Italy	15	0	15
Brudi Bolzoni Auramo USA	118	0	118
Brudi Bolzoni Auramo Canada	0	0	0
Bolzoni Auramo Poland	0	0	0
Bolzoni Auramo Shanghai China	0	0	0
TOTAL	**1.239**	**2.500**	**3.739**

Debts with Shareholders – Intesa Group	Bolzoni SpA	Consolidated
Medium Term	6.936	6.936
Short Term	138	175
TOTAL	**7.074**	**7.111**

The Intesa Group also issued a bank guarantee amounting to 1.506 thousand Euro in favour of Simest.

Credits towards associated companies:	Bolzoni SpA	Consolidated
Eurolift Australia	147	147
Auramo South Africa	123	239
TOTAL	**270**	**386**

The transactions with the correlated parties have been performed at market conditions and marked by the maximum transparency.

Listing on the Milan Stock Exchange

On 23.01.06 the Shareholders resolved to apply for admission of the ordinary company shares for negotiation on the Computerized Stock Trading Market organized by Borsa Italiana S.p.A. (Italian Stock Exchange) and more specifically, in the STAR segment (Segment for High Requisite Stock).
The role of Sponsor has been assigned to Banca Imi S.p.A., the position of Joint Global Coordinator to Banca Imi S.p.A. and to Caboto S.p.A. and the role of Specialist to Caboto S.p.A.
All the advisors required to support the listing processes have been located and appointed.

Important facts which occurred subsequent to the closing of the financial year 2005

Listing on the Milan Stock Exchange
The activities continue for bringing the parent company Bolzoni S.p.A. to being listed on the Milan Stock Exchange.

Fragmentation of shares
On 23rd January 2006 the Shareholders of Bolzoni S.p.A. approved the fragmentation of the shares from an initial nominal value of 1 Euro each to a subsequent nominal value of 0,25 Euro each. Consequently, the number of shares has passed from 5.319.149 to 21.276.596

Trend of the benchmark market
The first months of 2006 confirm the positive signs recorded during the last quarter of 2005, especially in Germany.

Other significant facts
No other significant facts were recorded.

Proposals of the Board of Directors to the Shareholders

Gentlemen,

We conclude our report by asking your approval of the financial report we have prepared and the criteria adopted.

We therefore propose :

- the approval of the financial report at 31.12.2005
- the allocation of 151 thousand Euro to the legal reserve
- the distribution of a 0,095 dividend for each share owned, for the total amout of 2.021 thousand Euro to be issued from 15th April 2006
- the allocation to extraordinary reserve of the remaining profit amounting to 853 thousand Euro

Our sincere thanks go to the Shareholders for the trust demonstrated and to all our collaborators for their valuable assistance.

Podenzano, 7TH March 2006

The Board of Directors

CONSOLIDATED FINANCIAL REPORT as at 31st December 2005

ASSETS AND LIABILITIES *(Thousands of Euro)*	**Notes**	**31/12/2005**	**31/12/2004**
ASSETS			
Non current assets			
Property, plant and equipment	4	15.817	16.281
Goodwill	5	8.336	8.336
Intangible fixed assets	6	2.127	1.808
Investment in associated companies assessed on N.E.	7	448	391
Credits and other financial assets	8	205	154
Financial assets held to maturity	9	1.368	1.316
Deferred tax assets	10	1.827	1.803
Total Non current assets		**30.128**	30.089
Current assets			
Inventory	11	18.178	16.833
Trade receivables	12	22.023	19.758
Tax receivables	13	244	83
Other receivables	14	650	887
Cash and cash equivalent	15	3.364	4.440
Total current assets		**44.459**	**42.001**
TOTAL ASSETS		**74.587**	**72.090**

CONSOLIDATED FINANCIAL REPORT as at 31st December 2005

ASSETS AND LIABILITIES *(Thousands of Euro)*	Note	31/12/2005	31/12/2004
NET GROUP EQUITY			
Share capital	16	5.319	5.319
Reserves	16	13.984	12.183
Result of the period	16	4.350	2.652
TOTAL NET GROUP EQUITY		**23.653**	**20.154**
NET THIRD PARTY EQUITY			
Capital, reserves and retained earnings		137	(39)
Result of the period		9	(8)
TOTAL NET GROUP AND THIRD PARTY EQUITY		**23.799**	**20.107**
LIABILITIES			
Non-current liabilities			
Long term loans	17	10.078	13.520
T.F.R. provision (retirement allowance)	18	3.261	2.923
Deferred tax liability	10	1.467	1.092
Contingency and expenses provisions	19	117	126
Total non-current liabilities		**14.923**	**17.661**
Current liabilities			
Trade payables	20	16.747	17.903
Payables towards banks and current portion of long term loans	17	13.144	11.614
Other payables	21	4.113	3.946
Tax payables	22	1.605	746
Current portion of contingency provision	19	256	113
Total current liabilities		**35.865**	**34.322**
TOTAL LIABILITIES		**50.788**	**51.983**
TOTAL NET EQUITY AND LIABILITIES		**74.587**	**72.090**

CONSOLIDATED INCOME STATEMENT as at 31st December 2005

INCOME STATEMENT *(Thousands of Euro)*	Note	31/12/2005	31/12/2004
Turnover	3	94.697	83.973
Other operating revenue	23	1.086	1.141
Total revenue		**95.783**	**85.114**
Costs for raw material and consumables	24	(37.752)	(30.244)
Costs for services	25	(23.470)	(23.072)
Personnel expenses	26	(23.253)	(22.011)
Other operating expenses	27	(709)	(931)
Result of associated companies assessed at N.E.	7	136	79
Gross operating result (EBITDA)		**10.735**	**8.935**
Amortisation	4,6	(3.282)	(2.850)
Provisions and write-downs	19	(57)	(154)
Operating result		**7.396**	**5.931**
Financial income and expenses	28	(815)	(1.017)
Exchange rate earnings and losses	28	992	(377)
Result before tax		**7.573**	**4.537**
Income tax	10	(3.213)	(1.893)
Result of continuing activities		**4.358**	**2.644**
Result of activities to be sold or transferred		1	0
Result of the period		**4.359**	**2.644**
Attributable to:			
- Group		4.350	2.652
- Third parties		9	(8)
Earnings per share	29		
- basic, for profit for the year attributable to ordinary shareholders of the parent		0,82	0,50
- diluted, for profit for the year attributable to ordinary shareholders of the parent		0,82	0,50

TABLE SHOWING VARIATIONS TO THE CONSOLIDATED NET EQUITY
for the financial year ended 31st December 2005

	Capital	Share premium prov.	Legal reserve	Retained earnings	Exch. Rate translation differences	Year Result	Total Net Equity pertaining to Group	Third party capital	Third party result	Total Net Equity
Balance on 31.12.2004	**5.319**	**5.278**	**463**	**7.549**	**-1.107**	**2.652**	**20.154**	**-39**	**-8**	**20.107**
Profit allocation			86	2.566		-2.652	0	-8	8	0
Translation rate variation					203		203			203
Dividends				-1.064			-1.064			-1.064
Other movements				10			0	184		194
Year result						4.350	4.350		9	4.359
Balance on 31.12.2005	**5.319**	**5.278**	**549**	**9.061**	**-904**	**4.350**	**23.653**	**137**	**9**	**23.799**

TABLE SHOWING VARIATIONS TO THE CONSOLIDATED NET EQUITY
for the financial year closed on 31st December 2005

	Capital	*Share premium prov.*	*Legal reserve*	*Retained earnings*	*Exch. Rate translation differences*	*Year Result*	*Total Net Equity pertaining to Group*	*Third party capital*	*Third party result*	*Total Net Equity*
Balance on 1.1.2004	**5.319**	**5.278**	**405**	**8.559**	**-1.013**	**-**	**18.548**	**-37**	**-**	**18.511**
Profit allocation			58	-58			-	-2		-2
Translation rate variation					-94		-94			-94
Dividends				-1.064			-1.064			-1.064
Other movements				112			112			112
Year result						2.652	2.652		-8	2.644
Balance on 31.12.2004	**5.319**	**5.278**	**463**	**7.549**	**-1.107**	**2.652**	**20.154**	**-39**	**-8**	**20.107**

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2005	2004
		(amounts in thousands of Euro)	
Net profit of the year		**4.350**	**2.652**
Adjustments to reconcile net profit with cash flow generated (used) by operating activities:			
Amortisation		3.282	2.850
Net variation in TFR provision (retirement allowance)		338	325
Net variation of contingency and charges provision		135	-148
Net variation of deferred tax		351	324
Net variation of investments assessed at N.E.		57	78
Variations in operating assets and liabilities:			
Increase (decrease) in inventory		-1.345	-1.584
Increase (decrease) in trade receivables		-2.265	-1.300
Increase (decrease) in other receivables		237	193
Increase (decrease) in trade payables		-1.155	5.215
Increase (decrease) in other payables		167	454
Increase (decrease) in tax payables		859	183
Increase (decrease) in tax receivables		-162	634
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES:	a)	**4.849**	**9.877**
Cash flows generated by investment activity:			
Net investments in tangible activities		-2.818	-4.982
Net investments in intangible activities		-319	-80
NET CASH FLOW USED FOR INVESTMENT ACTIVITIES	b)	**-3.137**	**-5.062**
Cash flow generated by financing activity:			
New loans (repayment) and transfer of short term portions to current liabilities		-1.027	-1.838
Net variation of other non-current financial assets/liabilities		-103	-27
Dividends paid		-1.064	-1.064
Other variations to net equity and third party interests		292	-148
CASH FLOW GENERATED (USED) BY FINANCING ACTIVITIES	c)	**-1.902**	**-3.078**
EFFECT OF EXCHANGE RATES ON THE NET LIQUID FUNDS			
NET INCREASE (DECR.) IN NET LIQUID FUNDS	a)+b)+c)	**-190**	**1.737**
NET LIQUID FUNDS AT START OF THE YEAR		1.192	-545
NET LIQUID FUNDS AT END OF THE YEAR		1.002	1.192
VARIATION		-190	1.737
ADDITIONAL INFORMATION:			
Interest paid		735	970
Income tax paid		1.822	531

ACCOUNTING PRINCIPLES AND EXPLANATORY NOTES

1. Corporate information

Bolzoni S.p.A. is a limited company incorporated and domiciled in Podenzano (PC), località "I Casoni".

Bolzoni S.p.A. and the companies it controls (hereinafter jointly called "the Bolzoni Group " or "the Group") have as their main object the activity in the sector of attachments for fork lift trucks.

The publication of Bolzoni S.p.A. (the Company) consolidated financial statement for the year ended 31st December 2005 was authorised in accordance with a resolution of the directors on 23rd January 2006.

2.1 Basis of preparation

Following the application of the European Decree n° 1606/2002 enacted by the European Parliament and by the European Council in July 2002, companies whose shares have been admitted to negotiations in a controlled market of a member State of the European Union, as of 2005, must prepare their Consolidated Financial Statements in conformity with the international accounting principles (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union.

The legislative decree n° 38 dated 28th February 2005, containing the rules for implementing Law n° 306 dated 31st October 2003, include the option for non-listed companies with a consolidated financial statement to voluntarily adopt the international accounting principles starting from the year ended 31st December 2005.

The Bolzoni Group has decided to apply of this option and therefore the Group's consolidated financial statement at 31st December 2005 has been prepared in line with IAS/IFRS. The date of transition to the international accounting principles is therefore 1st January 2004. The last consolidated financial statement prepared in accordance with the Italian Accounting Principles covers the year ended 31st December 2004. The financial report ended 31st December 2005 of the parent Bolzoni S.p.A. has been prepared in compliance with the current civil laws, interpreted and integrated by the accounting principles issued by the National Council of Public Accountants and in accordance with the Board of Auditors in the cases foreseen by the law.

Bearing in mind the Recommendations of the CESR (Committee of European Securities Regulators) published on 30th December 2003 containing the guidelines for listed companies within the EU with regards to the methods for passing to IAS/IFRS, together with the Rules for Issuers, as modified by CONSOB with resolution n° 14990 dated 14th April 2005, following, among other things, the adoption of the International Accounting Principles in the periodical reports, the information required by IDRS 1 is contained in note 35.

The accounting principles used for this financial statement are those formally approved by the European Union and which came into force on 31st December 2005. It should be noted that the company has opted for the application of the IAS 39 principles (Financial Instruments: recognition and measurement) and IAS 32 (Financial instruments: disclosure and presentation) starting from 1st January 2004.

The consolidated financial statement has been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value.

The values indicated in the financial statement are expressed in Euro and rounded to the nearest thousand, except where otherwise indicated.

The financial statement has been prepared according to the following method:

- In the Assets and Liabilities statement, current and non-current assets and current and non-current liabilities are indicated separately;
- In the Profit and Loss statement the analysis of costs is made on the basis of their nature;
- The Cash Flow Statement has been drawn up using the indirect method.

Basis of consolidation

The Consolidated financial statement comprises the financial statements of Bolzoni S.p.A. and its subsidiaries as at 31st December of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

In preparing the consolidated financial statement the assets, the liabilities, as well as the overall amount of costs and revenue of the consolidated companies are acquired line by line and the portion of net equity and the year's result belonging to minority interests is attributed in the specific captions of the Income Statement and Balance Sheet. The accounting value of the investment in each of the subsidiaries is eliminated against the corresponding net equity portion of each of the subsidiaries, inclusive of possible adjustments to fair value of the related assets and liabilities, at the date of acquisition ; any residual difference that may emerge is allocated to the goodwill caption.

During the financial year 2005 the subsidiary Bolzoni Auramo Shanghai Forklift was incorporated, with a 60% ownership, whereas, as a consequence of the capital increase, the share in the subsidiary Bolzoni Auramo Polska Sp Zoo went from 62,5% to 60%. Furthermore, during the year the share owned in the associated company Hydronika BV was sold, achieving a gain of € 1 thousand (note 7)

Below is the list of the group companies on 31st December 2005:

Name	Locations	Share capital (in thousands currency)	% of direct ownership	% of indirect ownership
Brudi Bolzoni Auramo Incorporated	Homewood – Illinois - USA	US $ 500	100%	
Bolzoni Auramo Limited	Warrington - UK	GBP 780	100%	
Bolzoni Auramo Polska Sp Zoo	Lublin - Poland	PLN 350	60%	
Bolzoni Auramo S.L.	Barcellona – Spain	€ 750	100%	
Bolzoni Auramo S.r.l.	Bisceglie - Bari Italy	€ 26	70%	
Bolzoni Auramo Rental	Warrington - UK	GBP 50	100%	
Bolzoni Auramo S.A.R.L.	Forbach – France	€ 198	100%	
Auramo Oy	Vantaa - Finland	€ 565	100%	
Bolzoni Auramo BV	Helmond – Holland	€ 18	51%	
Bolzoni Auramo Australia PTY Ltd	Dudley Park SA - Australia	AUD $ 1.110	100%	
Bolzoni Auramo S.A.	Santiago del Cile – Chile	CLP 81.370	100%	
Brudi Bolzoni Auramo Ltd.	Dollard des Ormeaux - Quebec - Canada	CAD $ 856	100%	
Bolzoni Auramo Gmbh	Korschenbroich - Germany	€ 1.000	100%	
Bolzoni Auramo AB	Gavle - Sweden	SEK 100	100%	
Auramo Ou	Tallinn - Estonia	EEK 40		100%
Bolzoni Auramo Shanghai Forklift	Minhang District - China	RMB 4.138	60%	
Eurolift Pty Ltd (*)	Dudley Park SA - Australia	AUD $ 300	25,5%	
Auramo South Africa (*)	Benoni – South Africa	ZAR 100		40%

(*) = Associated companies assessed using the net equity method.

All the intra-group balances and transactions, including any possible profits and losses not achieved and resulting from intra-group transactions that are recognised in assets, are eliminated in full.

2.2 Significant accounting judgements and estimates

Judgements

In the process of applying the Group's accounting principles, the management has taken decisions based on the following judgements (excluding those involving estimations) which have a significant effect on the amounts recognised in the financial statements:

Untaxed reserves in the net equity of the subsidiaries

Various Group companies have untaxed reserves of net equity. By virtue of the Group's policy encouraging the homogenous strengthening of the subsidiaries wealth with respect to the evolution of business, dividends are not normally paid out to the parent company. Therefore, in compliance with IAS 12, no deferred tax has been calculated with respect to these reserves.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill

At least on an annual basis, goodwill is checked for any possible impairment; this requires an estimation of the value in use of the cash-generating units to which goodwill is allocated, in turn based on the estimation of the current value of the expected cash flows from the cash-generating unit and their discounting back on the basis of a suitable discount rate. The carrying amount of goodwill at 31st December 2005 was € 8.336 thousands (2004: Euro 8.336 thousands). More details are given in Note 5.

2.3 Summary of principal accounting policies

Foreign currency translation

The consolidated financial statement is presented in euros, which is the Company's functional and presentation currency. Each entity in the group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currency are initially recorded at the exchange rate (of the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currencies, are retranslated to the functional currency at the exchange rate ruling at the balance sheet date. All exchange rate differences are taken to profit or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

The subsidiaries using a functional currency other than the euro are as follows:

Brudi Bolzoni Auramo Inc.	US Dollar
Bolzoni Auramo Inc	Canadian Dollar
Bolzoni Auramo Ltd	Pound Sterling
Bolzoni Auramo Rental Ltd	Pound Sterling
Bolzoni Auramo AB	Swedish Crown
Bolzoni Auramo Pty Ltd	Australian Dollar
Bolzoni Auramo Sp Zoo	Polish Zloty
Bolzoni Auramo Sa	Chilean Peso
Bolzoni Auramo Shanghai Forklift	Chinese Renminbi (Yuan)

As at the reporting date, the assets and liabilities of these subsidiaries are translated into euros at the exchange rate ruling on that day and their income statements are translated using the average exchange rates for the year. The exchange rate differences arising from the translation are taken directly to a separate component of net equity. On disposal of a foreign company, the cumulative exchange rate differences, taken to net equity on the basis of that particular foreign company, are recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, excluding costs of ordinary maintenance, less accumulated depreciation and accumulated impairment in value. Such cost includes costs for replacing part of plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the expected useful life of the assets.

Depreciation, which begins when the assets are available for use, is calculated on a straight-line basis over the expected useful life of the assets and taking into account their residual value. The depreciation rates used, which reflect the useful life generally attributed to the various categories of assets, and which have remained unvaried with respect to the previous financial year, are the following:

Buildings and light constructions	3 %
Plants and equipment	from 10 to 15,5%
Industrial and commercial equipment	from 25% to 30%
Other assets	from 10% to 25%

Land, which normally has an unlimited useful life, is not subject to depreciation.

The carrying value of property, plant and equipment is reviewed for possible impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable, according to the established depreciation plan. If an indication of this type exists and in the event that the carrying value exceeds the expected realisable value, the assets or the cash-generating units to which the assets have been allocated are revalued until they actually reflect their realisable value.

The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each financial year.

A tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the income statement in the year the asset is derecognised.

Leases

Finance leases, which transfer to the Group substantially all the risks and and benefits incidental to the ownership of the leased item, are capitalised among property, plant and equipment at the inception of the lease, at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. A debt of the same amount is booked in liabilities and is progressively reduced according to the plan for refunding the portions of capital included in the instalments.

Lease payments are apportioned between the finance charges and reduction of the lease liabilitiy so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. The assets are depreciated according to and at the rates indicated in the next paragraph.

The lease contracts where the lessor substantially retains all the risks and benefits typical of ownership are classified as operating leases.

The initial negotiation costs incidental to the operating lease contracts are considered as increasing the cost of the leased asset and are measured over the lease term so that they balance the income generated by the same lease.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities and is classified as an intangible asset. The possible negative difference ("negative goodwill") is recognised in the income statement at the moment of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger that a segment based on either the Group's primary or secondary reporting format determined in accordance with IAS 14 Segment.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit (or group of units) is less than the carrying amount, an impairment loss is recognised: the orginal value is not however recovered if the reasons behind the reduction in value no longer exist. Where goodwill forms a part of a cash-generating unit (or group of units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

Acquired intangible assets are recognised as assets, according to the contents of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.

Intangible assets acquired separately are measured on initial recognition at cost, whereas those acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangibles assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation methods for an intangible asset with a finite useful life is reviewed at least at each financial year end or even more frequently if necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates . The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

The group has not recognised any intangible assets with indefinite lives in the balance sheet.

Research and development costs

Research costs are expensed as incurred. Development costs arising from a particular project are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of technical, financial or other types of resources to complete development and its capacity to realiably measure the expenditure during the development of the asset and the existence of a market for the products and services resulting from the activity or of their use for internal purposes. The capitalised research costs include only those expenses sustained that can be directly attributed to the development process. Following the initial recognition, the development costs are measured at the cost less any accumulated amortisation or loss. Any capitalised costs are amortised over the period in which the project is expected to generate income for the Group.

The carrying value of development costs is reviewed for impairment annually, when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

A summary of the policies applied by the Group to intangibles assets is as follows:

	Licences and Patents	Development costs
Useful lives	Finite (2004: Finite)	Finite (2004: Finite)
Method used	Licences amortised over 3 years (2004 3 years); Patents amortised over 10 years (2004 10 years)	Amortised over 5 years, on a straight-line basis, corresponding to the period of expected future sales from the related project (2004: Amortised over 5 years, on a straight-line basis, corresponding to the period of expected future sales from the related project)
Internally generated or acquired	Acquired	Internally generated
Impairment testing/tests on recoverable amounts	Annually and more frequently when an indication of impairment exists.	Annually for assets not yet in use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end.

Gains or losses deriving from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is disposed of.

Investment in an associate

The Group's investment in its associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint-venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill related to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any addition impairment loss with respect to the Group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associates and the Group are identical, except for Eurolift whose reference date is 30th June; the associates' accounting principles conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of assets

The Group assesses annually at each reporting date whether there is an indication that an asset (intangible assets, property, plant and equipment owned and finance leased assets) may be impaired. In making this assessment of the assets, both internal and external sources of information are considered. With regards to the former (internal sources) the following are considered: obsolescence or the physical deterioration of the asset; if, during the financial year there have been significant changes in the use of the asset; if the economic trend of the business appears to be worse than expected. With regards to external sources however the following are considered: if the market prices of the asset have significantly dropped; if there are particular technological, market or legislative issues capable of reducing the asset's value.

Regardless of whether there are internal or external indications of impairment loss, goodwill and the other possible intangible assets with indefinite useful life are subjected to impairment testing at least once a year.

In both cases (either the annual check of the carrying value of goodwill or the other tangible and intangible assets with a definite useful life with indications of possible impairment loss) the Group makes an assessment of the recoverable value. The recoverable value is the higher between the fair value of an asset or cash-flow generating unit, net of selling costs, and the value in use; it is determined for each asset, except when the asset does not generate cash flows which are largely independant from those generated by other assets or groups of assets, in which case the Group assesses the recoverable value of the cash-flow generating unit to which the asset belongs. In particular, as goodwill does not generate cash-flows independantly from other assets or groups of assets, impairment testing involves the unit of the group of units to which goodwill has been allocated.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

For the assessment of value in use, the future financial flows are taken from the company business plans approved by Board of Directors, and which form the best assessment that the Group can make of the expected economic conditions during the period covered by the plan. Projections usually cover a period of three years; the long-term growth rate used for assessing the terminal value of the asset or the unit is normally lower than the average, long-term growth rate of the segment, of the Country or of the benchmark market and, if appropriate, may correspond to zero or can even be negative. The future financial flows are assessed by using the current conditions as benchmark: therefore the estimations do not consider either the benefits arising from future re-organisation in which the Company is not yet involved or future investments for improvement or optimization of the asset or unit.

Impairment loss to assets in function (being used) are taken to profit and loss in the cost categories consistent with the function of the asset showing the impairment loss.

At each reporting date the Group also assesses whether there are any indications that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously written-off impairment loss, excluding goodwill, may only be reversed if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In that case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life. In no way the goodwill amount previously written-down can return to the original value.

Financial assets

Financial assets are initially recognised at the cost – plus the additional charges at acquisition – representing the fair value of equivalent paid. After the initial recognition, financial assets are assessed in relation to their operating destination on the basis of the following outline.

Financial assets held for for trading

These are financial assets acquired for the scope of obtaining a proft from short term price fluctuations. After initial recognition, these assets are measured at the fair value and the related profit or loss is charged to the income statement. The derivative financial instruments (interest rate swap, options, forward etc…) are classified as held for trading, unless designated as effective hedging instruments.

Financial assets held to maturity

These are non-derivative financial assets with fixed or determinable payments, and a fixed maturity, for which the company has the firm intention and ability to hold until maturity.

This cost is calculated as the amount initially recognised, less the repayments of capital, plus or minus the accumulated amortisation, using the effective interest rate method of any difference between the initially recognised value and the maturity amount. This calculation includes all the fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

The financial assets that the Group decides to maintain in its portfolio for an indefinite period are not included in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective discount rate. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Includes financial assets not classified in the previous categories. After initial recognition these assets are measured at fair value with gains or losses being recognised as a separate component of equity until they are derecognised or until they are determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

In the case of securities that are actively traded in organised financial markets, the fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For those investments where there is no active market, the fair value is determined by using valuation techniques based on recent transaction prices between independant parties; the current market value of another substantially similar instrument; discounted cash flow analysis; option pricing models.

When the fair value cannot be reliably estimated, investments in other companies are left at cost value.

Inventories

Inventories are valued at the lower of purchase or production cost and expected net realisable value.

Costs incurred for bringing each product to its present location and stockage are accounted for as follows:

Raw material	– purchase cost based on average weighted cost;
Finished and semi-finished goods	– cost of direct materials and labour plus a portion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

The net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

If necessary, provisions have been allocated for write-down of materials, finished products, spare parts and other supplies considered obsolete or with a low turnover rate, considering their expected future use and their realisable value.

Trade and other receivables

Trade receivables, which generally have a 30-90 days' payment terms, are recognised at the original invoice amount less an allowance for any uncollectable amounts. This provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Cash and cash equivalent

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After the initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset but has assumed an obligation to

pay them in full without material delay to a third party;

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and benefits of the ownership of the assets, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred the control of the asset, the asset is recognised in the Group's balance sheet to the extent of the Group's continuing involvement in the asset itself. The continuing involvement which takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually, for financial assets that are individually significant, and individually or collectively for the financial assets that are not individually significant. In the absence of objective evidence of impairment for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment previously recognised in profit and loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit and loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Pensions and other post-employment benefits

TFR retirement allowance, calculated in compliance with the laws and current labour contracts, is determined separately for each company at the end of each financial period using the projected unit credit actuarial valuation method. The actuarial gains and losses are recognised in the income statement, either as labour costs or financial charges depending on the case. Some of the Group companies have operated defined contribution pension schemes; except for the TFR retirement allowance there are no other schemes with defined benefits. Payments related to defined contribution plans are recognised in income statement as costs when incurred.

Assets available for sale and liabilities associated with these assets

The non-current assets (or group of assets and liabilities) are classified as held for sale if available for immediate sale in the present state, except for recurring transaction conditions for the sale of that type of asset and if the sale is highly probable.

These assets are carried at:

• the lesser between the carrying value and fair value net of sales costs, any impairment loss is taken to profit and loss, unless part of a business combination operation, otherwise

• at fair value net of sales costs (without the possibility of measuring write-downs during initial recognition) , if part of a business combination operation.

In any case the depreciation process is interrupted when the asset is classified as available for sale.

The assets and the liabilities directly connected to a group of assets to be sold must be distinctly classified in the income statement, as well as the pertinent reserves of accumulated profits or losses directly taken to equity. The net result of sale operations is indicated in a specific item of the profit and loss statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards linked to the ownership of the goods have passed from the company to the buyer.

Rendering of services

Revenue from rental activity is recognised on the basis of the contracts in force at the balance sheet date.

Revenue from rendering of services (technical servicing, repairs, other services rendered) is recognised with reference to the stage of completion, measured as a percentage of total labour hours, with respect to the hours estimated for each operation.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the shareholders' rights to receive the payment is established.

Government grants

Government grants are recognised where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grants relate to expense items they are recognised as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate.

Financial charges

Financial charges are taken to income statement when they are incurred.

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the same time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax related to items recognised directly in equity is recognised directly in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable rights exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of VAT except where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case VAT is recognised as part of the cost of acquisition of the asset or part of the expense item taken to the income statement. The net amount of VAT that can be recovered from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

At 31st December 2005 none of the derivative contracts was considered as being subject to hedging, and no technical or financial match was found between the characteristics of the contracts drawn up and those of one or more specific financial instruments present at the balance sheet date.

New principles and Interpretations adopted by the European Union but not yet effective

As required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) below are indicated the possible effects of the new principles or the new interpretations on the financial statement where they are initially applicated.

The IFRS effective after 31st December 2005 are indicated below with a brief description.

Modifications to IAS 19 – Employee benefits

These modifications, adopted by the European Union in November 2005 (CE rule n. 1910-2005), offer the option of recognising actuarial profits and losses immediately in the financial period in which they appear, not in the income statement but directly in a specific item of equity. Such modifications are applicable as of 1st January 2006.

The Bolzoni Group intends taking advantage of this option.

IFRIC 4 – Determining whether an Arrangement contains a Lease

This interpretation, adopted by the European Union in November 2005 (CE rule n. 1910-2005), establishes that for arrangements which do not legally have the form of a lease but contain a lease , the lease must be classified as a financial or operating lease, according to the prescriptions set down in IAS 17. This interpretation is applied as of 1st January 2006.

The application of the interpretations is not believed to have any significant effects on the Group's financial statement.

IFRS 7 – Financial instruments : disclosures

This principle, adopted by the European Union in January 2006 (CE rule n. 108/2006) implements the section of Disclosures contained in IAS 32 (Financial instruments: disclosures and presentation) even though modified and integrated; consequently the IAS 32 modifies its title in "Financial Instruments ; presentation". The Group believes that IFRS 7, applicable from January 1st 2007 will not have repercussions on the consolidated financial statement.

Modifications to IAS 39- Hedging of expected operations between Group companies

This modification, adopted by the European Union in December 2005 (CE rule n. 2006-2005), allows the application of hedge accounting in the consolidated financial statement on programmed operations within the group and with a high probability of being in foreign currency and subject to hedging, provided that the operation is designated in a foreign currency produces an effect on the consolidated income statement.

It is believed that this modification, applicable from January 1st 2006, will produce no effects on the consolidated financial statement as no cases in point exist to which it could be applied.

3. Segment information

The Company has identified its segment of business as the primary segment. On the other hand the Company operates in a single segment: attachments for fork lift trucks. Consequently secondary information is reported geographically and is given below.

The geographical areas are identified as: Europe, North America and Others. In detail, the geographical areas are identified on the basis of the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following tables give figures on revenue and information regarding some of the assets with reference to the Group's business segments for the financial years ended 31st December 2005 and 2004.

Year ended 31st December 2005	Europe	North America	Others	Total
				(figures in thousands of Euro)
Revenue				
Segment revenue	74.705	15.441	4.551	94.697
Other segment information				
Segment assets	61.213	10.599	2.327	74.139
Investment in associate			448	448
Total assets			2.775	74.587
Investments:				
Tangible fixed assets	2.245	139	344	2.728
Intangible fixed assets	707			707

Year ended 31st December 2004	Europe	North America	Others	Total
				(figures in thousands of Euro)
Revenue				
Segment revenue	66.920	12.565	4.488	83.973
Other segment revenue				
Segment assets	61.828	8.887	984	71.699
Investment in associate	79		312	391
Total assets			1.296	72.090
Investments:				
Tangible fixed assets	5.928	394		6.322
Intangible fixed assets	811			811

4. Property, plant and equipment

	1.01.05	Addition	Depreciation	Impairment write-down	Sales (1)	Other variat (2)	31.12.05
Land	721	-	-	-	-	-	721
Buildings	6.382	324	-	-	-	201	6.907
Plant and machinery	21.633	1.405	-	-	(1.044)	213	22.207
Equipment	4.411	196	-	-	(1.058)	22	3.571
Other assets	6.256	803	-	-	(919)	90	6.230
Assets under construction	-	-	-	-	-	-	-
Value of Property, plant and equipment	**39.403**	**2.728**			**(3.021)**	**526**	**39.636**
Land	-	-	-	-	-		
Buildings	(923)	-	(200)	-	-	-67	(1.190)
Plant and machinery	(14.028)	-	(1.685)	-	436	111	(15.166)
Equipment	(3.698)	-	(251)	-	1.110	19	(3.020)
Other assets	(4.473)	-	(633)	-	620	43	(4.443)
Assets under construction	-	-	-	-	-	-	-
Accum. Depr. for Property, Plant and Equipment	**(23.122)**	**-**	**(2.769)**	**-**	**1.966**	**106**	**(23.819)**
Land	721	-	-	-	-	-	721
Buildings	5.459	324	(200)	-	-	134	5.717
Plant and machinery	7.605	1.405	(1.685)	-	(608)	324	7.041
Equipment	713	196	(251)	-	(148)	41	551
Other assets	1.783	803	(633)	-	(299)	133	1.787
Assets under construction	-	-	-	-	-	-	-
Net value of Property, Plant and Equipment	**16.281**	**2.728**	**(2.769)**	**-**	**(1.055)**	**632**	**15.817**

(1): For sales or variation in consolidation area/assets available for sale – IFRS5
(2): exchange rate differences or others

The value of the tangible fixed assets generated internally, entirely attributed to item "Equipment", amounts to € 139 thousand (2004: € 183 thousand) and is represented by raw material, semi-finished products and personnel costs and related social security.
Variations during financial year 2005 refer to new investments in machine tools and equipment for the continual modernization and increase in productivity and efficiency. Increases in financial period 2004 were aimed at developing the production plants of the parent and the Spanish subsidiary.
Below is a summary of the net and gross carrying values of the fixed assets acquired through lease contracts which are still in life. Such assets belong to the parent, the French and the Spanish subsidiaries.

	31.12.2005		*31.12.2004*	
	Gross value	*Net value*	*Gross value*	*Net value*
Buildings	204	147	204	153
Plants and equipment	4.144	542	4.092	782
Total	**4.348**	**689**	**4.296**	**935**

Ground and buildings with a carrying value of Euro 4.853.000 (2004: Euro 4.787.000) are placed as guarantee for a Group bank loan (note 17).

5. Goodwill

Goodwill acquired through business combinations have been allocated to two distinct cash-flow generating units, representing distinct segments, in order to verify any possible impairment loss:

- Auramo Oy
- Bolzoni Auramo GmbH

	31.12.2004	*Addition*	*Sale*	*Exch.rate differences*	*31.12.2005*
Auramo OY	8.155	-	-	-	8.155
Bolzoni Auramo GMBH	181	-	-	-	181
Total	**8.336**	**-**	**-**	**-**	**8.336**

	1.1.2004	*Addition*	*Sale*	*Exch.rate differences*	*31.12.2004*
Auramo OY	8.155	-	-	-	8.155
Bolzoni Auramo GMBH	181	-	-	-	181
Total	**8.336**	**-**	**-**	**-**	**8.336**

Auramo OY and Bolzoni Auramo Gmbh

The estimation of the recoverable value of goodwill recorded in the financial statement was performed by using a discounted cash flow model which, for the determination of the assets value in use, foresees the estimate of future cash flows and the application of an appropriate discounting rate.
The 7,3% discounting rate applied represents the shareholders' expected return rate for the investment in the risk capital and the time frame in which the expected cash flows are discounted is ten years. The discount rate adopted is the one currently used for the estimation of our company and published in the analyses made by the financial analysis companies.

The asset subjected to goodwill impairment test did not highlight permanent impairment losses.

6. Intangible fixed assets

	1.1.05	Addition	Amortisation	Sales (1)	Other variations (2)	31.12.05
Development costs	721	517	-	-	-	1.238
Patent rights	980	21	-	-	28	1.029
Licences	1.308	147	-	-	448	1.903
Others	989	22	-	-	(682)	329
Gross value of Intangible Fixed Assets	**3.998**	**707**	**-**	**-**	**(206)**	**4.499**
Development costs	(201)		(170)	-	-	(371)
Patent rights	(299)		(74)	-	(29)	(402)
Licences	(1.108)		(185)	-	(197)	(1.490)
Others	(582)		(84)	-	557	(109)
Accumulated amortisation for Intangible Fixed Assets	**(2.190)**		**(513)**	**-**	**331**	**(2.372)**
Development costs	520	517	(170)	-	-	867
Patent rights	681	21	(74)	-	(1)	627
Licences	200	147	(185)	-	251	413
Others	407	22	(84)	-	(125)	220
Net value of Intangible Fixed Assets	**1.808**	**707**	**(513)**	**-**	**125**	**2.127**

	1.1.04	Addition	Amortisation	Sales (1)	Other variations (2)	31.12.04
Development costs	200	521	-	-	-	721
Patent rights	1.096	8	-	-	(124)	980
Licences	1.145	163	-	-		1.308
Others	1.045	119	-	-	(175)	989
Gross value of Intangible Fixed Assets	**3.486**	**811**	**-**	**-**	**(299)**	**3.998**
Development costs	(140)		(61)	-	-	(201)
Patent rights	(165)		(134)	-	-	(299)
Licences	(903)		(205)	-	-	(1.108)
Others	(550)		(32)	-	-	(582)
Accumulated Amortisation for Intangible Fixed Assets	**(1.758)**		**(432)**	**-**	**-**	**(2.190)**
Development costs	60	521	(61)	-	-	867
Patent rights	931	8	(134)	-	(124)	627
Licences	242	163	(205)	-		413
Others	495	119	(57)	-	(150)	220
Net Value of Intangible Fixed Assets	**1.728**	**811**	**(457)**	**-**	**(274)**	**1.808**

(1): For sales or variation in consolidation area/assets available for sale – IFRS5
(2): exchange rate differences or others

The value of the intangible fixed assets generated internally, entirely attributed to item "Development costs" amounts to € 478 thousand (2004: € 450 thousand) and is represented by personnel costs and related social security. These projects, in particular, refer to the development of the so-called "intelligent clamp" and a new range of attachments produced by the parent.

Development costs as at 31st December 2004 also include an amount of Euro 239 thousand for running projects.

7. Investment in associates

The Group has the following investments in associates

	2005	2004
	(Figures in thousands of	*Euro)*
Eurolift Pty Ltd	134	116
South Africa	314	196
Hydronika BV	-	79
Total	**448**	**391**

During the financial year 2005 the investment in the associate Hydronika BV was sold producing a gain of about Euro 1 thousand.
The following table sums up the main financial information regarding investment in Eurolift :

	2005	*2004*
	(figures in thousands of	*Euro)*
Portion of the associate equity:		
Current assets	289	202
Non-current assets	26	15
Current liabilities	(126)	(69)
Non-current liabilities	(35)	(25)
Net Asset	154	123
Portion of revenue and result of the associate:		
Revenue	467	348
Profit	18	25

The following table sums up the main financial information regarding investment in South Africa

	2005	*2004*
	(figures in thousands of	*Euro)*
Portion of the associate equity:		
Current assets	517	367
Non-current assets	31	19
Current liabilities	(201)	(125)
Non-current liabilities	(99)	(143)
Net Asset	248	118
Portion of revenue and result of the associate:		
Revenue	1.151	1.166
Profit	118	52

The reference dates regarding the investment in the associate Eurolift are 30th June 2005 and 30th June 2004, as accounting reports are not available at 31st December 2005 and 2004.

8. Credits and other financial assets (non-current)

Credits and other financial assets mainly refer to prepayed tax for the retirement allowance (applicable only to the parent) amounting to € 14 thousand (2004: € 48 thousand) and other minor credits related to various subsidiaries.

9. Financial assets held to maturity

The balance refers to the capitalised interest policy issued by Tapiola company, whose maturity date is December 2006 and which garantees a minimum 4,5% yield, in addition to possible overyield generated by the basket of underlying securities. This financial instrument has been placed as guarantee of a specific loan (note 17), that the company established in order to continue taking advantage of high yields that the policy has given during the previous financial years.
The carrying amount corresponds to the cost incurred for the acquisition, plus interest accrual matured at the balance sheet date and notified by issuer.

10. Taxation

10.1 Deferred tax

Deferred tax as at 31st December is as follows:

	Consolidated Balance Sheet		Consolidated Income Statem.	
	2005	2004	2005	2004
			(figures in thousand of Euro)	
Deferred tax liability				
Accelerated depreciation for tax purposes	(667)	(515)	(152)	(361)
Exchange rate fluctuations	(213)	-	(213)	-
Capitalization of internal costs	(233)	(152)	(81)	(152)
Lease evaluations	(131)	(167)	36	(23)
Pensions	-	(14)	14	23
Variation evaluation of parent's inventory	(28)	(12)	(16)	(9)
Gains on sale of fixed assets split over 5 years	(35)	(17)	(18)	(5)
Bad debt provision for tax purposes	(21)	-	(21)	-
Minor balances from subsidiaries	(129)	(159)	30	(12)
Others	(10)	(56)	46	(8)
	(1.467)	**(1.092)**		
Deferred tax assets				
Pensions	11	-	11	-
Fiscal losses carried forward on subsidiares	522	522	-	364
Obsolescence provision on parent's inventory	102	130	(28)	-
Offsetting infragroup's profit in stock	819	631	188	5
Non tax-deductable provisions	200	218	(18)	(26)
Minor balances on subsidiaries	132	274	(142)	(4)
Others	41	28	13	(17)
Fair value adjustments on acquisition			–	–
	1.827	**1.803**		
Deferred tax income (expense)			**(350)**	**(225)**

There is no current and deferred tax related to items charged or credited directly to net equity.

Some of the Group's subsidiaries have fiscal losses amounting to Euro 5.989 thousand (2004: Euro 5.071) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets related to these losses have been recognised according to expected profits, established on the basis of the business plans for each of the companies. In particular, a time frame covering the next three financial years has been considered. The deferred tax assets on these losses carried to the balance sheet amounts to € 522 thousand (2004: € 522 thousand). The amount of the fiscal losses available for which no deferred tax asset has been allocated at 31st December 2005 amounts to Euro 4.118 thousand, corresponding to deferred tax asset not accounted for and amounting to approx. Euro 1,2 million.

As at 31st December 2005, there was no recognised deferred tax liability (2004: € 0) for taxes that would be payable on the unremitted earnings of some of the subsidiaries, associates or joint-ventures as the Group has determined that retained earnings of its subsidiaries will not be distributed in the foreseeable future.

The payment of dividends by Bolzoni S.p.A. to its shareholders has no income tax consequences.

10.2 Income tax

The major components of income tax for the years ended at 31st December 2005 and 2004 are:

Consolidated income statement	2005	2004
	(thousand of Euro)	
Current income tax		
Current income tax charge	2.863	1.668
Deferred income tax		
Relating to origination and reversal of temporary differences	350	225
Income tax expense reported in the consolidated income statement	**3.213**	**1.893**

A reconciliation between tax expense and and the product of accounting profit multiplied by the domestic tax rate for the years ended 31st December 2005 and 2004 is as follows:

IRES/Income tax	2005 Amount	2005 Rate	2004 Amount	2004 Rate
Theoretical tax rate		33%		33%
Result before tax	7.572		4.537	
Theoretical tax charge	**2.499**	33%	**1.497**	33%
Plus variations				
Tax free or non-taxable income	45		30	
Non deductable costs	498		304	
Minus variations				
Fiscal losses carried forward	(14)		(1.521)	
Other minus variations	(1.138)		(87)	
Taxable income	6.964		3.263	
CURRENT IRES	**2.195**	**29,0%**	**972**	**29,8%**

IRAP	2005 Amount	2005 Rate	2004 Amount	2004 Rate
Theoretical tax rate		4,25%		4,25%
Difference between production values and costs	4.974		3.323	
Theoretical tax charge	**211**	4,25%	**141**	4,25%
Plus variations				
Personnel costs	10.602		10.764	
Other plus variations	1.183		1.061	
Minus variations				
Other minus variations	(1.031)		(1.132)	
Taxable amount	15.728		14.016	
CURRENT IRAP	**668**	**13,4%**	**596**	**17,9%**

11. Inventory

	2005	2004
	(figures in Thousand of Euro)	
Raw material (at cost)	4.228	4.362
Obsolescence provision for raw material	(67)	(157)
Net raw materials	**4.161**	**4.205**
Semi-finished products (at cost)	7.158	5.228
Obsolescence provision for semi-finished products	(153)	(200)
Net semi-finished products	**7.005**	**5.028**
Finished products (at cost)	7.374	7.811
Obsolescence provision for finished products	(362)	(211)
Net finished products	**7.012**	**7.600**
Total inventory at lower between cost and net realisable value	**18.178**	**16.833**

The value of inventory corresponds to the expected realisable value.
Increase in the value of inventory is substantially related to increase in turnover. The Group however has followed a policy aimed at rationalizing and increasing the efficiency of the handling of inventory with the aim of reducing stock levels and which can be recognised, in particular, in the drop of closing stock of finished products.
Below are the variations in the stock obsolescence provision during the periods taken into consideration:

	31.12.2004	Increase	Decrease	31.12.2005
Obsolescence provision for raw material	157	-	(90)	67
Obsolescence provision for semi-finished products	200	-	(47)	153
Obsolescence provision for finished products	211	151		362
Total	**568**	**151**	**(137)**	**582**

	1.1.2004	Increase	Decrease	31.12.2004
Obsolescence provision for raw material	86	71	-	157
Obsolescence provision for semi-finished products	280	-	(80)	200
Obsolescence provision for finished products	64	147		211
Total	**430**	**218**	**(80)**	**568**

The minus variations refer to derecognition of the provision subsequent to scrapping of material performed during the financial year.

12. Trade receivables (current)

	2005	2004
	(figures in thousand of Euro)	
Trade receivables	18.918	15.583
Bills subject to collection	2.805	3.863
Bad debt provision	(86)	(120)
Total third party receivables	**21.637**	**19.326**
Eurolift	147	268
Auramo Sud Africa	239	164
Total receivables from associates	**386**	**432**
Total trade receivables	**22.023**	**19.758**

Below are the variations in the bad debt provision:

	31.12.04	Increases	Decreases	31.12.2005
Bad debt provision	120	2	(36)	86
Total	**120**	**2**	**(36)**	**86**

	1.1.04	Increases	Decreases	31.12.2004
Bad debt provision	234	30	(144)	120
Total	**234**	**30**	**(144)**	**120**

For the terms and the conditions related to related party receivables, refer to note 32. Trade receivables are non-interest bearing and are generally on a 30-90 days' terms. We would like to point out that these amounts are covered by a credit insurance.

13. Tax receivables

	2005	2004
	(figures in thousand of Euro)	
Other	244	83
Total	**244**	**83**

This item mainly includes the balance of tax paid in advance by some of the group companies, and which is higher than tax income liabilities belonging to the financial period.

14. Other receivables

	2005	2004
	(figures in thousand of Euro)	
VAT Receivables	206	489
Advance to suppliers	101	60
Prepaid expenses	226	196
Others	117	142
Total	**650**	**887**

The item "Other Receivables" includes the amount of € 38 thousand for the Interest Rate Swap contracts which indicate a positive fair value as at 31st December 2005. (2004: € 0). Prepaid expenses are mainly related to rental contracts for the offices of some of the subsidiaries.

15. Cash and cash equivalents

	2005	2004
	(figures in thousands of Euro)	
Cash in hand and bank accounts	3.321	4.415
Short term deposits	43	25
Total	**3.364**	**4.440**

Short term deposits have a variable interest rate.

For the purpose of the consolidated cash flow statement cash and cash equivalents comprise the following at 31st December :

	2005	2004
	(figures in thousands of Euro)	
Cash in hand and bank accounts	3.364	4.440
Bank overdrafts and advance on collectable bills subject to final payment (note 17)	(2.362)	(3.248)
Total	**1.002**	**1.192**

16. Share capital and reserves

	2005	2004
Ordinary shares of €1 each	5.319.149	5.319.149

During the financial years 2004 and 2005 the share capital remain unvaried.

Share option schemes

Until 31st December 2005 the Company did not have any Share option schemes. In January 2006 the Company deliberated the adoption of a share option scheme (note 35).

Detail of other reserves

	Other reserves (of the parent)	Translat. & Currency diff.	IFRS Translation Reserve	Consolid Reserve	Total
At 01.01.2004	10.980	(1.013)	402	2.860	13.229
Profit allocation	58				58
Variation in translation reserve		(94)			(94)
Payment of dividends				(1.064)	(1.064)
Other variations				54	54
Write-off on amortisation of intangible fixed assets which cannot be capitalized			41		41
Goodwill amortisation write-down			488		488
Adjustment of TFR retirement allowance in compliance with IAS 19			(68)		(68)
Capitalization of development costs			408		408
Adjustment of invest. value to equity methods			28		28
Revenue write-down with buy-back agreement			(27)		(27)
Deferred taxes on IFRS adjustments			72		72
Balance at 31.12.2004	**1.038**	**(1.107)**	**1.344**	**1.850**	**13.125**
Profit allocation	86			1.624	1.710
Other variations				10	10
Variation in translation reserve		203			203
Payment of dividends				(1.064)	(1.064)
At 31.12.2005	**11.124**	**(904)**	**1.344**	**2.420**	**13.984**

Other reserves

Nature and purpose of other reserves

Other reserves of the parent

The parent's other reserves are made up of the revaluation reserve as per Law 342/2000, the statutory reserve and the retained earnings after the distribution of profits as deliberated by the Shareholders of Bolzoni S.p.A.

Reserve for currency translation differences

This reserve is used to record the currency differences resulting from the translation of the foreign subsidiaries' financial statements.

IAS/IFRS conversion reserve

This collects the affects on net equity deriving from the first-time adoption of the IAS/IFRS principles at 1st January 2004.

Consolidation reserve

The consolidation reserve highlights the effects on net equity normally resulting from consolidation operations for standardizing the items in the financial statements of the consolidated companies according to the Group's criteria, writing-off the infragroup, non-realisable profits and off-setting investments against their net equity.

17. Interest bearing loans and borrowings

	Effective Interest Rate %	Maturity	2005	2004
			(figures in thousand of Euro)	
Short term				
Bank overdrafts		On request	99	129
Advance on collectable bills subject to final payment		30-90 days	2.263	3.119
Loans to subsidiaries			3.391	4.417
Euro 7.000.000 bank loan	Euribor +0,90	2006	2.333	2.334
Euro 7.750.000 bank loan	Euribor +0,70	2006	1.107	1.183
Euro 2.000.000 bank loan	Euribor +0,40	2006	333	-
Euro 2.000.000 bank loan	Euribor +0,40	2006	380	-
Euro 2.800.000 bank loan	2,93	2006	2.800	-
Government loan 394/81	1,72	2006	303	303
Other minor loans		2006	135	129
			13.144	**11.614**
Medium/long term				
Euro 7.000.000 bank loan	Euribor +0,90	2007	1.167	3.499
Euro 7.750.000 bank loan	Euribor +0,70	2010	4.429	5.535
Euro 2.000.000 bank loan	Euribor +0,40	2009	1.667	-
Euro 2.000.000 bank loan	Euribor +0,40	2010	1.620	-
Euro 2.800.000 bank loan	2,93	2006	-	2.800
Financing 394/81	1,72	2009	911	1.214
Other minor loans			284	472
			10.078	**13.520**

Bank overdrafts and advances subject to final payment

Bank overdrafts and advances subject to final payment refer mainly to the parent.

Euro 7.000.000 bank loan

The loan is unsecured and is repayable in half yearly instalments with constant capital.

Euro 7.750.000 bank loan

The loan, secured by a first degree mortgage on the property in Podenzano, is repayable in equal half yearly instalments.

Euro 2.000.000 bank loan

The two loans are not secured and are repayable in half yearly instalments with constant capital.

Euro 2.800.000 bank loan

The loan is not secured and is repayable in a single instalment due on 30th June 2006.

Government loan according to Law 394/81

This loan, secured by a bank guarantee specifically obtained for the purpose, is repayable in half yearly instalments with constant capital.

Foreign subsidiary loans

These cover:
- two loans obtained by the subsidiary Auramo OY for the amounts of approx € 1,2 and 1,3 million with maturity within the financial period. The second loan secured by a pledge on the interest capitalization policy described in note 9.
- loan of $ 0,5 million obtained by the subsidiary Brudi Bolzoni Auramo Inc.
- loan of € 0,4 million obtained by the subsidiary Bolzoni Auramo GmbH

All loans are secured by comfort letters given by parent, except for Auramo Oy's € 1,3 million loan.

18. TFR retirement allowance

The variations to this fund have been the following:

	2005	2004
T.F.R. retirement allowance at 01.01	**2.923**	**2.598**
Current cost of the service	506	416
Financial charges	126	118
Actuarial Earnings/Losses	76	129
(benefit paid)	(370)	(338)
T.F.R. retirement allowance at 31.12	**3.261**	**2.923**

This fund is part of the plans with defined benefits.

To determine liabilities the method called Projected Unit Credit Cost has been used and which can be broken down into the following phases:

- on the basis of a series of possible financial solutions (increase in the cost of life, increase in salaries etc.), estimates have been made regarding possible future benefits which could be paid to each employee included in the programme in the event of retirement, death, disablement, resignation etc. This estimate will include possible increases corresponding to longer length of service matured as well as the presumable growth in the level of retribution on the date of evaluation;
- The current average value of future benefits paid has been calculated at the evaluation date, on the basis of annual interest rate adopted and the possibilities of each sum actally being paid out ;
- The company's liability has been defined by distinguishing the portion of the current average value for the future sum paid referring to service matured in the company by the employee at the evaluation date;
- On the basis of the liability determined at the previous point and the reserve allocated in the financial statement in accordance with Italian civil laws, the reserve considered as being valid for the IAS purposes has been identified.

Below are the details of the possible scenarios:

Demographic theories	Executives	Non Executives
Probability of death	Mortality rate tables for the Italian population as measured by ISTAT for year 2002 divided according to sex	Mortality rate tables for the Italian population as measured by ISTAT for year 2002 divided according to sex
Probability of disablement	Tables, divided according to sex, adopted in the INPS model for projections up to 2010	Tables, divided according to sex, adopted in the INPS model for projections up to 2010
Probability of resignation	7,5% in each year	7,5% in each year
Probability of retirement	Achievement of first of pension requirements valid for Mandatory General Insurance	Achievement of first of pension requirements valid for Mandatory General Insurance
Probability for an employee of :		
- receiving advance payment of 70% of the accrued retirement allowance at the start of the year	3,0% in each year	3,0% in each year

Financial theories	Executives	Non Executives
Increase in the cost of life	2,0% annually	2,0% annually
Discounting rate	4,0% annually	4,0% annually
Overall salary increase	3,0% annually	3,0% annually
Increase in TFR retirement all.	3,0% annually	3,0% annually

19. Provision for contingencies and charges

	31.12.04	Increases	Decreases	31.12.05	Within 12 mths	After 12 mths
Agents' termination benefit provision	98	20		118		118
Warranty provision	113	180	(100)	193	193	
Other provisions	28	62	(28)	62	62	
Total	**239**	**262**	**(128)**	**373**	**255**	**118**

	01.01.04	Increases	Decreases	31.12.04	Within 12 mths	After 12 mths
Agents' termination benefit provision	78	20		98		98
Warranty provision	190	72	(149)	113	113	
Other provisions	119	123	(214)	28		28
Total	**387**	**215**	**(363)**	**239**	**113**	**126**

Product warranty provision

This provision has been created to meet charges in connection with warranty products sold during the financial year and which are expected to be incurred in the subsequent year. The determination of the necessary provision is based on passed experience over the last five years indicating the average impact of costs incurred for warranty servicing with respect to the pertinent turnover.

Agents' termination benefit provision

This provision is to meet the related liability matured by agents.

Other provisions

This mainly includes a fund of Euro 62 thousand for costs to be incurred during financial year 2006 for the partial staff restructuring in one subsidiary and the result of the evaluation of two interest rate swap contracts amounting to Euro 19 thousand (Euro 36 thousand in 2004).

20. Trade payables

	2005	2004
	(figures in thousands of Euro)	
Advance from customers	38	41
Domestic suppliers	10.963	13.464
Foreign suppliers	5.746	4.398
	16.747	**17.903**

Trade payables are non-interest bearing and are normally settled on a 90 day basis.

For terms and conditions relating to related parties, refer to Note 33.

The amount of domestic supplier payables at 31st December 2004 included some important sums deriving from investments made during the second semester of the same year. The variation is likewise affected by the decrease in the parent's inventory, amounting to approx. € 2 million.

21. Other payables

	2005	2004
	(figures in thousands of Euro)	
Payables to employees for wages	980	935
Payables to employees for matured but unused holidays	1.054	1.030
Sundry payables	404	339
Other accrued expenses	220	338
VAT	460	540
Other short term liabilities	217	191
Social security payables	778	573
	4.113	**3.946**

22. Payables to taxation authorities

	2005	2004
	(figures in thousands of Euro)	
For wages and salaries	579	486
For income tax	995	206
Sundry	31	54
	1.605	**746**

Increase in the item regarding income tax is due to the different impact of advance tax payment paid in each financial period.

INCOME STATEMENT

Revenue

Refer to note 3 of the Segment Information for the description of the break down of revenue.

23. Other revenue

	2005	2004
	(figures in thousand of Euro)	
Sundry income	376	368
Gains on equity	93	140
Increases in fixed assets following internal work	617	633
	1.086	**1.141**

With regards to increases in fixed assets, € 478 thousand (2004: € 450 thousand) refer to capitalized personnel expenses for development costs, and € 139 thousand (€ 183 thousand) for construction of all categories of group products.

24. Costs for raw material and consumable supplies

	2005	2004
	(figures in thousand of Euro)	
Raw material	14.816	9.530
Commercial goods	2.999	3.197
Semi-finished products	15.623	13.698
Other purchases for production	3.130	2.578
Sundry purchases	369	320
Additional expenses	116	272
Finished products	699	649
	37.752	**30.244**

Increase in costs for raw material and consumable supplies is essentially related to the increase in turnover.

25. Service costs

	2005	2004
	(figures in thousand of Euro)	
Industrial services	11.459	12.379
Commercial services	5.628	4.619
General services	4.901	4.930
Costs related to use of third party assets	1.482	1.144
	23.470	**23.072**

The fact that service costs have remained at the same level as year 2004 should be judged in relation to the variation in the costs of raw material and finished products, as the Group has increased purchase of products which include sub-contracting.

The expenses incurred for attending the triennial Hannover Exhibition have also contributed to the increase in costs related to commercial services.

26. Personnel costs

	2005	2004
	(figures in thousand of Euro)	
Wages and salaries	17.572	16.555
Social security	4.733	4.493
TFR retirement allowance (note 18)	516	636
Sundry costs	432	327
	23.253	**22.011**

Variation in personnel costs is correlated to number of employees, which has increased by 10 with respect to year 2004, and also to the increase in wages following the renewal of the parent's specific national collective contract.

Number of employees in the Group:

	31.12.2005	31.12.2004	Variation
Managers	30	31	(1)
White collar	220	217	3
Blue collar	287	279	8
Total	**537**	**527**	**10**

27. Other operating costs

	2005	2004
	(figures in thousand of Euro)	
Tax and duty	166	243
Bad debt	14	136
Losses on sale of fixed assets	26	29
Sundry	503	522
	709	**932**

Under the item "Sundries" are recorded costs of administrative and legal nature, association fees and donations referred to the various group companies.

28. Financial income and charges

	2005	2004
	(figures in thousand of Euro)	
Financial charges	(940)	(1.100)
Financial income	125	83
Net financial income (charges)	**(815)**	**(1.017)**

Net financial charges have dropped with respect to the previous year and this is mainly thanks to the improved handling of treasury.

28.1 Financial charges

	2005	2004
	(figures in thousand of Euro)	
Interest on short term payables (overdrafts, loans and credit disinvestment)	358	489
Interest on medium/long term loan payables	430	438
Charges other than above (lease contracts and sundry)	152	173
	940	**1.100**

28.2 Financial income

	2005	2004
	(figures in thousand of Euro)	
Interest income from customers	68	5
Interest income from financial assets held to maturity	52	62
Income other than above	5	16
	125	**83**

28.3 Exchange rate gains and losses

	2005	2004
	(figures in thousand of Euro)	
Exchange rate gains	595	179
Exchange rate differences following translation	549	(524)
Exchange rate losses	(152)	(32)
	992	**378**

Variations are essentially due to high fluctuations in exchange rate between euro and US dollar during the financial year 2005. The stronger position of the dollar has in fact produced a positive effect both on the result of the exchange rate handling and on the translation of items in foreign currencies according to balance sheet date exchange rates.

29. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share coincide with the basic earnings as there are no outstanding shares or options other than the ordinary shares. Below are details regarding earnings and information on the shares used for the calculation of basic or diluted earnings per share:

	2005	2004
Basic earnings/(losses) per share	(figures in thousand of Euro)	
Net group profit attributable to ordinary shareholders	4.359	2.644
Average number of ordinary shares *(nr./000)*	5.319	5.319
Basic earnings per ordinary share	0,82	0,50

Diluted earnings/(losses) per share	2005	2004
	(figures in thousand of Euro)	
Net group profit attributable to ordinary shareholders	4.359	2.644
Average number of ordinary shares *(nr./000)*	5.319	5.319
Basic earnings per ordinary share	0,82	0,50

At the balance sheet date, the Bolzoni Group did not have any existing stock option plans, nor has it issued any convertable bonds therefore the diluted earnings per share coincide with the basic earnings per share.
In January 2006 the Shareholders of Bolzoni S.p.A. approved the share capital increase, operation which is part of the project for admission of shares for listing on the Stock Exchange. For further details refer to section 34 regarding the subsequent events.

30.Dividends

Dividends resolved and paid out during the year amount to € 1.063.830 (2004: 1.063.830). Dividends proposed for approval by the Shareholders (not recognised as liabilities as at 31st December) amount to € 2.021.277 (2004: 1.063.830). It should be noted that the Shareholders during Meeting held on 23rd January 2006 deliberated the fragmentation of the share capital, made up of 5.319.349 shares with a nominal value of € 1 into 21.277.396 shares with a nominal value of € 0,25, therefore, if approved , the proposed resolution regarding earnings will result in the payment of a € 0,095 dividend per share.

31. Commitments and contingencies

Capital commitments

As at 31st December 2005, the Group has commitments amounting to approx. Euro 515 thousand regarding the purchase of a new machine tool. As at 31st December 2004 the amount of these commitments was not material.

Legal litigations

Following the inspection performed in March 2003 by the Inland Revenue of Piacenza, the Provincial Tributary Commission on 21st September 2004 pronounced a verdict against the parent. Bolzoni S.p.A. has prepared an appeal to the Regional Tributary Commission and has not recognised any provision as, supported by the favourable opinion of its lawyer, it believes the objection to be without grounds.

Guarantees granted

The Bolzoni group has the following potential liabilities as at 31st December 2005:

- it has granted comfort letters to a bank on a loan given to the subsidiary Brudi Bolzoni Auramo Inc. for the amount of Euro 500.000 (2004: Euro 500.000);
- it has given some land and buildings as guarantee against a bank loan (see note 17);
- it has granted a surety to a bank for the amount of € 2.000.000 (2004: € 2.000.000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630.000 (2004: € 630.000) in favour of the subsidiary Bolzoni Auramo S.a.r.l.;
- it has granted a surety to a bank for the amount of € 750.000 (2004: € 750.000) in favour of the subsidiary Bolzoni Auramo S.l.

These commitments are to be considered external to the group.

32. Information on related parties

The following table indicates the total amount of transactions which have been entered into with related parties for the relevant financial year (for further information on outstanding balances at the end of the financial year see notes 21 and 27):

Related parties		Sales to related parties	Purchases from related parties	Related parties receivables	Related Parties payables
			(figures in thousand of Euro)		
Associated companies:					
Eurolift Pty	2005	580	–	147	–
	2004	453	–	268	–
Auramo South Africa	2005	516	–	239	–
	2004	284	–	164	–
Hydronika	2005	6	–	–	–
	2004	–	–	–	–
Directors - other related companies: Gruppo Intesa	2005	–	356	–	7.113
	2004	–	454	361	9.051
Directors – other related companies:	2005	–	522	–	–
	2004	–	522	–	–

Associated companies

The Group has a 24,5% interest in Eurolift Pty (2004: 24,5%) and a 40% interest in Auramo South Africa (2004: 40%). The interest in Hydronika B.V., which was 24,5% in 2004, was sold during 2005.

Terms and conditions of transactions between related parties

Transactions between related parties are performed at normal market prices and conditions. Outstanding balances at year-end are unsecured, interest free and are settled in cash. There have been no guarantees provided or received for any related party receivables or payables For the year ended 31st December 2005 the Group has not made any provision for doubtful debts referring to amounts owed by related parties (2004: Euro 0).

Transactions with other related parties

Directors – other related parties

Auramo OY, 100% owned group subsidiary, rents the property situated in Vantaa (Finland) where its offices and factory are located, under a rental contract drawn up with Kiinteisko OY Auran Pihti, a company controlled by Mr Karl-Peter Otto Staack, member of the board of directors. The contract establishes an annual rent of approx. € 522 thousand (2004: approx € 522 thousand).

Banca Intesa holds 28,36% of the share capital of Bolzoni S.p.A. (2004: 28,36%) and a manager of Banca Intesa (Davide Turco) is a member of the parent's board of directors. Bolzoni S.p.A. maintains business relations of a financial nature with Intesa Group and as a consequence, as at 31st December 2005, the total value of debts towards the Intesa Group amounted to approximately € 7.113 million (2004: € 9,1million). The Intesa Group also granted a surety amounting to € 1,2 million (2004: € 1,5 million) to a third party in the Group's interests. Intesa Mediocredito S.p.a., a company belonging to the Intesa Group, holds a mortgage right of the value of € 10,85 million on the property situated in Podenzano as guarantee for a loan.

33. Financial risk management: objectives and policies

The Group's principal financial instruments, other than derivatives, include bank loans, financial leases and hire purchase contracts with purchase option, short term deposit and cash bank accounts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments, such as trade payables and receivables, which arise directly from its operations.

The Group has also entered into derivative transactions, including principally interest rate swaps and foward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for handling each of these risks and they are summarised below. The Group's accounting principles in relation to derivatives are set out in Note 2.3.

Interest rate risk

The Group, who has a part of its loans in Euro with a floating interest rate, believes to be exposed to risk that a possible increase in the rates could increase future financial charges. In order to mitigate this risk the parent has entered into some Interest Rate Swap contracts in which it has agreed to exchange the difference between variable and one or more fixed rate interest amounts, calculated by reference to an agreed-upon notional principal amount.

These derivatives represent hedging operations on the overall debt (i.e. net hedging) and therefore, it is not possible to distinguish a technical-financial relation between the characteristics of the contracts entered into and those of one or more specific financing contracts. Consequently, as all the requirements established for their designation as hedging instruments are not met, the Interest Rate Swap contracts are recognised as financial assets held for trading and are consequently accounted for and assessed at fair value. The fair value variations are charged to income statement under financial income and charges.

Foreign currency risk

The Group has identified its exposure to foreign currency risks mainly in connection with future collection of amounts in foreign currency (principally USD) as their subsequent translation could occur at potentially unfavourable conditions, with a negative impact on the year's results.

To mitigate this risk the parent has entered into derivative financial contracts which hedge against sales cash flow in foreign currency transactions of the parent with its American subsidiary Brudi Bolzoni Auramo Inc: more specifically, the instruments used are essentially forward currency contracts and the American version of Put option.

Since 2005, following the expansion of its activities towards Asian markets, the Group also has an exposure to foreign currency risks related to purchases of raw material settled in both Chinese Yuan (CNY) and US Dollars (USD), for which Call options or rather, synthetic Forward currency contracts have been established (acquisition of a Call option and the sale of a Put option at the same striking prices); these operations are however minimal.

As these derivative contracts are usually drawn up after the invoicing of sales or purchases generating the cash flows subject to hedging, and as it is not possible to identify a close correlation between the maturity of the derivative contracts and the dates of the underlying financial cash flows, the contracts under examination can be classified as net hedging operations on trade receivables/payables in foreign currency. Consequently, they have been recognised as financial assets held for trading and, therefore, accounted for and assessed at fair value. The fair value variations are charged to income statement under financial income and charges

Risk of variation in the price of raw material

The Group's exposure to price risk is believed to be limited as the Group adopts a policy of partial hedging against the risk of fluctuations in the cost of raw material thanks to supplier contracts at fixed prices for a period varying between three and six months, and which are mainly referred to steel.

Credit risk

The Group trades only with recognised, creditworthy customers. For all the group companies an insurance has been made to protect from insolvency risks and which covers almost all the exposure.

With respect to the credit risk arising from other financial assets of the Group, including cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the maximum risk is equivalent to the carrying amount of these assets in the event of default of the counterparty. These are normally primary national and international financial institutions.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts with purchase option.

Fair value

Below is a comparison between the carrying amounts and the fair value of all the Group's financial instruments as indicated in the financial statement, divided according to category.

	Carrying amount		Fair value	
	2005	*2004*	*2005*	*2004*
	(figures in thousand of Euro)			
Financial assets				
Cash in hand	3.364	3.364	4.440	4.440
Financial assets available-for-sale	1.368	1.368	1.316	1.316
Other financial credits (long term)	125	125	154	154
Financial liabilities				
Bank overdrafts and advance on collectable bills subject to final payment	(2.362)	(3.248)	(2.362)	(3.248)
Loans:				
At variable rates	(14.427)	(17.061)	(14.427)	(17.061)
At fixed rates	(4.012)	(4.315)	(4.012)	(4.315)
Forward currency contracts *	(29)	-	(29)	-
Interest rate Swap *	19	(36)	19	(36)

* accounted for at fair value in financial statement.

Fair value

Fair value of derivatives and loans has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans at fixed rates has been calculated using the market interest rates.

Interest rate risk

The following table shows the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Year ended 31st December 2005

Fixed rate	*<1year*	*>1<2 yrs*	*>2<3 yrs*	*>3<4 yrs*	*>4<5 yrs*	*> 5 yrs*	*Total*
	(figures in thousands of Euro)						
Bank loan € 2.800.000	(2.800)		–	–	–	–	(2.800)
Government loan L. 394/81	(303)	(303)	(303)	(305)	-	–	(1.214)

Variable rate	*<1 year*	*>1<2 yrs*	*>2<3 yrs*	*>3<4 yrs*	*>4<5 yrs*	*> 5 yrs*	*Total*
	(figures in thousands of Euro)						
Liquid funds	3.364	-	-	-	-	-	3.364
Overdraft on bank accounts	(99)	-	-	-	-	-	(99)
Advance on collectable bills subject to final payment	(2.263)	-	-	-	-	-	(2.263)
Bank loan Euro 7.000.000	(2.333)	(1.167)	-	-	-	-	(3.500)
Bank loan Euro 7.750.000	(1.107)	(1.107)	(1.107)	(1.107)	(1.108)	-	(5.536)
Bank loan Euro 2.000.000	(333)	(333)	(333)	(333)	(334)	(334)	(2.000)
Bank loan Euro 2.000.000	(380)	(390)	(400)	(410)	(420)	-	(2.000)
Subsidiary loans	(3.391)	-	-	-	-	-	(3.391)
Other minor loans	(116)	-	-	-	-		(116)

Year ended 31st December 2004

Fixed rate	<1year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
			(figures in thousands of Euro)				
Bank loan € 2.800.000	-	(2.800)	–	–	–	–	(2.800)
Government loan L. 394/81	(303)	(303)	(303)	(303)	(305)	–	(1.5179

Variable rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
			(figures in thousands of Euro)				
Liquid funds	4.440	-	-	-	-	-	4.440
Overdraft on bank accounts	(129)	-	-	-	-	-	(129)
Advance on collectable bills subject to final payment	(3.119)	-	-	-	-	-	(3.119)
Bank loan Euro 7.000.000	(2.334)	(2.333)	(1.167)	-	-	-	(5.833)
Bank loan Euro 7.750.000	(1.183)	(1.107)	(1.107)	(1.107)	(1.107)	(1.107)	(6.718)
Subsidiary loans	(4.417)	-	-	-	-		(4.417)
Other minor loans	(93)	-	-	-	-		(93)

Interest on financial instruments classified under variable rate are adjusted at intervals of less than one year. Interest on financial instruments classified under fixed rate are maintained as such until maturity. The Group's other financial instruments not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Credit risk

There are no significant concentrations of credit risk within the Group.

34. Events after the balance sheet date

Application for admission to the trading of shares on the Milan Stock Exchange

The Shareholders deliberated on 23rd January 2006 to present Borsa S.p.A. with an application for admission of the Shares of Bolzoni S.p.A. to trading on MTA (Computerized Stock Trading Market) – in the STAR segment. To this end, during the same meeting, a capital increase of 4.255.319 shares was deliberated.

Split of share capital

During the same meeting, the Shareholders deliberated a split of the share capital, made up of 5.319.349 shares with a nominal value of € 1, into 21.277.396 shares with a nominal value of € 0,25, therefore, if approved, the proposed resolution regarding earnings will result in the payment of a € 0,095 dividend per share.

Stock option plan

On the 23rd January 2006, the Shareholders deliberated to grant the board of directors all the necessary powers for the implementation of the Incentive Plan subsequent to the Company's listing, aimed towards management incentive and retention and, more specifically:

> grant the administrators, for the maximum period of five years, in accordance with article 2443, second comma, of the civil code, the authority to increase the share capital by payment, once or more, with a subsequent issue of ordinary shares , having a regular dividend entitlement, to be offered by subscription to the employees of the Company or the subsidiaries, at the discretion of the board of directors, excluding the right of option in accordance with provision of article 2441, last comma , of the civil code, up to a maximum of Euro 115.500, by the issue of the maximum number of 462.000 ordinary shares; the board of directors will establish, by means of specific resolutions, the terms of the share subscription and that, in the event of the agreed increase not being subscribed within the deadline set down each time for the purpose, the capital will be increased by an amount corresponding to the subscriptions collected until the maturity date of this term.

35. The Consolidated Financial Statement of the Issuer as at 31 December 2004 re-displayed according to the IFRS principles adopted by the European Union.

35.1 Introduction

Following the coming into effect of the European Rule n° 1606/2002 enacted by the European Parliament and the European Council in July 2002, companies with stock admitted to trading in an organised financial market in one of the Member States of the European Union must prepare their Consolidated Financial Statements for 2005 in compliance with international financial accounting principles (IFRS) enacted by the International Accounting Standard Board (IASB) and approved by the European Union.

The legislative decree n° 38 of 28 February 2005, containing the provisions for the implementation of Law n° 306 of 31st October 2003, establishes the option for non-listed companies preparing their consolidated financial statements to voluntarily adopt the international financial accounting principles beginning from the year ended 31st December 2005.

The Bolzoni Group has decided to adopt this option and therefore the Group's consolidated financial statement as at 31st December 2005 has been prepared in compliance with the IFRS adopted by the European Union. The date of transition to the international accounting principles is therefore 1st January 2004. The last consolidated financial statement drawn up according to Italian Accounting Principles refers to the financial year ended 31st December 2004.

Having said that and taking into account the Recommendations of the CESR (Committee of European Securities Regulators) published on 30th December 2003 with the guidelines for companies listed in the EU area with reference to the procedure of transition to IFRS, as well as the Rules for Issuers, as modified by CONSOB with Resolution n° 14990 on 14th April 2005, following, moreover, the adoption of the International Accounting Principles for the preparation of the periodical statement, below is a description of the information required by IFRS 1 (First time adoption of the International Financial Reporting Standards).

More specifically, this information covers the impact that conversion to the IFRS has produced on the consolidated equity and financial situations, on the consolidated economic trend and on the presented consolidated financial flows. For the purpose of presenting the effects of transition to IFRS and in order to meet the disclosure rules in paragraphs 39 a) and b) and 40 of IFRS 1 regarding the effects deriving from the first-time adoption of the IFRS, the Bolzoni Group has followed the example contained in the international accounting standard IFRS 1 IG 63. To this end the following has been prepared:

- financial figures re-issued in compliance with IFRS and which comprise the consolidated balance sheet as at 31st December 2004, the consolidated income statement, the consolidated cash-flow statement and the sheet with variations to consolidated net equity for the year ended 31st December 2004;
- the accounting principles and the evaluation methods refer to the rules for the adoption of the IFRS and the selected principles;
- the IFRS consolidated balance sheets as at 1st January 2004 and 31st December 2004 and the consolidated income statement for year 2004, indicating the adjustments made for the purpose of the reclassification according to the IFRS;
- comments and adjustments made to the consolidated balance sheet as at 1st January 2004 and 31st December 2004 and the consolidated income statement for the year 2004;
- the sheets with reconciliation between consolidated net equity, consolidated economic result and the net consolidated financial position according to Italian Accounting Principles and those drawn up in accordance with the IFRS:
  - at the date of transition to IFRS (1st January 2004);
  - at 31st December 2004 and for the year ended 31st December 2004;
- comments to the reconciliation tables.

FIRST TIME ADOPTION OF IFRS PRINCIPLES

35.2 Consolidated financial statement re-displayed in accordance with IFRS as at 31st December 2004

Consolidated balance sheet re-displayed in accordance with IFRS at 31st December 2004

(Thousand of Euro)	31/12/2004
ASSETS	
Non current assets	
Property, plant and machinery	16.281
Goodwill	8.336
Intangible fixed assets	1.808
Investment in Associated companies assessed on N.E \	392
Credits and other financial assets	153
Financial assets held to maturity	1.316
Deferred tax assets	1.803
Total non current assets	**30.089**
Current assets	
Inventory	16.833
Trade receivables	19.758
Tax receivables	82
Other receivables	887
Cash and cash equivalent	4.439
Total current assets	**41.999**
TOTAL ASSETS	**72.088**
NET GROUP EQUITY	
Share capital	5.319
Reserves	12.183
Result of the period	2.652
TOTAL NET GROUP EQUITY	**20.154**
NET THIRD PARTY EQUITY	
Capital, reserves and retained earnings	(39)
Result of the period	(8)
TOTAL NET GROUP AND THIRD PARTY EQUITY	**20.107**
LIABILITIES	
Non current liabilities	
Long term loans	13.520
T.F.R. provision (retirement allowance)	2.923
Deferred tax liability	1.092
Contingency and expenses provision	126
Total non current liabilities	**17.661**
Current liabilities	
Trade payables	17.902
Payables towards banks and curent portion of long term loans	11.614
Other payables	3.945
Tax payables	746
Current portion of contingency provision	113
Total current liabilities	**34.320**
TOTAL LIABILITIES	**51.981**
TOTAL NET EQUITY AND LIABILITIES	**72.088**

Consolidated income statement re-displayed in accordance with IFRS for the year ended 31st December 2004

INCOME STATEMENT (Thousands of Euro)	2004
Turnover	83.973
Other operating revenue	1.141
Total revenue	**85.114**
Costs for raw material and consumables	(30.244)
Costs for services	(23.072)
Personnel expenses	(22.011)
Other operating expenses	(931)
Result of associated companies assessed at N.E.	79
Gross operating result	**8.935**
Amortisation	(2.850)
Provisions and write-downs	(154)
Operating results	**5.931**
Financial income and expenses	(1.017)
Exchange rate earnings and losses	(377)
Result before tax	**4.537**
Income tax	(1.893)
Result of the period	**2.644**
Attributable to:	
- Group	2.652
- Third parties	(8)

Consolidated cash flow statement re-displayed according to IFRS for the year ended 31 December 2004

Consolidated Cash Flow Statement (Thousands of Euro)	Note	2004
Net profit of the year		**2.652**
Adjustments to reconcile net profit with cash flows generated (used) by operating activities:		
Amortisation		2.850
Net variation in TFR provision (retirement allowance)		325
Net variation of contingency and charges provision		-148
Net variation of deferred tax		324
Net variation of investments assessed at N.E.		78
Variations in operating assets and liabilities:		
Increase (decrease) in inventory		-1.584
Increase (decrease) in trade receivables		-1.300
Increase (decrease) in other receivables		193
Increase (decrease) in trade payables		5.215
Increase (decrease) in other payables		454
Increase (decrease) in tax payables		183
Increase (decrease) in tax receivables		634
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	a)	**9.877**
Cash flows generated by investment activity:		
Net investments in tangible activities		-4.982
Net investments in intangible activities		-80
NET CASH FLOW USED FOR INVESTMENT ACTIVITIES	b)	**-5.062**
Cash flows generated by financial activities:		
New loans (repayment) and transfer of short term portions to current liabilities		-1.838
Net variation of other non current financial assets/liabilities		-27
Dividends paid		-1.064
Other variations to net equity and third party interests		-148
CASH FLOW GENERATED (USED) BY FINANCING ACTIVITIES	c)	**-3.078**
EFFECT OF EXCHANGE RATES ON THE NET LIQUID FUNDS		
NET INCREASE (DECREASE) IN NET LIQUID FUNDS	a)+b)+c)	**1.737**
NET LIQUID FUNDS AT START OF THE YEAR		-545
NET LIQUID FUNDS AT END OF THE YEAR		1.192
VARIATION		1.737
ADDITIONAL INFORMATION:		
Interest paid		970
Income tax paid		531

Table showing the variations to Consolidated Net Equity re-displayed in conformity with the IFRS for the financial year ended 31st December 2004

	Capital	Share prem. reserve	Legal Reserve	Retained earnings	Exch.rate Translation differences	Year result	Total Net Equity pertaining to Group	Third party capital	Third party result	Total Net Equity
Balance as at 1 January 2004	**5.319**	**5.278**	**405**	**8.559**	**-1.013**	**-**	**18.548**	**-37**	**-**	**18.511**
Profit allocation			58	-58			-	-2		-2
Translation reserve variation					-94		-94			-94
Dividends				-1.064			-1.064			-1.064
Other variations				112			112			112
Year result						2.652	2.652		-8	2.644
Balance as at 31 December 2004	**5.319**	**5.278**	**463**	**7.549**	**-1.107**	**2.652**	**20.154**	**-39**	**-8**	**20.107**

35.3 Application rules, accounting options used during the IFRS adoption phase and the selected IFRS accounting principles

As established by IFRS 1, at the date of transition to the new principles (1 January 2004) a consolidated balance sheet was drawn up in which:

- all the possible assets and liabilities accountable for on the basis of the new principles were recognised;
- those items previously indicated in the balance sheet using methods other than IFRS were reclassified;
- the IFRS were applied in the assessment of all the recognised assets and liabilities.

The effect that adjustment to the new principles produces on the initial balance of assets and liabilities is reflected on the initial net equity at the date of transition, less the tax effect, taken either to deferred tax provision or to deferred tax assets.

During first-time application (1 January 2004), it became necessary to make some choices between the options offered by IFRS, as indicated below.

Method for presenting the statements forming the balance sheet

For the consolidated balance sheet tables the current/non-current method was adopted, showing the single items on the basis of a financial classification at growing liquidity. As mentioned, the consolidated income statement presents a cost classification according to their nature.

The discretionary exemptions provided by IFRS 1 during the first-time adoption are:

- Benefits to employees: actuarial earnings and losses accumulated from the start of plans up to transition date to IFRS have been entirely recognised in net equity.

- Provision for net exchange rate differences deriving from the translation of the foreign financial statements: the accumulated net exchange rate differences deriving from previous translations of foreign financial statements have been presumed to be nil at the date of transition (1 January 2004); the translation differences arising after that date are however recognised.

- Business combination : business combination operations previous to the transition date have not been subjected to retrospective review which establishes the redetermination of the current value of assets and liabilities referred to the moment of their acquisition by the Group.

- Assessment of property, plant, machinery and tangible assets according to fair value or alternatively, the fair value of revaluation as deemed cost: for certain categories of assets the reviewed cost was adopted as substitute cost, in accordance with the previous accounting principles.

Selected accounting processing within the accounting options established by IFRS

The IFRS accounting principles and evaluation criteria, applied in the preparation of the balance sheet as at 1 January 2004 and 31 December 2004, are illustrated in the explanatory notes to the Financial Statement as at 31 December 2005, and more details are given in paragraph 20.2.2.

It should be noted that the Group has adopted, as of 1 January 2004, the classification and the assessment of financial instruments according to IAS 32 (Financial Instruments: presentation in the financial statement and disclosures) and 39 (Financial Instruments: recognition and assessment) as optionally permitted.

The adjustments required by IFRS are illustrated in detail in the explanatory notes presented in the next paragraphs.

FIRST TIME ADOPTION OF IFRS PRINCIPLES

35.4 Effects on the balance sheet as at 1 January 2004 following the adoption of IFRS

BALANCE SHEET AS AT 01 JANUARY 2004 (thousands of Euro)	Note	Reclassified Italian Accounting Principles	Effects of transition to IFRS	IFRS Principles
ASSETS				
Non current assets				
Property, plant and machinery	*1*	14.079	70	14.149
Goodwill		8.336	-	8.336
Intangible fixed assets	*2*	1.843	(115)	1.728
Investment in associated companies assessed on N.E.	*3*	315	(2)	313
Credits and other financial assets		188	-	188
Financial assets held to maturity		1.255	-	1.255
Deferred tax assets	*4*	1.286	436	1.722
Total non-current asets		**27.302**	**389**	**27.691**
Current assets				
Inventory		15.249	-	15.249
Trade receivables		18.458	-	18.458
Tax receivables		717	-	717
Other receivables		1.080	-	1.080
Cash and cash equivalent		1.756	-	1.756
Total current assets		**37.260**	**-**	**37.260**
TOTAL ASSETS		**64.562**	**389**	**64.951**
NET GROUP EQUITY				
Share capital		5.319	-	5.319
Reserves		11.473	401	11.874
Result of the period		1.355	-	1.355
TOTAL NET GROUP EQUITY		**18.147**	**401**	**18.548**
NET THIRD PART EQUITY				
Capital, reserves and retained earnings		29	-	29
Result of the period		(66)	-	(66)
TOTAL NET GROUP AND THIRD PARTY EQUITY		**18.110**	**401**	**18.511**
LIABILITIES				
Non-current liabilities				
Long term loans	*5*	17.244	(24)	17.220
T.F.R. provision (pension fund)	*6*	2.708	(110)	2.598
Deferred tax liability	*7*	651	36	687
Contingency and charges provision		197	-	197
Total non-current liabilities		**20.800**	**(98)**	**20.702**
Current liabilities				
Trade payables		12.687	-	12.687
Payables towards banks and current portion of long term loans	*5*	8.814	(8)	8.806
Other payables	*8*	3.398	94	3.492
Tax payables		563	-	563
Current portion of long term provisions		190	-	190
Total current liabilities		**25.652**	**86**	**25.738**
TOTAL LIABILITIES		**46.452**	**(12)**	**46.440**
TOTAL NET EQUITY AND LIABILITIES		**64.562**	**389**	**64.951**

Explanatory notes

1. Property, plant and machinery: this adjustment (Euro 70 thousand) is due to the carrying of the 'buy-back agreements', drawn up between the American subsidiary Brudi Bolzoni Auramo Inc. and some of its customers, according to the rules established by the IFRS principles.

   These contracts establish the sale of fork lift truck attachment to customers, giving them the right to exercise the option of returning the attachments to the Group when the contract expires.

2. Intangible fixed assets: these adjustments (Euro 115 thousand at 1 January 2004) refer to the derecognition of long-term charges (Euro 17 thousand), expenses incurred for the increase in share capital (Euro 25 thousand), costs for research (Euro 19 thousand) and consultancy costs for the implementation of the Internet website (Euro 27 thousand), as the above costs do not possess the requisites for capitalization as established by IAS 38. Furthermore, the overall adjustment includes the reversal of loan charges (Euro 27 thousand) which instead are considered in the assessment of the loans with the amortised cost method.

3. Investment in associated companies assessed on N.E.: this adjustment amounting to Euro 2 thousand is due to the assessment of the associated companies Auramo South Africa (write-down of Euro 48 thousand) and Eurolift P.t.y. (revaluation of Euro 46 thousand) according to the net equity method, using the associated companies' equity at the consolidated balance sheet date.

4. Deferred tax assets: the higher deferred tax assets carried for the purposes of IFRS, determine an increase in the assets of Euro 436 thousand at 1 January 2004. This increase is mainly due the deferred tax carried on previous losses produced by the American subsidiary (tax amounting to Euro 194 thousand) and the Australian subsidiary (tax amounting to Euro 63 thousand). The remainder (Euro 179 thousand) refers to tax determined on the IFRS adjustments as described in the above points.

   With respect to the consolidated financial statement prepared according to the Italian accounting principles, this item has been reclassified in the non-current assets, as established by IFRS.

5. Long term loans (including the current portion classified in Current Liabilities): these adjustments (Euro 32 thousand; Euro 8 thousand of which are classified in the Current Liabilities) reflect the application of the amortised cost method to medium and long term loans.

6. T.F.R. provision (retirement allowance): the Italian principles require the recognition of the T.F.R. liability on the basis of the nominal debt matured at the balance sheet date. IAS 19 classifies the T.F.R. retirement allowance under "post-employment benefits" as it is considered a defined benefit scheme. This means that the matured liability must be assessed with actuarial methods using the "Projected unit credit method" which establishes the projection of future expenditures on the basis of statistical analysis of the past, and the demographic curve and the financial discounting of these flows on the basis of market interest rate. Thus, the current value of the Group's T.F.R. provision as at 1 January 2004 is Euro 110 thousand less, compared to the corresponding value determined under Italian Accounting Principles.

7. Deferred tax liability: this adjustment (Euro 36 thousand) reflects the negative tax effect on the adjustment mentioned in the previous point.

8. Other debts: this adjustment, amounting to Euro 94 thousand, is solely attributable to deferred liability deriving from the recognition of the buy-back agreements in accordance with IFRS (refer to contents of note 1). Transition to IFRS principles has also meant the reclassification of the VAT debt from tax payable to this item, as the tax payable item includes only debts related to income tax. The same accounting procedure has been followed for the tax receivables in the current assets.

35.5 Effects on the 2004 income statement following the adoption of IFRS

INCOME STATEMENT (Thousand of Euro)	Note	Reclassified Italian Accounting Principles	Effects of conversion to IFRS	IFRS principles
Turnover	*1*	84.089	(116)	83.973
Other operating revenue	*2*	561	580	1.141
Total revenue		**84.650**	**464**	**85.114**
Costs for raw material and consumables		(30.244)	-	(30.244)
Costs for services		(23.072)	-	(23.072)
Personnel costs	*3*	(22.060)	49	(22.011)
Other operating costs		(931)	-	(931)
Result of associated companies assessed at N.E.	*4*	50	29	79
Gross operating results		**8.393**	**542**	**8.935**
Amortisation	*5*	(3.305)	455	(2.850)
Provisions and write-downs		(154)	-	(154)
Operating result		**4.934**	**997**	**5.931**
Financial income and earnings	*6*	(889)	(128)	(1.017)
Exchange rate earnings and losses		(377)	-	(377)
Result before tax		**3.668**	**869**	**4.537**
Income tax	*7*	(1.965)	72	(1.893)
Result of the period		**1.702**	**941**	**2.644**
Attributable to:				
- Group		1.710		2.652
- Third parties		(8)		(8)

Explanatory notes

1. Turnover: the Euro 116 thousand decrease in turnover is due to carrying of the buy-back agreements according to IFRS as described in Note 1 of paragraph - 20.3.4.

2. Other operating revenue: this adjustment, amounting to Euro 580 thousand, mainly refers to the capitalization of development costs incurred during the year, and recognised according to the IFRS principles. The development costs incurred with regards to a particular project are capitalized when all the following conditions are observed:

   - costs can be reliably determined;
   - the technical feasibility of the product can be demonstrated;
   - the expected quantities and prices indicate that the costs incurred during the development phase can generate future economic benefits;
   - adequate technical and financial resources are available in order to complete the development of the project.

   The capitalized development costs are amortised on the straight line basis, beginning from the start of production and along the expected life of the product.

3. Personnel expenses: the different accounting procedure of benefits to employees, on the basis of recalculation of the TFR using actuarial methods, results in a Euro 49 thousand decrease in personnel expenses.

4. Result of associated companies assessed at N.E.: the adjustment amounts to Euro 29 thousand and is due to the assessment of the associated companies Auramo South Africa and Eurolift P.t.y., according to the net equity method.

5. Amortisation: this adjustment amounts to Euro 455 thousand and is mainly made up of reversal of the Finnish subsidiaries goodwill amortisation (Euro 475 thousand) and the derecognition of the intangible fixed assets, which do not have the necessary requisites for capitalization as established by IAS 38 (Note 1 of paragraph 20.3.4.). The adjustment made to this item is net of amortisation deriving from the capitalization of development costs (Euro 42 thousand) and net of amortisation (amounting to Euro 44 thousand) on the fork lift truck attachments sold through buy-back agreements.

6. Financial income and expenses: this adjustment (Euro 128 thousand) mainly reflects the Euro 118 thousand negative impact following the discounting of the T.F.R. provision as at 31 December 2004. The remaining part refers to the application of the amortised cost method to medium and long term loans.

7. Tax for the financial year: this adjustment (Euro 72 thousand) reflects the positive net tax effects on the adjustments previously illustrated.

35.6 Effects on the balance sheet as at 31 December 2004 following the adoption of IFRS

BALANCE SHEET AS AT 31 DECEMBER 2004 (Thousands of Euro)	*Nota*	Reclassified Italian Accounting Principles	Effects of conversion to IAS/IFRS	IAS/IFRS Principles
ASSETS				
Non-current assets				
Property, plant and machinery	*1*	16.138	143	16.281
Goodwill	*2*	7.848	488	8.336
Intangible fixed assets	*3*	1.474	334	1.808
Investments in associates assessed at N.E.	*4*	365	27	392
Credits and other financial assets		153	-	153
Financial assets held until maturity		1,316	-	1.316
Deferred tax assets	*5*	1.110	693	1.803
Total non-current assets		**28.404**	**1.685**	**30.089**
Current assets				
Inventory		16.833	-	16.833
Trade receivables		19.758	-	19.758
Tax receivables		82	-	82
Other receivables		887	-	887
Cash and cash equivalents		4.439	-	4.439
Total current assets		**41.999**	**-**	**41.999**
TOTAL ASSETS		**70.403**	**1.685**	**72.088**
NET GROUP EQUITY				
Share capital		5.319	-	5.319
Reserves		11.780	403	12.183
Result of the period		1.710	942	2.652
TOTAL NET GROUP EQUITY		**18.809**	**1.345**	**20.154**
NET THIRD PARTY EQUITY				
Capital, reserves and retained earnings		(39)	-	(39)
Result of the period		(8)	-	(8)
TOTAL NET GROUP AND THIRD PARTY EQUITY		**18.762**	**1.345**	**20.107**
LIABILITIES				
Non current liabilities				
Long term loans	*6*	13.537	(17)	13.520
T.F.R. provision	*7*	2.964	(41)	2.923
Deferred tax liability	*8*	871	221	1.092
Continency and charges provision		126	-	126
Total non current liabilities		**17.498**	**163**	**17.661**
Current liabilities				
Trade liabilities		17.902	-	17.902
Payables towards banks and current portion of long terms loans	*6*	11.628	(14)	11.614
Other payables	*9*	3.754	191	3.945
Tax payables		746 -	-	746
Current portion of long term provisions		113 -	-	113
Total current liabilities		**34.143**	**177**	**34.320**
TOTAL LIABILITIES		**51.641**	**340**	**51.981**
TOTAL NET EQUITY AND LIABILITIES		**70.403**	**1.685**	**72.088**

Explanatory Notes

1. Property, plant and machinery: this adjustment (Euro 143 thousand) is only due to carrying of the buy-back agreements drawn up between the American subsidiary Brudi Bolzoni Auramo Inc. and some of its clients, as established by the IFRS principles.

2. Goodwill: this adjustment (Euro 488 thousand) refers to the reversal of the goodwill amortisation of the Finnish subsidiary (Euro 475 thousand) and the German subsidiary (Euro 13 thousand).

3. Intangible fixed assets: these adjustments (Euro 334 thousand) refer to the capitalization of development costs for Euro 450 thousand (Euro 211 thousand for the Parent and Euro 239 thousand for Auramo Oy) and the derecognition of long-term charges (Euro 29 thousand), charges on loans (Euro 29 thousand), and the remainder for expenses incurred for share capital increase and development costs. The derecognised costs do not have the necessary requisites for capitalization as requested by IAS 38.

4. Investments in associates assessed at N.E.: adjustment amounting to Euro 27 thousand is due to the assessment of the associated companies Auramo South Africa (write down of Euro 42 thousand) and Eurolift P.t.y. (reassessment of Euro 69 thousand) according to the net equity method, using the equity value of the associated companies at consolidated balance date, in line with IFRS.

5. Deferred tax assets: the recognition of higher deferred tax for the purpose of IFRS, determines an increase in assets at 31 December 2004 for the amount of Euro 693 thousand. This increase is mainly due to the recognition of deferred tax on past losses of the American subsidiary (tax amounting to Euro 431 thousand) and the Australian subsidiary (tax amounting to Euro 91 thousand). The remainder is the positive tax effect of the IFRS adjustments described in the previous points. Compared to the Consolidated Financial Statement prepared according to Italian Accounting Principles, receivables from higher deferred tax are reclassified under Non-Current Assets, as established by IFRS.

6. Long term loans (including the current portion classified under Current Liabilities): these adjustments (Euro 31 thousand, Euro 14 thousand of which are classified under Current Liabilities) reflect the application of the amortised cost method on medium and long term loans.

7. T.F.R. provision: this adjustment (Euro 41 thousand) refers to the discounting effect of the T.F.R. provision.

8. Deferred tax liability: this adjustment (Euro 221 thousand) represents the net tax effect on the above mentioned adjustments.

9. Other debts: this adjustment, amounting to Euro 191 thousand, is solely due to deferred revenue deriving from recognition of the buy-back agreements according to IFRS.

35.7 Effects on the consolidated net equity as at 1 January 2004 and 31 December 2004 and on the consolidated income statement for 2004 following adoption of IFRS: summary

(figures in thousands of Euro)	Net equity as at 1 January 2004	Net Equity as at 31 December 2004	Net Earning for year 2004
Parent's Portion according to Italian Principles	**18.147**	**18.809**	**1.702**
Adjustments to items according to IAS/IFRS:			
1 – Property, plant and machinery	70	143	73
2 – Intangible fixed assets	(115)	334	449
3 – Investment in associates assessed at NE	(2)	27	29
4 – Deferred tax assets	436	693	257
5 – Application of amortised cost	32	31	(1)
6 – Discounting TFR	110	41	(69)
7 – Other debts	(94)	(191)	(97)
8 – Goodwill	-	488	488
9 – Deferred tax liability	(36)	(221)	(185)
Parent's portion according to IAS/IFRS	**18.548**	**20.154**	**1.606**

Explanatory notes

1. Property, plant and machinery: this adjustment is solely due to the sale contracts for fork lift truck attachments with buy-back option, as drawn up between the American subsidiary Brudi Bolzoni Auramo Inc. and some of its clients, and the revenue produced is apportioned over the contract's length as established by IFRS. The adjustment includes the maintenance of the sold assets, accounted for in the Group's assets, and is also recorded under Other Debts, also including the sales margins to be apportioned.

2. Intangible fixed assets: this item includes the accumulated effect of the reversals of non capitalizable long-term charges according to IFRS and the capitalization of development costs. The effect on the year 2004 is determined by the said capitalization of development costs less the related amortisation, together with the adjustment of amortisation of the reversed long-term charges.

3. Investments in associated companies assessed at N.E.: this refers to the effects of IFRS on the accounting figures of the associated companies, affecting the application of the net equity method previously described in the notes to the analytical reconciliation tables.

4. Deferred tax assets: the adjustment refers to the recognition of deferred tax assets on the tax losses carried forward by the American and Australian subsidiaries.

5. Loans: adjustment referring to the application of the previously described amortisation cost method.

6. T.F.R. provision: refers to the actuarial assessment of the previously commented TFR provision.

7. Other debts: the reconciliation item represents the contra-entry of the adjustments in the balance sheet as described in Note 1.

8. Goodwill: Goodwill amortisation was adjusted during the year 2004, producing a corresponding effect on the income statement and the balance sheet.

9. Tax effects on the reconciled items: the item comprises the deferred tax effect of the adjustments mentioned in the previous points.

35.8 Effects on the net financial position as at 1 January 2004 and 31 December 2004 following adoption of IFRS: Summary

	01.01.04	31.12.04
Net financial position according to Italian Accounting Principles	**(23.047)**	**(19.410)**
Adjustment deriving from the application of amortised cost to loans	32	31
Net financial position according to International Accounting Principles	**(23.015)**	**(19.379)**

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 31.12.2005

Gentlemen,

Following the coming into effect of the European Rule n° 1606/2002 and the legislative decree n° 38 dated 28th February 2005 giving the possibility to unlisted companies to adopt the international accounting principles to the preparation of the consolidated financial report as of 31.12.2005, the Bolzoni Group has decided to apply this option and has therefore prepared the consolidated group financial statement for year ended 31.12.2005 according to the IAS/IFRS.

The accounting principles used for the present financial statement are therefore those officially approved by the European Union and ruling on 31 December 2005. It should be noted that the company has decided to apply IAS 39 (Financial instruments: recognition and measurement) and IAS 32 (Financial instruments: disclosure and presentation) starting from 1st January 2004, which is the transition date to the international accounting principles.

The consolidated financial statement prepared in this way has been submitted to us for examination and check.

We can state the following.

The financial statement shows a total profit of € 4.359 thousand consisting of a group profit corresponding to € 4.350 thousand and a third party profit of € 9 thousand (30% investment in Bolzoni Auramo srl, 40% investment in Bolzoni Auramo Polska, 40% investment in Bolzoni Auramo Shanghai and 49% investment in Bolzoni Auramo B.V.) and may be summarized as follows:

BALANCE SHEET

Assets	€	74.587
Liabilities and funds	€	50.788
Capital and group reserves	€	23.653
Capital, reserves and third party results	€	146
Total liabilities, funds and capital	€	74.587

INCOME ACCOUNT

Production value	€	95.783
Production costs	€	- 88.387
Diff.between prod.value and costs	€	7.396
Income and financial charges	€	177
Result before tax	€	7.573
Income tax for financial period	€	- 3.213
Profit of the year	€	4.358
Result of trading activities	€	1
Result of the year	€	4.359
Third party loss	€	9
Group result	€	4.350

The values refer to the year ended 31st December 2005, the balance sheet date for all the Group companies, all 100% owned by Bolzoni SpA with the exception of Bolzoni Auramo s.r.l. where Bolzoni has a 70% stake, Bolzoni Auramo Polska owned 60%, Bolzoni Auramo Shanghai owned 60% and Bolzoni Auramo B.V. owned 51%.

Through the audit and the analysis of the book-keeping entries, the documents and the information transmitted by the companies subject to 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 the management trend as a whole and, analytically, also in the various areas in which the group companies 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) detains the majority of voting rights;

b) the net equity method for those companies associated 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, March 16th 2006

THE BOARD OF AUDITORS
(original in Italian signed by)

Dott. Benvenuto Girometti

Dott. Giorgio Picone

Dott. Fiorenzo Salvini

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders of
Bolzoni S.p.A.

We have audited the consolidated financial statements of Bolzoni S.p.A. and its subsidiaries (the Bolzoni Group) as of and for the year ended December 31, 2005, comprising the consolidated balance sheet, the consolidated statements of income, changes in shareholders' equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. These consolidated financial statements have been prepared for the purpose of their inclusion in the Italian Listing Prospectus for the admission of the ordinary shares of the Company to the Italian stock exchange ("MTA – Star segment"). Upon exercise by management of the faculty given by Article n. 3, Paragraph n. 2 of Law Decree n. 38 of February 28, 2005, these consolidated financial statements represent the first consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

We conducted our audit in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary 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 consolidated financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

With respect to the comparative consolidated financial data for the year ended December 31, 2004, restated in accordance with IFRS as adopted by the European Union, reference should be made to our report dated March 8, 2006.

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.259.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

In our opinion the consolidated financial statements of the Bolzoni Group referred to above, prepared for the sole purposes of their inclusion in the Italian Listing Prospectus, as required by Rule 809/2004/CE, and having exercised the faculty given by Article n. 3, Paragraph n. 2 of Law Decree n. 38 of February 28, 2005, give a true and fair view of the consolidated financial position of the Bolzoni Group as of December 31, 2005 and the consolidated results of its operations and its cash flows for the year then ended, in conformity with IFRS as adopted by the European Union.

Brescia, March 8, 2006

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

The Group's Activity

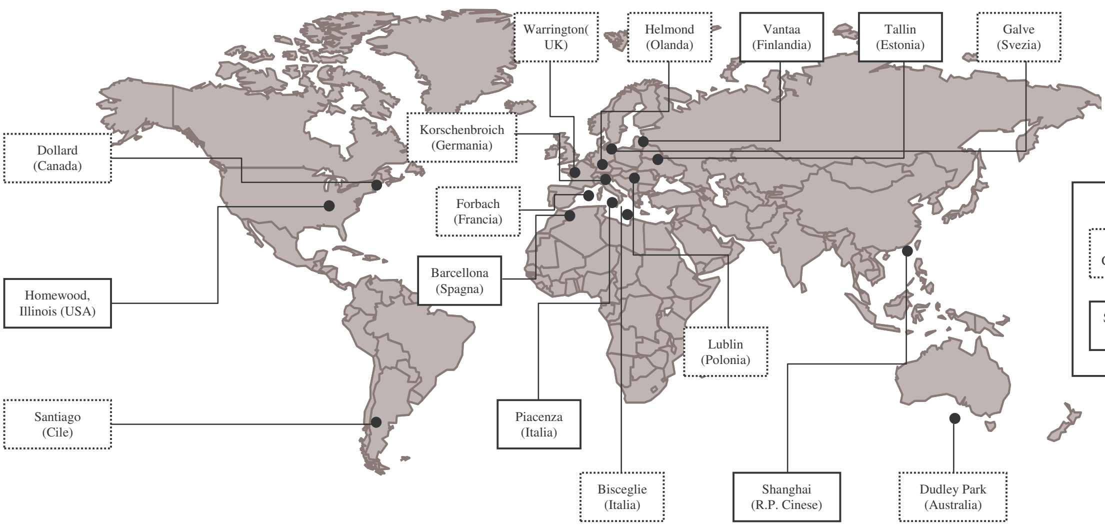
Bolzoni has been active since the early fifties in the engineering, manufacturing and marketing of attachments for fork lift trucks and industrial material handling, a sector leading back to the far vaster area of logistics which, also thanks to today's globalization process, shows important margins of growth.

Today Bolzoni's products are present in over forty countries worldwide, occupying a position of *leadership* in the European market of attachments for fork lift trucks and the second leading manufacturers of these products worldwide.

The Group offers a wide range of products employed in the material handling industry and, in particular, attachments for fork lift trucks, lifting tables and hand pallet trucks.

Bolzoni controls, either directly or indirectly, 15 companies, all included in the Group's consolidation area, located in different parts of the world, six of which are manufacturing plants (including the group headquarters) situated in Italy, Finland, United States of America, Estonia, Spain and China and ten with a uniquely commercial and distribution activity, directly supporting the principal world markets of logistics and goods handling.

The graph below illustrates the presence worldwide of the Group companies, giving work to 541 people (on 31st December 2005).

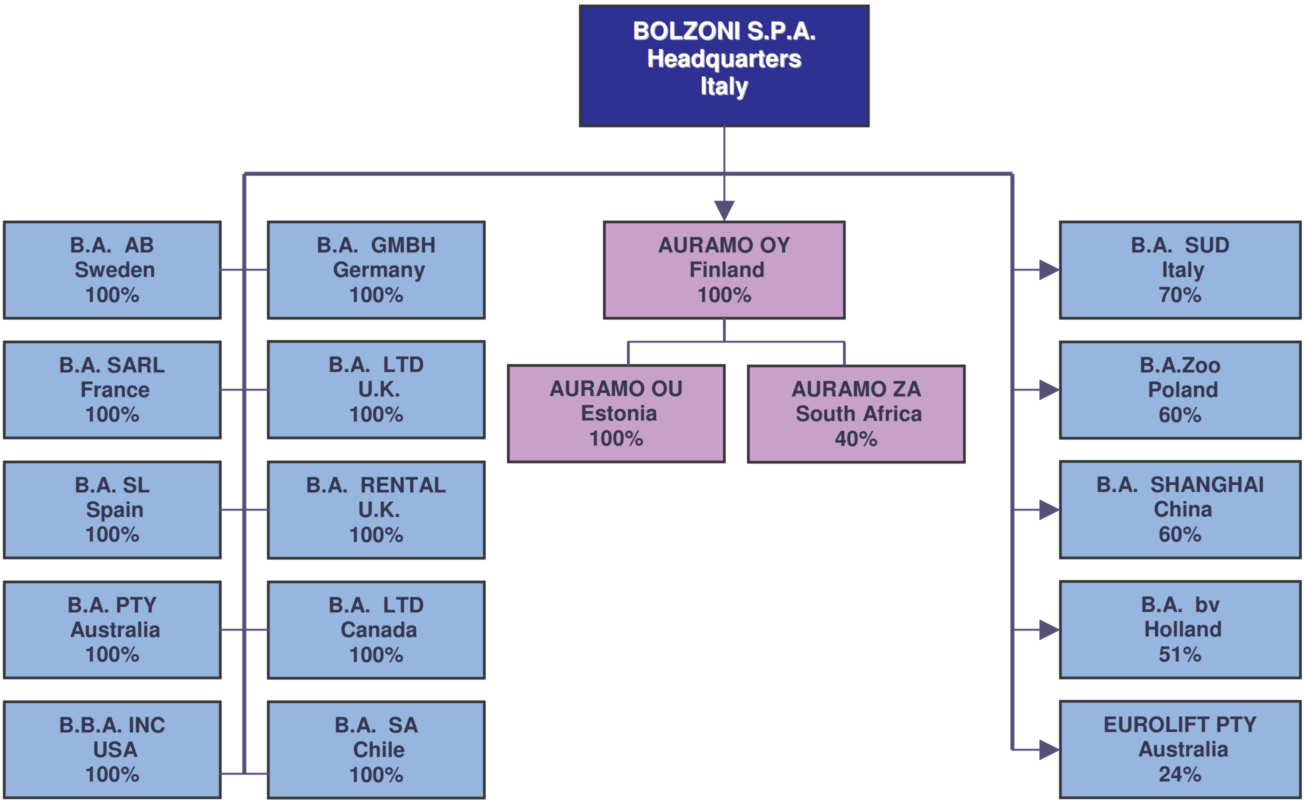


Shareholders

Shareholder	% Stake
Emilio Bolzoni	24,98%
Franco Bolzoni	9,51%
Luigi Pisani	14,27%
Roberto Scotti	12,12%
Pierluigi Magnelli	4,76%
Banca Intesa	28,36%
Karl Peter Staack	6,00%

No Group shares were either sold or bought during the course of the financial year.

Group Structure



Through its subsidiaries and associated companies the Group controls 80% of the market.
Five of the subsidiary companies are also production plants (Italy, Spain, Finland, USA, China), as well as taking care of the market in their area of competence

Only one company (Auramo OU Estonia) has an exclusively manufacturing activity and works as sub-supplier to the Finnish company Auramo Oy.

During the financial year 2005 the following variations to the Group structure took place:

- Sale of the stake in Hydronika bv
- Transfer of attachment transfer activity from Bolzoni Auramo Rental UK to Bolzoni Auramo Ltd UK (during the course of the financial year 2006 Bolzoni Auramo Rental will be completely shut down)

The benchmark market and competitors

The fork lift truck attachment market is a dense one, 90% of which is covered by four manufacturers (Cascade, Bolzoni, Kaup and Meyer).

With reference to the fork lift truck attachment market as a whole, Bolzoni (with approximately 30% of the market) holds the leading position in the European market followed by the Cascade Corporation, whereas on a worldwide level it occupies the second position (with a market share of about 20%) behind Cascade Corporation (occupying approximately 50%).

The third and fourth positions both in Europe and the World are held by Kaup and Meyer (German manufacturers).

Bolzoni holds the leadership position worldwide with regards to the production of integral side shifters, supplied directly to the manufacturers of fork lift trucks (with a market share of around 81%).

The following table shows the Group's share of the world market referred to the turnover generated by the sale of attachments for fork list trucks (figures refer to year 2004 – source BAIN).

Manufacturer	Turnover *(Euro/millions)*	Market share worldwide for fork lift truck attachments
Cascade	180	~50,7%
BOLZONI	**69,77**	**~19,7%**
Kaup	52	~14,7%
Meyer	20	~5,6%
Others	33	~9,3%
Total	**355**	**100%**

With regards to the production and the sale of integrated side shifters, the Group occupies a position of leadership with a share of the related market reaching approximately 81%.

Success factors

The factors behind the Group's success can be summed up in the following 7 points:

Presence worldwide,

Leadership in the European attachment market

World Leadership in integral side shifters

Market of reference with ample prospects for growth

Ample and consolidated customer portfolio

Strongly defended sales and distribution network

Excellence and quality of products and production procedure

Human Resources

Number of employees

The following table indicates the overall number of people employed in the Group companies on 31st December 2005, 2004 and 2003, divided according to the main categories and also to area (Italy and abroad).

Category	31.12.2005			31.12.2004			31.12.2003		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Executives	4	26	30	5	26	31	4	25	29
White collar	95	125	220	98	119	217	97	117	214
Blue collar	149	138	287	152	127	279	150	125	275
Total	**248**	**289**	**537**	**255**	**272**	**527**	**251**	**267**	**518**

IAS/IFRS

In view of the company's listing project on the Computerized Stock Trading Market handled by Borsa Italiana S.p.A. (Italian Stock Exchange), the Financial Report at 31.12.2005 has been drawn up in accordance with the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) as approved by the European Commission.
In order to allow an effective comparison with the figures of the previous reports, the comparitive figures for financial year 2004 have also been prepared according to IAS/IFRS procedures.

	Italian GAAP	IAS/IFRS	Audit Level
Year 2003	✓		Fully audited
Year 2004	✓	✓	Fully audited
Year 2005		✓	Fully audited

With respect to the GAAP Italian standards, the variations have affected the following:

- Registration of development costs for Bolzoni S.p.A. and Auramo OY
- Reclassification of capitalized costs for additional loan charges
- Adjustment of TFR (Retirement allowance) subsequent to the actuarial process
- Registration of receivables for prepaid tax related to the past losses of BBA Inc USA and BA Australia
- Elimination of goodwill depreciation for the acquisition of Auramo OY
- Recalculation of stake values according to equity method in line with IAS/IFRS

The variations introduced for adjustment to IAS/IFRS are amply described in the FTA form attached to the Supplementary Consolidated Notes.

Significant facts which have marked the financial year 2005

For easier reading, unless otherwise specified, figures are indicated in thousand of Euro.

Turnover
As specified in detail in the analysis of the results of the Group companies, turnover increased by 11% in 2005 at a consolidated level.

Financial report indicators
Thanks to the increase in turnover and to a policy aimed at increasing efficiency, there has been a substantial improvement of all the indicators in the financial report.

	Al 31.12.2005		Al 31.12.2004	
	Bolzoni SpA	Consolidated	Bolzoni SpA	Consolidated
R.O.I.	13,34%	17,49%	9,47%	15,02%
R.O.E.	14,36%	18,28%	8,99%	13,19%

Cost of raw material
It is important to point out that the increase in cost of raw material still had a considerable effect during the first part of the financial year.
This cost increase however was transferred to the market and no longer affected the results of the second part of the year.
The results therefore derive from the sum of the first semester, with lower industrial margins, and the second semester, with higher margins.
This factor has particularly affected both the financial report's result of the manufacturing companies, and of the Group as well as, obviously, as a consequence, on the consolidated result.
During the course of the year the costs of raw material fell, even if only partially, with a tendency towards a relative stability during the last part of the year.

Trends in the benchmark market
According to the statistics issued by FEM (Fédération Européenne de la Manutention- European Federation of Materials Handling and Storage Equipment) the fork lift truck market, which we use as our benchmark, during 2005 dropped by 7,1% in Italy, and by 1,6% in Europe. Whereas in the USA it grew by 5,7% and in the rest of the world (including Europe and USA) it increased by 5,8%.
It is important to highlight the situation in a benchmark market like Germany where, during the last months of the year, there has been an important and positive change in trend.

Market share
The more than 11% increase in turnover was achieved in a market which in Europe (our main market of reference) experienced a drop of 1,6% and therefore, with an evident increase in our share of the market.

Dollar Exchange Rate
The Dollar exchange rate which so negatively affected the financial year 2004, after having closed on 31.12.2004 at 1,36 against the Euro, climbed rapidly and reached an average invoicing exchange rate with the parent company of 1,25, with an exchange rate of 1,18 on 31.12.2005.
The fluctuation in the exchange rates positively affects the financial report of Bolzoni SpA by an amount of 823 thousand Euro and by 992 thousand Euro on the Consolidated Financial Report.

EBITDA of the four quarters of 2005

The trend in the cost of raw material, the Euro/Dollar exchange rate and the time needed by our market for transferring higher raw material costs on to the sales prices have all affected the trend of margins during 2005 and therefore a considerable impact on the EBITDA of the various quarters.

For a proper comparison of the figures between the 2004 and the 2005 Financial Reports it is worth noting that the 8,4% EBITDA contained in the Bolzoni SpA 2004 Financial Report dropped to 7,2% in the first quarter of 2005, climbed up to 9,8% in the second quarter, went up again to 10,4% in the third quarter and reached 12,6% in the last quarter, as indicated in the table below.

	2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2005
EBITDA	8,4%	7,2%	9,8%	10,4%	12,6%	10,7%

The average EBITDA on the 2005 financial report was 10,7%

It should be noted that no exceptional and unrepeatable events occurred during the fourth quarter which could entirely or partly justify the improved result.

Economic figures of the group companies (in Euro)

	Turnover		EBITDA		Net Result	
	2004	2005	2004	2005	2004	2005
Bolzoni SpA	54.281	63.462	4.546	6.386	1.717	3.025
Auramo Finland	15.344	15.445	2.169	2.454	1.251	1.615
Bolzoni Auramo Sweden	2.411	2.217	145	199	79	106
Bolzoni Auramo Holland	1.332	2.054	-36	125	-56	112
Bolzoni Auramo Germany	8.065	7.442	231	125	131	88
Bolzoni Auramo UK	3.799	2.718	181	-133	167	-152
Bolzoni Auramo Rental UK	196	108	47	13	7	-53
Bolzoni Auramo Australia	1.434	1.221	-63	-44	-131	-31
Bolzoni Auramo Chile	253	202	5	-17	-3.	-24
Bolzoni Auramo France	8.092	10.346	552	883	334	566
Bolzoni Auramo Spain	8.471	10.282	-96	492	-291	174
Bolzoni Auramo Italy	2.100	1.938	89	67	35	17
Brudi Bolzoni Auramo USA	11.965	14.393	39	186	-395	-443
Brudi Bolzoni Auramo Canada	1.152	1.000	87	39	62	94
Bolzoni Auramo Poland	488	637	24	-4	24	-4
Bolzoni Auramo China	0	188	0	-113	0	-123
CONSOLIDATED	**83.973**	**94.697**	**8.934**	**10.734**	**2.644**	**4.359**

The growth in turnover has been achieved mainly thanks to Bolzoni S.p.A. but the subsidiaries in Holland, France, Spain , USA and Poland also gave their contribution.

A drop was recorded in Sweden, Germany, UK, Australia and Canada.

The other subsidiaries have had a more constant trend.

The increase in Bolzoni S.p.A.'s EBITDA has already been commented; the consolidated EBITDA increased by almost 20% and net profit by about 65%.

Within this excellent growth the positive results of Bolzoni S.p.A., as well as the French and Spanish subsidiaries stand out on the one side, and on the other, the negative result of the UK subsidiary, partly justified by a 13,2% slump in the market.

The results of our Chinese Subsidiary appear for the first time in the 2005 Consolidated financial report with a negative result obviously justified by the setting-up phase.

Investments during financial year 2005

As required by IAS/IFRS, the expenses for research and development have been capitalized only in the Consolidated financial report for the amount of 478 thousand Euro.

Investments 2005	Tangible	Intangible	Total Euro
Bolzoni S.p.A.	1.119	250	1.369
Auramo Finland	516	442	958
Bolzoni Auramo Sweden	74	0	74
Bolzoni Auramo Holland	2	0	2
Bolzoni Auramo Germany	33	0	33
Bolzoni Auramo UK	182	0	182
Bolzoni Auramo Rental UK	47	0	47
Bolzoni Auramo Australia	30	0	30
Bolzoni Auramo Chile	4	0	4
Bolzoni Auramo France	29	1	30
Bolzoni Auramo Spain	161	9	170
Bolzoni Auramo Italy	50	0	50
Brudi Bolzoni Auramo USA	49	5	54
Brudi Bolzoni Auramo Canada	39	0	39
Bolzoni Auramo Poland	30	0	30
Bolzoni Auramo Shanghai China	312	0	312
TOTAL	**2.677**	**707**	**3.384**

Inventory at 31.12.2005

	31.12.2005	31.12.2004
Bolzoni SpA	6.955	8.416
Auramo Finland	2.169	1.987
Bolzoni Auramo Sweden	322	457
Bolzoni Auramo Holland	120	186
Bolzoni Auramo Germany	1.166	1.065
Bolzoni Auramo UK	560	447
Bolzoni Auramo Rental UK	0	0
Bolzoni Auramo Australia	785	655
Bolzoni Auramo Chile	70	45
Bolzoni Auramo France	345	448
Bolzoni Auramo Spain	1.139	885
Bolzoni Auramo Italy	57	55
Brudi Bolzoni Auramo USA	5.674	3.706
Brudi Bolzoni Auramo Canada	385	365
Bolzoni Auramo Poland	115	48
Bolzoni Auramo China	718	0
CONSOLIDATED	**18.178**	**16.833**

Stock decreased substantially in Bolzoni S.p.A. despite increase in turnover. The considerable increase in turnover also justifies increase in stock in the Spanish subsidiary and, at least partly, in the US subsidiary.
In addition the stock in the newly incorporated Chinese subsidiary must also be taken into consideration. The increase in consolidated stock is the result of the sum of these variations.

2005 Financial Year Depreciation

The Bolzoni S.p.A. financial report for 2005 includes depreciation for 1.361.779 (Euro 1.222.765 in 2004).
The Consolidated financial report for 2005 includes depreciation for Euro 3.282.438 (Euro 2.873.616 in 2004).

Financial debts of Bolzoni S.p.A. and the group companies (in Euro)

	At 31.12.2005		At 31.12.2004	
	Bolzoni SpA	Consolidated	Bolzoni SpA	Consolidated
Short term	6.429	8.412	2.918	5.858
Medium/long term	9.792	10.078	13.050	13.520
TOTAL	**16.221**	**18.490**	**15.968**	**19.378**

Financial debts remained constant for Bolzoni S.p.A. and dropped by almost 900 thousand Euro at the consolidated level, despite the increase in turnover.

Net equity of the group companies (in Euro)

	Net Equity	
	2005	2004
Bolzoni SpA	21.067	19.106
Auramo Finland	8.354	6.836
Bolzoni Auramo Sweden	625	541
Bolzoni Auramo Holland	-59	-172
Bolzoni Auramo Germany	644	527
Bolzoni Auramo UK	66	211
Bolzoni Auramo Rental UK	9	24
Bolzoni Auramo Australia	-12	-73
Bolzoni Auramo Chile	-18	8
Bolzoni Auramo France	1.561	1.200
Bolzoni Auramo Spain	1.095	921
Bolzoni Auramo Italy	55	72
Brudi Bolzoni Auramo USA	1.311	1.540
Brudi Bolzoni Auramo Canada	231	107
Bolzoni Auramo Poland	96	45
Bolzoni Auramo China	303	0
CONSOLIDATED	**23.799**	**20.107**

Evaluation of stakes

The Bolzoni S.p.A. financial report includes write-down of the stakes in the subsidiaries Bolzoni Auramo Chile for the amount of 62 thousand Euro and Bolzoni Auramo Rental (UK) for 59 thousand Euro. It also includes the revaluation of stakes in the subsidiaries Bolzoni Auramo Germany for the amount of 72 thousand Euro and Bolzoni Auramo Holland for 61 thousand Euro.
The Consolidated Financial Report includes the revaluation of stakes in the associated companies Eurolift Australia for the amount of 19 thousand Euro and Auramo South Africa for the amount of 117 thousand Euro as the reasons for maintaining the previous write-downs no longer exist.
Both the write-downs and the revaluations have been calculated on the basis of the net financial report's results.

Sale of stake in Hydronika
The 24,5% stake in Hydronika was sold for the amount of 80 thousand Euro, in line with the book value.
Since the constitution of our Dutch subsidiary, our share in this company was no longer strategic.

Transactions with related parties

The following tables contain turnover figures, both for products and for interest, between the parent company Bolzoni S.p.A. and all the group companies:

Turnover from Bolzoni SpA to subsidiaries:	Products	Interest	Total Euro
Auramo Finland	482	0	482
Bolzoni Auramo Sweden	131	3	134
Bolzoni Auramo Holland	360	3	363
Bolzoni Auramo Germany	1.861	0	1.861
Bolzoni Auramo UK	921	8	929
Bolzoni Auramo Rental UK	31	0	31
Bolzoni Auramo Australia	235	20	255
Bolzoni Auramo Chile	13	3	16
Bolzoni Auramo France	6.163	0	6.163
Bolzoni Auramo Spain	4.516	0	4.516
Bolzoni Auramo Italy	1.138	0	1.138
Brudi Bolzoni Auramo USA	8.333	104	8.437
Brudi Bolzoni Auramo Canada	210	15	225
Bolzoni Auramo Poland	275	0	275
Bolzoni Auramo Shanghai China	400	0	400
TOTAL	**25.069**	**156**	**25.225**

Bolzoni SpA turnover to associated companies:	Products	Interesti	Total Euro
Eurolift Australia	580	0	580
Auramo South Africa	516	0	516
TOTAL	**1.096**	**0**	**1.096**

Consolidated turnover to associated companies:	Products	Interest	Total Euro
Eurolift Australia	580	0	580
Auramo South Africa	1.119	0	1.199
TOTAL	**1.779**	**0**	**1.779**

Turnover from subsidiaries to Bolzoni SpA:	Products	Interest	Total Euro
Auramo Finland	692	73	765
Bolzoni Auramo Sweden	0	0	0
Bolzoni Auramo Holland	7	0	7
Bolzoni Auramo Germany	49	0	49
Bolzoni Auramo UK	17	0	17
Bolzoni Auramo Rental UK	0	0	0
Bolzoni Auramo Australia	0	0	0
Bolzoni Auramo Chile	15	0	15
Bolzoni Auramo France	56	3	59
Bolzoni Auramo Spain	2.432	0	2.432
Bolzoni Auramo Italy	25	0	25
Brudi Bolzoni Auramo USA	190	0	190
Brudi Bolzoni Auramo Canada	0	0	0
Bolzoni Auramo Poland	0	0	0
Bolzoni Auramo China	0	0	0
TOTAL	**3.483**	**76**	**3.559**

The following tables show the debts and credits between the parent company Bolzoni S.p.A. and all the group companies:

Bolzoni SpA credits towards Subsidiaries:	Trade	Financial	Total Euro
Auramo Finland	126	0	126
Bolzoni Auramo Sweden	26	0	26
Bolzoni Auramo Holland	95	90	185
Bolzoni Auramo Germany	328	0	328
Bolzoni Auramo UK	650	248	898
Bolzoni Auramo Rental UK	20	0	20
Bolzoni Auramoy Australia	369	600	969
Bolzoni Auramo Chile	49	100	149
Bolzoni Auramo France	1.547	0	1.547
Bolzoni Auramo Spain	2.091	0	2.091
Bolzoni Auramo Sud Italy	478	0	478
Brudi Bolzoni Auramo USA	3.979	4.191	8.170
Brudi Bolzoni Auramo Canada	95	475	570
Bolzoni Auramo Poland	146	0	146
Bolzoni Auramo Shanghai China	411	0	411
TOTAL	**10.410**	**5.704**	**16.114**

Bolzoni SpA debts towards Subsidiaries:	Trade	Financial	Total Euro
Auramo Finland	203	2.500	2.703
Bolzoni Auramo Sweden	0	0	0
Bolzoni Auramo Holland	11	0	11
Bolzoni Auramo Germany	6	0	6
Bolzoni Auramo UK	4	0	4
Bolzoni Auramo Rental UK	6	0	6
Bolzoni Auramo Australia	0	0	0
Bolzoni Auramo Chile	13	0	13
Bolzoni Auramo France	40	0	40
Bolzoni Auramo Spain	823	0	823
Bolzoni Auramo Sud Italy	15	0	15
Brudi Bolzoni Auramo USA	118	0	118
Brudi Bolzoni Auramo Canada	0	0	0
Bolzoni Auramo Poland	0	0	0
Bolzoni Auramo Shanghai China	0	0	0
TOTAL	**1.239**	**2.500**	**3.739**

Debts with Shareholders – Intesa Group	Bolzoni SpA	Consolidated
Medium Term	6.936	6.936
Short Term	138	175
TOTAL	**7.074**	**7.111**

The Intesa Group also issued a bank guarantee amounting to 1.506 thousand Euro in favour of Simest.

Credits towards associated companies:	Bolzoni SpA	Consolidated
Eurolift Australia	147	147
Auramo South Africa	123	239
TOTAL	**270**	**386**

The transactions with the correlated parties have been performed at market conditions and marked by the maximum transparency.

Listing on the Milan Stock Exchange

On 23.01.06 the Shareholders resolved to apply for admission of the ordinary company shares for negotiation on the Computerized Stock Trading Market organized by Borsa Italiana S.p.A. (Italian Stock Exchange) and more specifically, in the STAR segment (Segment for High Requisite Stock).
The role of Sponsor has been assigned to Banca Imi S.p.A., the position of Joint Global Coordinator to Banca Imi S.p.A. and to Caboto S.p.A. and the role of Specialist to Caboto S.p.A.
All the advisors required to support the listing processes have been located and appointed.

Important facts which occurred subsequent to the closing of the financial year 2005

Listing on the Milan Stock Exchange
The activities continue for bringing the parent company Bolzoni S.p.A. to being listed on the Milan Stock Exchange.

Fragmentation of shares
On 23rd January 2006 the Shareholders of Bolzoni S.p.A. approved the fragmentation of the shares from an initial nominal value of 1 Euro each to a subsequent nominal value of 0,25 Euro each. Consequently, the number of shares has passed from 5.319.149 to 21.276.596

Trend of the benchmark market
The first months of 2006 confirm the positive signs recorded during the last quarter of 2005, especially in Germany.

Other significant facts
No other significant facts were recorded.

Proposals of the Board of Directors to the Shareholders

Gentlemen,

We conclude our report by asking your approval of the financial report we have prepared and the criteria adopted.

We therefore propose :

- the approval of the financial report at 31.12.2005
- the allocation of 151 thousand Euro to the legal reserve
- the distribution of a 0,095 dividend for each share owned, for the total amout of 2.021 thousand Euro to be issued from 15th April 2006
- the allocation to extraordinary reserve of the remaining profit amounting to 853 thousand Euro

Our sincere thanks go to the Shareholders for the trust demonstrated and to all our collaborators for their valuable assistance.

Podenzano, 7TH March 2006

The Board of Directors

ASSETS				31.12.2005	31.12.2004
A			**Share capital proceeds to be received**	0	0
B			**Fixed assets**		
	I		Intangible fixed assets		
		2	Research, development and advertising costs	9.600	14.400
		3	Industrial patents and similar rights	10.974	5.830
		4	Software licenses and similar	95.111	157.727
		6	Current fixed assets	0	
		7	Other	51.339	71.941
			Total fixed assets	167.024	249.898
	II		Tangible Fixed Assets		
		1	Land and buildings	4.852.335	4.786.315
		2	Plant and machinery	3.929.925	4.063.898
		3	Industrial and commercial equipment	463.649	502.682
		4	Other assets	500.743	602.775
		5	Assets under construction	66.859	0
			Total tangible fixed assets	9.813.511	9.955.670
	III		Financial fixed assets		
		1	Investments in		
		a	- subsidiary companies	19.145.146	18.810.445
		b	- associated companies	46.311	125.722
		2	Amounts receivable		
		a	- subsidiary companies		
			* due within one year	5.703.759	5.512.760
		d	- others		
			* due after one year	23.801	57.431
			Total financial fixed assets	24.919.017	24.506.358
			Total Fixed Assets	**34.899.552**	**34.711.926**
C			**Assets forming part of working capital**		
	I		Inventory		
			- Raw materials and supplies	1.703.849	1.859.022
			- Work in progress and semi-finished goods	3.877.700	4.532.714
			- Finished goods	1.373.243	2.024.448
			Total inventory	6.954.791	8.416.184
	II		Receivables		
		1	Trade receivables		
			- due within one year	8.984.415	7.900.324
		2	Subsidiary companies		
			- due within one year	10.409.782	7.580.688
		3	Associated companies		
			- due within one year	270.315	267.847
		4 bis	Sums receivable from taxation authorities		
			- due within one year	200.193	303.921
		4 ter	Prepaid tax		
			- due within one year	199.772	218.654
		5	Others		
			- due within one year	144.165	94.813
			- due after one year	0	0
			Total receivables	20.208.642	16.366.247
	III		Current financial assets	0	0
	IV		Liquid funds		
		1	Bank and postal accounts	1.823.895	1.903.127
		3	Cash	6.710	12.039
			Total liquid funds	1.830.605	1.915.166
			Total assets forming part of working capital	**28.994.038**	**26.697.597**
D			**Prepayments and accrued income**	19.566	84.626
			TOTAL ASSETS	**63.913.156**	**61.494.149**

LIABILITIES			31.12.2005	31.12.2004
A		**Net 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	548.539	462.687
	V	Reserve for own shares	0	0
	VI	Statutory reserve	3.687.703	3.120.345
	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*	594.629
		Total other reserves	878.826	878.826
	IX	Net profit for the year	3.025.317	1.717.040
		Total Net Equity	**21.067.005**	**19.105.518**
B		**Provisions for contingencies and charges**		
	1	Pension and similar provisions	0	0
	2	Taxation	934.003	531.904
	3	Others	321.324	352.238
		Total provisions for contingencies and charges	**1.255.327**	**884.142**
C		**Employees' retirement allowance**	**3.040.702**	**2.843.499**
D		**Payables:**		
	3	Due to banks		
		- due within one year	7.956.286	4.530.086
		-due after one year	8.881.754	11.835.710
		Total payables to banks	*16.838.040*	*16.365.796*
	4	Sums due to other financial institutions		
		- due within one year	303.487	303.487
		-due after one year	910.461	1.213.948
		Total sums due to other financial institutions	*1.213.948*	*1.517.435*
	5	Payment on account:		
		- due within one year	11.239	40.061
	6	Accounts payable to creditors		
		- due within one year	13.730.029	15.813.188
	8	Amounts payable to subsidiaries		
		- due within one year	3.740.047	2.834.028
	11	Sums payable to taxation authorities		
		- due within one year	1.215.735	429.525
	12	Social Security charges payable:		
		- due within one year	593.740	442.790
	13	Other suns payable		
		- due within one year	1.180.739	1.216.998
		Total Payables	**38.523.517**	**38.659.820**
E		**Accrued expenses and deferred income**	26.605	1.169
		TOTAL LIABILITIES	**63.913.156**	**61.494.149**

MEMORANDUM AND CONTINGENCY ACCOUNTS	31.12.2005	31.12.2004
Collateral given	10.850.000	14.034.990
Guarantees given on behalf of subsidiaries	4.081.205	4.218.525
Assets held under finance leases	0	1.313.866
Outstanding lease instalments	0	120.283
Obligation to sell foreign currency	0	0
TOTAL	**14.931.205**	**19.687.664**

PROFIT AND LOSS ACCOUNT

				31.12.2005	31.12.2004
A			**Production revenues:**		
	1		Turnover from goods and services	63.461.716	54.281.485
	2		Variations in inventory of work in process, semi-finished and finished products	-1.306.219	1.039.268
	4		Increase in fixed assets due to internal works	86.946	52.680
	5		Other revenues and income:		
			- grants for operating expenses	0	0
			- other	119.823	93.520
			Total	*119.823*	*93.520*
			Total production revenues	**62.362.266**	**55.466.953**
B			**Production costs:**		
	6		Raw material, consumables and supplies	-30.251.083	-25.652.874
	7		Services	-14.361.170	-13.894.368
	8		Use of third party assets	-381.892	-527.183
	9		Personnel expenses:		
		a	- wages and salaries	-7.474.827	-7.585.630
		b	- social security contributiones	-2.526.637	-2.558.416
		c	- retirement allowance	-580.029	-601.029
		e	- other costs	-20.558	-19.269
			Total personnel expenses:	*-10.602.051*	*-10.764.344*
	10		Amortisation, depreciation and write-downs:		
		a	- amortisation of intangible fixed assets	-205.135	-250.987
		b	- amortisation of tangible fixed assets	-1.156.644	-971.778
		d	- write-downs of receivables included in working capital assets	-2.667	-30.086
			Total amortisation, depreciation and write-downs	*-1.364.446*	*-1.252.851*
	11		Inventory variations regarding:	-155.173	152.739
	12		Provision for contingencies	-20.000	-20.000
	13		Other provisions	-83.975	-72.972
	14		Other operating costs	-168.377	-112.194
			Total production costs	**-57.388.167**	**-52.144.047**
			TOTAL (A + B)	**4.974.099**	**3.322.906**

PROFIT AND LOSS ACCOUNT

				31.12.2005	31.12.2004
C			**Financial income and charges:**		
	15		Income from investments in subsidiares	223.140	21.438
	16		Other financial income:		
		a	- receivables classified as fixed assets		
			- from subsidiary companies	157.046	130.321
		d	- other income		
			- from other companies	4.639	5.767
			Total other fiancial income	*161.685*	*136.088*
	17		Interest and other financial charges from:		
			- interest from financial institutions	-550.375	-579.110
			- interest from subsidiaries	-76.549	-50.542
			- others	-53.998	-44.552
			Total interest and other financial charges	*-680.922*	*-674.204*
	17bis		Profit and losses on exchange rate		
			- exchange rate profi	974.478	127.865
			- exchange rate losses	-151.900	-521.192
			Total profit and losses on exchange rates	822.578	-393.327
			Total financial income and charges	**526.481**	**-910.005**
D			**Adjustments to financial asset values:**		
	18		Revaluations:		
		a	- on investments	133.028	206.519
	19		Write-downs:		
		a	- on investments	-121.357	-131.085
			Total adjustments to financial asset values	**11.671**	**75.434**
E			**Extraordinary income and expenses**		
	20		Income:		
			- other extraordinary income	42.333	1.035.421
	21		Expenses:		
			- other extraordinary expenses	-20.756	-354.584
			Total extraordinary income and expenses	**21.577**	**680.837**
			PROFIT BEFORE TAXATION	**5.533.828**	**3.169.172**
	22		Taxation on the year's profit		
			- current taxes	-2.087.530	-1.260.314
			- deferred tax charges	-402.099	-167.519
			- deferred tax income	-18.883	-24.299
			Total taxation	*-2.508.511*	*-1.452.132*
	23		**Net profit for the year**	**3.025.317**	**1.717.040**

Accounting Principles

The financial statement referring to period 01/01/05 – 31/12/05, made up of the Balance Sheet, Income Statement 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.

Unlike for consolidated financial statement, the company has decided not to adopt the IFRS principles for the preparation of the parent company's financial statement, as established by art. 4, comma 5 of the Law n° 38 dated 28.2.05.

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.

Below are described the accounting policies adopted in the preparation of the financial statement and applied in line with the concept of prudence, which are the same as those of the previous year; except for the provisions established in the Company Law Reform introduced by the Legislative Decree n° 6/2003 with regards to the elimination of value adjustments and of the accruals made in application of the tributary standards and the conversion of postings in foreign currency, also established with the Board of Auditors in those cases foreseen by the Law,

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.

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

Should the assets incur in a permanent impairment of value, they are written down accordingly, 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.

- Leased assets

Assets acquired under lease 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 income statement 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 Income Statement 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 associated 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 company has decided to adopt the IFRS principles for the preparation of the group consolidated financial statement, as established by art, 3, comma 2, of the Law n° 38 dated 28.2.05.

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 end-of-year 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 settlement 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 Income Statement as financial income or charges respectively. The value of receivables and payables in foreign currency existing at the end of the year is booked at the exchange rate available on closing date of the financial period. The relating profit or loss deriving from exchange rate differences must be booked in the Income Statement and, if the case, the net proft must be allocated in a special reserve which cannot be distributed until realization.

Prepayments and accrued income/accrued expenses and deferred income

Accrued income and expenses are the contra 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 items and of which the due date or the amount are unknown at year end.

Employees' retirement allowance

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 realization while deferred tax liabilities are always recorded.

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 items of the Balance Sheet and Income Statement

For easier reading, figures are indicated in thousands of euro.
The main variations in the items, which occurred during the year, are described in the following paragraphs.

Intangible fixed assets

The following variations occurred during the year:

Asset	% amortis.	31.12.04	Re-appraisal	Provis. 31.12.04	Net value 31.12.04	Increases	Change	Net value at 31.12.05
R & D	20,0%	24	0	10	14	0	5	9
Patents	33,3%	61	0	55	6	13	8	11
Software	33,3%	1.145	0	987	158	90	153	95
Sundry	**	260	0	188	72	19	39	52
Total		**1.490**	**0**	**1.240**	**250**	**122**	**205**	**167**

** due to the duration of the financing contracts
Industrial patents refer to costs incurred for filed applications.
The above items have been accounted for with the approval of the Board of Auditors and are amortised over three years commencing the year in which they are activated. Software investments made during the year refer to purchase of new programmes or the customization of existing ones and are amortised over three years.
The amounts recorded in financing expenses are amortised on the basis of the actual length of the financing contract.

Tangible Fixed Assets

Asset	% depr.	Amount 31.12.04	Provis. 31.12.04	Net value as at 31.12.04	Purch.	Sale	Depr	Diff.	Net value as at 31.12.05
Land		721	0	721	0	0	0	0	721
Buildings	3,0%	4.895	830	4.065	216	0	150	0	4.131
Total		**5.616**	**830**	**4.786**	**216**	**0**	**150**	**0**	**4.852**
Plant	10,0%	9.497	5.433	4.064	520	55	599	0	3.930
Machinery	15,5%	130	130	0	0	0		0	0
Total		**9.627**	**5.563**	**4.064**	**520**	**55**	**599**	**0**	**3.930**
Equipment	25,0%	2.932	2.429	503	159	0	198	0	464
Cars	20,0%	351	296	55	31	0	27	0	59
Furniture	12,0%	664	507	157	11	0	29	0	139
Elect.Equip.	20,0%	796	490	306	110	29	119	0	268
Other vehicles	25,0%	274	189	85	0	15	35	0	35
Other buildings	10,0%	2	2	0	0	0	0	0	0
Total		**2.087**	**1.484**	**603**	**152**	**44**	**210**	**0**	**501**
Assets in constr.		0	0	0	67	0	0	0	67
TOTAL		**20.262**	**10.306**	**9.956**	**1.114**	**99**	**1.157**	**0**	**9.814**

During the financial year 2005 assets were sold for Euro 345 thousand, depreciated by Euro 246 thousand producing minor losses and gains in capital.

The ratio between the cost and accumulated depreciation indicates that at the end of the year the fixed assets were all together depreciated by 53% (55% as at 31 December 2004).
Variations in tangible fixed assets during the year may be summarised as follows:

	31.12.2004	Invest.	Disinv.	Change	31.12.2005
Lands and buildings	5.616	216	0	0	5.832
Plant and machinery	9.627	520	128	0	10.019
Ind. and comm. equipment	2.932	159	0	0	3.091
Other assets	2.087	152	217	0	2.022
Assets under construction	0	67	0	0	67
TOTAL	**20.262**	**1.114**	**345**	**0**	**21.031**

The most important increases during the year regarded the following:

Factory building/ 2004	106
Office cubicle in testing room	25
Other buildings	85
Total land and buildings	**216**
Tube bender for HPT tiller handle	17
High-bay warehouse for spares	48
Pumping station for mixing system	14
Electric installation for testing room area	26
Tank S/500	32
Portable marking system	19
Extraordinary maintenance on Robot	27
Other installations and machinery	337
Total installations and machinery	**520**
Other minor equipment	159
Hardware	110
Other assets	42
Total other assets	**311**
Assets under construction	**67**
TOTAL	**1.114**

Variations to accumulated depreciation during the year are described below:

Assets	31.12.2004	Depreciation	Utilisation	31.12.2005
Lands and buildings	830	150	0	980
Plant and machinery	5.563	599	73	6.089
Ind. and commercial equipment	2.429	198	0	2.627
Other assets	1.484	210	173	1.521
Total	**10.306**	**1.157**	**246**	**11.217**

The transfer value for each asset correponds 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%
Transport vehicles	20%
Office furniture and equipment	12%
Vehicles	25%
Electronic equipment	20%

During 2005 the company extinguished all the existing lease contracts becoming the proprietor of the goods. As in the past, these were accounted for in compliance with the provisions established by the Civil Code.

Had the leases been accounted for using the so-called financial method, which establishes the carrying of the value of tangible fixed assets and corresponding payable, as well as the booking of the related accumulated depreciation on the basis of the useful economic-technical life of the same assets together with the interest attributable to the year, then the effects on the financial statements at 31st December 2005 and 31st December 2004 would have been the following:

ASSETS	2005	2004
Higher gross value of tangible fixed assets	3.945	3.945
Higher value of accumulated depreciation	3.561	3.294
Lower prepayments	0	70
LIABILITIES		
Higher financial payables	0	130
- within the next financial year	0	130
- after the next financial year	0	0
INCOME STATEMENT		
Higher depreciation	266	293
Higher financial charges	2	37
Lower costs for use of third party assets	170	356

Consequently, as at 31 December 2005, net equity would have been higher by approximately € 221 thousand and the year's end result approximately € 62 thousand less, net of the theoretical tax effect, calculated as previously explained.

Following shows collateral on the tangible fixed assets for received financing

	31.12.2005	31.12.2004
Mortgages on buildings	10.850	14.035

Fixed Financial Assets

➢ Investments

Following are variations to investments which occurred during the year:

Subsidiaries	Hist. Cost	Prev. Reval	Prev. Write down	31.12.04	Incr.	Decr.	Reval.	Write down	31.12.05
Brudi Bolzoni Auramo Inc.	3.282	0	315	2.967	0	0	0	0	2.967
Bolzoni Auramo Ltd	902	0	698	204	0	0	0	0	204
Bolzoni Auramo Polska	24	0	0	24	26	0	0	0	50
Bolzoni Auramo S.l.	683	0	0	683	0	0	0	0	683
Bolzoni Auramo s.r.l.	18	0	0	18	0	0	0	0	18
Bolzoni Auramo Shanghai	7	0	0	7	241	0	0	0	248
Bolzoni Auramo Rental	80	10	66	24	0	0	0	24	0
Bolzoni Auramo S.a.r.l.	376	0	0	376	0	0	0	0	376
Auramo Oy	13.119	0	0	13.119	0	0	0	0	13.119
Bolzoni Auramo Bv	9	0	9	0	0	0	0	0	0
Bolzoni Auramo Pty	30	0	30	0	100	0	0	54	46
Bolzoni Auramo Sa	69	0	42	27	0	0	0	27	0
Brudi Bolzoni Auramo Ltd	123	61	61	123	0	0	0	0	123
Bolzoni Auramo Gmbh	644	136	263	517	0	0	72	0	589
Bolzoni Auramo Ab	722	0	0	722	0	0	0	0	722
TOTAL	**20.088**	**207**	**1.484**	**18.811**	**367**	**0**	**72**	**105**	**19.145**

Associated companies:									
Eurolift	46	0	0	46	0	0	0	0	46
Hydronika	79	0	0	79	0	79	0	0	0
TOTAL	**125**	**0**	**0**	**125**	**0**	**79**	**0**	**0**	**46**
TOTAL INVESTMENTS	**20.213**	**207**	**1.484**	**18.936**	**367**	**79**	**72**	**105**	**19.191**

We have set down below some information regarding our subsidiaries and associated companies, taken from the latest financial report approved by the Board of Directors or from the latest available drafts:

➢ SUBSIDIARIES

Brudi Bolzoni Auramo Incorporated (100% investment)

Reg. Office:

17635 Hoffman Way
Homewood IL 60430
USA

Currency	US $ 000	€ 000	€ 000 Hist.exch,rate
Share capital	500	480	480
2005 result	- 551	- 467	- 622
2005 net equity	1.546	1.343	1.790
2005 our portion of net equity	1.546	1.343	1.790
Book value		2.967	2.967
Difference		- 1.624	- 1.177

Bolzoni Auramo Limited (100% investment)

Reg. Office:

Europa Bvd
West Brook
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	780	1.184	1.184
2005 result	-103	-150	-147
2005 net equity	46	67	65
2005 our portion of net equity	46	67	65
Book value		204	204
Difference		-137	-139

Bolzoni Auramo Polska Sp Zoo (60% investment)

Reg. Office:

Ul.Wojciechowska
5A/7
Lublin Poland

Currency	PLN 000	€ 000	€ 000 Hist.exch.rate
Share capital	350	91	70
2005 result	-16	-4	-4
2005 net equity	370	95	87
2005 our portion of net equity	222	57	52
Book value		50	50
Difference		7	2

Bolzoni Auramo S.L. (100% investment)

Reg. Office:

C.Dels/Basters 10-14
Palau de Plegamans
Barcelona Spain

Currency	€ 000
Share capital	750
2005 result	257
2005 net equity	1.178

2005 our portion of net equity	1.178
Book value	683
Difference	495

Bolzoni Auramo S.r.l. (70% investment)

Reg. Office:

S.S. 16 Km 70+580
Bisceglie (Bari) Italy

Currency	€ 000
Share capital	26
2005 result	52
2005 net equity	91
2005 our portion of net equity	64
Book value	18
Difference	46

Bolzoni Auramo Rental (100% investment)

Reg. Office:

Europa Bvd
West Brook
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	50	73	82
2005 result	-37	-54	-59
2005 net equity	-20	-29	-32
2005 our portion of net equity	-20	-29	-32
Book value		0	0
Difference		-29	-32

Bolzoni Auramo S.A.R.L. (100% investment)

Reg. Office:

Rue Avogadro
Z.I.Technopole Sud
57600 Forbach France

Currency	€ 000
Share capital	198
2005 result	566
2005 net equity	1.561
2005 our portion of net equity	1.561
Book value	376
Difference	1.185

Auramo Oy (100% investment)

Reg. Office:

Valimotie 22-24
Vantaa Finland

Currency	€ 000
Share capital	565
2005 result	1.615
2005 net equity	8.354
2005 our portion of net equity	8.354
Book value	13.119
Difference	-4.765

Bolzoni Auramo BV (51% investment)

Reg. Office:

Waterbeemd 6A
Helmond Holland

Currency	€ 000
Share capital	18
2005 result	112
2005 net equity	- 59
2005 our portion of net equity	- 30
Book value	0
Difference	- 30

Bolzoni Auramo Australia PTY Ltd (100% investment)

Reg. Office:

2/81 Harrison Rd
Dudley Park SA 5008
Australia

Currency	Aus.$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	1.110	663	512
2005 result	- 51	- 32	- 31
2005 net equity	- 19	- 12	- 12
2005 our portion of net equity	- 19	- 12	- 12
Book value		46	46
Difference		- 58	- 58

Bolzoni Auramo SA (100% investment)

Reg. Office:
Ave Isidora Goyenechea
2925 Off 103
Las Condes
Santiago Chile

Currency	Pesos 000	€ 000	€ 000 Hist.exch.rate
Share capital	81.370	135	107
2005 result	- 16.914	- 28	- 39
2005 net equity	-10.995	-9	-12
2005 our portion of net equity	-10.995	-9	-12
Book value		0	0
Difference		-9	-12

Brudi Bolzoni Auramo Ltd (100% investment)

Reg. Office:

90C Brunswick
Dollard des Ormeaux
Quebec Canada

Currency	Can.$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	856	624	523
2005 result	127	92	81
2005 net equity	318	232	204
2005 our portion of net equity	318	232	204
Book value		122	122

Difference	110	82

Bolzoni Auramo GmbH (100% investment)

Reg. Office:

Mühlenstrasse 74
41352 Korschenbroich
Germany

Currency	€ 000
Share capital	1.000
2005 result	88
2005 net equity	644
2005 our portion of net equity	644
Book value	589
Difference	55

Bolzoni Auramo AB (100% investment)

Reg. Office:

P.O. Box 172
Gavle Sweden

Currency	Sw.Kr 000	€ 000	€ 000 Hist.exch.rate
Share capital	100	11	11
2005 result	985	105	105
2005 net equity	5.869	625	625
2005 our portion of net equity	5.869	625	625
Book value		722	722
Difference		- 97	- 97

Bolzoni Auramo Shanghai Forklift (60% investment)

Reg. Office:
11 Plant,Zone B, n°206
Peikun Rd, Minhang
District
Shanghai P.R.China

Currency	RMB 000	€ 000	€ 000 Hist.exch.rate
Share capital	4.138	414	414
2005 result	-1.225	-126	-126
2005 net equity	2.883	288	288
2005 our portion of net equity	1.730	173	173
Book value		249	249
Difference		- 76	-76

ASSOCIATED COMPANIES

Eurolift PTY Ltd (24,5% investment)

Reg. Office:

2/81 Harrison Rd
Dudley Park,
SA 5008 Australia

Currency	Aus.$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	300	179	189
2005 result	142	88	90
2005 net equity	1.013	629	639
2005 our portion of net equity	248	154	157
Book value		47	47
Difference		107	110

During 2005 Bolzoni S.p.A. set up a joint-venture in China where our portion of the share capital amounted to Euro 241.076.

The investments in Bolzoni Auramo Sa and Bolzoni Auramo Rental were written down following the losses realised by the companies during the financial year as they were considered to be of a permanent nature.

As concerns investments in Bolzoni Auramo Bv and Bolzoni Auramo Pty due to the negative net equity figure, a special contingency provision has been created to cover the losses.

With regards to investments in Bolzoni Auramo S.r.l., Bolzoni Auramo S.L , Bolzoni Auramo Sarl, Bolzoni Auramo Polska and Bolzoni Auramo Limited , the positive difference between the pro-quota net equity and the carrying value is due to reserves of earnings retained by the subsidiary.

In view of the profit made during 2005 and future prospects, the investment in Bolzoni Auramo GmbH , previously written down, was revaluated, with a precautionary perspective, to the amount corresponding to the profit of the 2005 financial report.

As for the investments in Brudi Bolzoni Auramo Inc., Bolzoni Auramo Ltd, Bolzoni Auramo Pty and Bolzoni Auramo Ab the negative differences between net equity and carrying value have not been written down in view of the future prospects as indicated in the budget of each company.

The investment in Auramo Oy has not been written down as the future prospects lead us to believe that the difference between the net equity and the carrying value of the investment itself can be recovered over the next few years, as also confirmed by the results of the 2005 financial year.

The overall effects of the evaluation of investments, using the net equity method, on the balance sheet and the income statement for year 2005 may be seen in the consolidated financial statement presented together with the parent company's own financial statement.

Receivables

The following variations occurred during the year in receivables included under fixed assets:

	31.12.2004	Increases	Decreases	31.12.2005
Subsidiary companies	5.513	471	280	5.704

	31.12.2004	Increases	Decreases	31.12.2005
Others for guarantee deposits	9	2	2	9
IRPEF advance on employees' leaving benefit	48	0	33	15
TOTAL	**57**	**2**	**35**	**24**

In the course of 2005 a 10.000 € loan was given to Bolzoni Auramo Sa Chile and partial loan repayments were received from subsidiaries for the amount of Euro 280.000 , therefore the situation as at 31.12.200 is as follows:

	Amount
Brudi Bolzoni Auramo Inc	€ 800.000
Brudi Bolzoni Auramo Inc	$ 4.000.000
Brudi Bolzoni Auramo Ltd	€ 475.000
Bolzoni Auramo Australia Pty	€ 600.000
Bolzoni Auramo Sa	€ 100.000
Bolzoni Auramo Ltd	£ 170.000
Bolzoni Auramo Bv	€ 90.000

All these amounts are governed by special contracts lasting 12 months and may be renewed by Bolzoni SpA.

Assets forming part of working capital

- **Inventory**

Following are the variations to final inventory:	31.12.2005	31.12.2004	Variation
Raw material and supplies	1.771	1.945	-174
Provision for obsolete raw material and supplies	-67	- 86	19
Total raw material and supplies	**1.704**	**1.859**	**-155**
Work in progress and semi-completed products	4.031	4.733	-702
Provision for inventory obsolescence	-153	- 200	47
Total WIP and semi-completed products	**3.878**	**4.533**	**-655**
Finished goods	1.428	2.088	-660
Provision for inventory obsolescence	-55	- 64	9
Total finished goods	**1.373**	**2.024**	**-651**

TOTAL	**6.955**	**8.416**	**-1.461**

Due to increased quantity of raw material, the average inventory turnover rate is : 40 days (57 days in 2004).

Following an analysis of slow moving material in stock, a provision amounting to € 275.000 has been calculated for obsolescent stock , details of which can be found above.

Inventory value at 31st December 2005, calculated on the basis of current costs, is € 7.029.535 (€ 8.447.915 at 31.12.2004) and does not differ significantly from the value indicated in the financial statements.

Below are the variations to final inventory evaluated at current cost:

	31.12.2005	31.12.2004	Variation
Raw material and supplies	1.757	1.888	-131
Work in progress/semi-completed products	3.895	4.518	-623
Finished goods	1.377	2.042	-665
TOTAL	**7.029**	**8.448**	**-1.419**

- **Receivables**

Detail of trade receivables:	31.12.2005	31.12.2004	Variation
Trade receivables	6.452	4.405	2.047
Bills subject to collection	2.594	3.610	-1.016
Invoices to be issued	24	44	-20
Credit notes to be issued	0	-39	39
Provision for bad debts	-86	-120	34
Total	**8.984**	**7.900**	**1.084**

Variation in trade receivables is in line with the variation recorded in turnover.

Below is the distribution of receivables at 31.12.05 per geographic area:

	31.12.2005	31.12.2004	Variation
Italy	5.707	5.889	-182
E.U.	2.946	1.818	1.128
Outside E.U.	331	193	138
Total	**8.984**	**7.900**	**1.084**

- **Variations during the year in the bad debt provision**

	Amounts
Balance at 31.12.2004	120
Utilisation	36
Accrual	2
Balance at 31.12.2005	86

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

- **Receivables from subsidiaries:**

	31.12.2005	31.12.2004	Variation
Auramo Oy	126	72	54
Bolzoni Auramo AB	26	8	18
Bolzoni Auramo Gmbh	328	282	46
Bolzoni Auramo Pty Ltd	369	399	-30
Bolzoni Auramo SA	49	40	9
Bolzoni Auramo Polka	146	36	110
Brudi Bolzoni Auramo Ltd	96	65	31
Bolzoni Auramo SL	2.091	1.363	728
Brudi Bolzoni Auramo Inc.	3.979	2.808	1.171
Bolzoni Auramo Ltd	650	380	270
Bolzoni Auramo Rental	20	32	-12
Bolzoni Auramo srl	478	602	-124
Bolzoni Auramo sarl	1.547	1.390	157
Bolzoni Auramo BV	94	104	-10
Bolzoni Auramo Shanghai	411	0	411
TOTAL	**10.410**	**7.581**	**2.829**

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

Receivables from associated companies:

	31.12.2005	31.12.2004	Variation
Eurolift	147	268	-121
Hydronika	0	0	0
Auramo South Africa	123	0	123
TOTAL	**270**	**268**	**2**

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 rate ruling at 31.12.05.

The negative differences adjust the value of the receivables and are recorded under item C 17bis of the Income Statement.

Currency	Amount	Exch.rate at 31.12.2005	Euro	Book value	Difference
US$	5.317.188,59	1,1797	4.507.237,93	4.412.137,97	95.099,96
LGS	486.085,66	0,6853	709.303,46	714.292,90	-4.989,44
$CND	125.864,32	1,3725	91.704,42	99.239,85	-7.535,43
SEK	235.494,81	9,3885	25.083,33	24.633,39	449,94

	5.333.329,14	**5.250.304,11**	**83.025,03**

➢ Tax receivables

		31.12.2005	31.12.2004	Variation
VAT		50	223	-173
Others		150	81	69
	Total	**200**	**304**	**-104**
of which	- due within the following year	200	304	-104
	- due after the following year	0	0	0

➢ Prepaid tax

		31.12.2005	31.12.2004	Variation
Due within the next year		200	219	-19
	Total	**200**	**219**	**-19**

Prepaid tax relates to taxes on temporary increases (warranty provision, industrial association contribution fees and investment write-down) calculated for tax purposes which will reverse in the short term.

As already mentioned, prepaid tax is prudently recorded on the basis of the reasonable certainty regarding its future realistion. Consequently, the Company has not recorded any prepaid tax on temporary differences generated by the provision for inventory obsolescence amounting to a total of €102 thousand, as the date of 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 have however a maximum life of five years.

➢ Other receivables

		31.12.2005	31.12.2004	Variation
Advances to suppliers		101	60	41
Others		43	35	8
	Total	**144**	**95**	**49**
of which	- due within the following year	144	95	49
	- due after the following year	0	0	0

➢ Cash and cash equivalents

	31.12.2005	31.12.2004	Variation
Bank accounts	1.824	1.903	-79
Cash-in-hand and cash equivalents	7	12	-5

TOTAL	**1.831**	**1.915**	**-84**

Comments on the Company's financial position are given below in the paragraph regarding Payables to other Financial institutions and in the Cash Flow Statement attached to this report.

- **Prepayment and Accrued Income**

		31.12.2005	31.12.2004	Variation
Prepayments:				
- lease instalments		0	53	-53
- others		20	32	-12
	Total	**20**	**85**	**-65**
of which	- due within the following year	20	85	-65
	- due after the following year	0	0	0

Liabilities

- **Net Equity**

Below is a summary of the variations which occured during 2005:

	Share capital	Share premium Reserve	Reval. Res.	Legal Res.	Statut. Res.	Other Res.	Profit	Dividends	Total
Balance at 31.12.2004	5.319	5.277	2.330	463	3.120	879	1.717	0	19.105
2004 profit allocation	0	0	0	86	568	0	- 1.717	1.063	0
Dividends	0	0	0	0	0	0	0	- 1.063	- 1.063
Increases	0	0	0	0	0	0	0	0	0
2005 Profit	0	0	0	0	0	0	3.025	0	3.025
Balance at 31.12.05	5.319	5.277	2.330	549	3.688	879	3.025	0	21.067

Following the Shareholders' resolution of 29.04.2005 the 2004 profit has been allocated to dividends for the amount of €1.063.000 and the remainder to reserve.

Except for the Legal Reserve, the financial statement does not include other non-distributable reserves.

Substitute tax has been applied on the revaluation reserve in conformity with Law 342/2000, according to the tax rates established by the above-mentioned law.

	Amount	Possible use	Available Portion	Tax Restraints	Use for hedging against losses	Other uses
Share capital	5.319				No use	No use
Share premium reserve	5.277	A - B - C			No use	No use
Legal reserve	549	B			No use	No use
Extraordinary reserve	3.688	A - B – C			No use	No use
Other reserves	879	A - B – C			No use	No use
Revaluation reserve	2.330	A - B – C			No use	No use

Total	**18.042**
Year's profit	3.025
Total net equity	21.067

Key: A) for share capital increase, B) to hedge against losses, C) for distribution to shareholders.

- **Composition of the share capital**
  At 31.12.2005 the share capital amounted to € 5.319.49 divided into 5.319.149 shares each with a nominal value of € 1. There are no dividend-bearing shares or bonds.

Provisions for contingencies and charges

- **Tax provision**

Variations to this provision have been as follows:

	31.12.2005	31.12.2004	Variation
Opening balance	532	22	510
Utilisation	53	10	43
Accrual	455	520	-65
Closing balance	934	532	402

The above amounts refer to deferred tax calculated on the basis of postponed taxation of the capital gain, according to art. 54 of the Consolidated Tax Act. Prepayed tax is indicated on page 16 of these Notes.

- **The Company's tax position is as follows:**

Years open for tax purposes: -2000-2001-2002-2003-2004 Direct and Indirect Tax

Pending litigations: Following the inspection made by the Tax Revenue Office of Piacenza in March 2003, on 21.09.2004 the Provincial Tributary Commission pronounced a verdict against our company. We are preparing an appeal to the Regional Tributary Commission and no provision has been created as, supported by the favourable opinion of our consultants, we believe the objection to be without grounds.

- **Other provisions**

	31.12.2004	Accrual	Utilisation	31.12.2005
Agents' termination benefit	97	20	0	117
Warranties	73	84	73	84
Contingencies and charges	182	89	151	120
Total	**352**	**193**	**224**	**321**

Agents' termination benefit: this provision is set up to cover the indemnity matured by agents for this purpose. The accrual is recorded under item B13 of the Income Statement.

Warranties: this provision is set up to cover warranty charges on products sold during 2005 that the company expects to incur the following year.

The € 73 thousand utilisation is recorded under item B 7 of the Income Statement.

Accrual for 2005 is recorded under item B 13 of the Income Statement.

Contingencies and charges: Accrual to this provision was made for the amount of € 70 thousand in order to hedge against the losses made by Bolzoni Auramo Sa and Bolzoni Auramo Rental whose net equity as at

31.12.2005 was negative. An accrual of € 36 thousand was also made to face the devaluation of the two interest rate hedge contracts.

- **Employees' retirement allowance**

Variations have been as follows:

	31.12.2005	31.12.2004	Variations
Opening balance	2.843	2.597	246
Utilisations	-283	-259	-24
Advances	-86	-79	-7
Accrual	567	584	-17
Final balance	3.041	2.843	198

The greater amount of accrual shown in the Income Statement compared to the above value is due to retirement allowance matured during the year by employees who left the company and amounts to € 35 thousand.

Average number of employees according to category:

	31.12.2005	31.12.2004
Management	4	5
White collar	92	92
Blue collar	147	148
TOTAL	**243**	**245**

Payables

- **Payables to banks**

	31.12.2005	31.12.2004	Variation
Current account overdrafts	988	921	67
Mortgage loans	5.536	6.812	-1.276
Other forms of financing	10.314	8.633	1.681
Total:	**16.838**	**16.366**	**472**
of which:			
- due within the following year	7.956	4.530	3.426
- due after the following year	8.882	11.836	-2.954

The mortgage loans have been obtained at the following conditions:

- Intesa Mediocredito, principal € 7.750.000 obtained in 2001, outstanding payable at 31st December 2005 € 5.535.690, floating interest rate (2,85% at 31st December 2005), repayable in half-yearly instalments starting 31.03.2004 until 30.09.2010.

Other forms of financing mainly relate to loans obtained at the following conditions:

- Intesa Mediocredito BCI, principal € 7.000.000 obtained in 2003, outstanding payable at 31st December 2005 € 3.499.998, floating interest rate (3,04% at 31st December 2005), repayable in half-yearly instalments starting 30.09.2004 until 31.03.2007; no collateral has been given for this loan.
- Unicredito, principal € 2.800.000, of which € 2.000.000 given in 2001 and € 800.000 in 2004, outstanding payable at 31st December 2005 € 2.800.000, floating interest rate (2,72% al 31.12.2005); no collateral has been given for this loan.
- Carisbo, principal € 2.000.000 obtained in 2005, outstanding payable at 31 December 2005 € 2.000.000, floating interest rate (2,56% as at 31 December 2005); no collateral has been given for this loan.
- Banca di Piacenza, principal € 2.000.000 obtained in 2005, outstanding payable as at 31 December 2005 € 2.000.000, floating interest rate (2,53% as at 31 December 2005); no collateral has been given for this loan.

As at 31.12.2005 there were two swap interest rate contracts for a basic capital amounting to € 7.000.000 and € 2.500.000 expiring in 2006, a swap interest rate contract for a basic capital amounting to € 7.000.000 expiring in 2008, a swap interest rate contract for a basic capital amounting to € 2.000.000 expiring in 2009 and a swap interest rate contract for a basic capital amounting to € 2.000.000 expiring in 2010, all drawn up to offer a general hedging against risks of increases in interest rates and whose effects can be seen in the Income Statement under item "Interest rates and other financial charges". The evaluation of these contracts according to market value produces a total capital loss of € 19 thousand resulting in a booking of the same amount in the provision for contingencies and charges.

Mortgage loans and other financing forms varied during 2005 as follows:

	31.12.2004	New loans	Repayment	31.12.2005
Mortgage loans	5.535	0	1.107	4.428
Other forms of financing	6.301	4.000	5.847	4.454
TOTAL	**11.836**	**4.000**	**6.954**	**8.882**

Guarantees on loans existing at 31st December 2005 are indicated in the financial statement under the item Memorandum Account.

Below are details of the due dates:

within 2007	3.330
within 2008	2.174
within 2009	1.850
within 2010	1.528
After	0
TOTAL	**8.882**

There are no bank loans with a due date of more than five years,

- **Payables to other financial institutions**

This item includes:

- Government loan for the original amount of € 1.517.435 obtained thanks to Law 394/81, fixed interest rate of 1,72%, repayable in regular instalments, with constant capital, starting 2005 for a period of 5 years;

	31.12.2004	New loans	Repayment	31.12.2005
Government loan according to Law 394	1.214	0	304	910
TOTAL	**1.214**	**0**	**304**	**910**

Below is the detail of the due dates:

within 2007	303
within 2008	303
within 2009	304
After	0
TOTAL	**910**

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

To better illustrate the company's net financial position the following table has been prepared:

	31.12.2005	31.12.2004	Variation
Payables to banks due within the year	-7.956	-4.530	-3.426
Payables to other finan.institutions due within the year	-303	-303	0
Liquid funds	1.831	1.915	-84
Total short term payables	**-6.428**	**-2.918**	**-3.510**
Payables to banks due after the year	-8.882	-11.836	2.954
Payables to other finan.institutions due after the year	-910	-1.214	304
Other securities	0	0	0
Total medium-long term payables	**-9.792**	**-13.050**	**3.258**
Net financial position	**-16.220**	**-15.968**	**-252**

➢ **Payments on account**

	31.12.2005	31.12.2004	Variation
To customers	11	40	-29

➢ **Accounts payable to creditors**

	31.12.2005	31.12.2004	Variation
Domestic suppliers	10.988	13.368	-2.380
Foreign suppliers	1.026	879	147
Credit notes to be received	-35	-50	15
Invoices to be received	1.751	1.616	135
TOTAL	**13.730**	**15.813**	**-2.083**

The increase in caption "Domestic suppliers" is due to increased material in stock, as indicated on page 3.14 and to investments made during the last part of the financial period.

Following shows the distribution of payables at 31.12.05 per geographic area:

	31.12.2005	31.12.2004	Variation
Italy	12.708	14.825	-2.117

E.U.	989	969	20
Outside E.U.	33	19	14
TOTAL	**13.730**	**15.813**	**-2.083**

- **Amounts payable to subsidiaries**

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

	31.12.2005	31.12.2004	Variation
Bolzoni Auramo SL	823	888	-65
Brudi Bolzoni Auramo Inc.	118	8	110
Bolzoni Auramo Ltd	4	7	-3
Bolzoni Auramo srl	15	8	7
Bolzoni Auramo Sarl	40	17	23
Bolzoni Auramo GmbH	6	29	-23
Bolzoni Auramo SA	13	10	3
Bolzoni Auramo Rental	6	0	6
Auramo Oy	2.703	1.858	845
Bolzoni Auramo AB	1	0	1
Bolzoni Auramo BV	11	9	2
TOTAL	**3.740**	**2.834**	**906**

This includes an interest bearing loan of € 2.500.000 obtained by Auramo Oy, due within the financial year, with a floating interest rate.

- **Amounts payable to associated companies**

  None.

As may be seen from the following table, accounts payable to creditors in non-Euro currencies are calculated on the basis of the exchange rate ruling on 31.12.2005.

The positive difference adjusts the value of the payables and is recorded under item C 17 b) of the Income Statement.

Currency	Amount	Exchange rate	Euro	Book Value	Difference
US$	167.925,39	1,1797	142.345,84	143.637,19	- 1.291,35
LGS	9.202,60	0,6853	13.428,57	13.471,24	- 42,67
SEK	3.781,00	9,3885	402,73	404,81	- 2,08
FRS	507,75	1,5551	326,51	328,15	- 1,64
PES	8.021.934,00	604,5180	13.269,97	12.770,36	499,61
TOTAL			**169.773,61**	**170.611,75**	**-838,14**

- **Sums payable to taxation authorities**

	31.12.2005	31.12.2004	Variation

For wages and salaries	354	359	-5
For current income taxes	862	71	791
Others	0	0	0
TOTAL	**1.216**	**430**	**786**
- due within the following year	1.216	430	786
- due after the following year	0	0	0

➢ **Detail of current income taxes**

	31.12.2005	31.12.2004
Current year's tax	2.088	1.261
Payment on account	-1.270	- 1.229
Other tax	44	39
Closing balance	862	71

➢ **Social security payables**

	31.12.2005	31.12.2004	Variation
INPS	389	398	-9
INAIL	3	- 10	13
Others	202	55	147
TOTAL	**594**	**443**	**151**

➢ **Details of other payables**

	31.12.2005	31.12.2004	Variation
Due to employees:	1.063	1.123	-60
- wages and salaries	707	745	-38
- matured but unused holidays	356	378	-22
Others	68	23	45
Sundry payables	50	71	-21
TOTAL	**1.181**	**1.217**	**-36**
of which - due within the following year	1.181	1.217	-36
- due after the following year	0	0	0

Increase in payables to employees for wages is due to greater deferred accrual.

➢ **Accrued expenses and deferred income**

	31.12.2005	31.12.2004	Variation
Accrued expenses			
- interest payable	27	1	26
- others	0	0	0
Total accrued expenses	**27**	**1**	**26**
Deferred income	0	0	0
TOTAL	**27**	**1**	**26**
of which - due within the following year	27	1	26
- due after the following year	0	0	0

➢ **Receivables and payables due for a period longer than 5 years**

Further to the above, it should be noted that the Company does not have any other receivables or payables with due date exceeding 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 tangibile fixed assets.

Income Statement

Considering the analytical breakdown of the items of the income statement and the comments to the balance sheet, exensive details are not given below.

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

Production income

➢ **Turnover, goods and services**

Following is the breakdown according to geographical area:

	2005	2004	Variation
Italy	15.681	16.214	-533
E.U.	35.422	29.196	6.226
Outside E.U.	12.359	8.871	3.488
Total	**63.462**	**54.281**	**9.181**

➢ **Gross income**

	2005	2004	Variation
Gross income	63.698	54.464	9.234
Returns on sales	-236	-183	-53
Total	**63.462**	**54.281**	**9.181**

➢ **Other income and revenue**

	2005	2004	Variation
Grants for operating expenses	0	0	0
Other income	28	54	-26
Ordinary capital gains	92	40	52
Total	**120**	**94**	**-26**

The sum of € 92 thousand of capital gain refers to the normal replacement of assets used in the company's activities.

Production costs

➢ **Purchasing costs:**

Details of purchasing costs:	2005	2004	Variation
Raw materials	5.235	4.498	737

Commercial goods	3.637	3.944	-307
Semi-finished products	17.032	13.569	3.463
Other purchases for production	3.862	3.215	647
Sundry purchases	369	314	55
Ancillary costs	116	113	3
Total	**30.251**	**25.653**	**4.598**

The increased costs of semi-finished products is due to a change in the corporate production process resulting in a shifting of costs from sub-contracting (costs for services) towards purchase of semi-finished products.

- **Services:**

Detail of costs for services:	2005	2004	Variation
Subcontracting	8.163	8.362	-199
Transport on purchases	415	388	27
Refund of travel expenses	283	285	-2
Commission	408	386	22
Transport on sales	1.426	1.131	295
Motive power and lighting	315	251	64
Exhibitions and advertising costs	150	50	100
Maintenance	505	388	117
Directors' fees	524	515	9
Board of Auditors' fees	46	48	-2
Other	2.126	2.090	36
Total	**14.361**	**13.894**	**467**

- **Use of third party assets**

Details per asset:	2005	2004	Variation
Lease instalments for production	170	345	-175
Other lease instalments	0	20	-20
Rent and hire	212	162	50
Total	**382**	**527**	**-145**

- **Amortisation/depreciation**

	2005	Total	2004	Total
Land and buildings	150	**150**	120	**120**
Plant and machinery	599	**599**	503	**503**
Industrial equipment	198	**198**	160	**160**
Other assets	210	**210**	189	**189**
Total tangible fixed assets	**1.157**	**1.157**	**972**	**972**
Patents	8	**8**	8	**8**
Software	153	**153**	202	**202**
Other	44	**44**	41	**41**
Total intangible fixed assets	**205**	**205**	**251**	**251**

Other operating costs

Details	2005	2004	Variation
Taxes and duties	45	52	-7
Other	123	60	63
Total	**168**	**112**	**56**

Financial income and charges

Income from investments

This includes:	2005	2004	Variation
Dividends from Bolzoni Sud	23	21	2
Dividends from Bolzoni Auramo Sarl	200	0	200
Total	223	21	202

Other financial income

This includes	2005	2004	Variation
Interest income from customers	157	130	27
Interest income from bank current account	5	6	-1
Total	**162**	**136**	**26**

Interest and other financial income

This includes	2005	2004	Variation
Short term payable interest	114	52	62
Medium-long term payable interest	513	578	-65
Other	54	44	10
Total	**681**	**674**	**7**

Excluding exchange rate differences, financial charges account has passed from 0,99% in 2004 to 0,82% in 2005.

Exchange rate losses and gains

This includes	2005	2004	Variation
Gains	975	128	847
Losses	-152	-521	369
Total	**823**	**-393**	**1.216**

The readjustment of receivables and payables according to the exchange rate ruling on 31.12.05 has produced an estimated income of € 574 thousand. The remaining income of € 410 thousand and the cost of € 152 thousand derive from gains or losses on actual exchange rates.

Value adjustments for financial activities:

Details of write-downs:	2005	2004	Variation
Increase in Contingency and Charges provision	70	86	-16

Write-down of investments	51	45	6
Total	**121**	**131**	**-10**

Details of revaluations:	2005	2004	Variation
Decrease in Contingency and Charges provision	61	0	61
Revaluation of investments	72	207	-135
Total	**133**	**207**	**-74**

Extraordinary income and expenses

- **Extraordinary income**

This includes:	2005	2004	Variation
Contingent assets	42	10	32
Reversal of accelerated depreciation	0	1.025	-1.025
Total	**42**	**1.035**	**-993**

The amount of € 30 thousand for contingent assets refers to greater taxation accrued as at 31.12.2004 and the remaining € 12 thousand refer to the reversal of expected payables and subsequently no longer confirmed and also to receivables from customers previously considered as losses.

- **Extraordinary expenses**

These include:	2005	2004	Variation
Contingent losses	10	1	9
Losses	11	11	0
Deferred tax on reversal of accelerated depreciation	0	343	-343
Total	**21**	**355**	**-334**

- **Taxation**

Current income taxes include:	2005	2004	Variation
Profit before taxation	5.534	3.169	2.365
Increases in taxed provisions	-64	7	-71
Other increases	703	433	270
Other decreases	-1.873	-1.595	-278
Taxable profit subject to 33% IRES	4.300	2.014	2.286
Total IRES tax charge	1.419	664	755
Taxable income subject to IRAP	15.579	14.117	1.462
Decrease in IRAP	-1.033	-1.163	130
Increase in IRAP	1.182	1.061	121
Taxable income subject to IRAP	15.728	14.015	1.713
IRAP tax charge	668	596	72
Total current income taxes	**2.088**	**1.260**	**828**

	2005	2004	Variation
Current taxes	2.088	1.260	828
Deferred tax charges	-53	- 10	-43
Prepayed tax income	474	202	272
Total	**2.509**	**1.452**	**1.057**

Following are the temporary differences which have determined the calculation of prepayed tax income:

	Sum of diff. 2005	Tax effect 2005	Sum of diff, 2004	Tax effect 2004
Contingency and expense provision	161	60	150	56
Various contributions	4	2	6	2
Investment write-down	263	87	418	138
Depreciation	52	19	61	23
One-off	97	32	0	0
Total	**577**	**200**	**635**	**219**

Temporary differences excluded from calculation of prepayed tax income:

	Sum of diff. 2005	Tax effect 2005	Sum of diff, 2004	Tax effect 2004
Risk and charges provision	0	0	0	0
Obsolescent stock provision	275	102	350	130
Total	**275**	**102**	**350**	**130**

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

During the Shareholders' meeting held on June 14th 2004 the remuneration for the Board of Directors was established in € 515 thousand.

During the same meeting the remuneration of the Statutory auditors was established in € 46 thousand.

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

Podenzano, March 7th 2006

The Directors

Signed EMILIO BOLZONI

Signed ROBERTO SCOTTI

Signed PIER LUIGI MAGNELLI

Signed FRANCO BOLZONI

Signed LUIGI PISANI

Signed DAVIDE TURCO

Signed KARL PETER OTTO STAACK

Annex 1 – Cash flow statement

	31.12.2005		31.12.2004	
Cash flows generated by ordinary activities:				
Net profit for the year		**3.025**		**1.717**
Adjustments on items not affecting liquidity:				
- Depreciation for the year	1.362		1.223	
- Employees leaving benefit accrued in the year	580		601	
- Utilisation of employees' leaving benefit in the year	-383		- 355	
- Accrual (utilisation) of risk and charges provisions	371		659	
Total		**1.930**		**2.129**
Variations in current assets and liabilities:				
- Receivables from clients	-3.916		- 500	
- Other receivables	107		743	
- Inventory	1.461		- 1.192	
- Prepayment and accrued income	65		0	
- Payables to suppliers	-1.177		5.687	
- Other payables	86		503	
- Accrued expenses and deferred income	25		- 3	
- Sums payable to taxation authorities	786		48	
Total		**-2.563**		**5.286**
Total cash flows generated by operating activities:		**2.392**		**9.132**
Cash flows generated by investments:				
- Net book value of sold assets	0		0	
- Purchase of fixed assets	-1.014		- 4.879	
- Increase in intangible assets	-122		- 122	
- Increase in investments	-255		- 193	
Total		**-1.391**		**- 5.194**
Cash flows generated by financing activities:				
- New loans	4.000		1.719	
- Paying back loans	-7.257		- 3.838	
- Loans to subsidiaries	-191		- 1.185	
- Share capital increases and other variations	0		0	
- Distributed dividends	-1.064		- 1.064	
- Decreases in other fixed assets	0		0	
Total	**-4.512**			**- 4.368**

Increase in bank accounts and cash-in-hand	**-3.511**	**- 430**
Cash and banks at the beginning of the year	-2.918	- 2.488
Cash and banks at the end of the year	-6.429	- 2.918

Register of Companies 00113720338
Rea.

BOLZONI S.P.A.

Registered offices in CASONI DI GARIGA - 29027 PODENZANO (PC)

Share capital Euro 5.319.149,00 fully paid

Board of Auditors Report to Annual General Meeting in conformity with art. 2429 of the Civil Code

Gentlemen,

1. In view of the fact that the company is obliged to prepare a consolidated financial report, in compliance with article 2409-*bis* and following of the Civil Code, the accounting audit activity was performed by the Auditing Company Reconta Ernst & Young, enrolled in the register established at the Ministry of Justice, following appointment granted by the Shareholders Meeting which took place on 12.11.2004.

2. During the financial year ended on 31/12/2005 the Board of Auditors carried out the supervision activity as established by the law. Through information acquired from the persons responsible for the respective functions, the analysis of the documentation transmitted to us and the examination of the auditing book, the Board of Auditors acquired the necessary information and supervised, within the area of their responsibility, over the adequacy of the company's organizational structure, the internal control system, the administrative-accounting system and on its reliability to correctly represent the management facts, as well as the adequacy of the instructions given to the subsidiary companies with regards to the observance of communication obligations.

3. During the year, the Board of Auditors attended the meetings of the board of directors and, in observance of the statutory provisions, was periodically informed by the directors regarding the state of the company management. In particular, the operations with the most importance economically and financially, performed by the company during the year, and in observance of the law and the articles of association, have been the following;

   a) As planned, during 2005 the subsidiary Bolzoni Auramo Shanghai began its commercial/industrial activity; a transfer of $ 300.000 was made, representing the residual amount of the share capital subscribed at the moment of incorporation; subsequently, in view of the needs of the company itself, a share capital increase was deliberated for the amount of $ 500.000, $ 300.000 of which to be subscribed by Bolzoni SpA; the related bank transfer was performed in the financial year 2006;

b) The sale of Bolzoni SpA's investment in Hydronika (Holland) was sold as not considered to be strategic;

c) The procedure began for the listing of the company on the computerized stock trading market in the S.T.A.R. segment (Segment for Stock with High Requisites). During the first days of March application was filed to Borsa Italiana (Italian Stock Exchange) and Consob (Commission Controlling Companies and Stock Exchange) after having completed the preliminary phase;

4. The Board of Auditors did not find any atypical and/or unusual operations, including those performed with related parties or within the group.

5. The Auditing Company issued their report on 08.06.2006, in accordance with art. 2409-*ter* of the Civil Code, in which they declare that the operating financial statement as at 31/12/2005 truly and correctly represents the financial situation and the economic result of your Company.

6. The Board of Auditors did not receive notifications according to article 2408 of the Civil Code.

7. The Board of Auditors did not receive complaints from the Shareholders and the Directors.

8. During the financial period ended 31/12/2005 the Company appointed the Auditing Firm Reconta Ernst & Young for support in the preparation of the Prospectus and the certification of the budget.

9. During the financial period the Board of Auditors did not give administrative advice.

10. Through direct verification and information collected from the Auditing company, the Board of Auditors ascertained the observance of laws and rules with regards to the preparation of the Company's financial statement and the related management report. Moreover, the Board of Auditors examined the evaluation principles adopted in the preparation of the presented financial statement in order to verify its conformity to legal requirements and to the corporate-economic conditions.

    The Board of Auditors confirms that during the preparation of the financial statement the directors did not fail to observe the law rules as established in art. 2423, comma four, of the Civil Code.

11. The balance sheet shows a positive operating result of € 3.025.317 and can be summed up as follows:

Assets	Euro	63.913.156
Liabilities	Euro	42.846.151
- Net equity (excluding the operating profit)	Euro	18.041.688
- Operating profit	**Euro**	**3.025.317**
Obligations,risks and other interim accounts	Euro	15.681.205

In brief, the income statement presents the following values:

Production income (non financial incomei)	Euro	62.362.266
Production costs (non financial costs)	**Euro**	57.388.167
Difference	Euro	**4.974.099**
Income and financial costs	Euro	526.481
Value adjustments for financial activities	Euro	11.671
Income and extraordinary costs	Euro	21.577
Result before tax	Euro	5.533.828
Tax on earnings	Euro	2.508.511
Operating profit	**Euro**	**3.025.317**

12. The Board of Auditors maintained close contacts with the Auditing company, by means of meetings held in the company offices, during which no important aspects emerged requiring specific analysis; during the meetings and from the information mutually exchanged regarding the verifications made, we were not informed of the existence of reprehensible facts.

13. Further to our activity of supervision and control no significant facts emerged worthy of being highlighted or mentioned in this report.

14. With regards to the above, the Board of Auditors does not have any grounds for impedimenting the approval of the financial statement at 31/12/2005, and has no objections with regards to the proposed resolution presented by the Board of Directors with regards to the disposition of the result.

Casoni di Gariga, March 16th 2006

The Board of Auditors

Dott. Benvenuto Girometti - Chairman

Dott. Giorgio Picone

Dott. Fiorenzo Salvini

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders
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, 2005. These financial statements are the responsibility of 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). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary 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 and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our 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 April 8, 2005.

3. In our opinion, the financial statements of Bolzoni S.p.A. comply with the Italian regulations governing financial statements; accordingly, they present clearly and give a true and fair view of the financial position of Bolzoni S.p.A. as of December 31, 2005, and the results of its operations for the year then ended.

Brescia, March 8, 2006

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

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.259.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)