

BOLZONI

Consolidated and Company Financial Statement 2007

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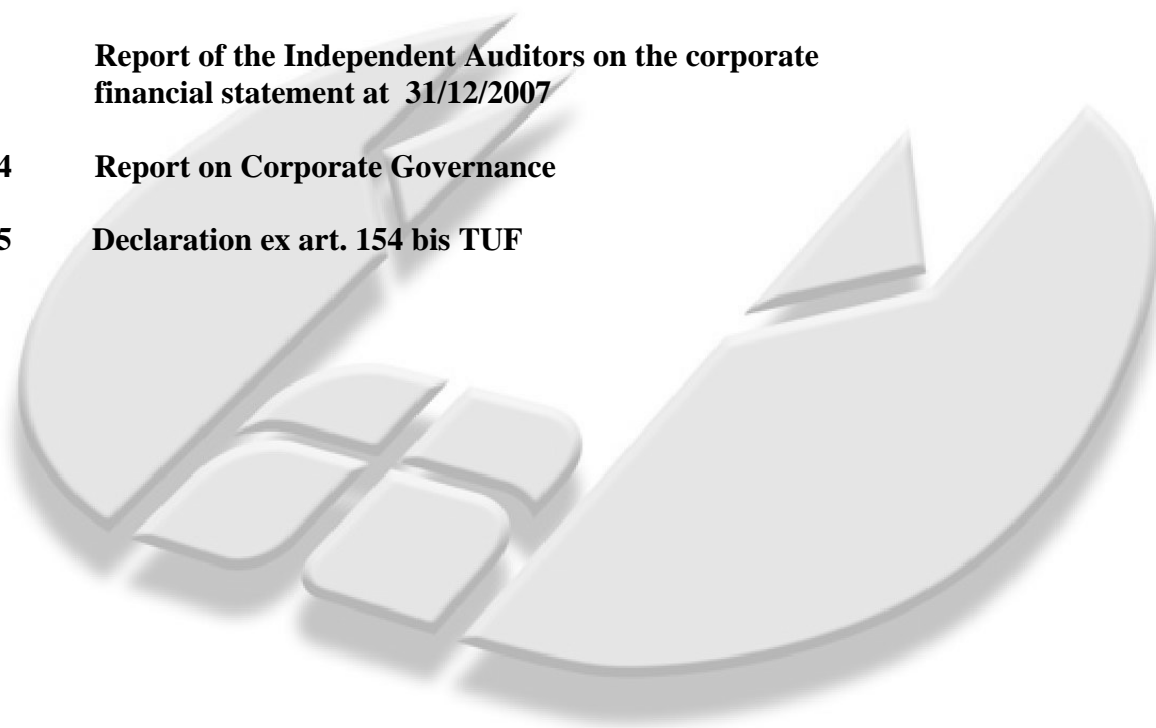
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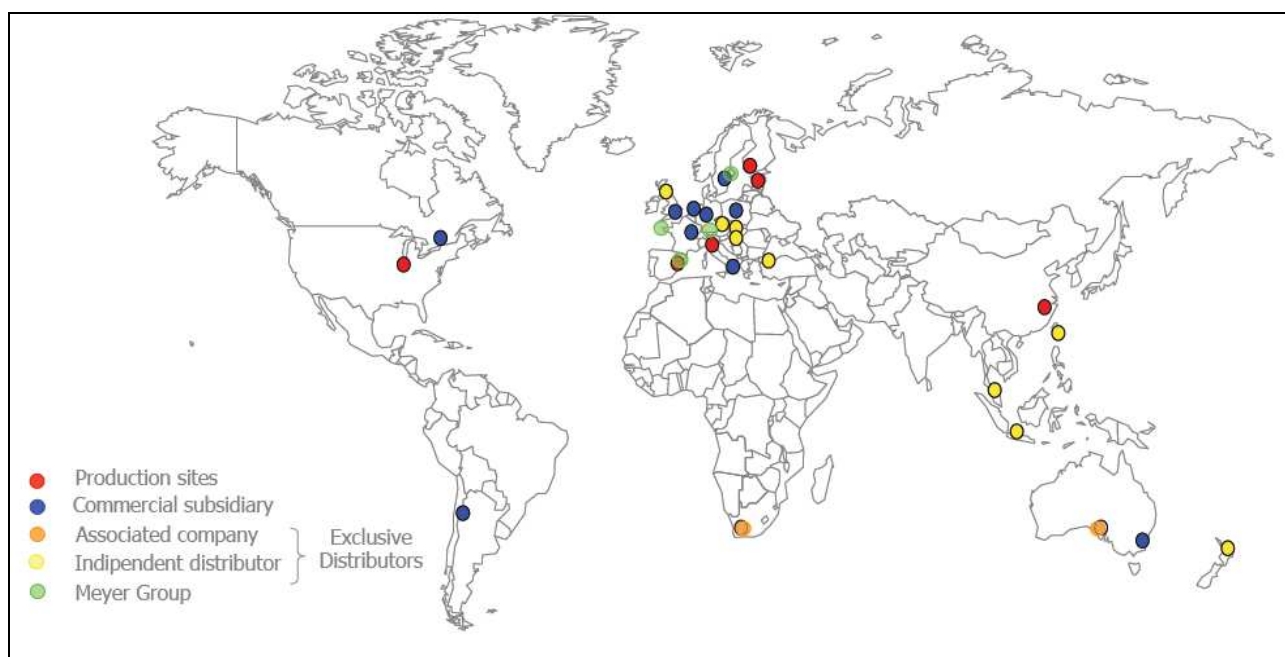
Group's activity

Since the early 1950s the Company has been active in the design, production and distribution of lift truck attachments and industrial material handling equipment.

The close connection to logistics and to its development enables the Company to take advantage of the considerable growth margins which are a consequence of globalisation.

Today Bolzoni is present in over forty countries worldwide. Its products hold the leading position in the European market for lift truck attachments and it is the second largest manufacturer worldwide in this sector.

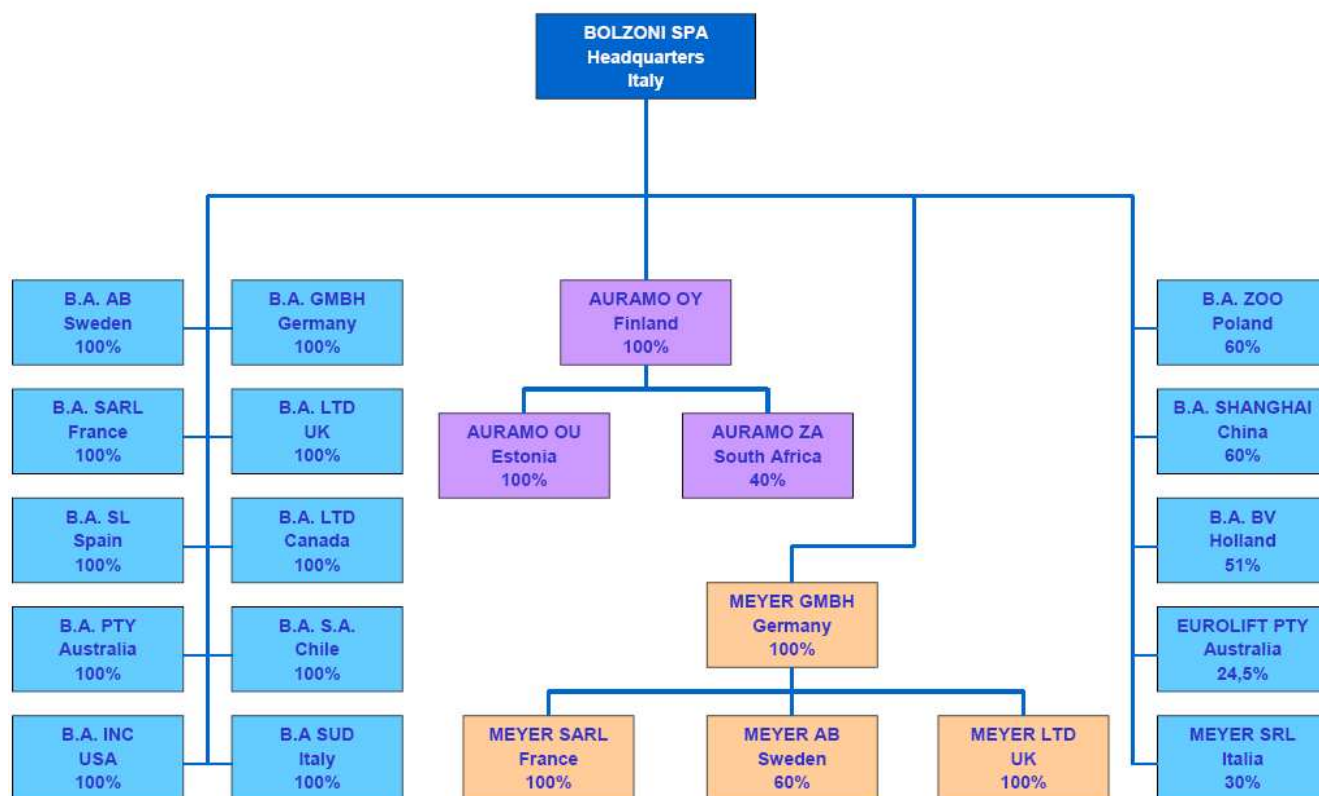
The Group offers a wide range of products utilized in industrial material handling and, in particular, lift truck attachments, lifting platforms, forks for lift trucks.





Group Structure

Bolzoni S.p.A. directly or indirectly controls 19 companies, all included in the Group's consolidating area, and located in various countries worldwide. Seven of these companies (including the Parent) are production plants situated in Italy, Germany, Finland, U.S.A., Estonia, Spain and China whereas thirteen companies have exclusively commercial and distribution activities, with the purpose of directly serving the principal logistics and material handling markets all over the world.



Thanks to its subsidiaries and associated companies, the Group is present in a number of countries representing all together 80% of the specific world market.



The benchmark market and competitors

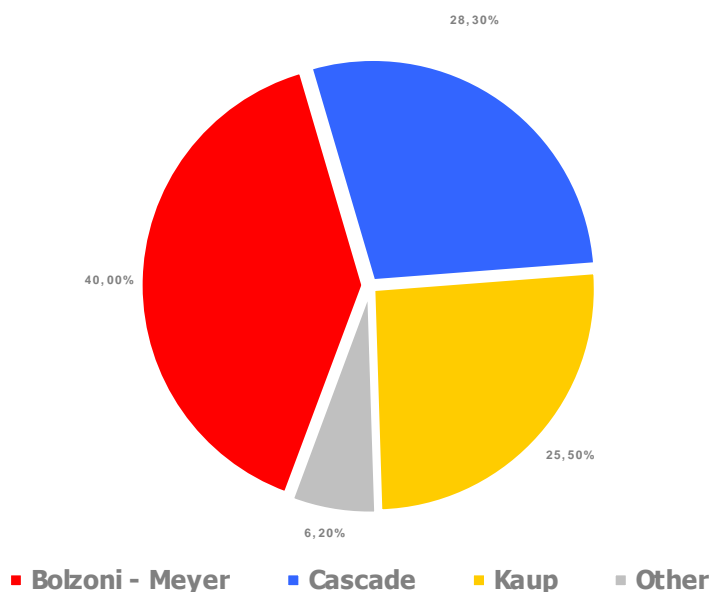
The fork lift truck attachment market is a dense one, 90% of which is covered by three manufacturers (Cascade, Bolzoni and Kaup).

With reference to the fork lift truck attachment market as a whole, Bolzoni (with approximately 40% of the market) holds the leading position in the European Market followed by the Cascade Corporation, a US company with production plants also in Europe (with a market share of about 28%) whereas on a worldwide level it occupies the second position (with a market share of about 25%) preceded by the Cascade Corporation (occupying approximately 50%).

The third position both in Europe and worldwide is held by Kaup (a German manufacturer)

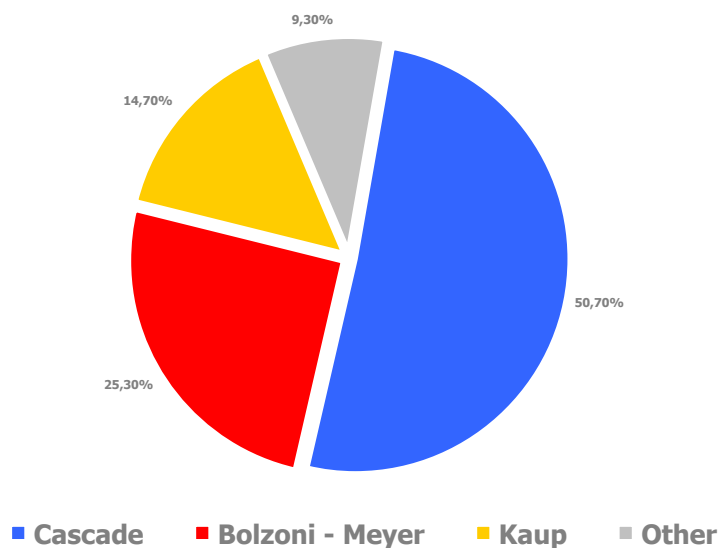
Bolzoni holds the leading position worldwide with regards to the production of integral side shifters, supplied directly to the manufacturers of fork lift trucks (with a market share of around 81%).

Our Group's market share in Europe is as follows:





Our Group's market share worldwide is the following:



Market share

With a yearly growth in turnover of 8%, our Group has maintained its market share.

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 procedures



Human resources

Number of employees

The following table shows the overall number of people employed in the Group companies on 31 December 2007, 2006 and 2005, divided according to the main categories and with a distinction between Italy and abroad.

Category	31.12.2007			31.12.2006			31.12.2005		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Executives	6	27	33	7	27	34	4	26	30
First line managers	5	-	5	5	-	5	-	-	-
White collar	101	232	333	95	229	324	95	125	220
Blue collar	159	224	383	146	232	378	149	138	287
Total	271	483	754	253	488	741	248	289	537

The increased number of employees in foreign subsidiaries at 31.12.2006 compared to 31.12.2005 was mainly due to the Meyer acquisition.

Report on the consolidated financial statement for the year ended 31.12.2007

For easier reading, unless otherwise specified, figures are indicated in thousands of euros.

Definition of alternative performance indicators

As per CONSOB's Release n° DEM/6064293 dated 28 July 2007, below we have defined the alternative performance indicators employed to illustrate the Group's equity, financial and economic trend.

Gross operating result (Ebitda): defined at the difference between sales revenue and costs related to consumption of materials, services, labour and to the net balance of operating income/charges. It represents the margin achieved before depreciation, financial results and tax.

Operating result (Ebit): defined as the difference between the gross operating result and the value of depreciation/write-downs. It represents the margin achieved before financial results and tax.

Net financial position: represents the algebraic sum of cash in hand and equivalent, current and non current financial receivables and payables.

Ebitda and Ebit

These two indicators coincide with the intermediate results included in the Consolidated Income statement, under 'Gross Operating Result' and 'Operating Result'.

Main results

The following tables contain the main consolidated accounting results and highlight the effects of the acquisition of the Meyer Group which refer to the last two months of 2006 and the entire financial period 2007.

Consolidated	31.12.2007	31.12.2006	Variation %
Revenue	145,638	107,103	+ 36.0%
Ebitda	17,839	13,240	+ 34.7%
Ebit	12,571	9,668	+ 30.0%
Profit before tax	10,042	8,149	+ 23.2%
Result for the period	6,722	4,790	+ 40.3%

Revenue

Revenue for the entire financial year increased by 36% compared to 2006. Without considering the revenue related to the Group Meyer the increase is 11.2%

**Trends in the benchmark market**

According to statistics issued by the association of forklift truck manufacturers, the market we use as our benchmark recorded the following variations during the year 2007, compared to the year 2006:

- Western Europe	+ 11.9%
- Eastern Europe	+ 53.4%
- North America	- 10.0%
- China	+ 24.5%
- World	+ 13.0%.

So this confirms the very positive trend in our European benchmark market, with excellent growth percentages in the rest of the world too.

It is important to note the good performance of the Western European market again in the fourth quarter with a growth of 3.8%.

Unfortunately, the drop in the US market at the end of year also continues, with an 9.5% decrease in the fourth quarter in line with the 10.7% trend for the entire year.

Market share

Without considering the effect of the Meyer acquisition, the increase in revenue both in the fourth quarter and for the entire year is in line with the market trends and therefore consolidates the acquired market shares.

Currency aspects

The exchange rate of the US dollar against the euro, which was 1.32 at 31.12.2006, further depreciated reaching 1.47 at 31.12.2007 with an average exchange rate of 1.37. The fourth quarter of 2007 presents a negative result of 441 thousand euros on exchange rates despite the effects of hedging operations.

After a practically neutral behaviour during the first three quarters of the year, during the last quarter of 2007 pound sterling produced a 101 thousand euro negative impact on the period's results.

EBITDA

During the two periods under examination Ebitda followed the trend below:

	Q4	31.12.
% Ebitda on 2006 turnover	10.66%	12.36%
% Ebitda on 2007 turnover	11.76%	12.26%

If we compare the actual values of the period, we find that Ebitda in the fourth quarter went from 3,445 thousand euros in 2006 to 4,286 thousand euros in 2007, an increase of 24.4%.

In particular, the further deterioration in the euro/dollar exchange rate should be noted which has affected the entire year but especially the last quarter.

The market situation in the USA also continues to negatively affect the Group's consolidated figures.

Result before tax

At 31.12. the result before tax which amounted to 8,149 thousand euros in 2006 went to 10,042 thousand euros in 2007, an increase of 23.2%.

Interest payable increased from 737 thousand euros to 1,713 thousand euros due to higher interest rates and to the greater financial exposure. Depreciation increased by 1,506 thousand euros.

Result for the period

The result of the 2007 period has increased by 40.3% compared to 2006, passing from 4,790 thousand euros to 6,722 thousand euros. Without considering the effects resulting from the consolidation of the Meyer Group the positive variation would be 24.6%



Reconciliation of period's result and net equity between Group and Parent

	<i>Net equity</i>	<i>Net result</i>
Parent's financial statement	38,299	4,904
Elimination of profits on intercompany inventory (net tax effect)	(1,264)	220
Net equity and Result of Consolidated Companies	3,858	3,513
Foreign currency exchange reserve	(1,097)	-
Deferred tax assets on fiscal losses carried forward by consolidated companies	524	-
Other adjustments	3,530	(1,665)
GROUP'S PORTION OF CONSOLIDATED FINANCIAL STATEMENT	43,850	6,972
Net Equity and Minority Result	(570)	(250)
CONSOLIDATED FINANCIAL STATEMENT	43,280	6,722

Economic highlights of the group companies (in euros)

	Turnover		EBITDA		Net profit	
	2006	2007	2006	2007	2006	2007
Bolzoni S.p.A.	67,680	78,195	8,103	9,123	3,280	4,904
Auramo Finland	15,997	17,680	2,171	2,381	1,128	1,185
Bolzoni Auramo Sweden	2,650	3,842	170	371	84	229
Bolzoni Auramo Holland	1,897	2,430	126	236	103	169
Bolzoni Auramo Germany	7,730	8,221	(9)	222	(68)	52
Bolzoni Auramo UK	3,659	4,219	79	45	10	(35)
Bolzoni Auramo Australia	1,214	1,476	(61)	(120)	(148)	(169)
Bolzoni Auramo Chile	638	45	61	(60)	48	(64)
Bolzoni Auramo France	10,777	9,144	1,087	1,027	699	667
Bolzoni Auramo Spain	10,780	12,301	349	484	17	124
Bolzoni Auramo Italy (Bari)	1,995	1,828	72	95	22	46
Bolzoni Auramo USA	13,778	11,589	133	153	(475)	(440)
Bolzoni Auramo Canada	1,533	2,161	144	227	62	197
Bolzoni Auramo Poland	948	1,325	60	101	40	78
Bolzoni Auramo Shanghai China	1,010	2,231	38	317	7	340
Meyer Group	4,791	31,823	289	2,787	206	914
CONSOLIDATED	107,103	145,638	13,240	17,839	4,866	6,972

Consolidated turnover has grown by 36%. We would like to highlight the increase in turnover of the Parent as well as that of Swedish, English, Canadian, Polish, Finnish, Spanish, Dutch and Chinese subsidiaries. On the other hand there has been a drop in the turnover of the US subsidiary which is linked to specific factors pertaining to the US market and in particular to the negative trend of the US economy during 2007.

Consolidated Ebitda has risen by 34.7% Consolidated net profit has grown by 43.3%

The negative trend in the euro-dollar exchange rate has had negative effects on the results of both the Parent and the Finnish subsidiary. Furthermore, the trend in the costs of raw material has had a negative impact on the results of the Group's manufacturing plants, especially during the last months of the period.

**Investments during period 2007**

Investments 2007	Tangible	Intangible	Total Euro
Bolzoni S.p.A.	2,963	999	3,962
Auramo Finland	371	467	838
Bolzoni Auramo Sweden	46	-	46
Bolzoni Auramo Holland	-	-	-
Bolzoni Auramo Germany	11	-	11
Bolzoni Auramo UK	103	-	103
Bolzoni Auramo Australia	26	-	26
Bolzoni Auramo Chile	-	-	-
Bolzoni Auramo France	23	2	25
Bolzoni Auramo Spain	234	1	235
Bolzoni Auramo Italy (Bari)	6	-	6
Bolzoni Auramo USA	63	-	63
Bolzoni Auramo Canada	49	-	49
Bolzoni Auramo Poland	4	-	4
Bolzoni Auramo Shanghai China	8	-	8
Meyer Group	827	151	978
TOTAL	4,734	1,620	6,354

The investments in tangible fixed assets made by the parent are mainly related to completing the new production line of 'forks' for lift trucks and to the purchase of machine tools and equipment required to maintain the continuing modern level necessary to increase productivity and efficiency.

The investments in intangible fixed assets made by Bolzoni S.p.A. and by Auramo Finland mainly refer to the capitalization of development costs for new technical solutions on existing products and to the purchase of the new ERP software 'SAP' adopted by the parent and operational in January 2008.

Research and development

During the year 2007 the Company continued its activity in research and development and in particular directed its efforts towards the following projects considered to be especially innovative:

1. Development of fork production technology also by means of the introduction of a new immersion painting installation with an integrated shot-blasting machine and of a new welding line.
2. Research and development of new products; double load extender , FEM2/FEM3/FEM4 rotators, fork positioner for USA, push-pull, Stillbat electric hand pallet truck, integral side shifter, integral positioner.
3. Project for optimizing production management through the introduction of an innovative ERP system.

These activities are all carried out in the plant located in Podenzano (PC) via I° Maggio 103.

For the development of the above mentioned projects the company has incurred costs for an overall amount of 691,570 euros and will take advantage of the opportunities given under Law n°296 passed on 27 December 2006, paragraphs 280-284 regarding "Tax credit for Research and Development activities".

For the same projects the company will also make use of the IRAP derating for the amount of 574,035 euros as established under article 11 of the Legislative Decree n°446 passed on 15 December 1997, later amended by article 17 paragraph 3 of the Legislative Decree n°247 passed on 18 November 2005 implemented by Law n°296, paragraph 266, passed on 27 December 2006.

The above-mentioned research activity continues during 2008.

We are certain that the positive result of these innovations will generate good effects on turnover and consequently a favourable impact on the company's economy.



Inventory at 31.12.2007

	31.12.2007	31.12.2006
Bolzoni S.p.A.	10,922	8,579
Auramo Finland	2,396	2,251
Bolzoni Auramo Sweden	279	304
Bolzoni Auramo Holland	220	171
Bolzoni Auramo Germany	1,093	1,248
Bolzoni Auramo UK	524	573
Bolzoni Auramo Australia	650	778
Bolzoni Auramo Chile	15	38
Bolzoni Auramo France	280	333
Bolzoni Auramo Spain	1,327	1,187
Bolzoni Auramo Italy (Bari)	121	49
Bolzoni Auramo USA	3,757	4,176
Bolzoni Auramo Canada	438	478
Bolzoni Auramo Poland	194	145
Bolzoni Auramo Shanghai China	968	692
Meyer Group	4,687	3,741
CONSOLIDATED	25,776	22,268

The Group's stock value does not highlight any important variations with respect to the previous period. In more detail, we would like to point out a stock increase with reference to the parent and the Meyer Group and a reduction with reference to the US subsidiary.

Depreciation for the 2007 Financial Year

The financial statement at 31.12.2007 for Bolzoni S.p.A. includes depreciation for 2,220 thousand euros (1,604 thousand euros in 2006). The consolidated financial statement at 31.12.2007 includes depreciation for 4,890 thousand euros (3,384 thousand euros in 2006)

Financial indebtedness – Bolzoni S.p.A. and the Group

	At 31.12.2007		At 31.12.2006	
	Bolzoni S.p.A.	Consolidated	Bolzoni SpA	Consolidated
Short term	5,084	11,307	5,275	10,840
Medium/long term	13,341	14,629	7,207	7,492
TOTAL	18,425	25,936	12,482	18,332



Net Equity of the group companies

	Net Equity	
	2007	2006
Bolzoni S.p.A.	38,261	35,526
Auramo Finland	9,838	9,551
Bolzoni Auramo Sweden	801	735
Bolzoni Auramo Holland	214	44
Bolzoni Auramo Germany	623	571
Bolzoni Auramo UK	40	77
Bolzoni Auramo Australia	(126)	(160)
Bolzoni Auramo Chile	(33)	30
Bolzoni Auramo France	2,043	1,975
Bolzoni Auramo Spain	1,237	1,113
Bolzoni Auramo Italy (Bari)	86	61
Bolzoni Auramo USA	3,746	720
Bolzoni Auramo Canada	482	266
Bolzoni Auramo Poland	203	138
Bolzoni Auramo Shanghai China	964	664
Meyer Group	7,660	6,732
CONSOLIDATED	43,865	39,357

Transactions with related parties

The following tables contain figures on turnover between parent Bolzoni S.p.A. and the other Group companies:

Bolzoni SpA turnover to subsidiaries	Products	Interest	Total in euro
Auramo Finland	499	-	499
Bolzoni Auramo Sweden	389	-	389
Bolzoni Auramo Holland	771	3	774
Bolzoni Auramo Germany	2,514	-	2,514
Bolzoni Auramo UK	1,810	13	1,823
Bolzoni Auramo Australia	267	26	293
Bolzoni Auramo Chile	16	1	17
Bolzoni Auramo France	4,811	-	4,811
Bolzoni Auramo Spain	4,892	-	4,892
Bolzoni Auramo Italy (Bari)	947	-	947
Bolzoni Auramo USA	6,085	140	6,225
Bolzoni Auramo Canada	416	21	437
Bolzoni Auramo Poland	471	-	471
Bolzoni Auramo Shanghai China	1,247	-	1,247
Hans H Meyer GmbH	296	12	308
TOTAL	25,431	217	25,647



Bolzoni SpA turnover to associated companies	Products	Interest	Total in euro
Auramo South Africa	806	-	806
Meyer Italia Srl	45	6	51
Eurolift Australia	488	-	488
TOTAL	1,339	6	1,345

Consolidated turnover to associated companies	Products	Interest	Total in euro
Auramo South Africa	1,390	-	1,390
Meyer Italia Srl	717	6	723
Eurolift Australia	517	-	517
TOTAL	2,624	6	2,630

Turnover of subsidiaries to Bolzoni SpA:	Products	Interest	Total in euro
Auramo Finland	1,618	190	1,808
Bolzoni Auramo Sweden	8	2	10
Bolzoni Auramo Holland	29	-	29
Bolzoni Auramo Germany	25	-	25
Bolzoni Auramo UK	-	-	-
Bolzoni Auramo Australia	-	-	-
Bolzoni Auramo Chile	1	-	1
Bolzoni Auramo France	144	4	148
Bolzoni Auramo Spain	3,195	-	3,195
Bolzoni Auramo Italy (Bari)	23	-	23
Bolzoni Auramo USA	-	-	-
Bolzoni Auramo Canada	-	-	-
Bolzoni Auramo Poland	4	-	4
Bolzoni Auramo Shanghai China	18	-	18
Hans H Meyer GmbH	-	3	3
TOTAL	5,065	199	5,264



The following tables provide information on the debts and credits between parent Bolzoni S.p.A. and all the group companies:

Bolzoni SpA credits towards subsidiaries:	Trade	Financial	Total in euro
Auramo Finland	248	-	248
Bolzoni Auramo Sweden	122	-	122
Bolzoni Auramo Holland	142	50	192
Bolzoni Auramo Germany	393	-	393
Bolzoni Auramo UK	945	232	1,177
Bolzoni Auramo Australia	453	400	853
Bolzoni Auramo Chile	36	100	136
Bolzoni Auramo France	1,333	-	1,333
Bolzoni Auramo Spain	1,673	-	1,673
Bolzoni Auramo Italy (Bari)	446	-	446
Bolzoni Auramo USA	2,779	-	2,779
Bolzoni Auramo Canada	96	350	446
Bolzoni Auramo Poland	146	-	146
Bolzoni Auramo Shanghai China	987	-	978
Hans H. Meyer GmbH	76	-	76
TOTAL	9,874	1,132	11,006

Bolzoni SpA debts towards subsidiaries:	Trade	Financial	Total in euro
Auramo Finland	396	4,000	4,396
Bolzoni Auramo Sweden	17	100	117
Bolzoni Auramo Holland	15	-	15
Bolzoni Auramo Germany	18	-	18
Bolzoni Auramo UK	32	-	32
Bolzoni Auramo Australia	-	-	-
Bolzoni Auramo Chile	3	-	3
Bolzoni Auramo France	106	350	456
Bolzoni Auramo Spain	1,127	-	1,127
Bolzoni Auramo Italy (Bari)	19	-	19
Bolzoni Auramo USA	13	-	13
Bolzoni Auramo Canada	2	-	2
Bolzoni Auramo Poland	-	-	0
Bolzoni Auramo Shanghai China	26	-	26
Hans H Meyer GmbH	237	-	237
TOTAL	2,011	4,450	6,461

Debts with shareholders – Intesa-Sanpaolo Group	Bolzoni SpA	Consolidated
Medium term	6,537	6,537
Short term	2,562	4,982
TOTAL	9,099	11,519

The Intesa-Sanpaolo group has also issued a bank guarantee of 0.9 million euros to a third party.



Credits towards associated companies	Bolzoni SpA	Consolidated
Eurolift Australia	174	174
Auramo South Africa	254	461
Meyer Italia S.r.l.	22	22
TOTAL	450	657

Transactions with Group companies and correlated parties (associated companies and Intesa-Sanpaolo) were performed at normal market conditions.

CONSOLIDATED INCOME STATEMENT AT 31.12.2007

STATEMENT OF INCOME (thousands of euros)	31.12.2007	31.12.2006	Variation % 2007 vs 2006
Net sales	145,638	107,103	36.0%
Other income	1,541	566	172.3%
Total revenues	147,179	107,721	36.7%
Cost of raw material and purchased goods	(57,755)	(42,043)	37.4%
Cost of services	(34,756)	(26,977)	28.8%
Labour costs	(35,859)	(25,162)	42.5%
Other operating expenses	(1,092)	(403)	171.0%
Share of profit of associates accounted for under equity method	122	156	(21.8%)
EBITDA	17,839	13,240	34.7%
Depreciation and amortisation	(4,890)	(3,384)	44.5%
Accruals and impairment losses	(378)	(188)	101.1%
EBIT	12,571	9,668	30.0%
Financial income and expenses, net	(1,713)	(737)	132.4%
Gains or losses from foreign currency translation	(816)	(782)	4.3%
Result before tax	10,042	8,149	23.2%
Income tax	(3,070)	(3,283)	(6.5%)
Result of the period	6,972	4,866	40.3%



Breakdown of revenue according to geographical areas

The following tables provide figures on income and information on some of the activities related to the Group's geographical areas for the quarters ended 31 December 2007 and 2006.

2007 (incl. Meyer)	Europe	North America	Others	Total
Revenues				
Segment revenues	120,309	12,398	12,931	145,638

2006	Europe	North America	Others	Total
Revenues				
Segment revenues	83,505	15,427	8,171	107,103

Revenue at 31 December 2006 considered the consolidation of only 2 months for the Meyer Group which was acquired on 1 November 2006.

It should also be noted that the trend in revenue does not follow any particular seasonal pattern.

Interest bearing loans and borrowings

	Actual Interest Rate %	Maturity	31.12.07	31.12.06
Short term				
Bank overdrafts		On request	195	4
Advance on collectable bills subject to final payment		30-90 days	2,956	3,017
Loans to subsidiaries			6,551	6,467
Euro 7,000,000 unsecured loan	Euribor +0.90	2008	-	1,167
Euro 7,750,000 bank loan	Euribor +0.70	2008	1,107	1,107
Euro 5,000,000 unsecured loan	Euribor +0.40	2008	1,264	3,248
Euro 8,500,000 unsecured loan	Euribor +0.30	2008	1,616	-
Euro 3,000,000 unsecured loan	Euribor +0.25	2008	375	-
Government loan 394/81	1.72	2008	303	303
			14,367	15,313
Medium/long term				
Euro 7,750,000 bank loan	Euribor +0.70	2010	2,214	3,322
Euro 2,000,000 unsecured bank loan	Euribor +0.40	2009	667	1,333
Euro 2,000,000 unsecured bank loan	Euribor +0.40	2010	830	1,230
Euro 1,000,000 unsecured bank loan	Euribor +0.40	2011	519	715
Euro 1,500,000 unsecured bank loan	Euribor +0.30	2011	1,031	-
Euro 7,000,000 unsecured bank loan	Euribor +0.30	2012	5,152	-
Euro 3,000,000 unsecured loan	Euribor +0.25	2012	2,625	-
Government loan 394/81	1.72	2009	303	607
Handelsbanken loan	Euribor +0.60	2009	1,077	1,430
Other minor loans			271	280
			14,689	8,917

**Bank overdrafts and advances subject to final payment**

Bank overdrafts and advances subject to final payment mainly refer to the Parent and the Spanish subsidiary.

Euro 7,000,000 bank loan

This loan was unsecured and was completely paid back during the first quarter of 2007.

Euro 7,750,000 bank loan

The loan, secured by the property in Podenzano, is repayable in equal, half-yearly instalments.

Euro 5,000,000 bank loans

The loans are unsecured and repayable in equal, half-yearly instalments.

Euro 8,500,000 bank loans

The loans are unsecured and repayable in equal, half-yearly instalments.

Euro 3,000,000 bank loan

The loan is unsecured and repayable in half-yearly instalments at fixed principal value.

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 at fixed principal value.

Foreign subsidiaries' loans

These consist of:

- ❖ a loan of approx. 1.2 million euros obtained by the subsidiary Auramo OY with maturity within the current period;
- ❖ a loan of \$ 0.5 million obtained by the subsidiary Bolzoni Auramo Inc.;
- ❖ a loan of € 0.5 million obtained by the subsidiary Bolzoni Auramo GmbH;
- ❖ six loans obtained from German banks by Hans H. Meyer GmbH and a loan given to Hans H. Meyer GmbH by an Italian bank.

All loans are secured by comfort letters given by Parent.

Net financial position	31.12.2007	31.12.2006	Variation
Cash on hand and liquid funds	3,060	4,473	(1,413)
Short term loans	(14,367)	(15,313)	946
Total short term	(11,307)	(10,840)	(467)
Assets held to maturity	60	1,425	(1,365)
Long term loans	(14,689)	(8,917)	(5,772)
Total medium/long term	(14,629)	(7,492)	(7,137)
NET FINANCIAL POSITION			
(NET FINANCIAL INDEBTEDNESS)	(25,936)	(18,332)	(7,604)

Net financial indebtedness has increased from 18,332 thousand euros at 31.12.2006 to 25,936 thousand euros at 31.12.2007.

The final balance is the result of various positive and negative elements. In particular we would like to highlight the increase in medium/long terms debts caused by new loans obtained for the value of 11,500 thousand euros and 5,727 thousand euros passed over to short term.

The increased financial indebtedness can be explained by the need to finance the increase in net working capital following the rise in turnover , the further disbursement concluding the Meyer acquisition, the investments in the fork project and the payment of dividends.

Events after the balance sheet date

Since December 31st 2007 until today, no other important events have occurred having a significant impact on the figures contained in this document.



Absence of control and coordination activity

Despite the fact that article 2497-sexies of the Civil Code states that 'unless proven to the contrary it is presumed that the management and coordination activity of companies is exercised by the company or the body bound in duty to consolidate the financial statements or in any case controlling them in accordance with article 2359', Bolzoni S.p.A. believes it operates in conditions of corporate and managerial autonomy with respect to its parent Penta Holding S.r.l. In particular and for illustrative yet incomplete purposes, the Issuer autonomously manages the treasury and business relations with its customers and suppliers and does not make use of any service given by its parent.

Relations with Bolzoni S.p.A. are limited to normal exercise of administrative and equity rights of the parent, typical of its shareholder status.

Corporate Governance

Preliminary remarks

In compliance with mandatory requirements, each year a Report on Corporate Governance is drawn up which, in addition to providing a general description of the corporate governance system adopted by the Group, also gives information on the ownership and on the compliance to the corporate governance code and resulting obligations. The above-mentioned Report, available for consultation in the Investor Relator-Corporate Governance section of the web-site www.bolzoni-auramo.com, is made up of 6 sections.

Below is a brief description of the most important aspects for the purposes of the present Management report.

Management and Coordination activity

The Parent is not subject to management and coordination activity by companies or bodies and establishes its general and operational strategic orientations in full autonomy. Within the Group the Company's role is to coordinate and manage.

Board of Directors

In accordance with the company by-laws, the Board of Directors is made up a number of members varying from a minimum of five to a maximum of ten. The Shareholders' Assembly held on 23 March 2006 established the number of Board members in ten and the terms of office of the Board will expire on the date of the Shareholders' Assembly convening for the approval of the Financial Statement for 2008.

The Board has defined the 'Guidelines on important operations and those with related parties' where it has reserved itself the right to a previous examination and approval of transactions having major economic and financial significance and of the most important transactions with related parties and has also decided to subject all operations with related parties to special measures of substantial and formal fairness. The powers therefore given to the executive directors do not include decisions regarding important operations, meaning those which, due to their very nature, subject the Company to the need to inform the market in accordance with the specific provisions established by the Supervisory Authorities. When it becomes necessary for the Company to perform significant transactions, reasonably ahead of time the delegated bodies must provide the Board of Directors with a description summarizing the performed analyses in terms of strategic coherence, economic feasibility and expected return for the Company. Decisions regarding the most important transactions with related parties are also excluded from the powers given to the executive directors as these are all subject to special measures of substantial and formal fairness and to disclosure to the Board.

In accordance with article 25-bis of the By-Laws and prior to the opinion of the Board of Statutory Auditors, the Board of Directors nominates the manager responsible for the preparation of the company accounting documents, and grants the related functions even to more than one person as long as they perform jointly and in agreement; anyone with a long-term experience in administrative and financial matters in companies of a significant dimension can be nominated. To implement this statutory provision the Board of Directors, in the meeting held on 27 April 2007, nominated the manager responsible for the preparation of the company's accounting documents.



A suitable number of independent directors represents an essential element for protecting the interests of shareholders, in particular the minority shareholders, and third parties. With this in mind and convinced that the adoption of a high degree of security systems protecting against potential conflict of interest, is a priority interest for the Company, particularly in those areas less safeguarded by the Shareholders' Assembly, the Board of Directors proposed to the Shareholders' Assembly on 23 March 2006, three members of the Board of Directors with the necessary independency characteristics together with the selective criteria for their verification.

The independency requisites of the directors are verified each year and cover the non-existence or the irrelevance, extended to the last three year period, of economic relations, of interests or of other nature, held directly, indirectly or on behalf of third parties, with the Company, its managing directors and managers with strategic responsibilities, its parent companies or subsidiaries or with subjects in any case correlated with the Company. The result of these verifications is included in the Report on Corporate Governance.

Committees created by the Board of Directors

The Board of Directors has created the Internal Control Committee which, among other things, has the task of selecting and proposing candidates for the office of directors and appointing the Remuneration Committee.

Internal Control System

In view of the approval by the Company of the Organisation Model in accordance with Leg. Decree n° 231/2001 the elements forming the Internal Control System are given by the person responsible for the Internal Control system, appointed in accordance with TUF, as well as by the functioning of the Internal Control Committee described above, and by the Corporate Charter of Values existing since 2003. This document identifies the values in which the Company and the entire Group identify themselves, with particular focus on sustainable social development and protection of working conditions, with regards both to safety and to preventing exploitation of workers and child labour.

It should also be noted that in 2008 the Company has set up a project for the preparation and the implementation of an Organisation Model in accordance with Leg. Decree 231/01, which will be presented to the approval of the Board of Directors on the same occasion as the approval of the draft company financial statement and the draft consolidated group financial statement. Together with the Organisation Model the Board of Directors will also be presented with a Ethical Code for approval which will form an evolution and an update of the Company's Charter of Values, with the explicit acknowledgement of ethical values already typical of the behaviour of both the Company as well as the entire Group.

Once implemented, the Organisation Model will be accompanied by the appointment of a collegial Supervisory Body, which will conduct its own activities in order to constantly verify that the Organisation Model is adequate and effective for the prevention of so called 'presumable crimes' as identified by the Legislator from time to time.

It should also be noted that a significant supervision of the internal control system is also provided by the running procedures and protocols prepared for obtaining the Social Accountability Certification given in accordance with SA800 regulations as well as by the administrative and accounting procedures applied by the manager responsible for the preparation of the company's accounting documents.

Board of Statutory Auditors

The Board is made up of three permanent auditors and two alternate auditors who, in accordance with art. 22 of the company by-laws, must all necessarily be registered as Certified Accounting Auditors and must have performed the activity of legal control of the accounts for a period of not less than three years. Furthermore, they can take on other administrative and control assignments within the limits established by the rules.

Following the resolutions passed on 27 April 2007 by the Shareholders' Assembly, the Board of Statutory Auditors is made up of the Chairman Giorgio Picone and the permanent auditors Benvenuto Girometti and Fiorenzo Salvini. Their office expires on the date of the Shareholders Assembly convened for the approval of the Financial Statement for year 2009. The Board of Statutory Auditors does not hold any other office in other Group companies. A complete disclosure will be attached to the Report of the Statutory Board of Auditors on Bolzoni S.p.A.'s Financial Statement for 2007, in compliance with the current rules.



Stakes held by the components of the administrative and control bodies, by the general directors and managers holding strategical responsibilities (Art. 79 of Consob Ruling Resolution n°11971 passed on 14.5.1999)

<i>Surname and name</i>	<i>Company</i>	<i>Number of shares held at 31.12.2006</i>	<i>Number of shares purchased</i>	<i>Number of shares sold</i>	<i>Number of shares held at 31.12.2007</i>
Bolzoni Emilio	Bolzoni S.p.A.	21,873	-	-	21,873
Bolzoni Franco	Bolzoni S.p.A.	8,335	60,291	-	68,626
Pisani Luigi	Bolzoni S.p.A.	12,502	21,500	-	34,002
Scotti Roberto	Bolzoni S.p.A.	10,613	20,000	-	30,613
Magnelli Pierluigi	Bolzoni S.p.A.	4,167	-	-	4,167
Staack Karl Peter Otto	Bolzoni S.p.A.	876,982	13,000	-	889,982
Salsi Giovanni	Bolzoni S.p.A.	-	2,000	-	2,000
Salvini Fiorenzo	Bolzoni S.p.A.	-	8,500	-	8,500
Managers	Bolzoni S.p.A.	10,000	156,002	118,127	47,875

The Board of Directors' proposal to the Shareholders

Gentlemen,

We conclude our report by inviting you to approve the financial statement we have prepared and to give your consent regarding the criteria adopted.

We therefore propose:

- the approval of the financial statement at 31.12.2007;
- the allocation of 245,205 euros to legal reserve;
- the distribution of a 0.12 euro dividend per each share owned, for a total amount of 3,100,789 euros to be paid out from 22 May 2008 with detachment of coupons on 19 May 2008;
- the allocation of the remaining profit of 1,558,097 to extraordinary reserve

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

Podenzano, 26 March 2008

The Board of Directors



CONSOLIDATED FINANCIAL STATEMENT at 31 December 2007

FINANCIAL STATEMENT	Notes	31/12/2007	31/12/2006
€/000			
ASSETS			
Non-current assets			
Property, plant and equipment	5	30,705	30,285
Goodwill	6	10,618	9,246
Intangible fixed assets	7	5,221	4,977
Investments in associated companies assessed on N.E.	8	662	525
Credits and other financial assets	9	494	213
- of which related to associated companies		200	-
Financial assets held to maturity	10	60	1,425
Deferred tax assets	11	2,208	2,746
Total non-current assets		49,968	49,417
Current assets			
Inventory	12	25,776	22,268
Trade receivables	13	32,434	29,074
- of which related to associated companies	13	979	625
Tax receivables	14	806	412
Other receivables	15	937	1,184
Cash and cash equivalent	16	3,060	4,473
- of which related to Intesa-Sanpaolo	16	467	750
Total current assets		63,013	57,411
TOTAL ASSETS		112,981	106,828



CONSOLIDATED FINANCIAL STATEMENT at 31 December 2007

FINANCIAL STATEMENT €/000	Notes	31/12/2007	31/12/2006
GROUP NET EQUITY			
Share capital	17	6,460	6,421
Reserves	17	30,098	27,787
Result of the period	17	6,722	4,790
TOTAL NET GROUP EQUITY		43,280	38,998
NET THIRD PARTY EQUITY			
Capital, reserves and retained earnings		320	283
Result of the period		250	76
TOTAL NET GROUP AND THIRD PARTY EQUITY		43,850	39,357
LIABILITIES			
Non-current liabilities			
Long term loans	18	14,689	8,917
- of which related to Intesa-Sanpaolo	18	6,537	3,322
T.F.R. provision (retirement allowance)	19	3,284	4,150
Deferred tax liability	11	2,564	3,738
Tax payables	23	235	-
Contingency and expenses provisions	20	120	133
Total non-current liabilities		20,892	16,938
Current liabilities			
Trade payables	21	25,111	26,654
Payables towards banks and current portion of long term loans	18	14,367	15,313
- of which related to Intesa-Sanpaolo	18	5,449	2,962
Other payables	22	6,686	6,106
Tax payables	23	1,401	1,706
Current portion of contingency provision	18	674	754
Total current liabilities		48,239	50,533
TOTAL LIABILITIES		69,131	67,471
TOTAL NET EQUITY AND LIABILITIES		112,981	106,828



CONSOLIDATED INCOME STATEMENT at 31 December 2007

INCOME STATEMENT	Notes	31/12/2007	31/12/2006
€/000			
Turnover	4	145,638	107,103
- of which related to associated companies	4	2,630	1,845
Other operating revenue	24	1,541	566
Total revenue		147,179	107,721
Costs for raw material and consumables	25	(57,755)	(42,043)
Costs for services	26	(34,756)	(26,977)
- of which towards related parties	26	(522)	(522)
Personnel expenses	27	(35,859)	(25,162)
Other operating expenses	28	(1,092)	(403)
Result of associated companies assessed at N.E.	8	122	156
Gross operating result		17,839	13,240
Amortization	5,7	(4,890)	(3,384)
Provisions and write-downs	20	(378)	(188)
Operating result		12,571	9,668
Financial income and expenses	29	(1,713)	(737)
- of which related to Intesa -Sanpaolo (expenses)	29	(579)	(236)
Exchange rate earnings and losses	29	(816)	(782)
Result before tax		10,042	8,149
Income tax	11	(3,070)	(3,283)
Result of continuing activities		6,972	4,866
Result of activities to be sold or transferred		-	-
Result of the period		6,972	4,866
Attributable to:			
- Group		6,722	4,790
- Third parties		250	76
Earnings per share	31		
- basic, for the year's profit attributable to ordinary shareholders of the parent		0.261	0.202
- diluted, for the year's profit attributable to ordinary shareholders of the parent		0.260	0.201



VARIATIONS TO CONSOLIDATED NET EQUITY
for years ended 31 December 2006 and 31 December 2007

	<i>Capital</i>	<i>Share prem. reserve</i>	<i>Legal reserve</i>	<i>Retained earnings</i>	<i>Stock option res.</i>	<i>Transl. differ.</i>	<i>Year result</i>	<i>Total Net Equity for the Group</i>	<i>Minority interests</i>	<i>Min. result</i>	<i>Total Net Equity</i>
Balances as at 31.12.2005	5,319	5,278	549	9,061	0	(904)	4.350	23,653	137	9	23,799
Incr.from IPO (1)	1,064	10,935						11,999			11,999
Incr.from Stock Opt.	38	451			175			664			664
Profit allocation			151	4,199		(4,350)		-	9	(9)	-
Translation rate variations						(97)		(97)	(9)		(106)
Dividends				(2,021)				(2,021)			(2,021)
Other movements				10				10	146		156
Result for the period							4,790	4,790		76	4,866
Balances as at 31.12.2006	6,421	16,664	700	11,249	175	(1,001)	4,790	38,998	283	76	39,357
Incr.from Stock Opt.	39	432			(168)			303			303
Profit allocation			164	4,626		(4,790)			76	(76)	-
Minor.inter. variations				(220)				(220)	(12)		(232)
Dividends				(2,569)				(2,569)			(2,569)
Other movements				8	134	(96)		46	(27)		19
Result for the period							6,722	6,722		250	6,972
Balances as at 31.12.2007	6,460	17,096	864	13,094	141	(1,097)	6,722	43,280	320	250	43,850

(1) The increase in capital is net of costs for listing operation and related tax effect.



CONSOLIDATED CASH FLOW STATEMENT

€/000	Notes	2007	2006
Net profit for the period		6,722	4,790
<i>Adjustments to reconcile net profit with cash flow generated (used) by operating activities:</i>			
Amortization		4,890	3,384
Net variation in TFR provision (retirement allowance)		(866)	889
Net variation in contingency and charges provision		(93)	513
Net variation in deferred tax		(636)	1,416
Net variation in investments assessed at N.E.		(137)	(77)
<i>Variations in operating assets and liabilities:</i>			
Increase (decrease) in inventory		(3,508)	(4,090)
Increase (decrease) in trade receivables		(3,360)	(7,051)
Increase (decrease) in other receivables		247	(534)
Increase (decrease) in trade payables		283	7,702
Increase (decrease) in other payables		580	1,993
Increase (decrease) in tax payables		(70)	37
Increase (decrease) in tax receivables		(394)	(168)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES:	a)	3,658	8,804
<i>Cash flow generated by investment activity:</i>			
Net investments in tangible activities		(6,086)	(15,187)
Net investments in intangible activities		(2,666)	(4,219)
NET CASH FLOW USED FOR INVESTMENT ACTIVITIES	b)	(8,751)	(19,406)
<i>Cash flow generated by financing activity:</i>			
New loans (repayment) and transfer of short term portions to current liabilities		4,891	349
Net variation of other non-current financial assets/liabilities		1,084	(65)
Dividends paid		(2,569)	(2,021)
Monetary flows from share capital increase(IPO) and stock options		303	11,626
Share capital increase in subsidiaries and other variations to equity following IPO		37	1,163
CASH FLOW GENERATED (USED) BY FINANCING ACTIVITIES	c)	3,746	11,052
EFFECT OF EXCHANGE RATES ON THE NET LIQUID FUNDS		-	-
NET INCREASE (DECR.) IN NET LIQUID FUNDS	a)+b)+c)	(1,348)	450
NET LIQUID FUNDS AT START OF THE YEAR		1,452	1,002
NET LIQUID FUNDS AT END OF THE YEAR		104	1,452
VARIATION		(1,348)	450
ADDITIONAL INFORMATION:			
Interest paid		1,774	952
Income tax paid		3,324	3,750



ACCOUNTING PRINCIPLES AND EXPLANATORY NOTES

1. Corporate information

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

The main object of the activity of Bolzoni S.p.A. and the companies it controls (hereinafter jointly called "the Bolzoni Group" or "the Group") is to be found in the segment of attachments for fork lift trucks.

The consolidated financial statements of Bolzoni S.p.A. (the Company) for the year ended 31 December 2007 were approved by the Board of Directors on 26 March 2008.

As at December 31 2007 the majority of Bolzoni S.p.A.'s share capital is owned by Penta Holding S.r.l. with registered offices in Podenzano, Località I Casoni (Piacenza).

The Parent Company is not subject to management and coordinating activities on behalf of companies or bodies and establishes in full autonomy its general and operational strategic orientations.

2.1 Preparation basis

The consolidated financial statement for 2007 has been prepared in compliance with the international accounting principles (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Commission.

The accounting principles used in this financial statement are those formally approved by the European Union and in force at 31 December 2007. Unless otherwise indicated, figures contained in the statements and notes are in thousands of euros.

We have included all the specific disclosure requirements established in CONSOB's resolution n° 15519 passed on July 27 2006, CONSOB's resolution n° 15520 passed on July 27 2006 and in Release n° DEM/6064293 dated 28.07.2006.

The financial statement as at 31 December 2007 has been drawn up on the basis of the historic cost, modified where necessary as required for the evaluation of certain financial instruments.

With reference to the Statements of the Consolidated Financial report, the following should be noted:

- Balance Sheet: the Group differentiates between non-current assets and liabilities and current assets and liabilities;
- Income Statement: the Group presents a classification of costs according to their nature, which is believed to be more representative of the Group's predominantly commercial and distribution activities;
- Cash Flow Statement: it has been drawn up using the indirect method to determine cash flows produced by the activity during the period;
- Variations to Net Equity: the Group includes all variations to net equity including those deriving from transactions with shareholders (distribution of dividends, share capital increases)

The following table lists the international accounting principles and interpretations, approved by IASB and enacted for adoption in Europe, applied for the first time during the period under examination:

Description	Enacted on	Published in O.J.E.U. on	Adoption date for Bolzoni Group
IFRS 7 Financial instruments: Disclosures	11 Jan 06	27 Jan 06	1 Jan 07
IAS 1 Amendment – Capital Disclosures	11 Jan 06	27 Jan 06	1 Jan 07
IFRIC 7- Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	8 May 06	9 May 06	1 Jan 07
IFRIC 8 – Scope of IFRS 2	8 Sept 06	9 Sept 06	1 Jan 07
IFRIC 9 – Reassessment of Embedded Derivatives	8 Sept 06	9 Sept 06	1 Jan 07
IFRIC 10 – Interim Financial Reporting and Impairment	1 June 07	2 June 07	1 Jan 07



The adoption of the above principles and interpretations has not produced a substantial impact on the evaluation of the Group's assets, liabilities, costs, income and the related financial disclosure.

2.2 Interpretations effective in the future

The following table shows the IFRS/Interpretations approved by IASB and enacted for adoption in Europe with a mandatory application date after 31 December 2007.

Description	Enacted on	Published in G.U.C.E. on	Adoption date Bolzoni Group
IFRS 8 – Operating Segments	21 Nov 07	22 Nov 07	1 Jan 09
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	1 June 07	2 June 07	1 Jan 08

The adoption of the above principles and interpretations is not expected to have any substantial effect on the evaluation of the Group's assets, liabilities, costs and income.

Below we have indicated the international accounting principles, interpretations, amendments to existing accounting principles and interpretations, or rather specific provisions contained in the principles and interpretations approved by IASB, which have not yet been enacted for adoption in Europe at the date of 31 December 2007:

- Revised IFRS 3 *Business Combinations: Comprehensive revision on applying the acquisition method (and related amendments to IAS 27 Consolidated and Separate Financial Statements, to IAS 28 Investments in Associates and to IAS 31 Interests in Joint Ventures)*;
- Amendments to IFRS 2 *Share-based Payment: Amendment relating to vesting conditions and cancellations*;
- Amendments to IAS 1 *Presentation of Financial Statements: Comprehensive revision including requiring a statement of comprehensive income*;
- Amendments to IAS 1 *Presentation of Financial Statements: Amendments relating to disclosure of puttable instruments and obligation arising on liquidation*;
- Amendments to IAS 32 *Financial Instruments: Presentation: Amendments relating to puttable instruments and obligation arising on liquidation*;
- Amendments to IAS 23 *Borrowing Costs: Comprehensive revision to prohibit immediate expensing*;
- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- Provisions of IAS 39 regarding hedging of a portfolio of assets which includes sight deposits against exposure to interest rate risk.

We do not expect the possible adoption of the above principles and interpretations to produce substantial effects on the evaluations of the Group's assets, liabilities, costs and income.

Consolidation principles

The consolidated financial statement comprises the financial statements of Bolzoni S.p.A. and its subsidiaries at 31 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. The closing date of subsidiary financial statements is the same as that of the parent.

In preparing the consolidated financial statement the assets, the liabilities, as well as the overall amounts 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 to the specific caption 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.

Following is the list of the group companies at 31 December 2006:

<i>Name</i>	<i>Location</i>	<i>Share capital (thousands of currency)</i>	<i>% of direct ownership</i>	<i>% of indirect ownership</i>
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 Sud S.r.l.	Bisceglie - Bari Italy	€ 26	100 %	
Bolzoni Auramo S.A.R.L.	Forbach – France	€ 198	100 %	
Auramo Oy	Vantaa – Finland	€ 565	100 %	
Bolzoni Auramo BV	Helmond - Netherlands	€ 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 %	
Bolzoni Auramo Canada 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 Baltic Ou	Tallinn - Estonia	EEK 40		100 %
Bolzoni Auramo Shanghai	Minhang District - China	RMB 8,159	60 %	
Eurolift Pty Ltd (*)	Dudley Park SA – Australia	AUD \$ 300	24.5 %	
Bolzoni Auramo South Africa (*)	Benoni – South Africa	ZAR 100		40 %
Hans H. Meyer GmbH	Salzgitter – Germany	€ 1,023	100 %	
Meyer Scandinavia Ab	Sweden	SEK 100		60 %
Hans H. Meyer Ltd	Stockport UK	£ 250		100 %
Meyer S.a.r.l.	France	€ 155		100 %
Meyer Italia S.r.l.	Prato Italy	€ 50	30 %	

(*) = Associated companies assessed using the N.E. method

Compared to the previous year, the main variations are due to:

- acquisition of 30% share in subsidiary Bolzoni Auramo S.r.l.;
- € 200,000 increase in the share capital of the entirely owned subsidiary Bolzoni Auramo Australia PTY Ltd

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

2.3 Significant accounting judgements and estimates

Judgements

The process of applying the Group's accounting principles calls for decisions to be made by the directors based on the following judgements (excluding those involving estimations) that have an significant effect on the amounts recognized in 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 31 December 2007 was 10,618 thousand euros (2006: 9,246 thousand euros). More details are given in Note 5.

2.4 Summary of principal accounting policies**Foreign currency translation**

The consolidated financial statement is presented in thousands of 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 in force at the balance sheet date. All exchange rate differences are taken to profit or loss. Non-monetary items measured in terms of historic cost in a foreign currency are translated using the exchange rates in force 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:

Bolzoni Auramo Inc.	US Dollar
Bolzoni Auramo Canada Ltd	Canadian Dollar
Bolzoni Auramo Ltd	Pound Sterling
Bolzoni Auramo AB	Swedish Crown
Bolzoni Auramo Pty Ltd	Australian Dollar
Bolzoni Auramo Sp Zoo	Polish Zloty
Bolzoni Auramo Sa	Chilean Pesos
Bolzoni Auramo Shanghai	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 possible disposal of a foreign company, the cumulative exchange rate differences, taken to net equity on the basis of that particular foreign company, are recognized in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at historic cost, net of 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 unchanged 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 realizable value, the assets or the cash-generating units to which the assets have been allocated are revalued until they actually reflect their realizable 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 derecognized 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 derecognized.

Leases

Finance leases, which substantially transfer to the Group all the risks and benefits connected to the ownership of the leased item, are capitalized 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 principal amounts included in the instalments.

Lease payments are apportioned between the finance charges and reduction of the lease liability 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 previous 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 recognized as an expense in the income statement on a straight-line basis over the lease term.

Business combinations and goodwill

Business combinations are recorded using the purchase method. This requires the fair value recognition of the identifiable assets (including previously unrecognized intangible assets) and the identifiable liabilities (including potential liabilities and excluding future restructuring) of the acquired company.

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 recognized 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 annually for impairment, 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 than 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 recognized: the original 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 recognized 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 amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization methods for an intangible asset with a finite useful life is reviewed at least at each 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

The group has not recognized 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 capitalized 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 reliably 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 capitalized 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 amortization or loss. Any capitalized 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.



Following is a summary of the policies applied by the Group to intangibles assets :

	<i>Licences, Trademarks and Patents</i>	<i>Development costs</i>
Useful lives	Finite	Finite
Method used	Licences amortized over 3 years Patents and trademarks amortized over 10 years	Amortized 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 (economically)
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 amortization 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 recognized 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 amortized. After application of the equity method, the Group determines whether it is necessary to recognize any additional 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 recognized directly in the equity of the associate, the Group recognizes 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.

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 independent 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 independently from other assets or groups of assets, impairment testing involves the unit or 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-organization 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized 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 trading

These are financial assets acquired for the scope of obtaining a profit 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 recognized, less the principal repayments, plus or minus the accumulated amortization, using the effective interest rate method of any difference between the initially recognized 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 amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization 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 amortized cost using the effective discount rate. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization 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 recognized as a separate component of equity until they are derecognized or until they are determined to be impaired at which time the accumulated gain or loss previously reported in equity is included in the income statement.

In the case of securities that are actively traded in organized 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 independent 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 realizable 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 realizable 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 realizable value.

Trade and other receivables

Trade receivables, which generally have a 30-90 days' payment terms, are recognized at the original invoice amount less an allowance for any non-collectable 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 recognized 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 amortized cost, using the effective interest rate method.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization 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 derecognized 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 recognized 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 derecognized 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 recognized 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 amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized 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 recognized 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 recognized 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 recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized 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.

Retribution schemes under the form of investment in capital (Stock option plans)

As established by IFRS2 – Share based payments, these schemes represent a part of the beneficiary's retribution, the cost being represented by the fair value of the options (share purchase right) calculated at the assignment date of the right, the cost of which is recorded in the Income Statement at equal amounts along the period going from the said assignment date and the date the rights are exercisable, and the matching entry is taken directly to net equity. Evaluations in fair value subsequent to the assignment date do not have any effect on the initial evaluation.

**Provisions for contingencies and charges**

Provisions for contingencies and charges are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 of the probability of the economic benefits coming to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

Services rendered

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

Revenue from services rendered (technical servicing, repairs, other services rendered) is recognized 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 recognized 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 recognized when the shareholders' rights to receive the payment is established.

Government grants

Government grants are recognized where there is reasonable assurance that the grants will be received and all related conditions will be complied with. When the grants relate to expense items they are recognized 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 at 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 recognized 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 recognized 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 recognized 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 recognized 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 realized 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 recognized directly in equity is recorded directly in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right 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 recognized 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 recognized 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 to hedge against risks associated mainly with fluctuations in exchange rates. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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 31 December 2006 none of the derivative contracts were 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. At 31 December 2007 there were no existing derivative contracts.

Variations to accounting principles

The Accounting Principles adopted are in line with those applied in the previous financial year.

Future changes in accounting policies

IFRS 2 Share-based payments – Vesting conditions and cancellations

This amendment to *IFRS 2 Share-based payments* was published in January 2008 and will be applied during the first financial period after 1 January 2009. It clarifies that vesting conditions include an explicit or implicit obligation to provide a service. Any other condition is 'non-vesting' and must be taken in to account to determine the fair value of the assigned capital instrument.

In the event of the premium not maturing as a result of the fact that it does not meet a 'non-vesting condition' which is under the control of the entity or the party, this must be accounted for in the same way as cancellations.

Bolzoni S.p.A. has not performed operations with share-based payments having 'non-vesting conditions' and thereby does not expect any important effects of the accounting of agreements with share-based payments.

IFRS 3R Business combinations and IAS 27/R Consolidated and separate financial statements

The two amended standards were issued in January 2008 and will be applied from the first financial period after 1 July 2009. IFRS 3R introduces some changes in how business combinations are accounted for with effects on the amount of goodwill measured, on the result of the period when the acquisition is made and on the results of those following. IAS 27R requires that a change in the portion of the interest held in a subsidiary be accounted for as if it were a capital transaction. Consequently, this change will not affect goodwill and will not produce gains or losses. Furthermore, the amended standards introduce changes in the accounting of a loss incurred by a subsidiary and likewise in the event of the loss of interest in the subsidiary. The changes introduced by standards IFRS 3R and IAS 27R are for future application and will affect future acquisitions and transactions with minority shareholders.

IAS 1 (Revised) Presentation of Financial Statements

The revised IAS 1 standard regarding the Presentation of Financial Statements was issued in September 2007 and is applicable to accounting periods after 1 January 2009. The revision separates changes to net equity resulting from transactions with owners in their capacity as owners from 'non-owner' changes. The accounting statement showing the variations in net equity will include only details of transactions with shareholders whereas all the variations related to non-shareholder transactions will be presented in a single line. Furthermore, the revision introduces the 'comprehensive income' statement which includes all the items of income and expense pertaining to the period and recorded in the income statement plus any other income and expense item measured. The 'comprehensive income' statement can be presented as a single statement or in two separate but correlated statements, Bolzoni S.p.A. is still in the process of deciding which option it will adopt.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments

Amendments to IAS 32 and IAS 1 were issued in February and will apply for the first annual period after 1 January 2009. The amendment to IAS 32 requires some financial puttable instruments and instruments with obligations arising liquidation to be classified as equity instruments provided they have particular features and meet specific conditions. Amendment to IAS 1 requires that the explanatory notes contain certain information regarding the puttable options classified as equity. Bolzoni S.p.A. does not expect these amendments to affect the financial statement.

3. Acquisition of Meyer

Towards the end of 2006 (1 November 2006) the entire share capital of the company Hans H Meyer GmbH was acquired, fourth manufacturer in the world of attachments for fork lift trucks, with registered offices in Salzgitter (Germany). It should be remembered that the acquired company, in turn, holds a 100% investment in Meyer Sarl (France), 100% in Hans H. Meyer Ltd (UK) and 60% in Meyer Scandinavia AB (Sweden).



The fair value of the identifiable assets and liabilities in the consolidated financial statement of Hans H. Meyer GmbH at the date of acquisition was the following:

	Fair value measured on acquisition	Book value at 31 Dec 2006
Property, plant and equipment	6,900	3,860
Intangible fixed assets	2,541	41
Deferred tax assets	119	119
Inventory	3,613	3,613
Trade receivables	5,151	5,151
Other receivables	494	494
Cash	85	85
Total assets	18,903	13,363
Short term loans and payables to banks	(5,054)	(5,054)
Trade payables	(3,472)	(3,472)
Deferred tax liabilities	(2,178)	(20)
Other payables	(1,695)	(1,695)
Total liabilities	(12,399)	(10,241)
Net assets	6,504	3,122
Goodwill from acquisition	2,287	
Final acquisition cost	8,791	

As already indicated in the notes to the consolidated financial statement 2006, the initial recording of the acquisition was determined at the temporary cost of 7,414 thousand euros, including 414 thousand euros for additional charges directly related to the acquisition itself. The acquisition contract established both the payment of a first tranche for 7 million euros already (paid at the end of October 2006) and, once certain previously agreed conditions occurred in relation to the achievement of certain levels in EBITDA resulting from Hans H. Meyer GmbH's consolidated financial statement for year 2006 prepared in accordance with accounting principles generally in use in Germany, also the need to integrate the price up to a further maximum 2.5 million euros.

As the acquisition contract acknowledged a price integration, the amount of which depended on the achievement of predefined Ebitda levels, in May 2007 negotiations for the definition of the balance were concluded and the amount agreed upon was 1 million euros. The final cost of acquisition therefore amounts to 8,791 thousand euros, as indicated in the above table, which is 1,377 thousand euros (1 million euros for price integration and 377 thousand euros for additional costs) more than the provisional cost calculated at 31 December 2006 (7,414 thousand euros).

On November 1 2006 the property and the trade mark were assessed at the fair value in accordance with the international accounting principles, resulting in an appreciation of 3,040 thousand euros for property and 2,500 thousand euros for the trade mark. Both amounts are the result of specific appraisals performed by independent experts.

The definitive goodwill measured (as in the above table) amounts to 2,287 thousand euros. It has not been necessary to adjust the fair value of the other assets and liabilities recorded at the acquisition date.

4. 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 Rest of the World. 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 31 December 2007 and 2006:



31 December 2007	Europe	North America	Rest of World	Total
Revenue	120,309	12,398	12,391	145,638
Other segment information				
Segment assets	101,416	8,363	2,540	112,371
Investment in associates	15	-	647	662
Total assets	101,431	8,363	3,187	112,981
Investments:				
Tangible fixed assets	4,587	113	34	4,734
Intangible fixed assets	1,620	-	-	1,620

31 December 2006	Europe	North America	Rest of World	Total
Revenue	83,505	15,427	8,171	107,103
Other segment information				
Segment assets	95,084	7,661	3,439	106,184
Investment in associates	-	-	525	525
Total assets	95,084	7,661	3,964	106,709
Investments:				
Tangible fixed assets	10,473	146	108	10,727
Intangible fixed assets	990	-	-	990

The clear increase in revenue is mainly due to the fact that the 2006 income statement only considered the last 2 months of the Meyer Group's turnover following the acquisition on November 1 2006. Indeed, the Meyer Group's contribution to turnover, net of the intercompany operations during the 2007 financial period, amounted to 31,824 thousand euros, compared to the 4,791 thousand euros in 2006.

5. Tangible fixed assets

	01.01.07	Addition	Deprec.	Decr. (1)	Other var. (2)	31.12.07
Land	721	-	-	-	-	721
Buildings	15,143	571	-	-	(164)	15,550
Plant and machinery	34,242	1,928	-	(9)	(3,172)	32,989
Equipment	3,577	340	-	(4)	1,464	5,377
Other assets	11,123	1,895	-	(1,013)	1,527	13,532
Value of tangible fixed assets	64,806	4,734	-	(1,026)	(345)	68,169
Land	-	-	-	-	-	-
Buildings	(4,433)	-	(433)	-	44	(4,822)
Plant and machinery	(19,531)	-	(1,988)	(2)	2,428	(19,093)
Equipment	(3,208)	-	(352)	(5)	(1,057)	(4,622)
Other assets	(7,349)	-	(1,061)	448	(965)	(8,927)
Accumulated Depreciation for tangible fixed assets	(34,521)	-	(3,834)	441	450	(37,464)
Land	721	-	-	-	-	721
Buildings	10,710	571	(433)	-	(120)	10,728
Plant and machinery	14,711	1,928	(1,988)	(11)	(744)	13,896
Equipment	369	340	(352)	(9)	407	755
Other assets	3,774	1,895	(1,061)	(565)	562	4,605
Net Value of tangible fixed assets	30,285	4,734	(3,834)	(585)	105	30,705

(1): for sales or variation in consolidation area

(2): exchange rate differences, reclassification or others



The value of the tangible fixed assets generated internally, entirely attributed to items "Plant and Machinery" and "Equipment", amounts to 60 thousand euros (2006: € 66 thousand euros) and includes raw material, semi-finished products and personnel costs and related social security.

Investments in plant and machinery made in 2007 refer to the completion of the new production line of forks for lift trucks and the purchase of machine tools and equipment necessary to maintain a continual level of modernization as required for increasing productivity and efficiency

Below is a summary of the gross and net 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.

	31.12.2007		31.12.2006	
	Gross value	Net value	Gross value	Net value
Buildings	204	135	204	141
Plants and equipment	4,144	104	4,144	275
Total	4,348	239	4,348	416

6. Goodwill

Goodwill acquired through business combinations has been allocated to three distinct cash-flow generating units in order to verify any possible impairment:

- Auramo Oy
- Bolzoni Auramo GmbH
- Hans H. Meyer GmbH

	31.12.2006	Addition	Sale	Exchange rate diff.	31.12.2007
Auramo OY	8,155	-	(5)	-	8,150
Bolzoni Auramo GmbH	181	-	-	-	181
Hans H. Meyer GmbH	910	1,377	-	-	2,287
Total	9,246	1,377	(5)	-	10,618

Auramo OY, Bolzoni Auramo GmbH and Hans H. Meyer GmbH

The estimated recoverable value of goodwill recorded in the financial statement was performed 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 7.8% 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 impairment tests performed on goodwill have not highlighted permanent impairments requiring a write-down.

**7. Intangible fixed assets**

	01.01.07	Addition	Amorti- zation	Decr. (1)	Other variations (2)	31.12.07
Development costs	2,150	636	-	-	(387)	2,399
Trademarks and patent rights	3,473	9	-	-	(116)	3,366
Licences	2,768	974	-	-	23	3,765
Sundry	188	1	-	-	(47)	142
Gross value of Intangible Fixed Assets	8,579	1,620	-	-	(527)	9,672
Development costs	(621)	-	(408)	-	176	(853)
Trademarks and patent rights	(438)	-	(424)	-	(61)	(923)
Licences	(2,424)	-	(214)	-	(4)	(2,642)
Sundry	(1019)	-	(10)	-	96	(33)
Accumulated amortization for Intangible Fixed Assets	(3,602)	-	(1,056)	-	207	(4,451)
Development costs	1,529	636	(408)	-	(211)	1,546
Trademarks and patent rights	3,035	9	(424)	-	(177)	2,443
Licences	344	974	(214)	-	19	1,123
Sundry	69	1	(10)	-	49	109
Net Value of Intangible Fixed Assets	4,977	1,620	(1,056)	-	(320)	5,221

(1): for sales or variation in consolidation area

(2): exchange rate differences, reclassification or others

The value of the intangible fixed assets generated internally and capitalized in 2007, entirely attributed to item "Development costs" amounts to 636 thousand euros (2006: 615 thousand euros) and consists of personnel costs and related social security. The projects refer in particular to the development of new technical solutions for existing products. At 31 December 2007 development costs included 115 thousand euros related to running projects.

8. Investment in associates

The Group has the following investments in associated companies:

	2007	2006
Eurolift Pty Ltd	179	176
Bolzoni Auramo South Africa	468	349
Meyer Italia S.r.l.	15	-
Total	662	525

The following table highlights the main financial information regarding the investment in Eurolift :

	2007	2006
Portion of the associate's equity:		
Current assets	236	233
Non-current assets	21	23
Current liabilities	(35)	(51)
Non-current liabilities	(28)	(31)
Net asset	194	176
Portion of the associate's revenue and result:		
Revenue	505	392
Earnings	33	27



The following table highlights the main financial information regarding the investment in Auramo South Africa:

	2007	2006
Portion of the associate's equity:		
Current assets	642	737
Non-current assets	24	25
Current liabilities	(243)	(334)
Non-current liabilities	(29)	(40)
Net asset	394	389
Portion of the associate's revenue and result:		
Revenue	1,360	1,440
Earnings	109	122

The reference dates for investment in the associate Eurolift are 30 June 2007 and 30 June 2006, as accounting reports are not available at 31 December 2007 and 2006.

The investment in the associate Meyer Italia S.r.l., acquired during the financial period, is not substantial and so we have not considered it necessary to provide main financial information as there are no available figures.

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

Credits and other financial assets mainly refer to loans given by the parent to associated companies and other minor credits related to various subsidiaries.

10. Financial assets held to maturity

The balance refers to the financial assets held by the Finnish subsidiary.

11. Taxation

11.1 Deferred tax

The situation at 31 December was the following:

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	2007	2006	2007	2006
Deferred tax liability				
Accelerated depreciation for tax purposes	-	(780)	780	(113)
Exchange rate fluctuations	-	-	-	213
Capitalization of internal costs	(341)	(353)	12	(120)
Lease evaluations	(22)	(42)	20	89
Pensions	(147)	(28)	(119)	(28)
Variation in evaluation parent's inventory	(136)	(50)	(86)	(22)
Gains on sale of fixed assets split over 5 years	(18)	(25)	7	10
Bad debt provision for tax purposes	(29)	(35)	6	(14)
Meyer Group	(1,582)	(2,185)	603	-
Minor balances from subsidiaries	(289)	(240)	(49)	(111)
Sundry	-	-	-	10
	(2,564)	(3,738)		
Deferred tax assets				
Pensions	-	-	-	(11)
Fiscal losses carried forward on foreign subsidiaries	523	523	-	1
Obsolescence provision on parent's inventory	171	134	37	32
Offsetting infragroup's profit in stock	546	755	(209)	(64)
Non tax deductible provisions	112	138	(26)	(62)
IPO costs	434	686	(252)	-
Minor balances on subsidiaries	82	143	(61)	11
Exchange rate fluctuations	80	82	(2)	82
Meyer	106	134	(28)	-
Sundry	154	151	3	110
	2,208	2,746		
Deferred tax income(expense)			636	13



Costs incurred during IPO, directly deducted from the share premium provision, are deducted from revenue over a period of 5 financial years, thus producing the above deferred tax assets.

Deferred tax liabilities referring to the Meyer Group and amounting to 1,582 thousand euros, are related to the deferred taxation deriving from the booking of the tangible fixed assets and the Meyer trademark at fair value.

Some Group subsidiaries have fiscal losses totalling 7,179 thousand euros (2006: 6,873 thousand euros) that are available indefinitely to offset future taxable profits of those same companies where the losses have been produced. Deferred tax assets related to those losses have been recognized according to expected earnings, established on the basis of the business plans drawn up for each company. In particular, a time frame covering the next three financial years has been considered. The deferred tax assets on these losses carried to the balanced sheet amount to 523 thousand euros (2006: 523 thousand euros). The amount of available fiscal losses for which no deferred tax asset has been allocated at 31 December 2007 amounts to 5,269 thousand euros, corresponding to deferred tax not accounted for and amounting to approximately 1.4 million euros.

As in the previous year, at 31 December 2007 no deferred tax liability was recognized on the unremitted earnings of some subsidiaries and associates as the Group has determined that these earnings will not be distributed in the foreseeable future.

The payment of dividends to the shareholders of Bolzoni S.p.A. does not effect income tax.

11.2 Income tax

The main components of Income tax for the years ended 31 December 2007 and 2006 are the following:

Consolidated income statement	2007	2006
<i>Current income tax</i>		
Current income tax charge	3,706	3,296
<i>Deferred income tax</i>		
Related to origination and reversal of temporary differences	(636)	(13)
Income tax expense reported in the consolidated income statement	3,070	3,283

Reconciliation between tax expenses and the product of accounting profit multiplied by domestic tax rate for the years ended 31 December 2007 and 2006 gives the following:

IRES/Income tax	2007		2006	
	Amount	Rate	Amount	Rate
Theoretical tax rate		33.0 %		33.0 %
Result before tax	10,042		8,149	
Theoretical tax charge	3,314		2,689	33.0 %
<i>Plus variations</i>				
Tax free or non-taxable income	31		31	
Non deductible costs	1,599		1,815	
<i>Minus variations</i>				
IPO costs	(461)		(461)	
Other minus variations	(4,294)		(1,562)	
Taxable income	6,917		7,972	
CURRENT IRES	3,080	30.7 %	2,541	31.2 %



IRAP	2007		2006	
	Amount	Rate	Amount	Rate
Theoretical tax rate		4.25%		4.25 %
Difference between production values and costs	6,901		6,402	
Theoretical tax charge	293		272	
<i>Plus variations</i>				
Personnel costs	12,036		11,505	
Other plus variations	2,006		1,567	
<i>Minus variations</i>				
Other minus variations	(6,206)		(1,714)	
Taxable amount	14,737		17,760	
CURRENT IRAP	626	9.1%	755	11.8 %

12. Inventory

	2007	2006
Raw material	8,827	6,489
Obsolescence provision for raw material	(183)	(66)
Net raw materials	8,644	6,423
Semi-finished products	7,741	6,735
Obsolescence provision for semi-finished products	(165)	(176)
Net semi-finished products	7,576	6,559
Finished products	10,301	9,950
Obsolescence provision for finished products	(745)	(664)
Net finished products	9,556	9,286
Total inventory at lesser between cost and net realizable value	25,776	22,268

The increase in amount of inventory is correlated to the increase in the Group's turnover.
Below are the variations in the obsolescence provision during the periods under examination:

	31.12.2007	Increase	Decrease	31.12.2006
Obolesc.prov. for raw material	66	117	-	183
Obolesc.prov. for semi-finished prod.	176	-	(11)	165
Obolesc.prov. for finished products	664	130	(49)	745
Total	906	247	60	1,093

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

13. Trade receivables (current)

	2007	2006
Trade receivables	26,366	23,408
Bills subject to collection	5,130	5,149
Bad debt provision	(41)	(108)
Total minority receivables	31,455	28,449
Eurolift	174	211
Auramo South Africa	461	414
Meyer Italia S.r.l.	344	-
Total associate receivables	979	625
Total trade receivables	32,434	29,074



The increase in trade receivables is the result of the higher Group turnover.

Below the trade receivables are divided according to due date:

	2007
Receivables not yet due	24,599
Receivables 30 days overdue	3,848
Receivables 60 days overdue	2,012
Receivables 90 days overdue	919
Receivables more than 90 days overdue	1,056
Total trade receivables	32,434

Below are variations to the bad debt provision:

	31.12.07	31.12.2006
Initial balance	108	86
Amount used	315	-
Provisions	248	22
Final balance	41	108

For the terms and the conditions covering related party receivables, refer to note 33.

Trade receivables are non-interest bearing and generally have a due date of 30-90 days. We would like to point out that these amounts are covered by a credit insurance.

14. Tax receivables

	2007	2006
Sundry	806	412
Total	806	412

This item mainly includes the balance of tax paid in advance by some group companies and which is greater than tax income liabilities pertaining to the financial year.

15. Other receivables

	2007	2006
VAT receivables	283	773
Advance to suppliers	47	52
Prepaid expenses	66	40
Sundry	541	319
Total	937	1,184

Prepaid expenses are mainly related to costs incurred but not pertaining to the parent. The lower balance is mainly due to the reduction in VAT receivables.

16. Cash and cash equivalents

	2007	2006
Cash in hand and bank accounts	3,060	4,473
Total	3,060	4,473



Bank accounts have a variable interest rate.

For the purpose of the consolidated cash flow statement, the item 'Cash and cash equivalents' includes the following at 31 December :

	2007	2006
Cash in hand and bank accounts	3,060	4,473
Bank overdrafts and advance on collectable bills subject to final payment (note 18)	(2,956)	(3,021)
Total	104	1,452

17. Share capital and reserves

	2007	2006
Ordinary shares at 0.25 euros each	25,839,913	25,685,911

During year 2007 the following share capital increase was made:

- ❖ on 21 May 2007 following the stock option plan approved on 23 January 2006, a share capital increase was made for 154,002 ordinary shares each worth 0.25 euros for a total of 38 thousand euros (note 30).

Details of other reserves:

	Other reserves (of parent)	Curr. Transl. Diff.	IFRS transl. reserve	Consolid. reserve	Total
Balance at 31.12.2006	23,658	(1,001)	1,344	3,786	27,787
Share capital increase	432				432
Profit allocation	3,309			1,481	4,790
Variation in minority interests	(220)				(220)
Variation in translation reserve	(26)	(96)			(96)
Payment of dividends	(2,569)				(2,569)
Balance at 31.12.2007	24,584	(1,097)	1,344	5,267	30,098

Other reserves of the parent

The other reserves of the parent 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 approved 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 financial statements belonging to the foreign subsidiaries.

IAS/IFRS conversion reserve

This contains the affects on net equity following the first-time adoption of the IAS/IFRS principles on 1 January 2004.


Consolidation reserve

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

18. Interest bearing loans and borrowings

	<i>Actual interest rate %</i>	<i>Maturity</i>	<i>2007</i>	<i>2006</i>
Short term				
Bank overdrafts		On request	195	4
Advance on collectable bills subject to final payment		30-90 days	2,956	3,017
Subsidiary loans			6,551	6,467
7,000,000 euro unsecured bank loan	Euribor +0.90	2008	-	1,167
7,750,000 euro bank loan	Euribor +0.70	2008	1,107	1,107
5,000,000 euro unsecured bank loan	Euribor +0.40	2008	1,264	3,248
8,500,000 euro unsecured bank loan	Euribor +0.30	2008	1,616	-
3,000,000 euro unsecured bank loan	Euribor +0.25	2008	375	-
Government loan 394/81	1.72	2008	303	303
			14,367	15,313
Medium/short term				
7,750,000 euro bank loan	Euribor +0.70	2010	2,214	3,322
2,000,000 euro unsecured bank loan	Euribor +0.40	2009	667	1,333
2,000,000 euro unsecured bank loan	Euribor +0.40	2010	830	1,230
1,000,000 euro unsecured bank loan	Euribor +0.40	2011	519	715
1,500,000 euro unsecured bank loan	Euribor +0.30	2011	1,031	-
7,000,000 euro unsecured bank loan	Euribor +0.30	2012	5,152	-
3,000,000 euro unsecured bank loan	Euribor +0.25	2012	2,625	-
Government loan 394/81	1.72	2009	303	607
Handelsbanken loan	Euribor +0.60	2009	1,077	1,430
Other minor loans			271	280
			14,689	8,917

Bank overdrafts and advances on collectable bills subject to final payment

These mainly refer to the parent and the Spanish subsidiary.

7,000,000 euro bank loan

The loan is unsecured and is repayable in half yearly, fixed principal value instalments.

7,750,000 euro bank loan

This loan, given by Intesa-Sanpaolo, is secured by a first degree mortgage on the property in Podenzano and is repayable in equal half yearly instalments.

5,000,000 euro bank loans

The loans are unsecured and are repayable in equal half yearly instalments

8,500,000 euro bank loans

The loans are unsecured and repayable in equal half yearly instalments

3,000,000 euro bank loan

The loan is unsecured and repayable in equal half yearly instalments

Government loan in accordance with Law 394/81

This loan, secured by a bank guarantee specifically obtained for the purpose, is repaid in half yearly, fixed principal value instalments.

Foreign subsidiary loans

These consist of:



- 0.5 million dollar loan obtained by the subsidiary Bolzoni Auramo Inc.
- 0.4 million euro loan obtained by the subsidiary Bolzoni Auramo GmbH;
- loan obtained by the subsidiary Auramo OY amounting to about 1.1 million euros

All loans are secured by comfort letters given by the parent.

Some loans are subject to the observance of the following covenants (based on the consolidated financial statement):

<i>Loan</i>	<i>Covenants</i>	<i>2007</i>	<i>Limit</i>
2 million euros	Net financial debts/Net equity	0.60	1.5
2 million euros	Net financial debts/Gross operating margin	1.45	3.5
7 million euros	Financial charges /Sales revenue	1.18%	2.00%
7 million euros	Net financial debts/Net equity	0.60	1.9
7 million euros	Net financial debts/Gross operating margin	1.45	3.5

As previously shown, the covenants have all been observed. The non-observance could result, among other things, in the possible early repayment of the loan.

<i>Net financial position</i>	<i>31.12.2007</i>	<i>31.12.2006</i>	<i>Variat.</i>
Cash on hand and liquid funds	3,060	4,473	(1,413)
- of which related to Intesa-Sanpaolo	467	750	(283)
Short term loans	(14,367)	(15,313)	946
- of which related to Intesa-Sanpaolo	(5,449)	(2,962)	(2,487)
TOTAL SHORT TERM	(11,307)	(10,840)	(467)
Assets held to maturity	60	1,425	(1,365)
Long term loans	(14,689)	(8,917)	(5,772)
- of which related to Intesa-Sanpaolo	(6,537)	(3,322)	(3,215)
TOTAL MEDIUM/LONG TERM	(14,629)	(7,492)	(7,137)
NET FINANCIAL POSITION (NET FINANCIAL INDEBTEDNESS)	(25,936)	(18,332)	(7,604)
- of which related to Intesa-Sanpaolo	(11,519)	(5,534)	(5,985)

19. T.F.R. retirement allowance fund and other employee benefits

Below are the variations to this fund:

	<i>2007</i>	<i>2006</i>
T.F.R. fund at 01.01	4,150	4,004
Current cost of the service	583	510
Financial charges	136	123
Actuarial earnings/losses	(499)	(125)
(benefit paid)	(1,086)	(362)
Employee benefit funds at 31.12	3,284	4,150

This fund is part of those plans with defined benefits.



Liabilities have been determined using the Projected Unit Credit Cost method which can be broken down into the following phases:

- on the basis of a series of possible financial assumptions (increase in the cost of life, increase in salaries etc.), estimates have been made regarding the 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 actually being paid out;
- the company's liability has been defined by identifying 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;
- based on 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 details of possible assumptions:

Demographic suppositions	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 the first of the pension requirements valid for Mandatory General Insurance	Achievement of the first of the 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% per annum	2.0% per annum
Discounting rate	5.45% per annum	5.45% per annum
Increase in TFR retirement allowance	3.0% per annum	3.0% per annum

20. Provision for contingencies and charges

	31.12.06	Incr.	Decr.	31.12.07	Within 12 mths	After 12 mths
Agents' termination benefit provision	133	25	(38)	120	-	120
Product Warranty provision	513	105	(48)	570	570	-
Other provisions	241	-	(137)	104	104	-
Total	887	130	(223)	794	674	120


Agents' termination benefit provision

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

Product warranty provision

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

Other provisions

This item includes a provision of 45 thousand euros for costs to be incurred during 2007 related to the partial personnel reorganization in one of the subsidiaries.

21. Trade payables

	2007	2006
Advance from customers	21	48
Domestic suppliers	18,167	20,188
Foreign suppliers	6,923	6,418
	25,111	26,654

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

For terms and conditions concerning related parties, see note 33.

Domestic supplier payables at 31 December 2007 include 1,102 thousand euros for investments in tangible fixed assets made during the second half of the period (Note 5). The variation is likewise affected by the parent's increased inventory.

22. Other payables

	2007	2006
Payables to employees for wages	1,456	1,399
Payables to employees for matured but unused holidays	1,236	1,396
Other accrued expenses	556	320
VAT	633	649
Other short term liabilities	1,389	1,080
Social security payables	1,416	1,262
	6,686	6,106

23. Payables to taxation authorities

	2007	2006
For wages and salaries	578	823
For income tax	790	699
Sundry	268	184
	1,636	1,706
<i>Within the financial period</i>	1,401	1,706
<i>After the financial period</i>	235	-

Decrease in the item regarding income tax is due to the different impact of advance tax payment paid in each the two different financial periods.



As permitted by Law n° 244 passed on 24th December 2007 (2008 Budget Law) the Parent has availed itself of the right to bring the values used for tax purposes in line with those contained in the financial statements by submission to the substitute tax provided for in article 1, paragraph 48 of the Law itself. This tax amounted to 335 thousand euros (100 thousand euros of which due within 12 months and 235 thousand euros due after 12 months).

INCOME STATEMENT

Revenue

For the break-down of revenue, please read note 4 regarding Segment Information.

24. Other revenue

	2007	2006
Sundry income	891	262
Gains on equity	172	12
Increases in fixed assets following internal work	478	292
	1,541	566

The increase in fixed assets is mainly due to capitalized personnel expenses for product development and internally manufactured production equipment.

The parent and the Finnish subsidiary have reclassified the amount of 618 thousand euros at 31 December 2006 relating to the capitalization of personnel costs, from the item 'Sundry income' in reduction of the item 'Personnel costs'.

25. Costs for raw material and consumable supplies

	2007	2006
Raw material	27,315	15,740
Commercial goods	3,769	3,426
Semi-finished products	19,359	16,736
Other purchases for production	5,054	4,744
Sundry purchases	294	410
Additional expenses	328	125
Finished products	1,636	862
	57,755	42,043

Increase in the costs for raw materials and consumable supplies is mainly connected to the growth in turnover and also to the fact that costs for 2006 financial period only considered the purchases of the Meyer Group for the last two months, given that the Group was acquired on November 1 2006, as already mentioned. The purchase costs for raw material and consumable supplies for the Meyer Group during the 2007 financial period, net of intercompany operations, amounted to 13,074 thousand euros, compared to 1,997 thousand euros in 2006.

26. Service costs

	2007	2006
Industrial services	16,183	13,595
Commercial services	8,387	6,293
General services	7,972	5,520
Costs related to use of third party assets	2,214	1,569
	34,756	26,977



Increase in the cost of industrial services is due to greater amount of sub-contracting during 2007 in support of the higher turnover and also to the inclusion of the Meyer Group. The service costs at 31 December 2007 related to the Meyer Group amounted to 4,881 thousand euros, compared to the 749 thousand euros consolidated at 31 December 2006.

27. Personnel costs

	2007	2006
Wages and salaries	28,177	19,054
Social security	6,958	4,888
TFR retirement allowance (note 19)	84	385
Sundry costs	640	835
	35,859	25,162

The variation in personnel costs is related to the increase in the average number of employees (13), to the increase in wages, to the lump sum given by parent following the renewal of the labour contract for workers in the Metal and Mechanical Industry as well as the increase in bonus linked to results. At 31 December 2007 the personnel costs also increased because of the fact that the 2007 income statement considered all the 12 months related to Meyer Group. Indeed, these costs at 31 December 2007 amount to 11,293 thousand euros compared to the 1,171 thousand euros in 2006.

Furthermore, the 2006 column includes a reclassification for the amount of 618 thousand euros as indicated in note 22.

Average number of Group employees:

	31.12.2007	31.12.2006	Variation
Top Managers	33	34	(1)
First-line managers	5	5	-
White collar	333	324	9
Blue collar	383	378	5
Total	754	741	13

28. Other operating costs

	2007	2006
Tax and duty	144	61
Bad debt	17	26
Losses on sale of fixed assets	190	3
Sundry	741	313
	1,092	403

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

29. Financial income and charges

	2007	2006
Financial charges	(1,969)	(887)
Financial income	256	150
Net financial income (charges)	(1,713)	(737)

Compared to the previous year, net financial charges have increased and this is mainly due to the use of the liquidity obtained following the parent's listing on Italian Stock Exchange in 2006 (Borsa Italiana S.p.A.) in order to acquire the German Meyer Group, as well as to the increase in interest rates.



At 31 December 2007 financial charges also increased because of the fact that the 2007 income statement considers all the 12 months related to the Meyer Group. Indeed, the financial charges at 31 December 2007 amount to 418 thousand euros compared to 49 thousand euros in 2006.

29.1 Financial charges

	2007	2006
Interest on short term payables (overdrafts and credit disinvestments)	426	42
Interest on medium/long term loan payables	1,157	682
Charges other than above (lease contracts and sundry)	386	163
	1,969	887

29.2 Financial income

	2007	2006
Interest income from customers	196	44
Interest income from financial assets held to maturity	-	105
Income other than above	60	1
	256	150

29.3 Exchange rate gains and losses

	2007	2006
Exchange rate gains	605	302
Exchange rate differences following translation	(289)	(249)
Exchange rate losses	(1,132)	(835)
	(816)	(782)

Variations are mainly due to the affects from fluctuations in US dollar's exchange rate during 2007. The US dollar's devaluation has caused negative affects on both the result of exchange rate handling and on the translation of items in foreign currencies according to balance sheet date exchange rates.

30. Stock option plan

At the balance sheet date, the Bolzoni S.p.A. has running a stock option plan approved by the Board of Directors on 7.3.2006 and by the Extraordinary Shareholders Assembly on 23.3.2006. The plan establishes an overall number of 462,000 shares limited to the company executives divided into three tranches. The minimum price of issue has been established in 2.04 euros per share and the period for exercising the first tranche of rights has been subjected to a mandatory lock-up time of 180 days after the date the Company shares are admitted to listing on the Italian Screen Based Market organized and controlled by Borsa Italiana S.p.A.

The fair value of the granted options was evaluated on the date of assignment on the basis of the following assumptions:

Expected yield from dividends (%)	3.45
Expected volatility (%)	34.00
Risk free interest rate (%)	3.33
Advanced extinction	not considered

On the basis of the above assumptions the evaluation produced a cost of 351 thousand euros, accounted for under the item "Personnel Costs".

In May 2007 the right given under the second tranche of the stock option scheme was exercised, corresponding to 154,002 shares, at the minimum price established in the scheme (2.04 euros per share). The third tranche, involving the same number of shares, will be exercisable in May 2008.



At the balance sheet date, the Company has not issued any convertible bonds.

31. Earnings per share

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

At 31 December 2007 the diluted earning calculation took into consideration the assignment of option rights for the purchase of shares coming from the stock option plan approved March 23 2006. Below are details on earnings and information on the shares used to calculate basic and diluted earnings per share:

<i>Basic earnings/ (losses) per share</i>	<i>2007</i>	<i>2006</i>
Net group profit attributable to ordinary shareholders	6,722	4,790
Average number of ordinary shares (n°000)	25,780	23,695
Basic earnings per ordinary share	0.261	0.202

<i>Diluted earnings / (losses) per share</i>	<i>2007</i>	<i>2006</i>
Net group profit attributable to ordinary shareholders	6,722	4,790
Average number of ordinary shares (n°000)	25,780	23,820
Basic earnings per ordinary share	0.260	0.201

32. Dividends

Dividends approved and paid out during the year amount to 2,568,591 euros (2006: 2,021,277 euros). Dividends proposed for approval by the Shareholders (not recorded as liabilities at 31 December) amount to 3,100,789 euros (2006: € 2,568,591)

If approved, the proposed resolution regarding earnings will result in a payment of 0.12 euros per share.(2006: € 0.10).

33. Commitments and contingencies

Capital commitments

At December 31 2007 and at December 31 2006 the value of the Group's commitments was not material.

Legal litigations

Following the inspection made in March 2003 by the Inland Revenue of Piacenza, on June 13th 2006 the Regional Tributary Commission pronounced their verdict in favour of Bolzoni S.p.A. On November 24 2006 the Law Officers made an appeal to the Supreme Court against the verdict pronounced by the Regional Tributary Commission. Bolzoni S.p.A. has not recognized any provision as, supported by the favourable verdict and by the opinion of its lawyer, it believes the objection to be without grounds.

Guarantees granted

At 31 December 2007 the Bolzoni Group granted the following guarantees:

- it has granted comfort letters to a bank on a loan given to the subsidiary Bolzoni Auramo Inc. for the amount of US\$ 500,000 (2006: US \$ 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 (2006: € 2,000,000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630,000 (2006: € 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 € 237,370 (2006: € 237,370) 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 (2006: € 750,000) in favour of the subsidiary Bolzoni Auramo GmbH;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Bolzoni Auramo S.l.;



- it has granted a surety to a bank for the amount of € 850,000 (2006: € 850,000) in favour of the subsidiary Bolzoni Auramo S.l.;
- it has granted a surety to a bank for the amount of € 300,000 (2006: € 300,000) in favour of the subsidiary Bolzoni Auramo S.l.;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 3,200,000 (2006: € 750,000) in favour of the subsidiary Hans H. Meyer GmbH..

34. Information on related parties

The following table indicates the total amount of transactions with related parties for the relevant financial year (further information on open balances at the end of the year can be found in notes 13 and 18).

<i>Related parties</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Related parties receivables</i>	<i>Related Parties payables</i>
Associates:					
Eurolift Pty	2007	517	–	174	–
	2006	525	–	211	–
Auramo South Africa	2007	1,390	–	461	–
	2006	1,320	–	414	–
Meyer Italia S.r.l.	2007	723	–	344	–
	2006	-	–	-	–
Directors – other related companies : Intesa-Sanpaolo Group	2007	15	579	467	11,986
	2006	–	236	750	6,284
Directors - other related companies:	2007	–	522	-	-
	2006	–	522	–	–

Associated companies

The Group owns the following investments:

- 24.5% interest in Eurolift Pty (2006: 24.5%)
- 40% interest in Auramo South Africa (2006: 40%) owned via Auramo Oy
- 30% interest in Meyer Italia srl (2006: 0%)

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. No guarantees have been provided or received for any related party receivables or payables. For the year ended 31 December 2007 the Group, as in previous years, has not made any provision for doubtful debts referring to amounts owed by related parties.

Transactions with other related parties

Directors – other related parties

Auramo OY, entirely controlled group company, rents the property situated in Vantaa (Finland) where its offices and production plant are located, from Kinteisklo OY Auran Pihti, a company controlled by Mr Karl-Peter Otto Staack, a member of the board of directors. The contract establishes the payment of an annual rent of approximately 522 thousand euros (2006: approx. 522 thousand euros) .



At 31 December 2007 Intesa-Sanpaolo Group holds less than 5% of share capital of Bolzoni S.p.A. (2006: less than 10%) and a manager of Intesa-Sanpaolo Group (Davide Turco) is a member of the parent's Board of Directors. The Bolzoni Group has business relations of a financial nature with the Intesa-Sanpaolo Group and, as a consequence, at 31 December 2007, the total value of debts towards the Intesa-Sanpaolo Group amounted to approximately 11.5 million euros (2006: € 5.6 million). The Intesa-Sanpaolo Group also granted a surety amounting to 0.9 million euros (2006: € 1.2 million) to a third party in the Group's interests. Intesa Mediocredito S.p.A., a company belonging to the Intesa-Sanpaolo Group, holds a mortgage right of the value of 10.85 million euros on the property situated in Podenzano as guarantee for a loan.

35. Financial risk management: objectives and policies

The Group's principal financial instruments, other than derivatives, include bank loans, financial leases, 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, mainly including forward currency contracts. The purpose is to hedge against the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been so 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 those in connection with interest rates, liquidity, exchange rates and credits. The Board of Directors reviews and agrees on the 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

With a part of its loans in euro at a floating interest rate, the Group believes it is exposed to the risk that a possible increase in rates could increase future financial charges.

	<i>Variations in presumptions</i>	<i>Effect on gross profit before tax</i>
2007	0.25 BPS (0.25 BPS)	(71) 71
2006	0.25 BPS (0.25 BPS)	(58) 58

As at 31.12.2007 the Group does not have any Interest Rate Swap contracts running which foresee the exchange of the difference between variable and one or more fixed rate interest amounts, calculated by reference to an agreed notional principal amount.

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 take place at potentially unfavourable conditions, with a negative impact on the year's results.

As described in the section dedicated to the consolidation principles the financial reports of the subsidiaries prepared in currencies other than Euro, are translated using the exchange rates published in the web site of the Italian Exchange Rate Office. Below is a table showing the effects of possible variations to exchange rates on the main items of financial reports for the subsidiaries operating outside the Euro zone.



	<i>Currency</i>	<i>Increase/ Decrease</i>	<i>Effect on Net Equity*</i>	<i>Variation on Turnover</i>	<i>Variation on profit before tax</i>
2007	USD	+ 5% / -5%	+20 / -23	- 552 / + 610	+ 20 / - 23
	SEK	+ 5% / -5%	-10 / +12	- 183 / + 202	- 17 / + 19
	GBP	+ 5% / -5%	+2 / -2	- 201 / + 222	+ 2 / - 2
	\$ AUS	+ 5% / -5%	+ 8 / - 9	- 71 / + 78	+ 8 / - 9
	PESOS	+ 5% / -5%	+ 3 / -3	- 2 / + 2	+ 3 / - 3
	RMB	+ 5% / -5%	-11 / +13	- 106 / + 117	- 16 / + 18
	SLOTY	+ 5% / -5%	-4 / +4	- 63 / + 70	- 5 / + 5
	\$ CAN	+ 5% / -5%	-9 / +10	- 103 / + 114	- 10 / + 11
2006	USD	+ 5% / -5%	+ 22 / - 25	- 656 / + 725	+ 22 / - 25
	SEK	+ 5% / -5%	- 4 / + 4	- 126 / + 139	- 7 / + 8
	GBP	+ 5% / -5%	+ 1 / - 1	- 175 / + 193	+ 1 / - 1
	\$ AUS	+ 5% / -5%	+ 7 / - 8	- 58 / + 64	+ 7 / - 8
	PESOS	+ 5% / -5%	+ 2 / - 3	- 30 / + 34	+ 2 / - 3
	RMB	+ 5% / -5%	= / =	- 48 / + 53	= / =
	SLOTY	+ 5% / -5%	- 2 / + 2	- 45 / + 50	- 3 / + 3
	\$ CAN	+ 5% / -5%	- 2 / + 2	- 73 / + 81	- 3 / + 3

* net of the theoretical tax effect. The theoretical tax effect in the single countries home to the various subsidiaries has been considered. Furthermore for those subsidiaries presenting negative results no tax effects have been considered.

The Group has entered into derivative financial contracts which hedge against exchange rate risks produced by cash flow from payments received in foreign currency transactions with its American subsidiary Bolzoni Auramo Inc: more specifically, the instruments used are essentially forward currency contracts and Put options.

Following the expansion of its activities towards Asian markets, the Group is also exposed to foreign currency risks related to purchases of raw materials settled in both Chinese Yuan (CNY) and US Dollars (USD); the volume of these operations is however minimal.

As these derivative contracts are generally drawn up after the invoicing of sales or of the purchases generating the related cash flows and so 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 therefore be classified as net hedging operations on trade receivables/ payables in foreign currency. Consequently, they have been recognized as financial assets held for trading and are therefore accounted for and assessed at fair value. The fair value variations are charged to income statement under financial income and charges. At 31 December 2007 there were no derivative contracts running.

Risk of variations in price of raw material

The Group's exposure to the price risk is considered to be limited as the Group adopts a policy of partial hedging against the risk of fluctuations in the cost of raw materials thanks to supplier contracts at fixed prices for a period varying from three to six months and which mainly involve steel

Credit risk

Insurance policies have been taken out for all the Group companies in order to give protection against insolvency risks and which cover almost all the exposure.

With respect to the credit risk arising from the other financial assets of the Group, which include cash and cash equivalents and available-for-sale financial assets, the maximum risk is equivalent to the carrying amount of these assets in the event of default of the counterparty. These are normally primary domestic 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:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
<i>Financial assets</i>				
Cash in hand	3,060	4,473	3,060	4,473
Financial assets available for sale	60	1,425	60	1,425
Other financial credits (long term)	494	213	494	213
<i>Financial liabilities</i>				
Bank overdrafts and advance on collectable bills subject to final payment	(2,956)	(3,021)	(2,956)	(3,021)
Loans:				
At variable rates	(25,936)	(18,299)	(25,936)	(18,299)
At fixed rates	(607)	(2,910)	(607)	(2,910)
Forward currency contracts *	-	128	-	128
Swap Interest Rates *	-	-	-	-

* accounted for in the financial statement at fair value.

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, according to maturity date, of the Group's financial instruments exposed to interest rate risk:

Year ended 31st December 2007

Fixed rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
Government loan L. 394/81	(303)	(304)	-	-	-	-	(607)



Variable rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
Liquid funds	3,060	-	-	-	-	-	3,060
Assets held to maturity	60	-	-	-	-	-	60
Overdrafts on bank accounts	(195)	-	-	-	-	-	(195)
Advance on collectable bills subject to final payment	(2,956)	-	-	-	-	-	(2,956)
Subsidiary loans	(6,551)	-	-	-	-	-	(6,551)
Bank loan of Euro 7,750.000	(1,107)	(1,107)	(1,108)	-	-	-	(3,322)
Bank loan of Euro 3,000.000	(375)	(750)	(750)	(750)	(375)	-	(3,000)
Bank loan of Euro 2,000.000	(667)	(666)	-	-	-	-	(1,333)
Bank loan of Euro 2,000.000	(400)	(410)	(420)	-	-	-	(1,230)
Bank loan of Euro 1,000.000	(197)	(203)	(209)	(107)	-	-	(716)
Bank loan of Euro 2.500.000	(454)	(476)	(499)	(523)	(548)	-	(2.500)
Bank loan of Euro 1.500.000	(284)	(296)	(309)	(322)	(83)	-	(1.294)
Bank loan of Euro 1.500.000	(316)	(329)	(344)	(358)	-	-	(1.347)
Bank loan of Euro 1.500.000	(285)	(297)	(309)	(321)	(82)	-	(1.294)
Bank loan of Euro 1.500.000	(277)	(291)	(306)	(322)	(167)	-	(1.363)
Subsidiary loan	-	(1,077)	-	-	-	-	(1,077)
Other minor loans	-	(271)	-	-	-	-	(271)

Credit risk

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

36. Remuneration of Directors and Statutory Auditors

The following table shows the remuneration during year 2007 for the Directors and Statutory Auditors of the parent and subsidiary companies:

Name	Amount paid by Parent	Amount paid by Group companies	Description
Emilio Bolzoni	193	28	Director's fee
Roberto Scotti	193	28	Director's fee
Luigi Pisani	28	-	Director's fee
Franco Bolzoni	28	-	Director's fee
Pierluigi Magnelli	28	-	Director's fee
Davide Turco	28	-	Director's fee
Karl Peter Otto Staack	28	28	Director's fee
Carlo Baldi	28	-	Director's fee
Raimondo Cinti	28	-	Director's fee
Giovanni Salsi	28	-	Director's fee
Total	610	84	
Benvenuto Girometti	15	-	Auditor's Fee
Fiorenzo Salvini	13	-	Auditor's Fee
Giorgio Picone	18	-	Auditor's Fee
Total	46	-	

**37. Other information**

The Parent has not carried out any operations to favour the purchase or the subscription of shares in accordance with article 2358, paragraph 3 of the Civil Code

The Group appointed its auditors in March 2006. Below is a summary of fees paid during the financial period in exchange for services rendered to the Group by the following:

- a) by the auditing company for auditing services
- b) by the auditing company. for services other than above, divided between verification services necessary for the issue of certifications and other services, separated according to type;
- c) by companies belonging to the auditing company's network, for services divided according to type.

Type of service	Subject giving the service	Beneficiary	Fees (thousands of euros)
Accounting audit	Parent's auditors	Parent Company	114
Certification service	Parent's auditors	Parent Company	7
Accounting audit	Parent's auditors	Parent's subsidiaries	26
	Parent's auditors network	Parent's subsidiaries	110

38. Events after the balance sheet date

Since 31 December 2007 until today, no other important events have occurred having a significant impact on the figures contained in this document.

BOLZONI S.P.A.
I CASONI DI PODENZANO (PC)
SHARE CAPITAL Euro 6,459,978.75 FULLY PAID
TAX CODE 00113720338
R. E. A. n. 87382

BOARD OF STATUTORY AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT
AT 31.12.2007

Gentlemen,

The Group's consolidated financial statement has been prepared adopting the international accounting principles (IAS/IFRS) since the financial period 2005.

The accounting principles used for the present financial statement are therefore those officially approved by the European Union and currently ruling. The consolidated financial statement prepared in this way was made available and was then examined and checked by us.

We can state the following.

The financial statement shows a total profit of 6,972 thousand euros consisting of a group profit of 6,722 thousand euros and a third party profit of 250 thousand euros (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	€	112,981
Liabilities and funds	€	69,131
Capital and group reserves	€	43,280
Capital, reserves and third party results	€	570
Total liabilities, funds and capital	€	112,981

INCOME ACCOUNT

Production value	€	147,179
Production costs	€	(134,608)
Diff.between prod.value and costs	€	12,571
Income and financial charges	€	(2,529)
Result before tax	€	10,042
Income tax for financial period	€	(3,070)
Result of activities to be continued	€	6,972
Result of trading activities	€	0
Result of the year	€	6,972
Third party result	€	250
Group result	€	6,722

The figures refer to the year ended 31st December 2007, the balance sheet date for all the Group companies entirely owned by Bolzoni SpA with the exception of Bolzoni Auramo Polska with a 60%

ownership, Bolzoni Auramo Shanghai with a 60% ownership and Bolzoni Auramo B.V. with a 51% ownership.

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

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

The Report made by the Auditing Company Reconta Ernst & Young S.p.A. issued on 2 April 2008 does not highlight any remarks and/or irregularities.

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, Meyer sarl, Hans H Meyer Ltd and Meyer Scandinavia AB) 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 Explanatory Notes 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.

Casoni di Gariga, April 9 2008

THE BOARD OF STATUTORY AUDITORS

Dott. Giorgio Picone - Chairman

Dott. Benvenuto Girometti

Dott. Fiorenzo Salvini

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 consolidated financial statements of Bolzoni S.p.A. and subsidiaries (the Bolzoni Group) as of and for the year ended December 31, 2007, comprising the balance sheet, the statements of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 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 comparative purposes, the consolidated financial statements include the corresponding information for the prior year prepared in accordance with consistent accounting principles for which reference should be made to our audit report dated April 10, 2007.

3. In our opinion, the consolidated financial statements present clearly and give a true and fair view of the financial position, the result of operations, the changes in shareholders' equity and the cash flows of Bolzoni S.p.A. (the Bolzoni Group) as of December 31, 2007, and for the year then ended in accordance with IFRS as adopted by the European Union and the standards issued in accordance with the article 9 of D. Lgs. n. 38/2005.

Milan, April 2, 2008

Reconta Ernst & Young S.p.A.
signed by:
Pietro Carena
(Partner)



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BALANCE SHEET as at 31 December 2006

BALANCE SHEET	Notes	31/12/2007	31/12/2006
<i>(euros)</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	3	19,108,309	18,138,167
Intangible fixed assets	4	1,302,494	545,895
Investment in subsidiaries	5	31,962,727	26,765,403
Investment in associated companies	6	61,311	46,311
Credits and other financial assets	7	1,342,831	5,333,672
- of which related to subsidiaries		1,131,813	5,320,370
Deferred tax assets	8	857,697	1,129,013
Total non-current assets		54,635,369	51,958,461
Current assets			
Inventory	9	10,922,374	8,578,988
Trade receivables		22,918,068	20,641,140
- of which related to subsidiaries	10	9,874,334	10,391,528
- of which related to associates		449,978	211,239
Tax receivables	11	695,916	-
Other receivables	12	521,204	781,847
Cash and cash equivalent	13	1,001,216	2,108,354
- of which related to Banca -Sanpaolo		463,629	718,505
Total current assets		36,058,778	32,110,329
TOTAL ASSETS		90,694,147	84,068,790



BALANCE SHEET as at 31 December 2007

BALANCE SHEET (euros)	Notes	31/12/2007	31/12/2006
NET EQUITY			
Share capital	14	6,459,978	6,421,478
Reserves	14	26,934,429	25,824,095
Result of the period	14	4,904,091	3,280,146
TOTAL NET EQUITY		38,298,498	35,525,719
LIABILITIES			
Non-current liabilities			
Long-term loans	15	13,340,841	7,207,195
- of which related to Banca Intesa-Sanpaolo		6,536,801	3,321,414
T.F.R. provision (retirement allowance)	16	2,429,343	3,252,943
Tax payables	20	234,419	-
Deferred tax liability	9	534,735	1,154,261
Contingency and expenses provisions	17	120,000	132,500
Total non-current liabilities		16,659,338	11,746,899
Current liabilities			
Trade payables	18	26,420,603	26,386,531
- of which related to subsidiaries		6,461,479	5,123,321
Payables to banks and current portion of L.T. loans	15	6,084,676	7,382,740
- of which related to Banca Intesa-Sanpaolo		2,999,359	2,961,549
Other payables	19	2,571,501	1,725,953
Tax payables	20	564,194	1,055,936
Current portion of contingency provision	17	95,337	245,012
Total current liabilities		35,736,311	36,796,172
TOTAL LIABILITIES		52,395,649	48,543,071
TOTAL NET EQUITY AND LIABILITIES		90,694,147	84,068,790

**INCOME STATEMENT as at 31 December 2007**

INCOME STATEMENT (euros)	Notes	31/12/2007	31/12/2006
Turnover	21	78,078,530	67,679,950
- of which related to subsidiaries and associates	31	26,768,837	25,273,799
Other operating revenue	22	180,266	342,188
Total revenue		78,258,796	68,022,138
Costs for raw material and consumables	23	(37,524,690)	(31,616,450)
- of which related to subsidiaries	31	(5,063,537)	(3,772,458)
Costs for services	24	(19,713,066)	(16,921,608)
Personnel expenses	25	(11,665,251)	(11,116,929)
Other operating expenses	26	(232,628)	(218,427)
Adjustment of investments	5	-	(46,183)
Gross operating result (Ebitda)		9,123,161	8,102,541
Amortization	3,4	(2,220,257)	(1,604,055)
Provisions and write-downs	17	(149,522)	(127,392)
Operating result		6,753,382	6,371,094
Financial income and expenses	27	594,576	(178,105)
- of which expenses related to subsidiaries	31	(199,945)	(128,365)
- of which income related to subsidiaries	31	216,815	198,512
- of which expenses related to Banca Intesa-Sanpaolo	31	(461,835)	(236,368)
Exchange rate earnings and losses	27	(532,993)	(493,020)
Result before tax		6,814,965	5,699,969
Income tax	8	(1,910,874)	(2,419,823)
Result of the period		4,904,091	3,280,146



**TABLE SHOWING VARIATIONS TO NET EQUITY
for the financial year ended 31 December 2007**

	Capital	Reval. reserve	Share premium provision	Legal reserve	Other Reserves	Stock Option reserve	Profit	Total Net Equity
Balances on 31.12. 2005	5,319,149	2,329,967	5,277,504	548,539	5,095,746	-	2,994,257	21,565,162
Profit allocation				151,265	2,842,992		- 2,994,257	-
Dividends					-2,021,277			- 2,021,277
Increase from IPO (1)	1,063,830		10,935,093					11,998,923
Other variations (2)	38,499		451,059		37,801	175,406		702,765
Year result							3,280,146	3,280,146
Balances on 31.12.2006	6,421,478	2,329,967	16,663,656	699,804	5,955,262	175,406	3,280,146	35,525,719

	Capital	Reval. reserve	Share premium provision	Legal reserve	Other Reserves	Stock Option reserve	Profit	Total Net Equity
Balances on 31.12. 2006	6,421,478	2,329,967	16,663,656	699,804	5,955,262	175,406	3,280,146	35,525,719
Profit allocation				164,008	3,116,138		- 3,280,146	-
Dividends					-2,568,591			- 2,568,591
Increase from stock option	38,500		432,266			-167,706		303,060
Other variations						134,219		134,219
Year result							4,904,091	4,904,091
Balances on 31.12.2007	6,459,978	2,329,967	17,095,922	863,812	6,502,809	141,919	4,904,091	38,298,498

(1) The increase in capital is net of listing costs and related tax effect.

(2) The increase in capital, in share premium provision and Stock Option reserve is in relation to the running stock option plan (see Notes 15 and 29)

**CASH FLOW STATEMENT**

<i>(euros)</i>	<i>Notes</i>	2007	2006
Net profit of the year		4,904,091	3,280,146
<i>Adjustment to reconcile net profit with cash flow generated (used) by operating activities:</i>			
Amortization		2,220,257	1,604,055
Net variation in TFR provision (retirement allowance)		(823,600)	177,883
Net variation of contingency and charges provision		(162,175)	56,188
Net variation of deferred tax		(348,210)	(830,603)
Net variation of investments		(5,212,323)	(7,620,257)
<i>Variations in operating assets and liabilities:</i>			
Increase (decrease) in inventory		(2,343,386)	(1,549,409)
Increase (decrease) in trade receivables		(2,276,929)	(976,628)
Increase (decrease) in other receivables		4,251,483	(168,347)
Increase (decrease) in trade payables		1,860,439	6,606,719
Increase (decrease) in other payables		845,548	(86,370)
Increase (decrease) in tax payables		(257,323)	(159,800)
Increase (decrease) in tax receivables		(695,916)	150,487
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	a)	1,961,956	484,064
<i>Cash flows generated by investment activity:</i>			
Gross investments in tangible activities		(4,791,681)	(7,055,869)
Disinvestments in tangible activities		17,000	-
Net investments in intangible activities		(998,684)	(400,116)
NET CASH FLOW USED FOR INVESTMENT ACTIVITIES	b)	(5,773,365)	(7,455,985)
<i>Cash flows generated by financing activity:</i>			
New loans (repayment) and transfer of short term portions to current liabilities.		4,956,539	(3,986,231)
Net variation of other non-current financing assets/liabilities		(2,568,591)	(2,021,277)
Dividends paid		303,060	11,626,190
Share capital increase		134,219	1,075,498
Other variations to net equity and third party interests			
CASH FLOW GENERATED (USED) BY FINANCING ACTIVITIES	c)	2,825,227	6,694,180
EFFECT OF EXCHANGE RATES ON NET LIQUID FUNDS		-	-
NET INCREASE (DECR.) IN NET LIQUID FUNDS	a)+b)+ c)	(986,182)	(277,741)
NET LIQUID FUNDS AT START OF YEAR		550,512	828,253
NET LIQUID FUNDS AT END OF YEAR		(435,670)	550,512
VARIATION		(986,182)	(277,741)
ADDITIONAL INFORMATION:			
Interest paid		1,134,575	705,424
Income tax paid		3,070,562	2,877,040



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" and its principal activity is in the sector of attachments for fork lift trucks.

The publication of Bolzoni S.p.A.'s (the Company) financial statement for the year ended 31 December 2007 was authorized by the resolution taken by the directors on March 26th 2008.

As at December 31 2007 the majority of Bolzoni SpA's share capital is owned by Penta Holding srl with registered offices in Podenzano, Località I Casoni (Piacenza).

Bolzoni S.p.A. is not subject to management and coordinating activities on behalf of companies or bodies and establishes in full autonomy its general and operational strategic orientations.

2. Basis of Preparation and Accounting Principles

2.1 Basis of preparation

Bolzoni S.p.A.'s financial statement has been prepared in conformity with the international accounting principles and related interpretations, as approved by the IASB and enacted according to the procedure indicated in article 6 of Ruling (CE) n° 1606 passed on 19 July 2002. With regards to the effects related to the transition please refer to the 2006 Financial Statement.

The accounting principles used for this financial statement are those formally approved by the European Union and ruling as at December 31st 2007, in addition to the regulations issued to implement art. 9 of the Legislative Decree n°38/20 05.

The figures indicated in the accounting statements are given in euros whereas, in the explanatory notes they are rounded to the nearest thousand of euros, except where indicated.

Information has been supplied according to the specific requirements established in CONSOB's resolution n° 15519 dated July 27 2006, CONSOB's resolution n° 15520 dated July 27 2006 and in Circular n°DEM/6064293 dated July 28 2006.

The financial statement as at 31 December 2007 has been drawn up on the basis of the historic cost, modified where necessary as required for the evaluation of certain financial instruments.

With reference to the Statements, the following should be noted:

- Balance Sheet: the Company differentiates between non-current assets and liabilities and current assets and liabilities;
- Income Statement: the Company presents a classification of costs according to their nature, which is believed to be more representative of the Company's predominantly commercial and distribution activities;
- Cash Flow Statement: it has been drawn up using the indirect method to determine cash flows produced by the activity during the period;
- Variations to Net Equity: the Company includes all variations to net equity including those deriving from transactions with shareholders (distribution of dividends, share capital increases)

The following table lists the international accounting principles and interpretations, approved by IASB and enacted for adoption in Europe, applied for the first time during the period under examination:

Description	Enacted on	Published in O.J.E.U. on	Adoption date for Bolzoni S.p.A
IFRS 7 Financial instruments: Disclosures	11 Jan 06	27 Jan 06	1 Jan 07
IAS 1 Amendment – Capital Disclosures	11 Jan 06	27 Jan 06	1 Jan 07
IFRIC 7- Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	8 May 06	9 May 06	1 Jan 07
IFRIC 8 – Scope of IFRS 2	8 Sept 06	9 Sept 06	1 Jan 07
IFRIC 9 – Reassessment of Embedded Derivatives	8 Sept 06	9 Sept 06	1 Jan 07
IFRIC 10 – Interim Financial Reporting and Impairment	1 June 07	2 June 07	1 Jan 07



The adoption of the above principles and interpretations has not produced a substantial impact on the evaluation of the Company's assets, liabilities, costs, income and the related financial disclosure.

2.2 Interpretations effective in the future

The following table shows the IFRS/Interpretations approved by IASB and enacted for adoption in Europe with a mandatory application date after 31 December 2007.

Description	Enacted on	Published in G.U.C.E. on	Effective for Bolzoni S.p.A as of
IFRS 8 – Operating Segments	21 Nov 07	22 Nov 07	1 Jan 09
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	1 June 07	2 June 07	1 Jan 08

The adoption of the above principles and interpretations is not expected to have any substantial effect on the evaluation of the Company's assets, liabilities, costs and income.

Below we have indicated the international accounting principles, interpretations, amendments to existing accounting principles and interpretations, or rather specific provisions contained in the principles and interpretations approved by IASB, which have not yet been enacted for adoption in Europe at the date of 31 December 2007:

- Revised IFRS 3 *Business Combinations: Comprehensive revision on applying the acquisition method (and related amendments to IAS 27 Consolidated and Separate Financial Statements, to IAS 28 Investments in Associates and to IAS 31 Interests in Joint Ventures)*;
- Amendments to IFRS 2 *Share-based Payment: Amendment relating to vesting conditions and cancellations*;
- Amendments to IAS 1 *Presentation of Financial Statements: Comprehensive revision including requiring a statement of comprehensive income*;
- Amendments to IAS 1 *Presentation of Financial Statements: Amendments relating to disclosure of puttable instruments and obligation arising on liquidation*;
- Amendments to IAS 32 *Financial Instruments: Presentation: Amendments relating to puttable instruments and obligation arising on liquidation*;
- Amendments to IAS 23 *Borrowing Costs: Comprehensive revision to prohibit immediate expensing*;
- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- Provisions of IAS 39 regarding hedging of a portfolio of assets which includes sight deposits against exposure to interest rate risk.

We do not expect the possible adoption of the above principles and interpretations to produce substantial effects on the evaluations of the Company's assets, liabilities, costs and income.

2.3 Accounting principles

Property, plant and equipment

Property, plant and equipment are stated at historic cost, 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 realizable value, the assets or the cash-generating units to which the assets have been allocated are revalued until they actually reflect their realizable 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 derecognized 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 derecognized.

Leases

Finance leases, which basically transfer to the Company all the risks and benefits incidental to the ownership of the leased item, are capitalized 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 installments.

Lease payments are apportioned between the finance charges and reduction of the lease liability 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 previous 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 recognized as an expense in the income statement on a straight-line basis over the lease term.

Intangible assets

Acquired intangible assets are recognized 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 amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and treated



as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

The Company has not recognized 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 capitalized only when the Company 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 reliably 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 capitalized 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 amortization or loss. Any capitalized costs are amortized over the period in which the project is expected to generate income for the Company.

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 Company to intangibles assets follows:

<i>Licences and Patents</i>		<i>Development costs</i>
Useful lives	Finite	Finite
Method used	Licences amortized over 3 years ;	Amortized over 5 years, on a straight-line basis, corresponding to the period of expected future sales deriving from the related project
	Patents amortized over 10 years	
Internally generated or acquired	Acquired	Internally generated
Impairment testing/tests recoverable amounts	on Annually or more frequently when there is indication of impairment.	Annually for assets not yet in use and more frequently when there is indication of impairment. The amortization 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 recognized in the income statement when the asset is disposed of.

Impairment of assets

The Company 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 Company 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 independent from those generated by other assets or groups of assets, in which case the Company assesses the recoverable value of the cash-flow generating unit to which the asset belongs. In



particular, as goodwill does not generate cash-flows independently 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 Company 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 Company also assesses whether there are any indications that previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 case can the goodwill amount previously written-down return to the original.

Investments in subsidiary and associated companies

Investments in subsidiary and associated companies are carried at the adjusted cost when there is an impairment. Whenever the Company's possible share of the associated/subsidiary company's losses exceeds the carrying value of the investment, it is necessary to proceed to the cancellation of the investment value and the portion of further impairment is taken to provision in the liabilities in the event of the Company being obliged to account for it.

Financial assets

Financial assets are initially recognized 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 trading

These are financial assets acquired for the scope of obtaining a profit 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.

Financial assets held to maturity

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

After initial recognition, these assets are carried at the amortized cost, using the effective interest rate method.

This cost is calculated as the amount initially recognized less the repayments of capital, plus or minus the accumulated depreciation using the effective interest rate method of any difference between the initially recognized 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 other premiums or discounts. For investments carried at the amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization.



The financial assets the Company 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 amortized cost using the effective discount rate. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization.

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 recognized as a separate component of equity until they are derecognized 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 organized financial markets, the fair value is determined by referring 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 independent 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 evaluated at the lesser between the purchase or production cost and expected net realizable 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	– average production cost for the financial year based on cost of direct materials and labour plus a portion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

The net realizable 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 realizable value.

Trade and other receivables

Trade receivables, which generally have a 30-120 days' payment terms, are recognized at the original invoice amount less an allowance for any non-collectable amounts. This provision is made when there is objective evidence that the Company 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 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 recognized 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 amortized cost, using the effective interest rate method.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization 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 derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company 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 Company 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 Company 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 recognized in the Company's balance sheet to the extent of the Company'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 lesser between the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized 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 recognized in profit or loss.

The Company 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 recognized 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 recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized 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.

Retribution scheme under the form of investment in capital (Stock option plans)

As established by IFRS2 – Share based payments, these schemes represent a part of the beneficiary's retribution, the cost being represented by the fair value calculated at the grant date of the option and is recorded in the Income Statement at equal amounts for the length of the period going from the said date and the date the option becomes exercisable, and the matching entry is taken directly to net equity. Evaluations in fair value subsequent to the assignment date do not have any effect on the initial evaluation.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognized when the Company 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 Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized 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 recognized 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 recognized in the income statement, either as labour costs or financial charges depending on the case.

Assets available for sale and liabilities associated with these assets

The non-current assets (or groups 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, or else
- 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 recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized in the Income Statement:

Sale of goods

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

**Services rendered**

Revenue from services rendered (technical servicing, repairs, other services rendered) is recognized 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 recognized 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

Dividends are recognized when the shareholders' rights to receive the payment is established

Government grants

Government grants are recognized 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 recognized 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 recognized 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;

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

- 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;

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 utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized 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 realized 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 recognized directly in equity is recognized 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 recognized 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 recognized 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 Company uses derivative financial instruments such as forward currency contracts to cover risks associated with foreign currency fluctuations. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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 period.

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 calculated by reference to the market value for similar instruments.

At 31st December 2007 none of the derivative contracts were considered subject to hedging given that no technical or financial correlation was found between the specifications of the contracts drawn up and those of one or more specific financial instruments present at the balance sheet date. As at 31 December 2007 there were no derivative contracts.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into euros (the functional currency) at the exchange rate ruling at the balance sheet date. All exchange rate differences are taken to the income statement. The non-monetary items assessed in foreign currencies at the historical cost are translated using the exchange rate ruling on the date the transaction is registered. Non monetary items carried in foreign currencies at the fair value are translated using the exchange rate ruling on the date the value is determined.

Variation in the accounting principles

The accounting principles adopted are in line with those applied in the previous financial year.

Judgements and accounting estimations

In accordance with IAS/IFRS principles, the preparation of the financial statement requires estimates and assumptions on behalf of the management which have an effect on the value of assets and liabilities and on their disclosure at the date of the statement. The actual results could however differ from these estimates. The estimates are used for measuring depreciation, write-downs and recovery of value of investments, benefits to employees, taxes and accrual to provisions for contingencies and risks. Estimates and assumptions are reviewed from time to time and the effects of each variation can be seen in the Income Statement in the period in which the review is performed, if the review itself involves only this period, or else in the subsequent periods if the review involves both the current and following years.

Future changes in accounting policies***IFRS 2 Share-based payments – Vesting conditions and cancellations***

This amendment to *IFRS 2 Share-based payments* was published in January 2008 and will be applied during the first financial period after 1 January 2009. It clarifies that vesting conditions include an explicit or implicit obligation to provide a service. Any other condition is 'non-vesting' and must be taken in to account to determine the fair value of the assigned capital instrument.

In the event of the premium not maturing as a result of the fact that it does not meet a 'non-vesting condition' which is under the control of the entity or the party, this must be accounted for in the same way as cancellations.

Bolzoni S.p.A. has not performed operations with share-based payments having 'non-vesting conditions' and thereby does not expect any important effects of the accounting of agreements with share-based payments.

IFRS 3R Business combinations and IAS 27/R Consolidated and separate financial statements

The two amended standards were issued in January 2008 and will be applied from the first financial period after 1 July 2009. IFRS 3R introduces some changes in how business combinations are accounted for with effects on the amount of goodwill measured, on the result of the period when the



acquisition is made and on the results of those following. IAS 27R requires that a change in the portion of the interest held in a subsidiary be accounted for as if it were a capital transaction. Consequently, this change will not affect goodwill and will not produce gains or losses. Furthermore, the amended standards introduce changes in the accounting of a loss incurred by a subsidiary and likewise in the event of the loss of interest in the subsidiary. The changes introduced by standards IFRS 3R and IAS 27R are for future application and will affect future acquisitions and transactions with minority shareholders.

IAS 1 (Revised) Presentation of Financial Statements

The revised IAS 1 standard regarding the Presentation of Financial Statements was issued in September 2007 and is applicable to accounting periods after 1 January 2009. The revision separates changes to net equity resulting from transactions with owners in their capacity as owners from 'non-owner' changes. The accounting statement showing the variations in net equity will include only details of transactions with shareholders whereas all the variations related to non-shareholder transactions will be presented in a single line. Furthermore, the revision introduces the 'comprehensive income' statement which includes all the items of income and expense pertaining to the period and recorded in the income statement plus any other income and expense item measured. The 'comprehensive income' statement can be presented as a single statement or in two separate but correlated statements, Bolzoni S.p.A. is still in the process of deciding which option it will adopt.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments

Amendments to IAS 32 and IAS 1 were issued in February and will apply for the first annual period after 1 January 2009. The amendment to IAS 32 requires some financial puttable instruments and instruments with obligations arising liquidation to be classified as equity instruments provided they have particular features and meet specific conditions. Amendment to IAS 1 requires that the explanatory notes contain certain information regarding the puttable options classified as equity. Bolzoni S.p.A. does not expect these amendments to affect the financial statement.

3. Tangible Fixed Assets

	01.01.07	Addition	Deprec.	Decrease (1)	31.12.07
Land	721	-	-	-	721
Buildings	6,070	571	-	-	6,641
Plant and machinery	21,298	1,694	-	-	22,992
Equipment	3,147	212	-	(4)	3,355
Other assets	2,730	488	-	(241)	2,977
Value of tangible fixed assets	33,966	2,965		(245)	33,686
Land	-	-	-	-	-
Buildings	(1,136)	-	(189)	-	(1,325)
Plant and machinery	(9,605)	-	(1,364)	10	(10,959)
Equipment	(2,824)	-	(205)	5	(3,024)
Other assets	(2,263)	-	(220)	213	(2,270)
Accum. Depr. for tangible fixed assets	(15,828)	-	(1,978)	228	(17,578)
Land	721	-	-	-	721
Buildings	4,934	571	(189)	-	5,316
Plant and machinery	11,623	1,694	(1,364)	10	12,033
Equipment	323	212	(205)	1	331
Other assets	467	488	(220)	(28)	707
Net value of tangible fixed assets	18,138	2,965	(1,978)	(17)	19,108

(1): Due to sales

The value of the tangible fixed assets generated internally, entirely attributed to item 'Plant', amounts to 60 thousand euros (2006: 66 thousand euros) and is represented by raw material, semi-finished products and personnel costs and related social security.



The investments made during 2007 in Plant and Machinery refer to the completion of fork production line, the purchase of machine tools and equipment necessary for a continual modernization process aimed at increasing productivity and efficiency.

Below is a summary of the gross and net carrying values of the fixed assets acquired through lease contracts in the previous years and whose effects have been included in the previous table.

	31.12.2007		31.12.2008	
	Gross value	Net value	Gross value	Net value
Plant and machinery	3,223	86	3,223	123
Equipment	45	-	45	-
Other assets	677	18	677	23
Total	3,945	104	3,945	146

4. Intangible fixed assets

	01.01.07	Addition	Other variations	31.12.07
Development costs	577	208	(5)	780
Patent rights	84	6	-	90
Licences	1,360	789	-	2,149
Others	200	-	-	200
Assets under construction	-	-	-	-
Gross value of Intangible Fixed Assets	2,221	1,003	(5)	3,219
Development costs	(187)	(120)	-	(307)
Patent rights	(70)	(8)	-	(78)
Licences	(1,218)	(114)	-	(1,332)
Others	(200)	-	-	(200)
Assets under construction	-	-	-	-
Accumulated amortization for Intangible Fixed Assets	(1,675)	(242)	-	(1,917)
Development costs	390	88	(5)	473
Patent rights	14	(2)	-	12
Licences	142	675	-	817
Others	-	-	-	-
Assets under construction	-	-	-	-
Net Value of Intangible Fixed Assets	546	761	(5)	1,302

The value of intangible fixed assets generated internally and capitalized in 2007, and attributed entirely to the item 'Development costs' amounts to 208 thousand euros and includes related personnel costs and social security. These projects mainly refer to the development of new technical solutions for existing products.

As at 31 December 2007 development costs included 115 thousand euros referring to running projects.



5. Investments in subsidiaries

The Company has the following investments in subsidiary companies:

	Location	% of invest.	31.12.06	Incr. Decr.	Write down	2007
Bolzoni Auramo Inc.	USA	100	2,967	3,540	-	6,507
Bolzoni Auramo Ltd	UK	100	204	-	-	204
Bolzoni Auramo Polska	Poland	60	50	-	-	50
Bolzoni Auramo S.l.	Spain	100	683	-	-	683
Bolzoni Auramo S.r.l.	Italy	100	18	235	-	253
Bolzoni Auramo Shanghai	China	60	500	-	-	500
Bolzoni Auramo S.a.r.l.	France	100	376	-	-	376
Auramo Oy	Finland	100	13,119	-	-	13,119
Bolzoni Auramo Bv	Netherlands	51	-	-	-	0
Bolzoni Auramo Pty	Australia	100	-	46	-	46
Bolzoni Auramo Sa	Chile	100	-	-	-	0
Bolzoni Auramo Canada Ltd	Canada	100	123	-	-	123
Bolzoni Auramo GmbH	Germany	100	589	-	-	589
Bolzoni Auramo Ab	Sweden	100	722	-	-	722
Hans H. Meyer GmbH	Germany	100	7,414	1,377	-	8,791
TOTAL			26,765	5,198	-	31,963

The increased investment in Bolzoni Auramo Inc is due to the share capital increase made following the Resolution passed by the Board of Directors on November 14 2007, and obtained through the renunciation of 800 thousand euros and 4 million US dollars from loans given to the US company in previous financial years,

The increase in our investment in Bolzoni Auramo srl is attributable to the acquisition of 30% share made on June 1st 2007, following the resolution passed by the Board of Directors on May 21st 2007.

The higher value of our investment in Bolzoni Auramo Pty is the consequence of a share capital increase approved by the Board of Directors on March 26th 2007, via the renunciation of 200 thousand euros of the loan given to the Australian company. Later the contingency fund amounting to 153 thousand euros and provided for as at 31.12.2006 was then released.

Towards the end of 2006 (November 1st 2006) the entire share capital was acquired of the company Hans H Meyer GmbH, fourth manufacturer in the world of attachments for fork lift trucks, with registered offices in Salzgitter (Germany). It should be remembered that the acquired company, in turn, holds a 100% investment in Meyer Sarl (France), 100% in Hans H. Meyer Ltd (UK) and 60% in Meyer Scandinavia AB (Sweden). The acquisition contract acknowledged a price integration, the amount of which depended on the achievement of predefined Ebitda levels, after April 30th 2007. In May 2007 negotiations for the definition of the balance were concluded and the amount agreed upon was 1 million euros. The final purchase cost amounts to 8,791 thousand euros, which is 1,377 thousand euros (1 million euros for price integration and 377 thousand euros for additional costs) more than the provisional cost calculated at 31 December 2006 (7,414 thousand euros).

On 31 December 2007 impairment tests were performed on the basis of the 3 year Business Plan approved by the Board of Directors. The results did not highlight any need to calculate impairments.



6. Investments in associated companies

The Company holds the following investments in associated companies:

	2007	2006
Eurolift Pty Ltd	46	46
Meyer Italia srl	15	-
Total	61	46

The stake in Meyer Italia srl was acquired during 2007. Its value is 15 thousand euros corresponding to 30% of the share capital, as per Shareholders Meeting which took place on May 25th 2007.

The following table sums up the main financial information regarding the investment in Eurolift:

	2007	2006
Portion of the associate's equity:		
Current assets	236	233
Non-current assets	21	23
Current liabilities	(35)	(51)
Non-current liabilities	(28)	(31)
Net assets	194	176
Portion of the associate's revenue and result:		
Revenue	505	392
Profit	33	27

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

	31.12.2006	Increases	Decreases	31.12.2007
Finan. credits towards subsidiaries	5,320	-	4,188	5,320
Finan. credits towards associates	-	200	-	200
Guarantee deposits	14	-	3	11
Total	5,334	200	4,191	1,343

Details on the residual amount of interest-bearing loans (Euribor 3 months + 1% spread), given out to the single subsidiaries, renewable and with maturity date on 31.12.2008, are provided below:

Subsidiaries	31.12.2007	31.12.2005
Bolzoni Auramo Inc.	-	800
Bolzoni Auramo Inc.	-	3,037
Bolzoni Auramo Canada Ltd	350	450
Bolzoni Auramo Australia Pty	400	600
Bolzoni Auramo Sa	100	100
Bolzoni Auramo Ltd	232	253
Bolzoni Auramo Bv	50	80
Total	1,132	5,320

The loans were given in euros, except for the residual value of 232 thousand euros, paid out in Pounds Sterling. None of the credits have a contract life longer than 5 years.



8. Taxation

8.1 Deferred tax

Deferred tax as at 31 st December is as follows:	<i>Balance Sheet</i>		<i>Income Statement</i>
	<i>2007</i>	<i>2006</i>	<i>2007</i>
<i>Deferred tax liability</i>			
Accelerated depreciation for tax purposes	-	780	(780)
Stock adjustment	136	50	86
Capitalization of internal costs	183	195	(12)
Sundry	216	129	87
	535	1,154	
<i>Deferred tax assets</i>			
Inventory devaluation	109	102	7
IPO costs	434	687	(253)
Sundry	315	340	(25)
	858	1,129	
Deferred tax income /(expense)			348

As established by Law n° 244 passed on December 24th 2007 (2008 Budget Law) with regards to accelerated depreciation Bolzoni Spa has availed itself of the right to bring the values used for tax purposes in line with those contained in the financial statements by submission to the substitute tax provided for in article 1, paragraph 48 of the Law itself. Accordingly, the previously accrued deferred tax liabilities (780 thousand euros) have been released and recorded under the Tax item of the income tax.

The payment of dividends to the shareholders of Bolzoni S.p.A. has no effects on income tax.

The adjustment of deferred tax assets and liabilities, present in the financial statement at 31 December 2006, following the new tax rates in force on January 1st 2008, has resulted in 70 thousand euros higher tax value accounted for in the Income Statement (lower deferred tax assets for 120 thousand euros and lower deferred tax liabilities for 50 thousand euros).

8.2 Income tax

The major components of income tax for the years which ended 31st December 2007 and 2006 are:

	<i>2007</i>	<i>2006</i>
Income statement		
<i>Current income tax</i>		
Current income tax charge	1,924	2,564
<i>Substitute tax</i>		
Substitute tax	335	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(348)	(144)
Income tax	1,971	2,420

A reconciliation between tax expense and the product of accounting profit multiplied by the domestic tax rate for the years ended 31st December 2007 and 2006 gives the following:



IRES/Income tax	2007		2006	
	Amount	Rate	Amount	Rate
Theoretical tax rate		33%		33%
Result before tax	6,815		5,700	
Theoretical tax charge	2,249	33%	1,881	33%
<i>Plus variations:</i>				
Tax free or non-taxable income	32		31	
Exchange rate fluctuations	289		823	
Depreciation	259		165	
Company cars	103		155	
Non-deductible costs	504		242	
Other plus variations for IAS purposes	444		430	
<i>Minus variations:</i>				
IPO costs	(461)		(461)	
Exchange rate fluctuations	(249)		0	
Tax depreciation	(958)		(477)	
Dividends from subsidiaries	(1,590)		(296)	
Other minus variations	(306)		(443)	
Other minus variations for IAS purposes	(1,191)		(346)	
Taxable amount	3,691		5,523	
CURRENT IRES	1,218	17.87%	1,823	31.98%

IRAP	2007		2006	
	Amount	Rate	Amount	Rate
Theoretical tax rate		4.25%		4.25%
Difference between production values and costs	6,815		5,700	
Theoretical tax charge	290	4.25%	242	4.25%
<i>Plus variations:</i>				
Personnel costs	11,873		11,362	
Other plus variations	2,006		1,567	
<i>Minus variations:</i>				
Other minus variations	(6,206)		(1,194)	
Taxable amount	14,488		17,435	
CURRENT IRAP	616	9.04%	741	13.00%

9. Inventory

	2007	2006
Raw material	3,349	2,147
Obsolescence provision for raw material	(103)	(67)
Net raw materials	3,246	2,080
Semi-finished products	5,352	4,760
Obsolescence provision for semi-finished products	(165)	(148)
Net semi-finished products	5,187	4,612
Finished products	2,568	1,947
Obsolescence provision for finished products	(79)	(60)
Net finished products	2,489	1,887
Total inventory at lesser between cost and net realizable value	10,922	8,579



Increase in value of inventory is mainly related to increase in turnover.

Below are the variations in the stock obsolescence provision during the periods under consideration:

	31.12.2006	Increase	Decrease	31.12.2007
Obsolescence provision for raw material	67	36	-	103
Obsolescence provision for semi-finished products	148	17	-	165
Obsolescence provision for finished products	60	19	-	79
Total	275	72	-	347

The plus variations refer to provisions made following the increased obsolescence observed during the financial year.

10. Trade receivables (current)

	2007	2006
Trade receivables	8,668	6,965
Bills subject to collection	3,965	3,181
Bad debt provision	(39)	(108)
Total third party receivables	12,594	10,038
Receivables from subsidiaries	9,874	10,392
Receivables from associates	450	211
Total trade receivables	22,918	20,641

Below the trade receivables are divided according to due date:

	2007
Receivables not yet due	17,475
Receivables 30 days overdue	1,572
Receivables 60 days overdue	1,124
Receivables 90 days overdue	644
Receivables more than 90 days overdue	2,103
Total trade receivables	22,918

Below are the variations to the bad debt provision:

	2007	2006
Bad debt provision on 01.01	108	86
Accruals for the year	29	22
Use of provision	(98)	-
Amounts written-of because not used	-	-
Exchange rate adjustments	-	-
Bad debt provision on 31.12.	39	108



For the terms and the conditions concerning related party receivables, refer to note 32. Trade receivables are non-interest bearing and are generally on a 30-120 days' terms. We would like to point out that these amounts are covered by a credit insurance.

Below are details of receivables related to the single subsidiaries and associated companies:

	31.12.2007	31.12.2006	Variations
Auramo Oy	248	136	112
Bolzoni Auramo AB	122	71	51
Bolzoni Auramo GmbH	393	574	(181)
Bolzoni Auramo Pty Ltd	453	476	(23)
Bolzoni Auramo SA	35	82	(47)
Bolzoni Auramo Polska	146	131	15
Bolzoni Auramo Canada Ltd	96	233	(137)
Bolzoni Auramo SL	1,673	1,608	65
Bolzoni Auramo Inc.	2,779	3,035	(256)
Bolzoni Auramo Ltd	945	857	88
Bolzoni Auramo Rental	-	-	-
Bolzoni Auramo srl	446	584	(138)
Bolzoni Auramo sarl	1,333	1,798	(465)
Bolzoni Auramo BV	142	78	64
Bolzoni Auramo Shanghai	987	729	258
Hans H Meyer GmbH	76	-	76
Meyer Italia srl	22	-	22
Eurolift	174	211	(37)
Auramo South Africa	254	-	254
Total	10,324	10,603	(279)

11. Tax receivables

As at 31.12.2007 this item included a receivable from the taxation authority amounting to 696 thousand euros referring to greater advance payments of IRES tax made during the financial year 2007.

12. Other receivables

	2007	2006
VAT receivables	75	534
Advance to suppliers	47	51
Prepaid expenses	66	31
Sundry	333	166
Total	521	782

The item 'VAT receivables' refer to the balance of the month of December 2007.

**13. Cash and cash equivalents**

	2007	2006
Cash in hand and bank accounts	11	7
Short term deposits	990	2,101
Total	1,001	2,108

Short term deposits have a variable interest rate.

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

	2007	2006
Cash in hand and bank accounts	1,001	7
Bank overdrafts and advance on collectable bills subject to final payment (note 16)	(1,437)	2,101
Total	(436)	2,108

14. Share capital and reserves

	2007	2006
Ordinary shares each for 0.25 euros	25,839,913	25,685,911

During the financial year 2007 a share capital increase was made:

- ❖ on May 21 2007, following the stock option plan approved on January 23 2006, a share capital increase was made of 154,002 ordinary shares each with a value of 0.25 euro, corresponding to 38 thousand euros (Note 29).

For details regarding net equity movements please refer to the 'Table showing Variations to Net Equity'.

	Amount	Possible use	Available Portion	Tax restraints	Use for loss hedging	Other uses
A) Share capital	6,460				None	None
B) Share premium reserve	17,096	A – B - C			None	None
C) Legal reserve	864	B			None	None
C) Other reserves	6,502	A – B - C			None	None
C) IAS reserves	142	A – B - C			None	None
D) Revaluation reserve	2,330	A – B - C			None	None
Total	33,394					
Year's profit	4,904					
Total net equity	38,298					



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

15. Interest bearing loans and borrowings

	<i>Actual interest rate %</i>	<i>Maturity</i>	<i>31.12.2007</i>	<i>31.12.2006</i>
Short term				
Bank overdrafts		On request	(17)	8
Advance on collectable bills subject to final payment		30-90 days	1,437	1,550
Euro 7,000,000 unsecured loan	Euribor +0.90	2008	-	1,167
Euro 7,750,000 bank loan	Euribor +0.70	2008	1,107	1,107
Euro 5,000,000 unsecured loan	Euribor +0.40	2008	1,264	3,248
Euro 8,500,000 unsecured loan	Euribor +0.30	2008	1,616	-
Euro 3,000,000 unsecured loan	Euribor +0.25	2008	375	-
Government loan 394/81	1.72	2008	303	303
			6,085	7,383
Medium/long term				
Euro 7,750,000 bank loan	Euribor +0.70	2010	2,214	3,322
Euro 2,000,000 unsecured loan	Euribor +0.40	2009	667	1,333
Euro 2,000,000 unsecured loan	Euribor +0.40	2010	830	1,230
Euro 1,000,000 unsecured loan	Euribor +0.40	2011	519	715
Euro 1,500,000 unsecured loan	Euribor +0.30	2011	1,031	-
Euro 7,000,000 unsecured loan	Euribor +0.30	2012	5,152	-
Euro 3,000,000 unsecured loan	Euribor +0.25	2012	2,625	-
Government loan 394/81	1.72	2009	303	607
			13,341	7,207

7,000,000 euro bank loan

This loan is unsecured and was repaid in half yearly, fixed principal value instalments .

7,750,000 euro bank loan

This loan, given by Intesa Sanpaolo and secured by a first degree mortgage on the property in Podenzano, is repayable in equal half yearly instalments.

5,000,000 euro bank loans

The loans are unsecured and are repayable in equal, half yearly instalments .

8,500,000 euro bank loans

The loans are unsecured and repayable in equal, half yearly instalments.

3,000,000 euro bank loan

The loan is unsecured and repayable in equal, half yearly instalments

Government loan in accordance with Law 394/81

This loan, secured by a bank guarantee specifically obtained for the purpose, is repaid in half yearly, fixed principal value instalments.

Some loans are subject to the observance of covenants. As at 31.12.2007 all these covenants have been observed. The non-observance would result in the loan being repaid in advance.

Net Financial Position	31.12.2007	31.12.2006	Variation
Cash on hand and liquid funds	1,001	2,108	(1,107)
- of which related to Intesa Sanpaolo	437	719	(282)
Short term loans	(6,085)	(7,383)	1,298
- of which related to Intesa Sanpaolo	(2,999)	(2,962)	(37)
Total short term	(5,084)	-(5,275)	191
Long term loans	(13,340)	(7,207)	(6,133)
- of which related to Intesa Sanpaolo	(6,537)	(3,322)	(3,215)
Total medium/long term	(13,340)	(7,207)	(6,133)
NET FINANCIAL POSITION	(18,424)	(12,482)	(5,942)


(NET FINANCIAL INDEBTEDNESS)

- of which related to *Intesa Sanpaolo* (9,099) (5,565) (3,534)

16. T.F.R. retirement allowance fund

Below are the variations to this fund:

	2007	2006
T.F.R. retirement allowance fund at 01.01	3,253	3,075
Current cost of the service	570	492
Financial charges	136	123
Actuarial earnings/(losses)	(499)	(125)
(benefit paid out)	(1,031)	(312)
T.F.R. retirement allowance at 31.12	2,429	3,253

Following the reform of TFR retirement allowance introduced by the 2007 Budget Law, Bolzoni S.p.A. will no longer need to make a provision for employees but will be obliged to pay the amount matured to the INPS Treasury Fund unless otherwise allocated by the employee. Thus, the TFR allowance matured as at December 31 2006 must be discounted back without taking in account future economic career developments of the employees whereas, the amounts maturing from January 1st 2007 will be treated as defined contribution plan. In view of the new Italian regulation scheme, an evaluation was made by a registered actuary on the TFR accrued as at December 31st 2007. As a result of this evaluation a part of the provision amounting to 287 thousand euros has been released to Income statement (deducted from staff costs).

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

- on the basis of a series of possible financial solutions (for example, increase in the cost of life), estimates have been made regarding the possible future benefits which could be paid to each employee included in the programme in the event of retirement, death, disablement, resignation etc.

Furthermore,

- 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 actually being paid out;
- the company's liability has been defined by identifying 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;
- based on 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 details of possible scenarios:

<i>Demographic theories</i>	<i>Executives</i>	<i>Non Executives</i>
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 the first of the pension requirements valid for Mandatory General Insurance	Achievement of the first of the pension requirements valid for Mandatory General Insurance
Probability for an employee of: -receiving advance payment of 70% of the accrued retirement	3.0% in each year	3.0% in each year



allowance at the start of the year		
------------------------------------	--	--

<i>Financial theories</i>	<i>Executives</i>	<i>Non Executives</i>
Increase in the cost of life	2.0% per annum	2.0% per annum
Discounting rate	5.45% per annum	5.45% per annum
Increase in TFR retirement allowance	3.0% per annum	3.0% per annum

17. Provision for contingencies and charges

	31.12.06	Incr.	Decr.	31.12.07	Within 12 months	After 12 months
Agents' termination benefit provision	133	25	(38)	120	-	120
Product Warranty provision	91	95	(91)	95	95	-
Other provisions	154	-	(154)	-	-	-
Total	378	120	(283)	215	95	120

Agents' termination benefit provision

The aim of this provision is to deal with the related liability matured by agents.

Product warranty provision

This provision has been created to meet charges in connection with product warranties sold during the financial year and which are expected to be incurred the following 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.

Other provisions

The decrease in these provisions is due to the reclassification of the provision reducing the value of investment in the subsidiary company (Bolzoni Auramo Pty) which has increased during the financial period 2007 due the recapitalization operation.

18. Trade payables

	2007	2006
Domestic suppliers	18,013	20,007
Foreign suppliers	1,947	1,257
Branch suppliers	6,461	5,123
	26,421	26,387

Trade payables are non-interest bearing and are normally settled on a 90 day basis.
For terms and conditions for related parties, see Note 31.

Domestic supplier payables at 31 December 2007 include 1,102 thousand euros related to investments in tangible and intangible fixed assets made during the second semester of the year (Notes 3 and 4).



Below are details of payables related to the single subsidiary companies:

	31.12.2007	31.12.2006	Variations
Auramo Oy	4,396	3,806	590
Bolzoni Auramo AB	117	9	108
Bolzoni Auramo GmbH	18	49	(31)
Bolzoni Auramo SA	3	2	1
Bolzoni Auramo Polska	-	1	(1)
Bolzoni Auramo Ltd	32	6	26
Bolzoni Auramo SL	1,127	983	144
Bolzoni Auramo Inc.	13	29	(16)
Bolzoni Auramo Rental Ltd	-	-	-
Bolzoni Auramo Canada Ltd	2	6	(4)
Bolzoni Auramo srl	18	12	6
Bolzoni Auramo sarl	456	48	408
Bolzoni Auramo BV	15	11	4
Bolzoni Auramo Shanghai	26	10	16
Hans H Meyer GmbH	238	151	87
Total	6,461	5,123	1,338

The above includes the following three interest bearing loans, at variable rate, with maturity during the year:

- 4 million euros obtained by Auramo Oy
- 0.1 million euros obtained by Bolzoni Auramo AB
- 0.35 million euros obtained by Bolzoni Auramo Sarl

19. Other payables

	2007	2006
Payables to employees for wages	1,015	544
Payables to employees for matured but untaken holidays	490	446
Sundry payables	89	25
Other accrued expenses	123	45
Other short term liabilities	23	48
Social security payables	832	618
Total	2,572	1,726

Payables to employees for wages have increased by 471 thousand euros mainly due to the accrual accounting of the lump sum following the renewal of the labour contract for workers in the Metal and Mechanical Industry, to the increase in the number of employees and to the increased bonus linked to results.

20. Payables to taxation authorities

	2007	2006
Tax withheld at source on Employees pay	414	497
For income tax	-	482
Substitute tax	335	-



Sundry	50	77
Total	799	1,056
- <i>within the financial period</i>	<i>564</i>	<i>1,056</i>
- <i>after the financial period</i>	<i>235</i>	<i>-</i>

Decrease in Income Tax Payable accounted for at 31 December 2007 is due to the higher amounts of advance payments made during the same year.

As permitted by Law n° 244 passed on 24th December 2007 (2008 Budget Law) Bolzoni SpA has availed itself of the right to bring the values used for tax purposes in line with those contained in the financial statements by submission to the substitute tax provided for in article 1, paragraph 48 of the Law itself. This tax amounted to 335 thousand euros (100 thousand euros of which due within 12 months and 235 thousand euros due after 12 months).

INCOME STATEMENT

21 .Revenue

Below is a break down of revenue according to geographical area.

2006	Europe	North America	R.O.W.	Total
Revenue	56,014	6,814	4,852	67,680

2007	Europe	North America	R.O.W.	Total
Revenue	64,960	6,683	6,436	78,079

Compared to the previous year, revenue in Europe has increased by 16%, in U.S.A. it has dropped by 1.9% and in the rest of the world it has grown by 32.6%.

22. Other revenue

	2007	2006
Sundry income	31	13
Gains on equity	45	12
Contingent assets	44	43
Increases in fixed assets following internal work	60	274
Total	180	342

The Company has reclassified the amount of 245 thousand euros at 31.12.2006, regarding the capitalization of personnel costs for internal work, into reduction of the item Personnel Costs.

23. Costs for raw material and consumable supplies

	2007	2006
Raw material	7,581	5,006
Commercial goods	3,768	3,426
Semi-finished products	20,043	18,279
Other purchases for production	4,591	4,042
Sundry purchases	294	410



Additional expenses	328	125
Finished products	920	329
Total	37,525	31,617

24. Service costs

	2007	2006
Industrial services	14,578	12,510
Commercial services	2,964	2,670
General services	1,911	1,500
Costs related to use of third party assets	260	242
Total	19,713	16,922

The increase in costs for industrial services is the result of greater amount of sub-contracting during 2007 in support of the increase in turnover.

25. Personnel costs

	2007	2006
Wages and salaries	8,636	8,103
Social security	2,881	2,598
TFR retirement allowance (note 16)	121	381
Sundry costs	27	35
Total	11,665	11,117

Variation in personnel costs is correlated to the increase in the number of employees (17 persons) and also to the increase in wages following the renewal of the specific national collective contract.

Furthermore, in the 2006 column, a reclassification has been made for the amount of 245 thousand euros as indicated in note 22.

Following table shows the average number of employees in Bolzoni SpA:

	31.12.2007	31.12.2006	Variation
Top Managers	6	6	-
First-line managers	5	5	-
White collar	98	93	5
Blue collar	158	146	12
Total	267	250	17

26. Other operating costs

	2007	2006
Tax and duty	53	61
Losses on sale of fixed assets	26	27
Sundry	154	130
Total	233	218

The item 'Sundry' includes recorded costs of administrative and legal nature, association fees and donations.



27. Financial income and charges

	<i>2007</i>	<i>2006</i>
Financial charges	(1,309)	(836)
Financial income	1,904	658
Net financial income (charges)	<u>595</u>	<u>(178)</u>

Compared to the previous year, net financial income/charges have decreased, mainly thanks to the higher dividends coming from the subsidiary companies.

<i>27.1 Financial charges</i>	<i>2007</i>	<i>2006</i>
Interest on short-term payables (overdrafts and credit disinvestment)	80	46
Interest on medium/long term loan payables	1,132	716
Charges other than above (lease contracts and sundry)	97	74
Total	<u>1,309</u>	<u>836</u>

<i>27.2 Financial income</i>	<i>2007</i>	<i>2006</i>
Interest income from customers	207	208
Interest income from financial assets	23	139
Dividends from subsidiaries	1,659	311
Dividends from associated companies	15	-
	<u>1,904</u>	<u>658</u>

Dividends were paid out by the subsidiaries Bolzoni Auramo S.a.r.l. (600 thousand euros), Auramo Oy (900 thousand euros), Bolzoni Auramo Ab (129 thousand euros) Bolzoni Auramo Polska (15 thousand euros) and Bolzoni Auramo S.r.l. (15 thousand euros).

Dividends amounting to 15 thousand euros were also collected from the associated company Eurolift Pty.

<i>27.3 Exchange rate gains and losses</i>	<i>2007</i>	<i>2006</i>
Exchange rate gains	546	513
Exchange rate losses	(1,079)	(1,006)
	<u>(533)</u>	<u>(493)</u>

Variations are essentially due to effects deriving from variations in the exchange rate of the US dollar during 2007. The devaluation of the dollar produced negative effects both on the result of the exchange rate handling and on the adjustment of items in foreign currencies to balance sheet date exchange rates.

28. Stock option plan



At the balance sheet date, the Bolzoni company has a stock option plan running approved by the Board of Directors on March 7, 2006 and by the Extraordinary Shareholders' Assembly on March 23, 2006. The plan establishes an overall number of 462,000 shares limited to the company executives, divided into three tranches. The minimum price of issue has been established in 2.04 euros per share and the period for exercising the first tranche of rights has been subjected to a mandatory lock-up time of 180 days following the admission of the Company shares to listing on the Italian Screen Based Market organised and controlled by Borsa Italiana S.p.A.

The fair value of the granted options was evaluated on the assignment date on the basis of the following assumptions:

Expected yield from dividends (%)	3.45
Expected volatility (%)	34.00
Risk-free interest rate (%)	3.33
Advanced extinction	Not considered

The evaluation according to the above mentioned assumptions has produced a cost of 134 thousand euros accounted for under the item 'Personnel Costs'.

In May 2007 the right given under the second tranche of stock option scheme was exercised, corresponding to 154,002 shares, at the minimum price established by the scheme (2.04 euros per share). The third and final tranche, involving the same number of shares, will be exercisable in May 2008.

At the balance sheet date the Company has not issued any convertible bonds.

29. Dividends

Dividends approved and paid out during the year amount to € 2,568,591 (2006: € 2,021,277). Dividends proposed for approval by the Shareholders' Assembly (not recognized as liabilities as at December 31st) amount to € 3,100,789 (2006: € 2,568,591). If approved, the proposed resolution regarding earnings will result in the payment of a € 0.12 dividend per share (2006: € 0.10).

30. Commitments and contingencies

Capital commitments

As at December 31st 2007 and December 31st 2008 the value of the Company's commitments was not material.

Legal litigations

Following the inspection made in March 2003 by the Inland Revenue of Piacenza, on June 13th 2006 the Regional Tributary Commission pronounced their verdict in favour of Bolzoni S.p.A. On November 24 2006 the Law Officers made an appeal to the Supreme Court against the verdict pronounced by the Regional Tributary Commission. Bolzoni S.p.A. has not recognized any provision as, supported by the favourable verdict and by the opinion of its lawyer, it believes the objection to be without grounds.

As at December 31st 2007 no new facts emerged with regards to this litigation.

Guarantees granted

Bolzoni S.p.A. has granted the following guarantees as at 31st December 2007:

- it has granted comfort letters to a bank on a loan given to the subsidiary Bolzoni Auramo Inc. for the amount of US\$ 500,000 (2006: US\$ 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 (2006: € 2,000,000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630,000 (2006: € 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 € 237,370 (2006: € 237,370) 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 (2006: € 750,000) in favour of the subsidiary Bolzoni Auramo GmbH;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Bolzoni Auramo S.I.;

- it has granted a surety to a bank for the amount of € 850,000 (2006: € 850,000) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 300,000 (2006: € 300,000) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 750,000 (2006: € 750,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 3,200,000 (2006: € 3,200,000) in favour of the subsidiary Hans H. Meyer GmbH..

31. Information on related parties

The following table indicates the total amount of transactions with related parties for the relevant financial year :

<i>Related parties</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Related parties receivables</i>	<i>Related Parties payables</i>
Subsidiaries	2007	25,431	5,064	9,874	6,461
	2006	24,748	3,772	10,392	5,123
Associates	2007	1,338	-	450	-
	2006	525	-	211	-
Directors – other related companies : Intesa-Sanpaolo Group	2007	–	462	464	9,536
	2006	–	236	719	7,113

Subsidiary companies

For details regarding receivables and payables see notes 10 and 18.

Associated companies

The Company owns the following investments:

- 24.5% interest in Eurolift Pty (2006: 24.5%)
- 40% interest in Auramo South Africa (2006: 40%) owned via Auramo Oy
- 30% interest in Meyer Italia srl (2006: 0%)

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. No guarantees have been provided or received for any related party receivables or payables. For the year ended 31 December 2007 the Company has not made any provision for doubtful debts referring to amounts owed by related parties (2006: Euro 0).

Transactions with other related parties

Directors – other related parties

As at 31 December 2007 the Intesa-San Paolo group holds less than 5% of share capital of Bolzoni S.p.A. (2006: less than 10%) and a manager of the Intesa-Sanpaolo group (Davide Turco) is a member of the Board of the Company. Bolzoni S.p.A. maintains business relations of a financial nature with the Intesa-Sanpaolo Group and, consequently, as at 31st December 2007, the total value of debts towards the Intesa-Sanpaolo group amounted to approximately 9.1 million euros (2006: €



5.6 million). The Intesa-Sanpaolo group also granted a surety for 0.9 million euros (2006: € 1.2 million) to a third party in the Company's interests i.e. Intesa Mediocredito S.p.A., a company belonging to the Intesa –Sanpaolo Group. This company also holds a mortgage right of the value of 10.85 million euros on the property situated in Podenzano as guarantee for a loan.

32. Financial risk management: objectives and policies

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

During the financial year, the Company has also entered into derivative transactions, including principally forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Company's operations and its sources of finance.

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

The main risks arising from the Company's financial instruments are those in connection with interest rates, liquidity, exchange rates and credits. The Board of Directors reviews and agrees on the policies for handling each of these risks and they are summarised below. The Company's accounting principles in relation to derivatives are set out in note 2.2.

Interest rate risk

With a part of its loans in euro at a floating interest rate, the Company believes it is exposed to the risk that a possible increase in rates could increase future financial charges.

	<i>Variations in presumptions</i>	<i>Effect on gross profit before tax</i>
2007	0.25 BPS (0.25 BPS)	(49) 49
2006	0.25 BPS (0.25 BPS)	(36) 36

As at December 31, 2007 the Company does not have any Interest Rate Swap contracts running which foresee the exchange of the difference between variable and one or more fixed rate interest amounts, calculated by reference to an agreed notional principal amount.

Foreign currency risk

The Company 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 take place at potentially unfavourable conditions, with a negative impact on the year's results.

The following table shows the sensitivity of profit before tax (due to the variations in the fair value of current assets and liabilities) and net equity towards possible reasonable variations in foreign currency exchange rates, whilst maintaining all the other variables stable.

	<i>Currency</i>	<i>Increase/ Decrease</i>	<i>Effect on gross profit before tax</i>	<i>Effect on Net Equity</i>
2007	USD	+ 5%	(180)	(130)
	USD	- 5%	198	144
	GBP	+ 5%	(59)	(43)
	GBP	- 5%	65	47
	SEK	+ 5%	(5)	(4)
	SEK	- 5%	6	4
	\$ CAN	+ 5%	(4)	(3)
	\$ CAN	- 5%	5	3
2006	USD	+ 5%	(324)	(235)
	USD	- 5%	358	260
	GBP	+ 5%	(54)	(39)
	GBP	- 5%	60	44



SEK	+ 5%	(3)	(2)
SEK	- 5%	3	2
\$ CAN	+ 5%	(10)	(7)
\$ CAN	- 5%	11	8

The Company has entered into derivative financial contracts which hedge against exchange rate risks produced by cash flow from sales in foreign currency transactions with its American subsidiary Bolzoni Auramo Inc: more specifically, the instruments used are essentially forward currency contracts and Put options.

Following the expansion of its activities towards Asian markets, the Company is also exposed to foreign currency risks related to purchases of raw materials settled in both Chinese Yuan (CNY) and US Dollars (USD); these operations are however minimal.

As these derivative contracts are generally drawn up after the invoicing of sales or of the purchases generating the related cash flows 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 therefore be classified as net hedging operations on trade receivables/ payables in foreign currency. Consequently, in the course of the financial period, they have been recognized as financial assets held for trading and are therefore accounted for and assessed at fair value. The fair value variations are charged to income statement under financial income and charges. On December 31st 2007 there were no derivative contracts running.

Risk of variations in price of raw material

The Company's exposure to the price risk is considered to be limited as the Company adopts a policy of partial hedging against the risk of fluctuations in the cost of raw materials thanks to supplier contracts at fixed prices for a period varying from three to six months and which mainly involve steel.

Credit risk

The Company only trades with known and creditworthy customers. The Company has also taken out insurance to protect itself from insolvency risks and which covers almost its entire exposure.

With respect to the credit risk arising from the other financial assets of the Company, which include 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 Company'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.

Financial instruments - Fair value

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	2007	2006	2007	2006
<i>Financial assets</i>				
Cash in hand	1,001	2,108	1,001	2,108
<i>Financial liabilities</i>				
Bank overdrafts and advance on collectable bills subject to final payment	(1,420)	(1,558)	(1,420)	(1,558)
Loans:				
at variable rates	(17,399)	(10,122)	(17,399)	(10,122)
at fixed rates	(607)	(2,910)	(607)	(2,910)
Forward currency contracts*	-	128	-	128

* 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 the 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, according to maturity date, of the Company's financial instruments exposed to interest rate risk:

Year ended 31st December 2007

Fixed rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
Government loan L. 394/81	(303)	(304)	-	-	-	-	(607)

Variable rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 yrs	Total
Liquid funds	1,101	-	-	-	-	-	1,101
Overdraft on bank accounts	17	-	-	-	-	-	17
Advance on collectable bills subject to final payment	(1,437)	-	-	-	-	-	(1,437)
Bank loan of Euro 7,750,000	(1,107)	(1,107)	(1,108)	-	-	-	(3,322)
Bank loan of Euro 3,000,000	(375)	(750)	(750)	(750)	(375)	-	(3,000)
Bank loan of Euro 2,500,000	(454)	(476)	(499)	(523)	(548)	-	(2,500)
Bank loan of Euro 2,000,000	(667)	(666)	-	-	-	-	(1,333)
Bank loan of Euro 2,000,000	(400)	(410)	(420)	-	-	-	(1,230)
Bank loan of Euro 1,500,000	(284)	(296)	(309)	(322)	(83)	-	(1,294)
Bank loan of Euro 1,500,000	(316)	(329)	(344)	(358)	-	-	(1,347)
Bank loan of Euro 1,500,000	(285)	(297)	(309)	(321)	(82)	-	(1,294)
Bank loan of Euro 1,500,000	(277)	(291)	(306)	(322)	(167)	-	(1,363)
Bank loan of Euro 1,000,000	(197)	(203)	(209)	(107)	-	-	(716)

Credit risk

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

33. Remuneration of Directors and Statutory Auditors

The following table indicates the remuneration of the directors and statutory auditors for the year 2007:

Name	Amount	Description
Emilio Bolzoni	193	Director's fee
Roberto Scotti	193	Director's fee
Luigi Pisani	28	Director's fee
Franco Bolzoni	28	Director's fee
Pierluigi Magnelli	28	Director's fee
Davide Turco	28	Director's fee
Karl Peter Otto Staack	28	Director's fee
Carlo Baldi	28	Director's fee
Raimondo Cinti	28	Director's fee
Giovanni Salsi	28	Director's fee
Total	610	
Benvenuto Girometti	15	Auditor's Fee
Fiorenzo Salvini	13	Auditor's Fee
Giorgio Picone	18	Auditor's Fee

**Total****46****34. Other information**

The Company has not carried out any operations to favour the purchase or the subscription of shares in accordance with article 2358, paragraph 3 of the Civil Code

The Company appointed its auditors in March 2006. Below is a summary of fees paid during the financial period in exchange for services rendered to the Company by the following:

- a) by the auditing company for auditing services
- b) by the auditing company. for services other than above, divided between verification services necessary for the issue of certifications and other services, separated according to type;
- c) by companies belonging to the auditing company's network, for services divided according to type.

Type of service	Subject giving the service	Fees (thousands of euros)
Accounting audit	Parent's auditors	114
Certification service	Parent's auditors	7

35. Events after the balance sheet date

Since December 31st 2007 until today, no other important events have occurred having a significant impact on the figures contained in this document.

BOLZONI S.P.A.

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

Share capital Euro 6,459,978.25 fully paid

Board of Statutory Auditors Report to Annual General Meeting (in conformity with art. 153 of Leg.D. 58 of 24.2.1998)

Gentlemen,

We are submitting to your approval the Financial Statement for the year 2007 consisting of Balance Sheet, Income Statement, Statement of the Variations to Net Equity, Cash Flow Statement and Notes to the Financial Statement; this documentation, together with the Management Report, was made available to us within the terms established by art. 2429, paragraph 1, of the Civil Code.

The Board of Statutory Auditors has examined the Financial Statement at 31.12.2007 which, involving a listed company, was drawn up in compliance with the IAS/IFRS accounting principles.

In examining the documentation, the Board of Statutory Auditors also acknowledges that the financial statement's figures at 31.12.2007 are compared to those of the previous year, already displayed in accordance with the IAS/IFRS principles.

After this necessary foreword, the Board of Statutory Auditors declares that:

1. Being a listed company and in compliance with article 2409-*bis* and subsequent of the Civil Code, the auditing activity on its accounts was performed by Reconta Ernst & Young S.p.A. , an Auditing company enrolled in the special register established under art. 161 Leg.D. 58/98, following nomination by the Shareholders Assembly on 23.3.2006.
2. During the financial year ended on 31/12/2007 we the Board of Auditors carried out the supervisory activity as established by the law. Through information acquired from the persons responsible for the respective functions, from the analysis of the documentation transmitted to us and the examination of the auditing book, we acquired the necessary information and, within the area of our responsibility, we supervised over the adequacy of the company's organisational structure, the internal control system, the administrative-accounting system and on its reliability to correctly represent the management facts.
3. Within the Group the Company's role is to coordinate and manage.
4. The Parent is not subject to management and coordination activities on behalf of companies or bodies and establishes its general and operational strategic orientations in full autonomy.

5. We the Board of Statutory Auditors have verified that the Company, in compliance with art 114, paragraph 2, and articles from 184 to 187 quinquies of Leg.Decree 58/98, has actually given adequate instructions to the subsidiary companies in order to promptly obtain the information required to meet the disclosure obligations established by the law and in particular those regarding rules covering market abuse.
6. During the year, we the Board of Auditors attended the meetings of the Company's Board of directors and, in observance of the statutory provisions, we were periodically informed by the directors regarding the state of the company management. In particular, the most important operations from the economic and financial point of view, performed by the Company during the year, and in observance of the law and the articles of association, have been the following:
 - a) On 21.5.2007 the Company's Board of Directors approved an increase in the share capital of the amount of € 38,500.50, thereby partially implementing the stock option plan approved by the Shareholders on 23.1.2006.
 - b) A 30% stake was bought in Meyer Italia srl, company holding exclusive rights to Meyer brand in Italy, for the amount of €15,000, in accordance with the resolution passed by the Board of Directors on 26.3.2007
 - c) A share capital increase was made for Bolzoni Auramo Inc. (100% owned) following the resolution passed by the Board of Directors on 14.11.2007, by waiver to 800 thousand euros and to 4 million US dollars from loans given to the American company during previous financial years. The share capital has therefore passed from 2,967 thousand euros to 6,507 thousand euros;
 - d) Increase in the investment owned in Bolzoni Auramo Srl, following the purchase of 30% stake on 1.6.2007, in accordance with the resolution passed by the Board of Directors on 21.5.2007, for the value of € 235 thousand.
 - e) Increase in the value of the investment in Bolzoni Auramo Pty, following the share capital increase made by waiver to 200 thousand euros given to the Australian company as a loan, in accordance with the resolution passed by the Board of Directors on 26.3.2007.
 - f) Acquisition of Hans H. Meyer GmbH. At the end of 2006(1 November 2006) the entire share capital of the company was acquired, the fourth producer in the world of lift truck attachments with registered office in Salzgitter (Germany).
The acquisition contract established the acknowledgement of a price integration, the amount of which depending on the achievement of predetermined Ebitda levels after 30 April 2007, approval date for the financial statement. In May 2007 the negotiations for the definition of the settlement concluded with the agreed amount of one million euros.
The final cost of the acquisition amounts to 8,791 thousand euros. This amount is 1,377 thousand euros (1 million euros for price integration and 377 thousand euros for additional charges) higher than the amount provisionally determined at 31 December 2006 (7,414 thousand euros).

More precisely, we inform you that during the financial period the Board of Directors held 13 meetings.

7. The Board of Statutory Auditors did not discover any uncharacteristic and/or unusual operations, including those performed with related parties or within the group. Regarding the overall area of the operations with related parties performed during the financial year 2007, we ascertained the absence of uncharacteristic or unusual operations capable of raising doubts regarding the accuracy and the completeness of the information, conflict of interest, preservation of the corporate assets and the protection of the shareholders' interests.
8. In their management report the Directors adequately indicate and illustrate the main operations performed with related parties or within the Group so please refer to this report also for a description of their characteristics and their economic effects.
9. With regards to the Organisation and Management Model (MOG) drawn up in compliance with the Leg. D. n° 231/01, the Board of Statutory Auditors takes note that the Model has been approved within 31 March 2008 and more precisely, during the Board of Directors' Meeting held on 26 March 2008.
10. Since May 2006 the Company has adhered to the corporate governance code issued by Borsa S.p.A.; the Company has also drawn up its annual report on the Corporate Governance system.
11. The Board of Statutory auditors notifies the receipt of a complaint under article 2408, paragraph one, of the Civil Code; in this respect the Board considers the reply given by the Board of Directors to the plaintiff to be exhaustive in relation to the objections contained in the complain.
12. The Board of Statutory auditors has not received any instances.
13. During the financial period ended 31/12/2007 your Company did not grant the Auditing Firm any other assignments other than those related to the auditing activity as established by the law.
14. In the course of the financial year the we the Board of Statutory Auditors granted, under the law, expressed our opinion in favour of the following:
 - a) Appointment of the person responsible for internal auditing during the Board of Directors meeting held on 26.3.2007;
 - b) Appointment of the manager in charge of preparing the company accounting documents during the Board of Directors meeting held on 27.4.2007;
 - c) Resolution passed for the share capital increase following the stock option plan during the Board of Directors meeting held on 21.5.2007;
 - d) Resolution passed for the assignment of an incentive in favour of the C.E.O. during the Board of Directors meeting held on 19.12.2007.
15. Through direct verification and information collected from the Auditing company, the Board of Statutory 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 Statutory 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. Where necessary the Board of Statutory Auditors gave their consent with regards to the evaluation criteria for the intangible fixed assets

16. The balance sheet shows a positive operating result for the period of € 4,904,091 which can be broken down as follows:

Assets	Euro	90,694,147
Liabilities	Euro	52,395,649
- Net equity (excluding the operating profit)	Euro	33,394,407
- Operating profit	Euro	4,904,091
Accounts, appropriation, risks and other memorandum accounts	Euro	10,850,000

In brief, the income statement presents the following values:

Production income (non financial revenue)	Euro	78,258,796
Production costs (non financial costs)	Euro	71,505,414
Difference	Euro	6,753,382
Revenue and financial costs	Euro	61,583
Result before tax	Euro	6,814,965
Tax on earnings	Euro	-1,910,874
Operating profit	Euro	4,904,091

17. The Board of Statutory Auditors maintained close contacts with the Auditing company, with 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
18. Further to our activity of supervision and control no significant facts emerged worthy of being highlighted or mentioned in this report.
19. During the financial period the Board of Statutory Auditors held 6 meetings and attended the meetings of the Board of Directors as previously specified, as well as the Shareholders Meeting held on 27.4.2007
20. The Report made by the Auditing Company Reconta Ernst & Young S.p.A. issued on 2 April 2008 does not highlight any remarks and/or irregularities.
21. With reference to the above, the Board of Statutory Auditors does not have any grounds for preventing the approval of the financial statement at 31 December 2007, and has no objections with regards to the proposed resolution presented by the Board of Directors with regards to the allocation of the year's profit which amounts to € 4,904,091.

Casoni di Gariga, 9 April 2007

The Board of Statutory Auditors

Dott. Giorgio Picone - Chairman
Dott. Benvenuto Girometti
Dott. Fiorenzo Salvini

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, 2007, comprising the balance sheet, the statements of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 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 comparative purposes, the financial statements include the corresponding information for the prior year prepared in accordance with consistent accounting principles for which reference should be made to our audit report dated April 10, 2007.

3. In our opinion, the financial statements present clearly and give a true and fair view of the financial position, the result of operations, the changes in shareholders' equity and the cash flows of Bolzoni S.p.A. as of December 31, 2007, and for the year then ended in accordance with IFRS as adopted by the European Union and the standards issued in accordance with the article 9 of D.Lgs. n. 38/2005.

Milan, April 2, 2008

Reconta Ernst & Young S.p.A.
signed by:
Pietro Carena
(Partner)

BOLZONI S.p.A.

REPORT ON CORPORATE GOVERNANCE

Pursuant to articles 124-*bis* of the Legislative Decree No. 58 of 24 February 1998, 89-*bis* of the rules implementing Legislative Decree No. 58 of 24 February 1998 adopted by Consob Resolution No. 11971 of 14 May 1999 and subsequently amended in IA.2.6 Instructions to the Rules of Borsa Italiana

**FINANCIAL YEAR ENDED ON
31 DECEMBER, 2007**

www.bolzoni-auramo.it

This report on corporate governance of Bolzoni S.p.A. was approved by the Board of Directors on
March 26, 2008

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GLOSSARY

Code	means the Corporate Governance Code approved in March 2006 by the Corporate Governance Committee promoted by Borsa Italiana, as defined below.
Borsa Italiana	means Borsa Italiana S.p.A., having registered office in Milan, Piazza Affari No. 6.
Borsa Rules	means the rules of the markets organized and managed by Borsa Italiana in force as of the Date of the Report, as defined below.
By-laws	means the by-laws of the Issuer – as defined below – in force as of the Date of the Report.
Consob	means the <i>Commissione Nazionale per le Società e la Borsa</i> , having registered office in Rome, via Martini No. 3.
Consolidated Act	means the Legislative Decree No. 58 of 24 February, 1998 (so called, “Financial Consolidated Act”).
Date of the Report	means March 26, 2008, date in which the Report – as defined below – was approved by the Board of Directors of the Issuer.
Fiscal year	means the fiscal year ended on December 31, 2007, to which this Report refers.
Group o Bolzoni Group	means, collectively, the Issuer and its subsidiaries, as of the Date of the Report, pursuant to article 2359 of the Civil Code.
Instructions to the Borsa Rules	means the Instructions to the Borsa Rules.
Issuer or Company or Bolzoni	means Bolzoni S.p.A., having registered office in Podenzano (Piacenza), Località Casoni, to which this Report refers.
Markets Rules	means the Rules implementing the Consolidated Act with reference to markets, as adopted by Consob with resolution No. 16191 of October 29, 2007, in force as of the Date of Report.
MTA	means the Mercato Telematico Azionario, organized and managed by Borsa Italiana.
Report	means this <i>corporate governance</i> report prepared pursuant to articles 124- <i>bis</i> of Consolidated Act, 89- <i>bis</i> Regulation for Issuers and article IA.2.6 of the Instructions to the Rules of Borsa.
Rules for Issuers	means the Rules implementing the Consolidated Act regarding the discipline of Issuers, as adopted by Consob with resolution No. 11971 of May 14, 1999 and subsequently amended, in force as of the Date of Report.

Premises

In compliance with the requirements by the Consolidated Act and the regulations of Borsa Italiana to the Boards of Directors of listed companies onto the MTA, to ensure fairness and transparency at the level of corporate information, this Report is intended to illustrate the corporate governance system of Bolzoni.

The Report has been prepared on the basis of experimental format made available to Issuers by Borsa Italiana.

Bolzoni was admitted to listing on the MTA, STAR Segment, on May 15, 2006.

The Company is convinced that the alignment of its internal structure of corporate governance to that suggested by the Code represents a valid and invaluable opportunity to enhance its reliability *vis-à-vis* the market.

The Bolzoni group adheres to and complies with the Code.

The Bolzoni Group business

The Issuer has been active since the early fifties in the design, manufacture and marketing of equipment for forklifts and industrial handling, which is a sector belonging to the broader category of logistics.

To date, the Bolzoni Group is marketing its products in over forty countries worldwide, occupying a leadership position in the European market for equipment and forklift trucks, and is the second largest manufacturer worldwide in this area.

As at December 31, 2007, the Group shows, at consolidated level, a turnover amounting to approximately Euro 145 million, due to the production and marketing, either through brands owned by the Group “Bolzoni”, “Auramo”, “Brudi” and “Meyer” or unbranded, of equipment for forklifts and industrial handling intended for manufacturers of forklifts, dealers of forklift trucks and equipment for industrial handling and only marginally, to end users.

1. PROFILE OF THE ISSUER

The organization of the Issuer, which is based on the traditional model, complies with the provisions of the legislation applicable to listed issuers and is articulated as follows:

- The Shareholders' meeting is competent to resolve at both ordinary and extraordinary levels on the matters reserved to it by law or by the By-laws;
- The Board of Directors is vested with the broadest powers for the Company, with the right to perform all actions necessary for the achievement of corporate goals, with the exception of actions reserved - by law or By-laws - to the Shareholders' meeting;
- The Board of Statutory Auditors has the mandate to monitor (i) the compliance with the law and the By-laws and respect the principles of sound administration, (ii) the adequacy of the organizational structure of the Company, the internal control system and the accounting system, also with reference to the reliability of the latter to correctly represent the operations, (iii) the manners of implementation of corporate governance rules set forth by codes of conduct drawn up by management companies of regulated markets or associations, to which the companies declare to comply with, through information to the public; and (iv) the adequacy of the provisions given to subsidiaries, in relation to the information to be provided, to meet the obligations of communication; and
- The Audit Firm: the auditing is carried out by a specialized firm, registered with Consob, specially appointed by the Shareholders' meeting after consulting the Board of Auditors. The audit firm for Bolzoni is empowered with functions for almost all of the Group companies.

In addition to the above and in accordance with the provisions of the Code – to which Bolzoni adheres – and regulations in force, the Issuer has, *inter alia*, performed the following:

- Appointment of three independent directors out of a total of ten members of the Board of Directors, seven of which are non-executive directors;
- Establishment of a Remuneration Committee composed of three non-executive and independent director, operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 9);
- Establishment of an Internal Audit Committee composed of three non-executive and independent directors, operating on the basis of an internal regulation which lays down the rules of operation (see paragraph 11);
- Adoption of a procedure for corporate information and a code of conduct (internal dealing) (see paragraph 6);
- Adoption of guidelines for related parties transactions (see paragraph 13);
- Set up of the functions of responsible for internal control and investor relations and consequently appointed heads of these functions (see paragraphs 12.2 and 16);
- Adoption of a Model of Organization, Management and Control pursuant to Legislative Decree. No. 231/01 (see paragraph 12.3); and
- Adoption of rules for the Shareholders' meeting.

2. INFORMATION ON OWNERSHIP STRUCTURE

2.1 Structure of corporate capital

As of the Date of the Report the corporate capital of the Issuer amounts to Euro 6,459,978.25, fully subscribed and paid in.

The corporate capital is divided into no. 25,839,913 ordinary shares without par value.

	no. Shares	% of the corporate capital	Listed on	Rights and duties
Ordinary shares	25,839,913	100	MTA STAR Segment	Voting rights in the ordinary and extraordinary shareholders' meeting, dividends rights and reimbursement of capital in case of liquidation.
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

As of the Date of the Report, Bolzoni has not issued other classes of shares or securities which are convertible into or exchangeable with shares.

As of the Date of the Report, a stock option plan is in the process of implementation. This plan, adopted on May 30, 2001, and subsequently amended on March 7, 2006, grants financial instruments, to be settled through physical delivery, is reserved for the executives of the Issuer. For more information please refer to the disclosure document prepared in accordance with article 84-*bis* of the Rules for Issuers published on the Company's website, www.bolzoni-auramo.it.

2.2 Restrictions on transfers of securities

To date, there is no report of any restrictions on the transfer of Bolzoni shares.

2.3 Significant shareholding

As of the Date of the Report, based on the findings of the Shareholders' ledger, and given the reports received according to article 120 of the Consolidated Act and other information received, the following persons hold, directly or indirectly, shares of the Company to an extent equal to or greater than the 2 % of the share capital:

Subject making the declaration	Direct Shareholder	% quota on the ordinary capital	% quota on the voting capital
FIL Limited (as manager of the FID FDS fund – Italy Pool holding the whole shareholding)	FIL Limited	4.938	4.938
	Total	4.938	4.938
Intesa Sanpaolo S.p.A.	Banca IMI S.p.A.	0.133	0.133
	Intesa Sanpaolo S.p.A.	2.881	2.881
	Total	3.014	3.014
Objectif Small Caps Euro SICAV	Objectif Small Caps Euro SICAV	2.009	2.009
	Total	2.009	2.009
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.	3.58	3.58
	Total	3.58	3.58
Mr. Karl Peter Otto Staack	Mr. Karl Peter Otto Staack	3.44	3.44
	Total	3.44	3.44
Penta Holding S.r.l.	Penta Holding S.r.l.	50.40	50.40
	Total	50.40	50.40

The control over the Company, in accordance with article 93 of the Consolidated Act, is exercised by Penta Holding S.r.l., holding company pursuant to article 113 of Legislative Decree No. 385, 1 September 1993. Penta Holding S.r.l., as mere holding company, does not exercise management and coordination functions over the Company according to article 2497 of the Civil Code.

2.4 Securities granting special rights

The Company has not issued securities conferring special rights to control.

2.5 Shareholding of Employees: mechanism to exercise voting rights

As of the Date of the Report, a stock option plan is in the process of implementation. This plan, adopted on May 30, 2001, and subsequently adjusted on March 7, 2006, grants financial instruments, to be settled through physical delivery, is reserved for the executives of the Issuer.

Under this plan, however, voting rights may not be exercised by persons other than the assignees of such shares.

For more information please refer to the information document prepared pursuant to article 84-bis of the Rules for Issuers published at the website of the Company, www.bolzoni-auramo.it.

2.6 Restrictions on voting rights

As of the Date of the Report, there is no report of any restrictions or deadlines imposed on the exercise of voting rights. There are no financial rights which are not in conjunction with the possession of shares.

2.7 Shareholders' Agreements

As of the Date of the Report, the Issuer is unaware of the existence of relevant shareholders' agreements in accordance with article 122 of the Consolidated Act relating to shares of the Company.

2.8 Appointment and replacement of the directors and by-laws amendments

For details on the appointment and replacement of the directors see the section 5.1 of the Report.

As regards the By-laws provisions on By-laws amendments, the By-laws do not contain provisions other than those provided for by applicable laws.

Also the By-laws, in accordance with article 2365 of the Civil Code, grant the Board of Directors the power to decide on the realignment of the By-laws to new provisions of law.

2.9 Delegation of power to increase the corporate capital and authorizations for the purchase of own shares

Directors may, for a period of five years after the decision of the extraordinary shareholders' meeting of January 23, 2006, increase one or more times the corporate capital up to maximum Euros 38,500.50 by issuing maximum number 154,002 ordinary shares to be offered for subscription to the employees of the Company or its subsidiaries – to be determined by the Board of Directors – with the exclusion of pre-emptive rights pursuant to article 2441, last paragraph, of the Civil Code.

As of the Date of the Report, the Issuer has not made any decision regarding the purchase of own shares nor holds own shares.

2.10 Change of control clauses

The Issuer has not entered into significant agreements that become effective, or are materially modified or terminated in the event of a change of control of the Issuer.

2.11 Indemnity to directors in the event of resignation, dismissal or termination of the relationship as a result of a public offer

As of the Date of the Report, no agreements, between Bolzoni and its directors, are in force, which provide indemnity in the event of resignation or dismissal/withdrawal without just cause or in the event of termination of employment as a result of a public offer.

3. COMPLIANCE

Bolzoni has adhered to the Code. Over the course of 2007, the Company completed the compliance with the requirements recommended by the Code itself, having as an objective the creation of a corporate governance system aimed primarily at creating value for shareholders, while acknowledging the importance of transparency on choices and decision-making, as well as the need to develop an effective internal control system.

Further measures aimed at improving the governance system are in progress and others will be evaluated to ensure the continuous updating of the system to national and international best practice.

In compliance with applicable laws, this Report describes the “Corporate Governance” system of the Issuer and indicates the practical manners of implementation by the Company of the requirements of the Code.

Neither Issuer nor any of its subsidiaries, having strategic significance, are subject to the provisions of foreign laws having an impact on the structure of corporate governance of the Issuer.

Below, are the main instruments of governance, which the Company has implemented pursuant to the latest laws and regulations, the provisions of the Code and the national and international best practice:

- By-laws;
- Code of Ethics;
- Model of Organization, Management and Control according to Legislative Decree No. 231/01;
- Rules of the Internal Control Committee;
- Rules of the Remuneration Committee;
- Guidelines and criteria to identify significant transactions with Related Parties - Principles of conduct;
- Regulations for the management of Inside Information and establishment of the registry of persons having access to such information;
- Internal Dealing Code; and
- Rules of Shareholders’ meetings.

These documents are publicly available on the Company’s website at www.bolzoni-auramo.it.

4. DIRECTION AND COORDINATION FUNCTION

4.1 Subject controlling the Issuer

The control over the company, in accordance with article 93 of the Consolidated Act, is exercised by Penta Holding S.r.l., holding company pursuant to article 113 of Legislative Decree No. 385, 1 September 1993.

Penta Holding S.r.l., which as of the Date of the Report has a share capital equal to Euro 8 million has registered office in Piacenza and was registered in the Companies Register of Piacenza on May 3, 2006, with registration number 01464060332. Penta Holding S.r.l., which is a mere holding company, does not exercise direction and coordination functions over the Company as provided for by article 2497 of the Civil Code.

According to article 2 of the by-laws, Penta Holding S.r.l. has the following corporate purpose: (i) the purchase, disposal and management of portion of shareholdings, shares, securities, public or private, or financial instruments and in general shareholdings in companies, consortia, associations or institutions of any kind in Italy and abroad, also listed on regulated markets, (ii) the financing, in whatever form, and the technical and administrative coordination exclusively for the benefit of companies, consortia, associations or institutions in which it participates, as well as the provision of services in favour of the same; (iii) the issuance of guarantees, patronages and other guarantees generally, real and not real, in favour and in the interest of companies, consortia, associations or organizations which it participates to. In addition, Penta Holding S.r.l. may make any financial, real estate and credit operation as well as operations on securities, which are necessary or useful to the achievement of the corporate objective (it being however expressly excluded the collection of savings from the public), as well as ancillary activities should the same allow to develop the business pursued.

Pursuant to article 7 of the by-laws of Penta Holding S.r.l., transfers of shareholdings to ascendants or descendants, spouse, brother or sister, as well as transfers of shareholdings due to death, in favour of persons other than shareholders, are free, while the shareholder who intends to transfer its shareholding, or even the sole naked property of it, to shareholders or any third party who are not shareholders, should offer such shareholding pre-emptively to other shareholders in proportion to the shareholdings held by them and with the right to increase it among themselves. If one or more shareholders exercising the right of first refusal have declared their intention to purchase the shares offered but on terms different than those proposed by the offeror, it is possible to bring before the President pro-tempore of the Court where the company has its registered office, to ask for the appointment of an arbitrator who shall proceed to determinate the fair price and terms of payment, to be binding for the transferor and the shareholders who have declared their intention, at the time of exercise of pre-emptive right, to buy the offered shares at different conditions than those proposed by the offeror.

In determining the fair price, the arbitrator must take into account equally (i) the price of the third party, who bids in good faith, (ii) the value of quotation of the shares held by the Company, to be intended as a weighted average price of reference of such shares in the last six months, and (iii) the financial statements of the Company and its subsidiaries, also in the light of any extraordinary events.

In any case, and without prejudice to the provisions concerning the right of first refusal, the assignment in favour of a non-shareholder may be carried out only with the prior approval of the Board of Directors of Penta Holding S.r.l., which can be denied only on condition that the same Board of Directors indicates, while not accepting, another buyer to which the shares can be transferred at the same terms of pre-emption. Failing such an indication, the consent of the Board of Directors shall be presumed.

Moreover, save for the exercise of pre-emption rights and the approval of the Board of Directors, if the pre-emptive offer of one or more shareholders involves a total of more than fifty percent of the corporate capital of the Company, the recipients of the pre-emptive offer, if they do not exercise

their pre-emption right, shall be entitled to obtain from the offeror that, under the same conditions, all their shares be bought.

There may not be established pledges, liens or other rights of guarantee over the shares, nor may be formed on them the right to usufruct attributing voting rights to the usufruct holder, except with the prior written consent of the Board of Auditors of Penta Holding S.r.l..

As provided for by article 10 of the by-laws, the shareholders decide on matters reserved to their competence by law or by the by-laws, as well as on matters which one or more directors or shareholders representing at least a third of corporate capital submit to the shareholders' approval. Decisions by shareholders, in whatever form adopted, are made with the favourable vote of shareholders representing at least 60% of the share capital, unless otherwise mandatory provision of law pro tempore in force and save for different majorities specifically established by the by-laws for specific decisions.

No person exercises control over Penta Holding S.r.l. and, among the shareholders of it, there is no shareholders' agreement or other agreement aiming at discipline the voting rights or the circulation of shareholdings.

The following table shows the breakdown of the share capital of Penta Holding S.r.l. as of the Date of the Report.

Shareholder	Shareholding	% of corporate capital and voting rights
Mr. Emilio Bolzoni	3,043,734	38.05
Mr. Luigi Pisani	1,739,724	21.75
Mr. Roberto Scotti	1,476,812	18.45
Mr. Franco Bolzoni	1,159,816	14.50
Mr. Pier Luigi Magnelli	579,914	7.25
Total corporate capital	8,000,000	100

Pursuant to article 16 of the by-laws, Penta Holding S.r.l. is managed by a Board of Directors, to which the widest powers of ordinary and extraordinary management are attributed. It is composed of five shareholders, including non-shareholders, who may be re-appointed and are subject to the non-competition obligation under article 2390 of the Civil Code. According to article 17 of the by-laws, unless otherwise decided by the majority of all shareholders entitled to vote, the appointment of the members of the Board of Directors shall be based on lists of candidates where they will be listed in consecutive order. Each candidate may be indicated in one list, failing which he/she shall be ineligible. Each list will indicate a number of candidates at least equal to the maximum number of members to be elected. Shareholders, who, individually or together with other shareholders, represent at least seven percent of the corporate capital of the company, shall have the right to submit lists. Any person entitled to vote may submit, or concur to submit, a single list and vote for only one list.

They shall be appointed as directors the first candidate of the five lists which have received the largest number of votes. Where lists submitted for the appointment are less than five, directors shall be taken from each of them, starting with the one that won the highest number of votes, up to the five directors to be appointed. Where only one list is submitted, the five directors to be appointed shall be taken from the candidates of that list.

The Board of Directors of Penta Holding S.r.l., in charge as of Date of the Report has been appointed for an indefinite period at the time of establishment of the same Penta Holding S.r.l. and is composed as shown in the following table.

Name & Surname	Office
Mr. Emilio Bolzoni	President

Name & Surname	Office
Mr. Roberto Scotti	Director
Mr. Pier Luigi Magnelli	Director
Mr. Luigi Pisani	Director
Mr. Franco Bolzoni	Director

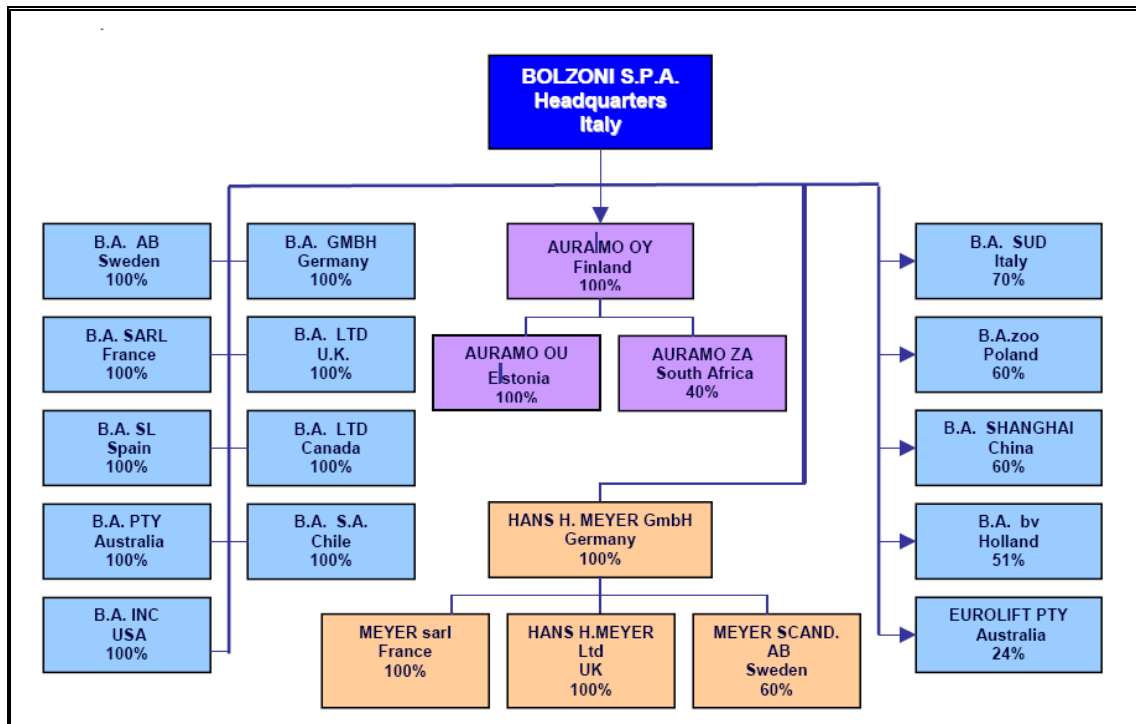
The management body is vested with the broadest powers for the ordinary and extraordinary management of Penta Holding S.r.l., without exception of any kind, with the right to perform any action, including disposals, it considers necessary for the implementation and achievement of the corporate objectives, excluding only those which are reserved by law or by-laws exclusively to the shareholders' meeting or to the decision of shareholders.

4.2 Bolzoni Group structure

The Issuer controls, directly or indirectly, nineteen companies, including a private limited company in Italy, which compose the Bolzoni Group and within which the Company has the right to appoint a majority of members of the Board of Directors and control bodies, if any.

The Company, leader of the Group, carries out management of shareholdings of control held, directly or indirectly, in subsidiaries. The Company also has direction and coordination functions of the Group, pursuant to article 2497 of the Civil Code. Please note that the provisions of Chapter IX, Title V, Book V of the Civil Code (articles 2497 et seq.) include, among other things: (i) direct liability of the company directing and coordinating *vis-à-vis* the shareholders and corporate creditors of the companies subject to the direction and coordination (in cases where the company which exercises such activities - acting in their interest or in the interest of others in violation of the principles of proper corporate management – causes prejudice to the profitability and value of shareholding or causes damages, against corporate creditors, to the integrity of company assets), (ii) a liability of the directors of the company subject to the direction and coordination who fail to fulfil the publicity obligations under article 2497-*bis* of the Civil Code, for the damages *vis-à-vis* shareholders or third parties arising out of the lack of knowledge of such facts.

The diagram below shows an overview of the structure of the Bolzoni Group as of the Date of the Report.



5. BOARD OF DIRECTORS

As of the Date of the Report, the Company has a Board of Directors composed of ten members seven of which are non-executive directors. Within the Board of Directors three non-executive directors qualify as independents.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company and with any other powers reserved by law or by the By-laws to the Board of Directors itself. It thus has power to make all actions, including disposals, it deems necessary or appropriate for the attainment of corporate objective, excluded only those expressly reserved to the shareholders' meeting by law.

The Board of Directors has:

- established within itself a Remuneration Committee (see paragraph 9) and the Internal Audit Committee (see paragraph 11). Each panel works on the basis of the rules which lay down the proceedings of the committee;
- adopted guidelines for transactions with related parties (see paragraph 13);
- established the corporate functions of responsible for internal control and investor relations and consequently appointed the heads for these functions (see paragraphs 12.2 and 16);
- adopted a procedure for the processing of inside information (see paragraph 6);
- approved a code of conduct (internal dealing) (see paragraph 6); and
- approved a Model of Organization, Management and Control pursuant with Legislative Decree No. 231/01 (see paragraph 12.3).

The By-laws provide that Board of Directors meetings are held at least quarterly. Over the course of 2007, the Board of Directors met thirteen times, with an average duration of the meetings of about two hours. At all board meetings, documentation and information needed to discuss with knowledge on the matters under agenda have been provided with reasonable advance to the Board members.

The calendar of the meetings of the Board of Directors for the year 2008 was announced by the Company through publication on the website at www.bolzoni-auramo.it ("Financial Agenda"). As of the Date of the Report, two of six meetings planned in that calendar have already been held.

5.1 Appointment and composition of the Board of Directors

According to article 14 of the By-laws, the Company is managed by a Board of Directors composed of a number of members ranging from three to fifteen, according to the determination of the Shareholders' meeting.

Those who are incompatible as established by law, cannot be appointed as directors, and if appointed shall cease from office. Directors shall remain in office for three years and may be re-elected.

The ordinary Shareholders' meeting shall appoint the members of the Board of Directors, on the basis of lists deposited by the shareholders and the outgoing Board of Directors in the manner described below.

In addition to the outgoing Board of Directors, shareholders who, alone or together with other shareholders, hold at the time of submission of the list, a total portion of the share capital consisting of shares having voting rights in ordinary Shareholders' meeting, as identified by Consob regulation (*i.e.* 2.5%), or, failing this, equivalent to 2.5%, shall be entitled to submit a list of candidates, by depositing at the head office at least fifteen days before the date scheduled for the Shareholders' meeting, in the first call, save for any further form of publicity set forth by regulations pro-tempore force. In order to prove ownership of the number of shares necessary for

the submission of lists, the shareholders must simultaneously submit at the head office, the shares or a special certification issued by authorized financial intermediaries as provided by law. The deposit, made in accordance with the above, is also valid for the second and third call, if provided.

Each shareholder, the shareholders belonging to a shareholders' agreement, the controlling subject, the subsidiaries and those under common control pursuant with article 93 of the Act may not submit or participate in submitting, even through a third party or trust company, more than one list. Each shareholder entitled to vote may vote for only one list. Each candidate may candidate to only one list, failing which he/she shall be ineligible. Lists submitted and/or votes exercised in violation of these prohibitions, shall not be accepted.

Each list must separately list candidates, ordained gradually, and must include a declaration that a sufficient number of candidates as set forth by the provisions of law possess the independence requirements prescribed in the laws and regulations in force, identifying them distinctly and entering one of them at the top of the list. Failing the above, the list may not be submitted.

Within the period indicated above, together with each list, which also contains the identity of the submitting shareholders, the following shall also be filed (i) the declarations in which each candidate accepts the candidacy and certify under own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the conditions imposed by the laws, regulations and By-laws for their respective offices, and (ii) a comprehensive description of the personal and professional characteristics of the candidate indicating, if appropriate, the suitability of the candidate to qualify as independent as defined by the law.

The appointment of directors is as follows: (i) from the list that obtains the highest number of votes in the Shareholders' meeting, based on the order they are listed in the list, all members of the Board of Directors, as from time to time resolved by the meeting, are taken, except one. To this end, in the event of a tie between different lists there shall be a new vote by the Shareholders' meeting, and the one obtaining the most votes shall be the majority list, (ii) from the list that obtains the second highest number of votes in the Shareholders' meeting, and that is not related, directly or indirectly, with the shareholders who submitted or voted for the list referred to in paragraph (i), a member of the Board of Directors is taken, in the person of the first candidate in the order of that list. To this end, in the event of a tie between different lists, there shall be new vote among the same for the appointment of the last member of the Board of Directors by the Shareholders' meeting, and the first candidate on the list that obtains the highest number of votes shall be appointed.

In case of submission of only one list of candidates, all directors will be appointed from this list, provided that such list secures a relative majority of votes. In case of failure to submit lists or where the directors are not appointed for any reason under the procedure provided above, the Shareholders' meeting decides with the majority set forth by law. In particular, for the appointment of directors outside the renewal of the entire Board of Directors, the Shareholders' meeting decides with the majority set forth by law and the By-laws, without observing the procedure above, it being understood the following.

If over the course of the year, one or more directors cease from their offices, article 2386 of the Civil Code applies, as follows: (i) The Board of Directors shall appoint the members replacing those ceased within the same list to which the ceased directors belonged and the Shareholders' meeting decides, with the majority set forth by law, respecting the same principle and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence requirements imposed by laws, (ii) if there are no candidates left in the list, who were not appointed previously, the Board of Directors shall replace the ceased director irrespective for what is set forth in clause (i), and so shall do the Shareholders' meeting, with the majority set forth by law, and ensuring, in any case, the presence within the Board of Directors of the required number of members in possession of independence requirements imposed by laws.

Should the majority of directors resign or cease due to other causes, the Board of Directors shall be considered ceased and the directors remained in office shall immediately call the Shareholders' meeting for renewal of appointment. The directors remained in office may in the meantime discharge ordinary administration. The directors, who are appointed during the three years, cease on the same date as those already in office at the time of their appointment.

Current composition

At the Date of the Report, by virtue of the resolution of the Shareholders' meeting of the Company on 23 March 2006 and the decision on 15 May 2006 in which Borsa Italiana has admitted to listing onto the MTA the Company's shares, the Company is managed by a Board of Directors composed of ten members, mainly non-executives, who will remain in office until the year ending on 31 December 2008.

Currently, out of ten members of the Board of Directors of the Company, three are executive directors and seven are non-executive directors.

Under the guidance of the Rules of Borsa Italiana, in the relevant Instructions and the Code, in relation to companies with shares listed on the MTA STAR Segment, the same Shareholders' meeting of the Company, out of a total of ten members of the Board of Directors, has appointed three independent directors, Mr. Carlo Baldi, Mr. Raimondo Cinti and Mr. Giovanni Salsi (also in accordance with the provisions of article 147-ter, third paragraph, of the Consolidated Act).

The composition of the Board of Directors of the Company at the Date of the Report is as follows:

Name & Surname	Office	Date of appointment
Mr. Emilio Bolzoni	Chairman (Executive)	March 23, 2006
Mr. Roberto Scotti	CEO	March 23, 2006
Mr. Pier Luigi Magnelli	Executive director	March 23, 2006
Mr. Luigi Pisani	Non-executive director	March 23, 2006
Mr. Franco Bolzoni	Non-executive director	March 23, 2006
Mr. Davide Turco	Non-executive director	March 23, 2006
Mr. Karl-Peter Staack	Non-executive director	March 23, 2006
Mr. Carlo Baldi	Non-executive and independent director (*)	March 23, 2006
Mr. Raimondo Cinti	Non-executive and independent director (*)	March 23, 2006
Mr. Giovanni Salsi	Non-executive and independent director (*)	March 23, 2006

(*) Director qualifying as independent under article 148, third paragraph, of the Consolidated Act and under the Code.

From the date of appointment of the incumbent Board of Directors to the Date of the Report there have not been changes in the composition of the Board of Directors. All the above directors who compose the Board of Directors at the Date of the Report, and who will remain in office until the approval of the financial statements for the year ending on December 31, 2008, were appointed before the listing of the Company on the MTA and, therefore, without the slate voting set forth in the By-laws, which entered into force on 15 May 2006 as a result of the measure with which Borsa Italiana has admitted to listing onto the MTA the ordinary shares of the Company.

Here below are the positions held by the members of the Board of Directors in other companies listed on regulated markets (including foreign markets), financial companies, banks, insurance companies or of significant size and indicates that Mr. Emilio Bolzoni, Mr. Roberto Scotti, Mr. Pier Luigi Magnelli, Mr. Luigi Pisani, Mr. Franco Bolzoni and Mr. Karl-Peter Staack do not hold any office in the above types of companies.

Name & Surname	Company	Office
Mr. Davide Turco	Atos S.p.A.	Effective Auditor
	Novamont S.p.A.	Director
	Macerbi S.p.A.	Director
Mr. Carlo Baldi	Brevini Group S.p.A.	Effective Auditor
	C.S.F. Inox S.p.A.	Chairman of Board of Statutory Auditors
	Città delle Scienze S.p.A.	Chairman of Board of Directors
	Prefin S.p.A.	Chairman of Board of Statutory Auditors
	Predieri Metalli S.r.l.	Chairman of Board of Statutory Auditors
	Emak S.p.A.	Director
	Brevini Power Transmission S.p.A.	Effective Auditor
	Smalticeram Unicer S.p.A.	Chairman of Board of Statutory Auditors
Mr. Raimondo Cinti	Cesab S.p.A. (Toyota Material Handling)	Director
	Bianchini Ing. (Barcellona - Spagna)	Vice-Chairman
	Officine Maccaferri S.p.A.	Director
	Nimax S.p.A.	Director
	Seci Energia S.p.A.	CEO
	Powercrop S.r.l.	Chairman of Board of Directors
	Jesi Energia S.p.A.	Director
	Enerray S.r.l.	Chairman of Board of Directors
Mr. Giovanni Salsi	Banca di Piacenza	Director
	Istituto Centrale delle Banche Popolari Italiane	Chairman of Board of Statutory Auditors
	SECETI S.p.A.	Chairman of Board of Statutory Auditors

Below is the information on personal and professional characteristics of the members of the Board of Directors.

Mr. Emilio Bolzoni: born in Piacenza on September 25, 1952, he graduated in 1971 as a patented mechanic. He joined Bolzoni in 1972, gaining experience in various areas. He has been Director of Bolzoni since 1972, serving as chairman on the Board of Directors since 1992. From 1996 to 1999 he was a member of the Board of Cassa di Risparmio di Parma e Piacenza and for six consecutive years from 1997 to 2003, he served as vice-chairman for the Industrial Association of Piacenza. He also serves as chairman for almost all of the other companies of Bolzoni Group.

Mr. Roberto Scotti: born in Piacenza on February 13, 1951, he graduated in 1970 as a certified mechanical technician. From 1970 to 1973 he attended the Department of Mechanical Engineering at the University of Milan. From 1973 to 1979 he was director of Bolzoni and in 1980 founded Teko S.r.l. (a company then incorporated by Bolzoni) of which he was director until 1987. Since 1988 he has held the office of CEO of Bolzoni and other various Group companies.

Mr. Pier Luigi Magnelli: born in Fiorenzuola d'Arda (Piacenza) on August 9, 1941. He graduated as a certified industrial expert in 1958. After having worked as designer for Cesare Schiavi S.p.A. in Piacenza, he joined Bolzoni in 1985 as shareholder. From 1981 to 2004 he was chief technical officer of Bolzoni, for which he has been director since 1985.

Mr. Luigi Pisani: born in Piacenza on November 29, 1950, he graduated from scientific lyceum in 1969 and in 1976 he graduated in Civil Engineering from the Politecnico University of Milan. As

member of the Board of Engineers of Piacenza since 1977, he has carried out professional activities in the building sector, including several through his own companies. He joined Bolzoni in 1985 as shareholder and that same year was appointed to director.

Mr. Franco Bolzoni: born in Piacenza on August 5, 1948. He is a certified accountant and in 1967 graduated from university with a degree in Psychology. He is a professor of psychotherapy at the Italian Centre for the Study and Development of Short Term Psychotherapy at the Universities of Padua and Milan, and works as a psychotherapist. He is founder of Bolzoni and has been director of Bolzoni since 1992.

Mr. Davide Turco: born in Domodossola on August 17, 1966. In 1990 he graduated in Business Administration from Bocconi University in Milan. He is a certified accountant and auditor. After brief work experience abroad, he entered the IMI-Sige group, in 1990, where he dealt with Equity Capital Market, Mergers & Acquisitions and Private Equity operations. In 1996 he entered the Merchant Banking Division of Mediocredito Lombardo where he focused on Private Equity operations. He is currently an executive in the Merchant Banking Services - Private Equity of Intesa Sanpaolo, where he is responsible for several investment transactions. Outside the Issuer, he holds the office of director and effective auditor in several other companies (see table referred to in this paragraph 5.1).

Mr. Peter Karl-Otto Staack: born in Parchim (Germany) on October 22, 1947. He graduated in 1965 from the High School of Solingen (Germany). After having worked as director of sales for Volvo BM Dietzenbach since 1972, in 1981 he founded the Auramo GmbH, the company acting as exclusive distributor of Auramo products in Germany, Austria, Switzerland, Holland and the Benelux countries. In 1988 he acquired Auramo OY which he expanded until its acquisition by Bolzoni in 2001. He has been director of Bolzoni, and other Group companies since 2001.

Mr. Carlo Baldi: born in Reggio Emilia on April 29, 1939. In 1964 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues to practice this profession at his firm in Reggio Emilia. From 1990 to 1993 he was City Hall Director of Estate and Assets of the Municipality of Reggio Emilia. In 1990 he founded the Association Pro-Universita' of Reggio Emilia, now transformed into a Foundation for the University in Reggio Emilia, of which he is chairman, an office that he also held for Reggio Città degli Studi S.p.A., which, after having contributed to the development of this department, was liquidated for achievement of corporate purpose. Since 2003, he has been a professor of business administration at the Liberal University of Lugano, Department of Human Sciences and Technology. He is also the author of several publications. He holds the office of director, not only for the Issuer, and auditor in various other companies (see table referred to in this paragraph 5.1). He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code.

Mr. Raimondo Cinti: born in Costecciaro (Perugia) on 8 November 1947. In 1973 he graduated in Electronic Engineering from the University of Bologna. He specializes in organizational processes related to the strategic repositioning and competitive business and operational management of change. He currently holds the post of managing director of Seci Energia S.p.A., a company belonging to the Bologna Maccaferri group specializing in the renewable and assimilated energies. As part of his profession, which led him to hold executive positions in several national and multinational companies, he was involved in the implementation and integration of acquisitions of companies, turn-around, production relocation and start-up of new operating entities. He holds the office of director of the Issuer and several other companies (see table referred to in this paragraph 5.1). He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code and director who qualifies as independent pursuant to applicable law in article 148, paragraph third of the Act and the Code.

Mr. Giovanni Salsi: born in Castel San Giovanni (Piacenza) on August 7, 1940. He graduated in accounting in 1959 and later joined Polenghi Lombardo S.p.A.. In January 1960 and in July 1962, he joined Bank of Piacenza where he remained until December 31, 2003. He held the office of

general manager of the Bank of Piacenza from 1984 to 2003, year in which he retired. He holds the office of director of the Issuer and several other companies (see table referred to in this paragraph 5.1). He is a director and qualifies as independent pursuant to article 148, third paragraph, of the Consolidated Act and the Code.

5.2 The role and duties of the Board of Directors

As per the functions of the Board of Directors, Bolzoni has a Board of Directors which, as provided by article 19 of the By-laws, is vested of the widest powers for the ordinary and extraordinary administration of the Company, as well as any other competence reserved by law or the By-laws to the same board. Therefore, it has the power to discharge all activities, including the disposal of assets, which it deems necessary or opportune for the achievement of the corporate purpose with the exclusion of those which the law expressly reserves for the Shareholders' meeting.

In particular, the Board of Directors, as by tradition,

- examines and approves the strategic, industrial and financial plans of the Company and Group, the corporate governance system of the Company and the Group structure;
- assesses the adequacy of the organizational, administrative and accounting system of the Company and subsidiaries having strategic significance prepared by the Managing Director, with particular reference to the internal control system and the conflict of interest management;
- examines and approves, in advance, the operations of the Company and its subsidiaries when such operations are strategically, economically and financially significant for the Company itself.

Please note that on March 26, 2008, the Board of Directors has positively evaluated the adequacy of the organizational, administrative and accounting system of the Company and the Group, as the criteria to which such systems are based are fully adequate to ensure the efficient and effective functioning of the internal control system.

With regard to the same article 19 of the By-laws, the Board of Directors may delegate, within the limit set by law, some of its functions to one or more of its members, save for the limits set by law and by the By-laws.

The Board of Directors, and each Managing Director, has the power to appoint attorneys *ad negotia* for specific acts within its functions.

Pursuant to the article 20 of the By-laws, the President, Vice-Presidents (if any) and Managing Directors have jointly and severally the legal representation of the Company for the execution of resolutions of the Board of Directors within the powers attributed by the Board of Directors. The Board of Directors may grant the representation and corporate signature to other directors determining their powers.

In accordance with the above, the Board of Directors, on May 19, 2006, has resolved to appoint as managing director of the Company Mr. Roberto Scotti, granting the same and the Chairman of the Board of Directors, Mr. Emilio Bolzoni, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body:

- Approval of the strategic, industrial, economic and financial plans of the Company and Group;

- Approval of the annual budget of the Company and the Group;
- Operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000;
- Operations with related parties, as provided by article 71-bis of Rules for Issuers.

According to article 19 of the By-laws, at the meetings and at least every quarter, the Board of Directors and the Board of Statutory Auditors are informed, by delegates bodies, if any, also with regard to subsidiaries, on the business, general performance, its foreseeable development, financial operations and operations on assets having major significance, due to size or characteristics, as well as, if any, on transactions in which directors have an interest for themselves or third parties.

Also article 19 of the By-laws provides that Board of Directors is vested with the following powers, subject to the limits of law:

- The resolution on mergers in cases referred to articles 2505 and 2505-*bis* of the Civil Code, also with reference to the split-up under 2506-*ter*, last paragraph, of the Civil Code, in cases where such rules are applicable;
- The establishment and elimination of branches or subsidiaries;
- The identification of the directors having legal representation;
- The possible capital decrease in the event of withdrawal by a shareholder;
- The modifications of the by-laws due to regulatory provisions; and
- The transfer of the registered office within the national territory.

Over the course of the years 2007, in addition to the approval of the financial statements for the year ended on December 31, 2006, the quarterly and half-yearly reports and the 2007 budget, the Board of Directors has resolved, *inter alia*, on the following:

- The Rules for the Internal Control Committee;
- The Rules for the Remuneration Committee;
- The procedure on the processing of inside information;
- Appointment of Mr. Marco Rossi as person responsible for the Internal Control;
- Proposal to the extraordinary Shareholders' meeting of the modifications to the By-laws in order to comply with the provision of the Law No. 262 of December, 2005 and by Decree Law No. 303 of December 29, 2006;
- Annual report on Corporate Governance referring to the year ended on December 31, 2006;
- Capital increase of some of the Company's subsidiaries;
- Purchase of a minority shareholding in Meyer Italia S.r.l. (Italian branch of the Meyer group, which was acquired by the Company over the 2006);
- The cease of business and winding-up of the subsidiary Bolzoni Auramo SA Chile;
- Appointment of Mr. Marco Bisagni as executive in charge of preparing corporate account documents;
- Capital increase of the Company to fund the Stock Option Plan reserved to the Executives;
- Purchase of the outstanding 30% of the Bolzoni Auramo S.r.l., which allowed the Company to hold the whole corporate capital of the same Bolzoni Auramo S.r.l.;
- The drawing of medium term borrowings for an overall amount of Euro 3 million; and
- Grant to the CEO an incentive linked to the financial results achieved.

As of the Date of the Report, there are no exceptions or waivers, either in general or preventively, to the non-competition obligations provided for in article 2390 of the Civil Code.

5.3 Delegated functions

Chairman of the Board of Directors

According to article 20 of the By-laws, the Chairman, severally and jointly with Vice Chairmen (if appointed) and the Managing Directors, has the legal representation of the Company for the purpose of executing resolutions of the Board of Directors within and for the exercise of their powers conferred by the Board of Directors itself.

The Chairman of the Board of Directors is appointed by the Board if the Shareholders' meeting has not provided so. The office of Chairman may be combined with that of CEO.

The current Chairman of the Board of Directors, Mr. Emilio Bolzoni, has been appointed by the Shareholders' meeting on March 23, 2006, which became effective as a result of the issuance by Borsa Italiana on May 15, 2006, of the measure of admission onto the MTA of the Company's shares.

The Chairman of the Board of Directors, Mr. Emilio Bolzoni, is granted, by virtue of resolution of the same Board on May 19, 2006, all widest powers for the ordinary and extra-ordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties, as provided by article 71-*bis* of Rules for Issuers.

The reasons of the attribution to the Chairman of the Board of Directors of operational powers is due to of the fact that Mr. Emilio Bolzoni is one of the key figures who contributed in a decisive manner to the development of the Group. Having gained a vast experience in the field of operation of the same group, granting Mr. Bolzoni an operational and important role in the management of the Company and the Group, represents a major resource.

Article 16 of the By-laws provides that the meetings of the Board of Directors are, *inter alia*, convened by the Chairman. The meeting notice must be given no later than three days before the date scheduled for the meeting. In cases of urgency, the notice may be shorter, one day, and the agenda may communicated by telephone.

To ensure an efficient management, the meetings of the Board of Directors of the Company are chaired and coordinated by the same Chairman, or, in his/her absence, by a member of the Board of Directors appointed by the Board itself.

The Chairman of the Board of Directors presides over the Shareholders' meeting. According to article 10 of the By-laws, the Chairman shall verify, also through appropriate delegates, the regularity of the establishment of the meeting, the identity and entitlement of those present, and the regular proceeding of the meetings, by determining the manners of discussion, vote and results of votes.

As of the Date of the Report, no Deputy Chairmen has been appointed.

CEO

By resolution on May 19, 2006, the Board of Directors has appointed CEO of the Company Mr. Roberto Scotti, who is granted, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, of which the Board of Directors is vested according to article 19 of the By-laws and therefore, with no limitation save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties, as provided by article 71-*bis* of Rules for Issuers.

5.4 Other executive directors

In addition to what described above with regard to managerial delegations attributed to the Chairman of the Board of Directors and to the CEO, the Board of Directors on May 19, 2006, resolved to grant to the director Mr. Pier Luigi Magnelli, jointly and severally, all widest powers for the ordinary and extra-ordinary administration of the Company, save for those expressly reserved by the law or the By-laws to the competence of the Board of Directors or the Shareholders' meeting of the Company, as well as the subject listed as follows which are reserved for the exclusive competence of the Board of Directors, as a body: (i) approval of the strategic, industrial, economic and financial plans of the Company and Group; (ii) approval of the annual budget of the Company and the Group; (iii) operations of investment or divestitures, endorsements or grants of borrowings or guarantees which individually exceed the amount of Euro 2,000,000; (iv) operations with related parties, as provided by article 71-*bis* of Rules for Issuers.

As of the Date of the Report, no executive committee has been appointed.

5.5 Non-executive and independent directors

The judgment of non-executive directors by virtue of the reputation and competence they have, assumes a significant weight in the decision-making of the Board of Directors.

The Board of Directors and the Board of Statutory Auditors, on March 26, 2008 determined, on the basis of information at its disposal and the statements made by the person involved, that three non-executive directors, Mr. Raimondo Cinti, Mr. Carlo Baldi and Mr. Giovanni Salsi qualify as "independents", having regard to the rules and principles contained both in the Instructions to the Rules of Borsa Italiana in the Code and in the Consolidated Act.

It is provided that the Board of Directors shall annually assess the independence of the directors, taking into account the information given by each of them, and with the same frequency shall monitor the offices of director or Statutory Auditors, held by the members in other companies listed on regulated markets, including foreign markets, in banks, financial or insurance companies or companies of significant size.

The presence of independent and non-executive directors within the administrative body of Bolzoni is aimed at the widest protection of the good management of the Company and ensures the debate and dialectics amongst all directors. The contribution of the independent directors allows the Board of Directors *inter alia* to discuss, with sufficient independence, sensitive subjects which potentially could create conflicts of interest.

5.6 Lead independent director

Given the provisions of the Code, the Board of Directors has concluded, with the consent of the independent directors, not to proceed with the appointment of a lead independent director, and this because of the following reasons: (i) the Chairman is not the prime responsible for the management of the company, which is a shared responsibility and function with the Chief Executive Officer, Mr. Roberto Scotti, and (ii) the Chairman is not the subject who controls the Company, but only holds the relative majority shareholding of Penta Holding S.r.l. (a company that exercises control over Bolzoni of which the Chairman holds 38.05%).

6. THE PROCESSING OF CORPORATE INFORMATION

Procedures for treating inside information

With resolution by the Board of Directors of March 26, 2007, and in order to uniform the procedures of the Company to best practice and the provisions of the Code, the Company has adopted a procedure regarding corporate information, while had already established by resolution of the Board of Directors on May 19, 2006, the register of people having access to inside information, in accordance with article 115-*bis* of the Consolidated Act.

This procedure provides rules on management of information flows within the Company (also with respect to the register of persons having access to inside information) and coordinating communication to the public of the so called inside information, in order to prevent that disclosure of information concerning the Company is done selectively, untimely or incompletely or inadequately.

More specifically, the above procedure concerning the regulation of flows of information includes:

- Detailed rules for the management of the register of people having access to inside information, established pursuant to article 115-*bis* of the Consolidated Act, prepared by the CEO secretariat that shall update it and inform persons registered in it, without delay;
- Confidentiality obligations borne by directors and auditors on documents and information acquired in the performance of their duties;
- Manners of approval and distribution of press releases relating to accounting data or significant facts under approval by the Board of Directors;
- That the Chairman and/ or CEO be responsible for coordinating all information flows (i) internal, (ii) inter-company and (iii) external, which have corporate value or that fall within the scope of applicability of the laws and/or regulations in force. With particular reference to the so called inside information, it is provided that the same may not be externally communicated without prior authorization from the Chairman or Chief Executive Officer;
- Confidentiality obligations by executives and employees of the Company regarding inside information which they have obtained in the performance of their duties. In particular, employees shall process such information only using authorized channels, giving immediate communication to the Chairman or the CEO of inside information they have obtained and taking all necessary caution so as to prevent that circulation within the company of the inside information could undermine their confidentiality; and
- That any relationship with the press and other media (through, for instance, press releases, interviews, speeches at conferences, etc.), as well as with financial analysts and institutional investors and, more generally, with shareholders, aimed at document disclosure and dissemination of information concerning the Company, shall be expressly authorized in advance by the Chairman or the CEO of the Company.

With Reference to the figure of the investor relator (see paragraph 16) it is to be noted that he/she, under the supervision of the CEO, is responsible for the “investor relation” function, namely the management of relations, in particular, with (i) institutional investors, (ii) shareholders, (iii) the press, (iv) financial analysts, and (v) the financial markets, as trading venues of financial instruments issued by the Company. The investor relator operates in accordance with the policies set forth by the CEO for external communication, as well as the existing laws/regulations in this matter. The investor relator maintains an archive of external information on corporate matters.

The investor relator also ensures compliance by the employees and/or consultants possibly involved, with the principles of fairness on the documentation and information which (even though not falling under the confidentiality obligations regarding inside information) may be subject of external communication without prior authorization from the Chief Executive Officer.

Regarding the dissemination of inside information outside, it is expected that this occurs in a complete, timely and appropriate manner, in order to prevent that the timing or the scope of disclosure might give rise to situations in a position to influence the course of negotiations or alter the fundamental symmetry of information between investors and the various operators in the market, under the responsibility of the investor relator and on the basis of directives issued by the Chairman, Vice Chairman (if appointed), or the CEO.

Finally note that, in accordance with the provisions of the Code, to the members of the management and control bodies, and to persons who perform functions of management and to executives pursuant to Rules for Issuers, it is prohibited to conduct, directly or through intermediaries, operations of purchase, sale, exchange or subscription of shares and financial instruments linked to shares, fifteen days prior to the Board of Directors meeting called to approve the accounts of the relevant period (so-called “Black-out period”). They are not subject to limitation the exercise of any stock options or of options relating to financial instruments, and, limited to shares arising from stock option plans, the connected transfer operations as long as they are performed simultaneously with the exercise. The limitations do not apply in the case of exceptional circumstances, provided that they are properly motivated to the Company.

Code of Conduct (Internal Dealing)

The Company has approved the adoption of a code of internal dealing to comply with the requirements of article 114, paragraph seventh, of the Consolidated Act and its implementing provisions contained in articles 152-*bis* and following of Rule for Issuers.

As mentioned above, the Company has established a register of people having access to inside information pursuant to article 115-*bis* of the Consolidated Act, disciplining the maintenance by the CEO secretariat.

7. BOARD'S INTERNAL COMMITTEES

In order to increase the effectiveness and efficiency of the work of the Board of Directors, an Internal Audit Committee and a Remuneration Committee have been established within the Board of Directors.

As of the Date of the Report, no committees, other than the Remuneration Committee and the Internal Audit Committee, have been established.

8. NOMINATION COMMITTEE

Given that the current slate voting mechanism ensures a transparent appointment process and a balanced composition of the Board of Directors, allowing, in particular, the presence of an adequate number of independent directors, the Board of Directors has not considered necessary to establish a nomination committee for proposals on appointments to the Board of Directors.

9. REMUNERATION COMMITTEE

Regarding the remuneration of directors, the Board of Directors has established a committee (the “**Remuneration Committee**”) charged with, in accordance with the provisions of the Code, the formulation of proposals and recommendations on the remuneration of managing director, other directors holding special offices and key executives.

In particular, the Committee shall (i) submit to the Board of Directors proposals for the remuneration of Managing Directors and other directors holding special offices, monitoring the implementation of decisions by the Board of Directors; and (ii) periodically evaluate the criteria adopted for the remuneration of key executives, monitor its application on the basis of information supplied by managing directors and deliver to the Board of Directors general recommendations on this matter. The Remuneration Committee, in formulating its proposals and recommendations, provides that a significant part of the total compensation of managing directors and key executives be linked to economic performance achieved by the Company and/or to achievement of specific objectives preventively set by the Board of Directors or, in the case of the above executives, by Managing Directors.

With particular reference to stock options and other incentive plans based on shares, the Remuneration Committee shall submit to the Board of Directors its recommendations in relation to the use of such systems and the relevant technical aspects associated with their implementation. In particular, the Remuneration Committee makes proposals to the Board of Directors regarding the incentive system which it considers appropriate and tracks the evolution and implementation of the plans over time.

In the performance of its functions, the members of this Committee may access information and corporate functions in order to fully perform their tasks and use outside consultants.

As of the Date of the Report, the Remuneration Committee is composed, in accordance with the provisions of the Code, by three non-executive directors, Mr. Carlo Baldi, and Raimondo Cinti and Giovanni Salsi, who also qualify as independent.

The Company has also adopted a regulation for the operation of this committee, under which the Remuneration Committee shall be convened at least once a year and, in any event, before the first meeting of the Board of Directors called to decide on the remuneration of Managing Directors or invested with specific powers and/or top management of the Company, as well as on any stock option plans or allocation of shares.

The establishment of this Committee ensures the widest circulation of information and transparency on compensation payable to the managing directors, as well as on the manners of determination. It is however understood that, pursuant to article 2389, third paragraph, of the Civil Code, the Remuneration Committee discharges proposition functions only while the power to determine the remuneration of directors with specific powers remains in any case in the hands of the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

Over the course of the year 2007 the Remuneration Committee met two times and has submitted to the Board of Directors a proposal to grant the CEO compensation linked to the financial results achieved by the Group (see Paragraph 10). The meetings of the Remuneration Committee were regularly reported.

10. REMUNERATION OF DIRECTORS

Board of Directors

The Board of Directors is granted the duty of determining, after having examined the proposals of the Remuneration Committee and heard the opinion of the Board of Statutory Auditors, the remuneration of managing directors and those who hold special offices, as well as the division of global compensation resolved by the Shareholders' meeting due to each member of the Board of Directors.

In this view and considered the resolution of the Shareholders' meeting on March 23, 2006, which resolved that the gross amount to be paid to the Board of Directors be 607,042 euros per year - for the three years from 2006 to 2008 -, the Board of Directors, once examined the proposals of the Remuneration Committee and heard the opinion of the Board of Auditors, has divided such remuneration between the directors, with reference to 2007, as follows:

Name & Surname	Office	Compensation for the office (Euros)
Mr. Emilio Bolzoni	Chairman	193,025
Mr. Roberto Scotti	CEO	193,025
Mr. Pier Luigi Magnelli	Executive director	27,624
Mr. Luigi Pisani	Non-executive director	27,624
Mr. Franco Bolzoni	Non-executive director	27,624
Davide Turco	Non-executive director	27,624
Mr. Karl-Peter Staack	Non-executive director	27,624
Mr. Carlo Baldi	Independent director	27,624
Mr. Raimondo Cinti	Independent director	27,624
Mr. Giovanni Salsi	Independent director	27,624
<i>Total</i>		607,042

Please note that the Chairman of the Board of Directors, Mr. Emilio Bolzoni, the CEO, Mr. Roberto Scotti and the director, Mr. Karl-Peter Staack receive an addition compensation of Euro 28,000 for the office of directors which they hold in other companies of the Group Auramo OY.

It should be noted, moreover, that the CEO, Mr Roberto Scotti, has been given a variable compensation related to the achievement of specific financial goals by the Group.

More specifically, on proposal by the Remuneration Committee on December 19, 2007, the Board of Directors granted the CEO an additional compensation due to the increase of the EBITDA of the Group and equal to:

- 25% of the remuneration of the year of reference, in case the increase of the EBITDA compared to the one forecasted in the business plan for the years 2007-2009, be less than Euro 0.2 million (but greater than zero); or
- 50% of the remuneration of the year of reference, in case the increase of the EBITDA compared to the one forecasted in the business plan for the years 2007-2009, be equal to or greater than Euro 0.2 million.

Key Executives

The table below provides an indication of the key executives of the Company.

Name & Surname	Office	Seniority as executive
Mr. Marco Bisagni	Finance Executive	June 1, 2001
Mr. Carlo Fallarini	Sales Executive	June 1, 2001
Mr. Daniele di Bona	Production Executive	February 1, 2005
Mr. Pietro Foroni	Chief Technical Officer	June 1, 2001
Mr. Claudio Carnieletto	Chief Insurance & Quality Officer	January 1, 2006
Mr. Massimiliano Paratore	Procurement Executive	January 1, 2006

The above key executives of the Company benefit from (i) a remuneration system partially variable and linked to the achievement of certain objectives and (ii) a stock option plan approved by resolution of the Board of Directors on May 30, 2001, and March 7, 2006, and by Shareholders' meeting pursuant to article 114-*bis* of the Consolidated Act, on March 23, 2006. For more information please refer to the disclosure document prepared in accordance with article 84-*bis* of the Rules for Issuers published on the company's website, www.bolzoni-auramo.it.

Over the course of the year 2007, the same key executives received a cumulative remuneration, including the bonus, equal to Euro 454,954.51.

11. INTERNAL CONTROL COMMITTEE

The Board of Directors has established a committee for the internal control which is responsible for analysing the issues and work on the control over the business (“**Internal Audit Committee**”).

As of the Date of the Report, Internal Audit Committee is composed of all non-executive and independent directors and, more specifically, Mr. Carlo Baldi, Mr. Raimondo Cinti and Mr. Giovanni Salsi.

The Internal Audit Committee has advisory and proposing functions so as to assist the Board of Directors in the following:

- Defining the guidelines of the internal control system;
- Identification of an executive director responsible for overseeing the functionality of the internal control system;
- Evaluation, at least once a year, suitability, of the adequacy, efficiency and the correct functioning of the internal control system; and
- Description, to be provided in the report on corporate governance, the essential elements of the internal control system.

The Internal Audit Committee reports to the Board of Directors on the work discharged and on the adequacy of internal control. The Committee performs in autonomy its task and is independent both in respect of Managing Directors, with regard to issues of safeguarding the integrity of company, and of the audit firm, with regard to the evaluation of results shown in the report and the suggestion letter.

In particular, the Internal Audit Committee is responsible for:

- The assessment, together with the manager responsible for the preparation of company accounts and the external auditors, of the proper use of accounting principles and uniformity of the same in preparing the consolidated financial statements;
- At the request of the executive director specifically instructed to express opinions on specific issues related to the identification of business risks, as well as to the design, implementation and management of the internal control system;
- Examine the work plan prepared by the person responsible for internal control as well as the periodic reports prepared by the same; and
- Perform other duties that are conferred to it by the Board of Directors.

The functions referred to by the criteria 8.C.3, subparagraphs (d) and (e) of the Code are reserved for the Board of Auditors, namely (i) the evaluation of proposals made by the auditing firm to obtain custody of on assignment, and the work plan for review and results presented in this Report and in any letter of suggestions and (ii) the supervision on the effectiveness of the supervisory on the auditing process.

The Company has approved a regulation for the operation of the Internal Audit Committee, under which this Committee shall meet at least twice a year before of the approval of the draft balance sheet and the half-yearly report by the Board of Directors.

In the performance of their functions, the members of the Committee may access to information and corporate functions in order to fully perform their tasks, and use outside consultants.

Over the year 2007, the Internal Audit Committee met four times, producing proposals in particular on the actual manners of adoption of the organizational model ex Legislative Decree No. 231/01 (see Paragraph 12.3).

The meetings of the Internal Audit Committee were regularly reported.

12. INTERNAL CONTROL SYSTEM

The internal control system is the set of processes directed to monitor the efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations and the protection of corporate assets.

Responsibility for the system of internal control in fact belongs to the Board of Directors which establishes guidelines and management of business risk, periodically verifying, with the assistance of the Internal Audit Committee and the responsible for internal control, the regular operation the system itself. The appointment of the Internal Control Committee does not entail waiver from the Board of Directors tasks and responsibilities, with regard to the duty of supervising general performance of management.

12.1 Executive director in charge of internal control system

The CEO, Mr. Roberto Scotti, is charged with the duty to define the manners and means of implementing the system, pursuant to the guidelines established by the Board of Directors; the same director ensures the adequacy, the concrete functionality and adaptation to changes in operating conditions and legislative and regulatory framework. In particular, he/she identifies, monitors and manages business risks, which he submits to the Board of Directors.

The internal control system answers to the protection of sound and efficient management, as well as to the need of detection, prevention and management of financial and operational risks and frauds in prejudice to the Company.

The CEO, Mr. Roberto Scotti, proposed to the Board of Directors, Mr. Marco Rossi, who is the person responsible for internal control (see section 12.2).

12.2 Person in charge of Internal Control

The Company has appointed as person responsible for internal control Mr. Marco Rossi and has put in place the conditions to ensure that he is independent hierarchically from any areas of operational responsibility, by reporting its work to the CEO, the Internal Audit Committee and the Board of Statutory Auditors, and is equipped with the resources to effectively conduct his control function.

Mr. Marco Rossi is not responsible for any operational area of the Company and has access to all relevant information for the performance of his duties.

In the year 2007 the responsible for internal control, in addition to discharge control functions in connection with the management, has put in place *inter alia* the implementation, as of January 1, 2008, of a new management software at the Issuer (which will in the future be used also for the entire Group) which required the revision of the some of the management and accounting procedures in place. Such implementation, still in progress as of the Date of the Report, also encompasses the adoption of specific and further test and control protocols regarding both the Issuer and its subsidiaries.

12.3 Organizational Model ex Legislative Decree No. 231/2001

In execution of the resolution of the Board of Directors on September 20, 2007, the Company has launched over the course of 2007, and completed in the first quarter of 2008, the project for the preparation and implementation of the Organizational Model under Legislative Decree No. 231 of June 8, 2001 (“**Decree**”).

The Company has conducted a review of business operations, in order to identify areas of risk in connection with the commission of crimes which are presupposed by this law. In parallel, the business functions which are more involved in such activities at risk were also identified.

The offences referred to by the Decree, which have been identified as the most important for the Company, are those mentioned in articles 24, 25 (Offences committed with the Public Administration), 25-*ter* (Corporate Offences) and 25-*sexies* (Offences of insider trading and market manipulation), provided for in Decree.

The Organizational Model has been approved and, consequently, implemented with approval of the Board of Directors on March 26, 2008. Simultaneously, upon the approval of the Organizational Model, the Company has also appointed a Supervision Body, fully autonomous and independent, with the task of ensuring the effectiveness, efficiency and adequacy of the Organizational Model in comparison to the actual situation of the Company. The members appointed are Mr. Carlo Baldi, Mr. Giovanni Salsi and Mr. Raimondo Cinti (who are also independent directors of the Issuer) and shall remain in office for one year after appointment.

The Organizational Model provides a set of behavioural protocols aimed to prevent the commission, or at least reduce the risk of commission, of those crimes which are referred to by the Decree, in the interest or benefit of the Company, by directors, managers, employees, or employees of the Company or third parties, who are in any case subject to the supervision or control of the Company.

Simultaneously to the approval of the Organizational Model, the Company has also decided to launch a risk assessment and gap analysis over the offences referred to in articles 25-*septies* and 25-*octies* of the Decree.

With particular reference to the offences of manslaughter due to negligence and serious injury, in violation of safe-working laws, the Company considered important, although it already has valid presidia and controls on security in the workplace, to draw up further control presidia in this area, in order to incorporate the provisions of the recent reform of the Law 626/1994 introduced, for the purpose of maintain validity and effectiveness of the Organizational Model.

The Organizational Model will be used, with the appropriate changes and additions, also from the Italian subsidiary Bolzoni Auramo S.r.l.

At the same time of approving the Organizational Model, the Company has also adopted a Code of Ethics, which is the natural evolution, in order to prevent the offences referred to by the Decree, the Charter of Business Values, already in place since 2003. The Code of Ethics will be expanded over time to all Group companies, also abroad.

12.4 Audit Firm

The auditing is performed by Reconta Ernst & Young S.p.A., a company registered under article 161 of the Consolidated Act, for the years 2006-2011, appointed by ordinary Shareholders' meeting on March 23, 2006, following the favourable opinion expressed by the Board of Statutory Auditors.

12.5 Executive responsible for the preparation of company accounts

According to article 25-*bis* of the By-laws, the Board of Directors has appointed, after consulting the Board of Statutory Auditors, in accordance with article 154-*bis* of the Consolidated Act, the executive responsible for the preparation of company accounts, who shall have specific professional expertise in the field of administration, finance and control.

The Board of Directors, in the meeting on April 27, 2007, noted the favourable opinion expressed by the Board of Statutory Auditors and verified the existence of the requirements of professionalism provided by the By-laws, appointed Mr. Marco Bisagni as executive responsible for the preparation of company accounts under article 154-*bis* of the Consolidated Act, as amended.

Mr. Marco Bisagni is currently the Director of Finance of the Company and, in that capacity, is in the possession of wide powers and resources to carry out his tasks.

13. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In performing transactions with related parties, the Company adheres to the guidelines approved by the Board of Directors on May 19, 2006, which, pursuant to article 2391-*bis* of the Civil Code, ensure transparency and fairness of, in terms of substance and procedure, transactions with related parties and oblige to make them known in the annual report.

These principles apply to the operations carried out directly or through subsidiaries and govern the operations in terms of decision-making, reasoning and documentation. The control body is charged with supervising the compliance with the rules adopted in respect of transactions with related parties, and to report them at the Shareholders' meeting.

In accordance with the above guidelines for transactions with related parties, it is noted that:

- Related parties shall mean the subjects defined by the international accounting standard IAS 24;
- Operations shall mean any transfer of resources, services or obligations between related parties, regardless of whether a fee is agreed;
- Transactions with related parties must respect the criteria of transparency and fairness (correctness of the transaction from an economic point of view, for example when the transfer price of goods is aligned with market rates) even procedurally;
- The documentation supporting transactions undertaken with related parties are stored in order to allow to identify the operation characteristics and the nature of the relationship, the interest for the Company, any unusual features and the manners to determine the transaction price;
- If so required by the nature, amount and characteristics of the operation, the Board of Directors and/or the delegated bodies, where the same falls within their powers under these principles of conduct, shall ensure that the operation is completed with the assistance of independent experts for the evaluation of assets, as well as financial, legal or technical advice, through the acquisition of fairness and/or legal opinions, and
- Transactions concluded between two subsidiaries, affiliates, or between parent and these companies are subject, should the conditions laid down by the guidelines be met, to timely communication to the parent Bolzoni.

The Board of Directors is called to approve in advance transactions with related parties, including inter-company transactions, except for typical or usual one or those to be concluded at standard conditions.

The transactions with related parties under article 71-*bis* of the Rules for Issuers (i.e. transactions with related parties, concluded by means of subsidiaries, which, due to the subject, price, modes or timing, may affect the asset value of the Company or the completeness and correctness of information, including accounting, regarding the Issuer) are reserved for the exclusive competence and prior approval of the Board of Directors, while the following operations are submitted to the approval of the Board of Directors, usually in advance, individually or together with other operations related to them completed over the previous twelve months, although falling within the limits of powers granted to the Chairman and the CEO:

- Purchase of properties for a price in excess of Euro 100,000;
- Purchase of minority shareholdings for a price in excess of Euro 100,000;
- Purchase of control shareholdings for any amount;
- Loans and guarantees (including the issuance of fidejussions) for an amount exceeding Euro 20,000; and

- Procurement contracts, consultancy, services, sponsorship, outsourcing and similes, for an annual fee exceeding Euro 50,000.

Below said limits, the transactions in question may be performed by the Chairman, the CEO or, in respect of the powers granted to them, by executives with power of attorney. Each of them may, if considered appropriate, acquire fairness and/or legal opinion. In any case, the documentation in support of operations performed must be acquired and kept.

14. APPOINTMENT OF AUDITORS

According to article 22 of the By-laws, the Board of Statutory Auditors consists of three effective Auditors and two alternates, who may be re-elected, and operates in compliance with the law.

Those who are not eligible or do not possess professionalism, good repute and independence as required by law, may not be appointed, and if so cease from office. Without prejudice to the ineligibility prescribed by law, those who hold positions of director and audit in excess of the limits set by the law and regulation in force may not be appointed as statutory auditors, and if so cease from office. Upon appointment of the auditors, the Shareholders' meeting determines their annual remuneration. The auditors shall be reimbursed of expenses incurred in the performance of their duties.

The appointment of auditors is made on the basis of slate voting according to the following procedures aimed at ensuring the appointment of an effective auditor and an alternate auditor nominated by minority shareholders. Lists to be submitted shall be composed of two sections: one for the appointment of effective auditors and the other for the appointment of alternate auditors. The lists must contain a number of candidates not exceeding the number of members to be elected, listed in numerical order. Each candidate may appear on one list, failing which he/she shall be ineligible.

Shareholders who, alone or together with other shareholders, hold at the time of submission of the list, a total portion of the share capital consisting of shares having voting rights in ordinary Shareholders' meeting, as determined in accordance with the established by the provisions of law and regulation (*i.e.* 2.5%) or, failing that, by existing By-laws, relating to election of members of the Board of Directors of the Company, shall be entitled to submit a list of candidates. Each shareholder may compete for only one list failing which the votes he/she may receive shall not be taken into account in any of the lists.

The lists, undersigned by the persons who have submitted them, must be deposited at the registered office of the Company at least fifteen days before the date scheduled for the meeting on first call, unless other deadlines are mandatorily provided by the of law and regulation. Lists shall be accompanied by (i) information on the identity of shareholders who have submitted them, indicating the percentage of shareholding held and a certification as to the ownership of such shareholding, (ii) a statement of shareholders other than those holding, separately or jointly, a controlling shareholding or of relative majority, stating the absence of the relationships provided for by the laws with the former, and (iii) a comprehensive information on the personal and professional characteristics of the candidates, as well as a statement certifying that candidates meet the requirements set by law and their acceptance to the candidacy. Each shareholder has the right to vote for only one list.

The first two candidates on the list who receive the largest number of votes and the first candidate on the list proved to be the second by number of votes shall be appointed as effective auditors. The first candidate on the list receiving the largest number of votes and the first candidate on the list proved to be the second by number of votes, shall be appointed as alternate auditors. In case of a tie between two or more lists, candidates younger in age up to the positions to be allocated, shall be appointed as auditors.

The Chairman of the Board of Statutory Auditors is appointed by the shareholders' meeting among the effective auditors appointed by the minorities.

Where the requirements set by law or the By-laws are not met after appointment, the Auditor ceases from office.

In the event of cease of office of an auditor, the first alternate auditor belonging to the same list as the one ceased replace such auditor until the next shareholders' meeting. For replacements of the Chairman, the chair is taken until the next shareholders' meeting, by the other effective member and, failing that, by the first alternate auditor, who is drawn from the list to which the ceased

Chairman belonged. If the shareholders' meeting is called to provide under law to the appointment of effective auditors and/or alternate auditors and/or Chairman as necessary to the integration of the Board, due to the replacements above, the following procedure applies:

- Should it be needed to replace the effective auditor and/or alternate auditor appointed from the list that was second highest in terms of number of votes, candidates are respectively the effective auditor and alternate auditor, who were not appointed, listed in the relevant sections of same list as the auditor to replace. He/she, who receives the largest number of votes, is appointed;
- Should no names be proposed under the previous paragraph, and if necessary to replace effective auditors and/or alternate auditors from the list that received the highest number of votes, the provisions of the Civil Code shall apply and the Shareholders' meeting shall resolved with the majority of voters, excluding from the calculation those abstaining from voting. Where only one list is submitted, the Shareholders' meeting shall resolve with by a majority of voters, excluding from the calculation those abstaining from voting and the chair shall be given to the candidate listed at the top of the section of the list for candidates to the office of effective auditor. In the event that an auditor or the Chairman ceases from office, they are replaced by an alternate auditor and an effective auditor as indicated in progressive order in the relevant section of the list, until the next Shareholders' meeting. If the Shareholders' meeting is called to provide according by law for the appointment of effective auditors and/or alternate auditors and the Chairman, as necessary for the integration of the Board as a result of above ceases from office, the provisions of the Civil Code apply and the Shareholders' meeting resolves with the majority of voters, excluding from the calculation those abstaining from voting.

15. STATUTORY AUDITORS

Pursuant to article 22 of the By-laws, the Board of Statutory Auditors is composed of three effective Auditors and two alternate Auditors, who may be re-elected, and functions in compliance with the law.

Auditors act with autonomy and independence and, therefore, are not "representatives" of the majority or minority shareholders who has nominated or appointed them.

The auditors maintain the strictest confidentiality on documents and information acquired in the performance of their duties and respect the procedure adopted for the communication of information about the Company.

The Board of Statutory Auditors, in office as of the Date of this Report, has been appointed by the Shareholders' meeting on April 27, 2007, and will terminate the office with the approval of the financial statements as of December 31, 2009. It is composed as follows:

Name & Surname	Office	Date of appointment
Mr. Giorgio Picone	Chairman	April 27, 2007
Mr. Benvenuto Girometti	Effective Auditor	April 27, 2007
Mr. Fiorenzo Salvini	Effective Auditor	April 27, 2007
Ms. Maria Gabriella Anelli	Alternate Auditor	April 27, 2007
Mr. Andrea Foschi	Alternate Auditor	April 27, 2007

The appointment of the Board of Statutory Auditors in office was made on April 27, 2007, pursuant to the slate voting mechanism set forth by the By-laws and described in previous Paragraph 14. In this context, Mr. Giorgio Picone, Chairman of this Board, was appointed as auditor among the candidates of the minority list submitted by Banca Intesa S.p.A.; from the same list Mr. Andrea Foschi was drawn as alternate auditor.

The remaining members of the Board of Statutory Auditors, particularly Mr. Benvenuto Girometti and Mr. Fiorenzo Salvini (effective auditors) and Ms. Maria Gabriella Anelli (alternate auditor), were appointed by drawing them from the list submitted by Penta Holding S.r.l.

The following table shows the current positions held by members of the Board of Statutory Auditors in other companies.

Name & Surname	Company	Office
Mr. Giorgio Picone	Unipol Gruppo Finanziario S.p.A.	Effective Auditor
	Aurora Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors
	S.A.C.I. S.r.l.	Effective Auditor
	Goccia di Carnia S.p.A.	Effective Auditor
	Mineralbirra S.r.l.	Chairman of the Board of Statutory Auditors
	Salumi Boschi F.lli S.r.l.	Effective Auditor
	Meverin S.r.l.	Chairman of the Board of Statutory Auditors
	Società Agricola Santa Teresa S.r.l.	Effective Auditor
	Italiana Parcheggi S.p.A.	Chairman of the Board of Statutory Auditors
	Impresa Edile Casino di Marore S.r.l.	Chairman of the Board of Statutory Auditors

Name & Surname	Company	Office
Mr. Benvenuto Girometti	Opem S.r.l.	Effective Auditor
	SACIFIN S.r.l.	Chairman of the Board of Statutory Auditors
	Penta Holding S.r.l.	Effective Auditor
	Milltex S.p.A.	Effective Auditor
	MO.TRI.DAL S.p.A.	Chairman of the Board of Statutory Auditors
	CDS Lavorazione Materie Plastiche S.r.l.	Chairman of the Board of Statutory Auditors
	I.S.E.A. S.p.A.	Chairman of the Board of Statutory Auditors
	Home Vision Soc. Coop.	Chairman of the Board of Statutory Auditors
	Centro Elettrico Elaborazione Dati S.r.l.	Judicial liquidator
	Penta Holding S.r.l.	Chairman of the Board of Statutory Auditors
Mr. Fiorenzo Salvini	Banca di Piacenza S.p.A.	Chairman of the Board of Statutory Auditors
	RDB Centro S.p.A.	Chairman of the Board of Statutory Auditors
	SCRIBA S.r.l.	Chairman of the Board of Statutory Auditors
	O.M.B.M. S.p.A.	Bankruptcy Administrator
	Penta Holding S.r.l.	Effective Auditor

Information on personal and professional characteristics of the professionals who are shareholders of the Board of Statutory Auditors is shown below:

Mr. Giorgio Picone: born in Eboli (SA) on April 29, 1945. In 1971 he graduated in Business Administration from the University of Parma. He is a certified accountant and auditor and continues practice at his firm in Parma.

Mr. Benvenuto Girometti: born in Ziano Piacentino (PC) on March 26, 1923. In 1949 he graduated in Business Administration from the University of Florence. He is a certified accountant and auditor and continues to practice at his firm in Piacenza.

Mr. Fiorenzo Salvini: born in Fiorenzuola (PC) on October 22, 1951. In 1975 he graduated in Business Administration from the University Luigi Bocconi in Milan. He is a certified accountant and auditor, and continues to practice at his firm in Piacenza.

16. RELATIONS WITH THE SHAREHOLDERS

Internet website

The Issuer has set up a special section (called “Investor relations”) as part of its Internet website (www.bolzoni-auramo.it), which is easily identifiable and accessible, where information on the Issuer that are relevant to its shareholders as to enable them to a conscious exercise of their rights, are made available.

Investor Relations

The Company instructed Mr. Marco Rossi to be responsible for relations with institutional investors and other shareholders (*i.e.* Investor Relator), with the task of maintain the dialogue with shareholders and institutional investors.

It is in any case he may not give communications on relevant facts prior to the communication to market, given that the Investor Relator is subject to the provisions governing the procedure for the processing of inside information referred to in Paragraph 6.

17. SHAREHOLDERS' MEETINGS

For intervention and representation in the Shareholders' meetings the provisions of law apply.

Pursuant to article 10 of the By-laws, those having voting rights and producing appropriate certification issued by intermediary keeping the accounts of the dematerialized shares, and communicated to the Company, at least two working days prior to the meeting, may intervene in the Shareholders' meeting.

The certifications that have been filed may be withdrawn after filing and before the meeting has been held, it being understood that the above withdrawal determines the loss of entitlement for intervention at the meeting. The Chairman of the Shareholders' meeting, even by means of appropriate delegates, shall verify the regularity of the constitution, the identity and entitlement of the attendees, and the holding of regular meetings work establishing manner for discussion and vote and determine the results of the vote.

All Directors shall on an ordinary basis participate at the Shareholders' meeting.

The Company has adopted, with resolution by the Shareholders' meeting on January 23, 2006, the Rules for the Shareholders' meeting to govern the conduct of ordinary and extraordinary Shareholders' meetings of Bolzoni. This regulation is available in downloadable format on the Company's website at www.bolzoni-auramo.it.

18. CHANGES FROM THE END OF THE YEAR OF REFERENCE

Save for what specified in the Report, from 31 December, 2007, to the Date of the Report, there has been no change in the structure of corporate governance of the Issuer.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Internal Control Committee		Remuneration Committee	
<i>Office</i>	Shareholders	Executives	Non-executives	Independent	****	Number of other offices **	***	****	***	****
Chairman	Mr. Bolzoni Emilio	X			100%	0				
CEO	Mr. Scotti Roberto	X			100%	0				
Director	Mr. Magnelli P. Luigi	X			100%	0				
Director	Mr. Pisani Luigi		X		77%	0				
Director	Mr. Bolzoni Franco		X		85%	0				
Director	Mr. Turco Davide		X		62%	3				
Director	Mr. Staack Karl-Peter		X		77%	0				
Director	Mr. Baldi Carlo		X	X	54%	8	X	100%	X	100%
Director	Mr. Cinti Raimondo		X	X	69%	8	X	75%	X	100%
Director	Mr. Salsi Giovanni		X	X	92%	3	X	100%	X	100%
<i>Number of meetings held over the course of the year of reference</i>		<i>Board of Directors: 13</i>					<i>Internal Control Committee: 4</i>		<i>Remuneration Committee: 2</i>	

NOTES

- * The asterisk means that the auditor has been appointed through minority lists.
- ** This column shows the number of offices of director or auditor held by the person in other listed companies, Italian and foreign, financial companies, banks, insurance companies or companies of significant dimension. In the Report such offices are analytically described
- *** This column shows with an “X” if the shareholder of the Board of Directors belongs to a Committee.
- **** This column shows the percentage of participation of the directors to the meetings of respectively the Board and the Committee.

TABLE 2: BOARD OF STATUTORY AUDITORS

Office	Shareholders	Percentage of participation to the meetings of the Board	Number of other offices**
Chairman	Mr. Picone Giorgio*	100%	14
Effective Auditor	Mr. Girometti Benvenuto	100%	7
Effective Auditor	Mr. Salvini Fiorenzo	100%	4
Alternate Auditor	Ms. Anelli Maria Gabriella	N.A.	4
Alternate Auditor	Ms. Andrea Foschi*	N.A.	11
Number of meetings during the year of reference: 6			
Quorum required to submit minority lists in order to appoint one or more effective auditors (ex art. 148 of Consolidated Act): 2.5%			

NOTES

* The asterisk means that the auditor has been appointed through minority lists

** This column shows the number of offices of director or auditor held by the person in other companies. In the Report such offices are analytically described.

TABLE 3: OTHER RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Synthesis of the reasons of possible non-adherence to the recommendations by the Code
Delegation of powers and related parties transactions			
The Board of Director has granted delegations of power, defining:			
a) limitations	X		
b) manners of exercise	X		
c) and periodicity of information	X		
Has The Board of Directors reserved the right to examine and approve transactions having particular economic and financial relevance (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" operations?	X		
Are the guidelines and criteria above described in the report?	X		
Has the Board of Directors defined specific procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for the approval of transactions with related parties described in the report?	X		
Procedures for the most recent appointment of directors and auditors			
Is the filing of nominations for the office of director at least ten days in advance?	N.A.		The Company was admitted to listing on 15 May 2006. The appointment of the directors occurred before that date.
Are the office candidacies accompanied by sufficient information?	N.A.		The Company was admitted to listing on 15 May 2006. The appointment of the directors occurred before that date.
Are the office candidacies accompanied by the suitability to qualify as independents?	N.A.		The Company was admitted to listing on 15 May 2006. The appointment of the directors occurred before that date.
Is the filing of nominations for the office of auditor at least ten days in advance?	X		
Are the nominations for the office of auditor accompanied by detailed information?	X		
Shareholders' meetings			
Has the company approved Rules for the Shareholders' meetings?	X		
Are the Rules attached to the report (or is it indicated where it is	X		

	YES	NO	Synthesis of the reasons of possible non-adherence to the recommendations by the Code
located/ downloadable)?			
Internal control			
Has the company appointed the persons in charge of internal control?	X		
Are those persons hierarchically independent from other operational areas?	X		
Organizational unit in charge of the internal control			Bolzoni identified Mr. Marco Rossi as person responsible for internal control. The functions of the office for internal control are to verify the adequacy and efficiency of the system and propose the necessary corrective solutions if there are anomalies.
Investor relations			
Has the company appointed a person responsible for <i>investor relations</i> ?	X		
Contacts of the organization unit (address/telephone/fax/e-mail) of the <i>investor relations</i> head	Mr. Marco Rossi, Bolzoni S.p.A., Podenzano (Piacenza), Località Casoni, Tel. +39.0523.555511, Fax. +39.0523.555535, e-mail investor.relator@bolzoni-auramo.com		

STATEMENT ON THE COMPANY AND CONSOLIDATED FINANCIAL REPORT

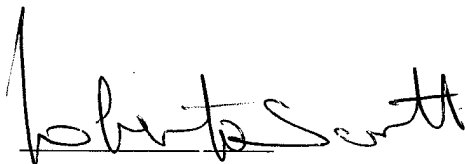
ACCORDING TO ART. 81-TER OF CONSOB RULING n° 11971

OF MAY 14 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned Roberto Scotti, C.E.O., and Marco Bisagni, manager responsible for the preparation of the corporate accounting documents, also taking into account the provisions contained in art. 154-bis, paragraphs 3 and 4 of the legislative decree n° 58 of February 24 1998, do hereby certify:
 - ✓ the appropriateness in relation to the company's characteristics and
 - ✓ the actual application,of the administrative and accounting procedures behind the preparation of the company and consolidated financial statement for the period 1 January – 31 December 2007.
2. In this respect, the C.E.O. and the manager responsible for the preparation of the corporate accounting documents highlight that
 - as of 1 January 2008 an ERP programme has been adopted by the issuing company and will be extended to the subsidiaries controlled by the Group;
 - the introduction of this new system has required the revision of certain existing accounting and administrative procedures and that this revision process is still running at the present date;
 - the introduction of specific test and control protocols has been planned with regards to both the issuer and the subsidiaries ;
 - the accounting figures for the financial period 2007 have been subjected to specific and adequate controls which have not highlighted any significant deficiencies.
3. We also certify that the company and consolidated financial statements at 31 December 2007:
 - a) correspond to the results of the accounting books and entries;
 - b) have been drawn up according to the dispositions established by the Civil Code and the IAS/IFRS accounting principles and, apparently appear to be suitable for providing a true and correct portrayal of the balance sheet and economic-financial situation of the issuer and the group of companies included in the consolidation

Casoni di Podenzano, 26 March 2008

Signature of the C.E.O.



Signature of the Manager
Responsible for the Preparation of
the company accounting
documents

