

**Draft of 2015 financial statements**

1. Bolzoni Group – Management Report
2. Consolidated financial statement – with explanatory notes
3. Independent auditors' report on consolidated report
4. Separate financial statement of Bolzoni SpA – with explanatory notes
5. Independent auditors' report on separate report
6. Statement ex art 154-bis, of D. Lgs 58/98
7. Report of the board of statutory auditors to the shareholders' meeting

## Group's activity

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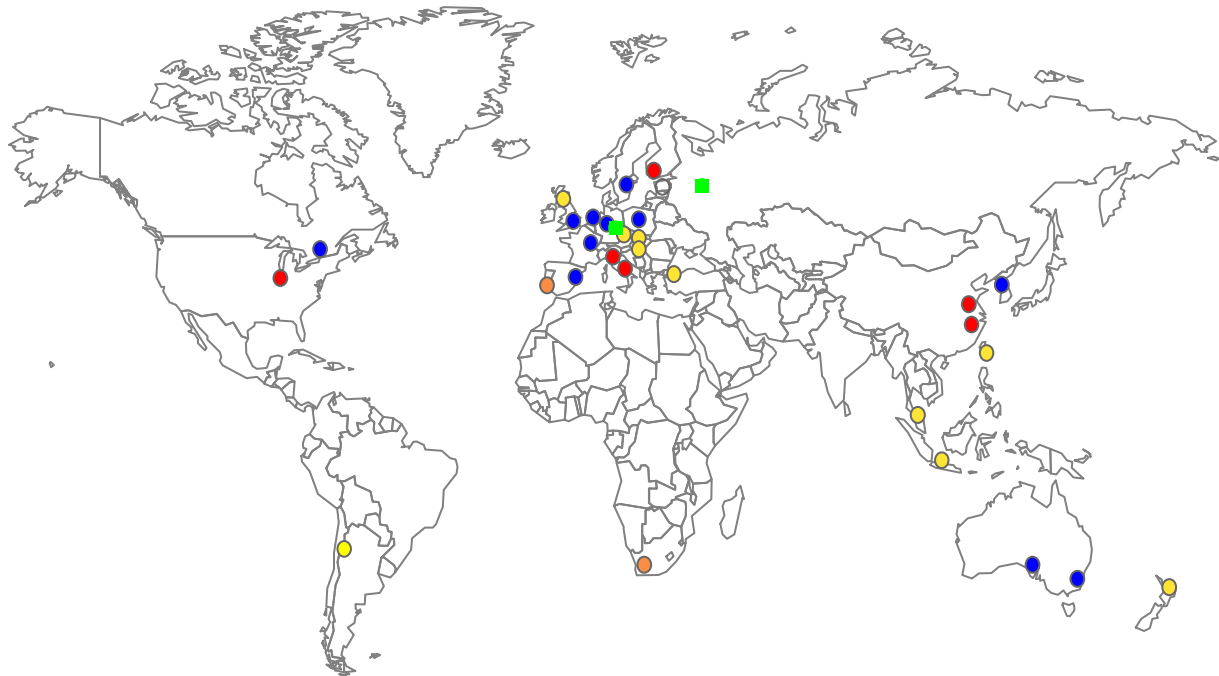
For over seventy years the Bolzoni Group has been active in the design, production and distribution of lift truck attachments and industrial material handling equipment.

It therefore operates in a market segment closely linked to logistics and its evolution worldwide.

Today Bolzoni is present in over forty countries worldwide. It holds the leading position in the European market for lift truck attachments and is the second largest worldwide manufacturer 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.

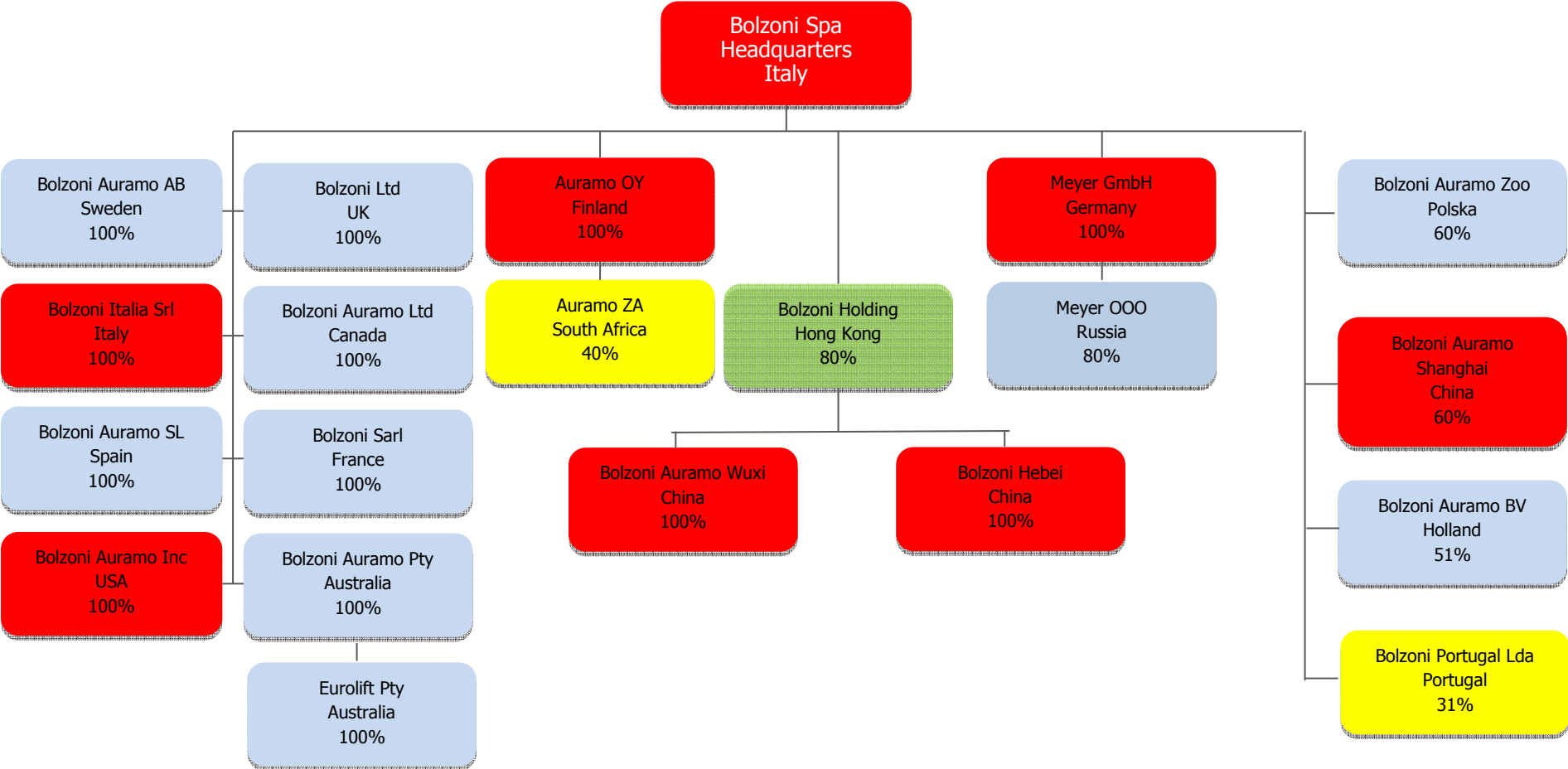
The following diagram shows the various locations of the Group companies throughout the world.



- Production sites
  - Commercial subsidiary
  - Associated company
  - Independent distributor
  - Meyer Group
- } Exclusive Distributors

**Group Structure**

Bolzoni S.p.A. directly or indirectly, controls eighteen companies located in various countries worldwide. Eight of these companies (including the Parent) are production plants situated in Italy, Germany, Finland, U.S.A. and China; ten companies have exclusively commercial and distribution activities, directly serving the principal logistics and material handling markets all over the world; one company is a financial holding. Bolzoni S.p.A. also acts as a financial holding company. Through its subsidiaries or 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**

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The fork lift truck attachment is a highly concentrated market, 90% of which held 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 Bolzoni 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%).

During the last 9 years new competitors have emerged only in China but closely linked to the evolution of the Chinese domestic market.

## **Success factors**

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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:
- Positive effects of globalisation in logistic markets (benchmark market);
- 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 2015, 2014 and 2013, divided according to the main categories and with a distinction between Italy and abroad.

Category	31.12.2015			31.12.2014			31.12.2013		
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Executives	7	15	22	7	26	33	8	32	40
First line managers	10	-	10	7	-	7	6	-	6
White collar	89	232	321	95	234	329	94	227	321
Blue collar	150	315	465	139	229	368	140	245	385
<b>Total</b>	<b>256</b>	<b>562</b>	<b>818</b>	<b>248</b>	<b>489</b>	<b>737</b>	<b>248</b>	<b>504</b>	<b>752</b>

## **Report on the consolidated financial statements for the year ended 31.12.2015**

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

### **Comments to the Group's main results**

Below are the main results of the financial period which ended on 31.12.2015 compared to the financial period 2014.

The following tables contain the management results:

	31.12.2015	31.12.2014	Variation %
Revenue	138,304	119,886	+15.36%
Ebitda	14,374	8,587	+67.39%
Ebit	8,211	2,741	+199.56%
Profit before tax	7,011	2,149	+226.24%
Net income	4,924	908	+442.29%

### **Revenue**

Revenue has increased by 15.36%, an excellent result indicating a considerable difference with respect to the market trend.

### 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 in 2015, compared to the previous year 2014:

Geographic area	1st semester	2nd semester	Year
Europe	+ 3.38%	+ 4.78%	+ 4.07%
North America	+ 6.55%	- 0.63%	+ 2.75%
China	- 14.12%	- 20.49%	- 17.02%
World	- 2.48%	- 8.40%	- 5.35%

Source: International Association of Fork Lift Truck Manufacturers

In all areas the increase in turnover recorded has been greater than the market trend. More specifically, Europe has seen a +8.7%, North America +44.3% and the Rest of the World a + 24.0%.

### Market share

The results demonstrate that in 2015 our Group has increased its market shares in all areas.

### Currency aspects

At the balance sheet date the exchange rate of the Euro against the US dollar, which was 1.21 at 31.12.2014 appreciated in value reaching 1.09 at 31.12.2015 with an average annual exchange rate of 1.11.

The exchange rate of the Euro against Pound Sterling which was 0.78 euros at 31.12.2014 appreciated in value to 0.73 euros at 31.12.2015.

### EBITDA

Ebitda, as defined on page 11, followed the trend indicated below during the two periods under examination:

	31.12.
% Ebitda on 2014 turnover	7.16%
% Ebitda on 2015 turnover	10.39%

Thanks to the considerable increase in turnover and the reduction in costs, the Ebitda margin has grown reaching a double digit figure.

### Result before tax and net income

The Consolidated Financial statements therefore close with a profit before tax of 7,011,000 euros, and a net profit of 4,782,000 euros.

The considerable increase compared to the previous year is the logical consequence of the facts previously commented.

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

	<i>Equity</i>	<i>Net income</i>
Parent company financial statements	43,641	3,226
Elimination of profits on intercompany stock (net tax effect)	(1,814)	(300)
Effect of consolidation of subsidiary companies	1,809	1,998
Foreign currency exchange reserve	576	-
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>44,212</b>	<b>4,924</b>
Minority net equity and result	(3,266)	(142)
<b>GROUP FINANCIAL STATEMENTS</b>	<b>40,946</b>	<b>4,782</b>

### Depreciation and Amortization for the period 2015

The company financial report as at 31.12.2015 for Bolzoni S.p.A. includes depreciation and amortization for 2,229 thousand euros (2,320 thousand euros in 2014) whereas the consolidated financial report as at 31.12.2015 includes depreciation and amortization for 5,791 thousand euros (5,393 thousand euros in 2014).

### Investments during period 2015

Below are details of investments made by the Group companies in 2015:

<i>Investments 2015</i>	<i>Tangible</i>	<i>Intangible</i>	<i>Total Euro</i>
Bolzoni S.p.A.	904	375	1,209
Auramo Finland	484	96	580
Bolzoni Auramo Sweden	78	-	78
Bolzoni Auramo Holland	2	-	2
Bolzoni UK	128	-	128
Bolzoni Auramo Australia	23	-	23
Bolzoni France	21	1	22
Bolzoni Auramo Spain	104	-	104
Bolzoni Auramo USA	159	-	159
Bolzoni Auramo Canada	102	-	102
Bolzoni Auramo Poland	24	-	24
Bolzoni Auramo Shanghai	-	-	-
Meyer Group	1,041	382	1,423
Bolzoni Italia S.r.l.	52	1	53
Bolzoni Holding Hong Kong, Bolzoni Auramo Wuxi and Bolzoni Hebei	215	170	385
<b>TOTAL</b>	<b>3,337</b>	<b>1,025</b>	<b>4,362</b>

The investments in tangible fixed assets are mainly related to the purchase of machine tools and equipment.

The investments in intangible fixed assets made by Bolzoni S.p.A., by Auramo in Finland, by Meyer in Germany and by Bolzoni Auramo Wuxi in China mainly refer to the capitalization of development costs of new products, new production lines and new software.

In addition to the investments for production during the financial year 20% of the investment in the company Bolzoni Auramo Hebei was purchased for the amount of 866 thousand euros corresponding to the equivalent net equity.

### **Inventory at 31.12.2015**

Stock levels at 31.12.2015 have gone down compared to the figure at 31.12.2014. It is important to highlight this fact in the presence of a considerable increase in turnover.

	31.12.2015	31.12.2014
Bolzoni S.p.A.	6,612	6,502
Auramo Oy Finland	2,069	2,053
Bolzoni Auramo Sweden	396	546
Bolzoni Auramo Holland	312	172
Bolzoni UK	655	551
Bolzoni Auramo Australia	1,908	2,256
Bolzoni France	497	489
Bolzoni Auramo Spain	471	415
Bolzoni Auramo USA	4,464	4,258
Bolzoni Auramo Canada	503	453
Bolzoni Auramo Poland	355	297
Bolzoni Auramo Shanghai	272	255
Meyer Group	4,060	4,147
Bolzoni Italia Srl	533	505
Bolzoni Holding Hong Kong	4,150	4,689
<b>Effects of consolidation book entries</b>	<b>(2,395)</b>	<b>(2,109)</b>
<b>CONSOLIDATED</b>	<b>24,862</b>	<b>25,479</b>

### **Net Financial Position of Bolzoni S.p.A. and the Group**

Net financial position of the Parent Company	31.12.2015	31.12.2014	Variation
A. Cash on hand	10	13	(3)
B. Current bank deposits	3,615	403	3,212
<b>D. CASH AND CASH EQUIVALENTS</b>	<b>3,625</b>	<b>416</b>	<b>3,209</b>
E. Financial receivables	12,425	6,547	5,878
F. Current bank debt	(68)	(3,668)	3.600
G. Current part of non-current debt	(8,946)	(8,905)	(41)
H. Other current financial debts	(2,785)	(3,065)	280
<b>I. CURRENT FINANCIAL DEBTS</b>	<b>626</b>	<b>(9,091)</b>	<b>9,717</b>
<b>J. CURRENT NET FINANCIAL POSITION</b>	<b>4,251</b>	<b>(8,675)</b>	<b>12,926</b>
<b>N. NON-CURRENT NET FINANCIAL POSITION</b>	<b>(20,316)</b>	<b>(13,953)</b>	<b>(6,363)</b>
<b>O. NET FINANCIAL POSITION</b>	<b>(16,065)</b>	<b>(22,628)</b>	<b>6,563</b>



Consolidated net financial position	31.12.2015	31.12.2014	Variation
A. Cash on hand	10	13	(3)
B. Liquid funds	9,070	4,053	5,017
<b>D. CASH AND CASH EQUIVALENTS</b>	<b>9,080</b>	<b>4,066</b>	<b>5,014</b>
E. Financial receivables	-	12	(12)
F. Current bank debts	(6,760)	(12,034)	5,274
G. Current part of non-current debt	(8,946)	(12,692)	3,746
<b>I. CURRENT FINANCIAL DEBTS</b>	<b>(15,706)</b>	<b>(24,714)</b>	<b>9,008</b>
<b>J. CURRENT NET FINANCIAL POSITION</b>	<b>(6,626)</b>	<b>(20,648)</b>	14,022
Financial assets held until maturity	-	-	-
K. NON-CURRENT FINANCIAL DEBT	(22,508)	(16,404)	(6,104)
<b>N. NON-CURRENT NET FINANCIAL POSITION</b>	<b>(22,508)</b>	<b>(16,404)</b>	<b>(6,104)</b>
<b>NET FINANCIAL POSITION (NET FINANCIAL DEBTS)</b>	<b>(29,134)</b>	<b>(37,052)</b>	<b>7,918</b>

Consolidated net financial position has decreased from 37,052 thousand euros at 31.12.2014 to 29,134 thousand euros at 31.12.2015.

The creation of a cash flow amounting to almost 8 million euros (considering also the payment of dividends for the amount of 909,787 euros) represents perhaps the most important fact of the financial year under examination.

### Equity of the group companies

	Equity	
	2015	2014
Bolzoni S.p.A.	43,641	41,331
Auramo OY Finland	7,592	7,658
Bolzoni Auramo Sweden	1,191	1,232
Bolzoni Auramo Holland	655	456
Bolzoni UK	816	637
Bolzoni Auramo Australia	274	(75)
Bolzoni France	1,196	1,182
Bolzoni Auramo Spain	259	86
Bolzoni Auramo USA	2,924	2,337
Bolzoni Auramo Canada	623	625
Bolzoni Auramo Poland	384	335
Bolzoni Auramo Shanghai	2,145	2,013
Meyer Group	5,466	4,918
Bolzoni Italia Srl	197	157
Bolzoni Holding Hong Kong	9,694	10,442
<b>Effect of consolidation book entries</b>	<b>(32,845)</b>	<b>(32,994)</b>
<b>CONSOLIDATED</b>	<b>44,212</b>	<b>40,340</b>

## Transactions with Group companies and other related parties

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

Bolzoni S.p.A. turnover with subsidiaries	Products	Interest	Total in euro
Auramo OY Finland	77	-	77
Bolzoni Auramo Sweden	270	-	270
Bolzoni Auramo Holland	950	-	950
Bolzoni UK	2,224	-	2,224
Bolzoni Auramo Australia	386	45	431
Bolzoni France	2,672	-	2,672
Bolzoni Auramo Spain	1,494	3	1,497
Bolzoni Auramo USA	6,625	37	6,662
Bolzoni Auramo Canada	367	4	371
Bolzoni Auramo Poland	813	-	813
Meyer Group	3,670	43	3,713
Bolzoni Italia S.r.l.	1,216	1	1,217
Bolzoni Holding Hong Kong	1,168	63	1,231
<b>TOTAL</b>	<b>21,932</b>	<b>196</b>	<b>22,128</b>

Bolzoni S.p.A. turnover with associates	Products	Interest	Total in euro
Auramo South Africa	177	-	177
Bolzoni Portugal	253	-	253
<b>TOTAL</b>	<b>430</b>	<b>-</b>	<b>430</b>

Consolidated turnover with associates	Products	Interest	Total in euro
Auramo South Africa	654	-	654
Bolzoni Portugal	277	-	277
<b>TOTAL</b>	<b>931</b>	<b>-</b>	<b>931</b>

Turnover of subsidiaries with Bolzoni S.p.A.	Products	Interest	Total in euro
Auramo OY Finland	1,777	57	1,834
Bolzoni Auramo Sweden	36	7	43
Bolzoni Auramo Holland	4	-	4
Bolzoni UK	-	-	-
Bolzoni Auramo Australia	-	-	-
Bolzoni France	28	-	28
Bolzoni Auramo Spain	3	-	3
Bolzoni Auramo USA	-	-	-
Bolzoni Auramo Canada	-	-	-
Bolzoni Auramo Poland	-	-	-
Meyer Group	2,223	-	2,223
Bolzoni Italia S.r.l.	912	-	912
Bolzoni Holding Hong Kong	1,269	-	1,269
<b>TOTAL</b>	<b>6,252</b>	<b>64</b>	<b>6,316</b>

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

<b>Bolzoni S.p.A. receivables with subsidiaries:</b>	<i>Trade</i>	<i>Financial</i>	<i>Total in euro</i>
Auramo OY Finland	39	-	39
Bolzoni Auramo Sweden	58	-	58
Bolzoni Auramo Holland	204	-	204
Bolzoni UK	709	-	709
Bolzoni Auramo Australia	239	1,711	1,950
Bolzoni France	716	-	716
Bolzoni Auramo Spain	446	350	796
Bolzoni Auramo USA	2,318	2,755	5,073
Bolzoni Auramo Canada	142	200	342
Bolzoni Auramo Poland	230	-	230
Bolzoni Auramo Shanghai	310	-	310
Meyer Group	587	3,000	3,587
Bolzoni Italia S.r.l.	627	-	627
Bolzoni Holding Hong Kong	1,247	4,409	5,656
<b>TOTAL</b>	<b>7,872</b>	<b>12,425</b>	<b>20,297</b>

<b>Bolzoni S.p.A. payables with subsidiaries:</b>	<i>Trade</i>	<i>Financial</i>	<i>Total in euro</i>
Auramo OY Finland	474	2,500	2,974
Bolzoni Auramo Sweden	5	285	290
Bolzoni Auramo Holland	1	-	1
Bolzoni UK	-	-	-
Bolzoni Auramo Australia	-	-	-
Bolzoni France	13	-	13
Bolzoni Auramo Spain	2	-	2
Bolzoni Auramo USA	4	-	4
Bolzoni Auramo Canada	-	-	-
Bolzoni Auramo Poland	-	-	-
Meyer Group	242	-	242
Bolzoni Italia S.r.l.	203	-	203
Bolzoni Holding Hong Kong	310	-	310
<b>TOTAL</b>	<b>1,254</b>	<b>2,785</b>	<b>4,039</b>

<b>Receivables with associated companies</b>	<i>Bolzoni S.p.A.</i>	<i>Consolidated</i>
Auramo South Africa	79	111
Bolzoni Portugal	76	207
<b>TOTAL</b>	<b>155</b>	<b>318</b>

### 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 as 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 invested capital: represents the algebraic sum of fixed assets, current assets (net of cash in hand and equivalent) and current liabilities (net of financial payables) and long term funds.

Net financial position: represents the algebraic sum of cash in hand and equivalent, current and non-current financial receivables and payables. It should be noted that the Net Financial Position is calculated as per Consob Resolution n. DEM/6064313 on 28 July 2006.

### Ebitda and Ebit

Ebitda corresponds to the Gross Operating Result as defined above.

Ebit coincides with the Operating Result.

### Performance indicators

To ensure a better understanding of the Group's and the Parent's results, below are the figures for some of the indicators usually employed in financial analysis:

Profitability indexes consolidated financial report		
	31.12.2015	31.12.2014
<b>ROE</b> <i>Return on equity</i>	11.14%	2.25%
<b>ROI</b> <i>Return on investment</i>	11.19%	3.54%

Profitability indexes parent's financial report		
	31.12.2015	31.12.2014
<b>ROE</b> <i>Return on equity</i>	7.39%	5.51%
<b>ROI</b> <i>Return on investment</i>	8.81%	4.42%

**ROE (Return on Equity)**: calculated as the ratio between net result and shareholder's equity. It expresses the profitability of the investment in the company's capital compared to investments of other nature, or rather whether or not the investment in the Group is convenient.

**ROI**: this is calculated as the ratio between the operating result (Ebit) and the invested capital (net of investments in non-characteristic activities which is not the case for the Bolzoni Group). It indicates the company's ability to generate profits through activities related to its business.

Liquidity indexes consolidated financial report		
	31.12.2015	31.12.2014
<b>DI</b> <i>Current ratio</i>	1.46	1.14
<b>LS</b> <i>Quick ratio</i>	0.88	0.63

Liquidity indexes parent's financial report		
	31.12.2015	31.12.2014
<b>DI</b> <i>Current ratio</i>	0.91	0.81
<b>LS</b> <i>Quick ratio</i>	0.70	0.61

**DI:** calculated as the ratio between current assets and current liabilities and indicates the company's ability to use its quick assets to deal with current liabilities.

**LS:** calculated as the ratio between current assets without inventory and current liabilities; it is used to assess the security of a company from the financial standpoint.

Indexes of financial solidity consolidated financial report		
	31.12.2015	31.12.2014
<b>CI</b> <i>Fixed asset self-coverage ratio</i>	0.85	0.74
<b>LEV</b> <i>Leverage</i>	1.66	1.92
<b>IN</b> <i>Indebtedness ratio</i>	0.71	1.02

Indexes of financial solidity parent's financial report		
	31.12.2015	31.12.2014
<b>CI</b> <i>Fixed asset self-coverage ratio</i>	0.77	0.72
<b>LEV</b> <i>Leverage</i>	1.36	1.53
<b>IN</b> <i>Indebtedness ratio</i>	0.36	0.53

**CI:** calculated as the ratio between shareholders' equity and fixed assets; it indicates the ability of a company's own capital to meet its investment requirements.

**LEV (Leverage):** calculated as the ratio between invested capital and net shareholders' equity and therefore indicates the company's level of debt. The higher the value of the index the greater the risk for the company.

**IN:** calculated as the ratio between net financial indebtedness (as defined above) and net shareholders' equity and indicates the relation between heavy borrowed capital and the company's net shareholders' equity.

**Gross operating result (Ebitda)** and the **net Financial Position**, as described above, are measures taken by the Group Management to monitor and assess the operating trend of the group itself and are not identified as an accounting measure within the IAS/IFRS; therefore, they should not be considered an alternative measure for the assessment of the course of the Group's result.

As the composition of these measures is not regulated by the accounting standards of reference, the criteria for determination applied by the Group may not be in line with that adopted by others and therefore may not be comparable.

## Principal risks and uncertainties

### Risks and uncertainties

Risk management (internal and external, social, industrial, political, financial) is integrated in the Group's development strategy and represents an essential element in the continuing evolution process of the governance system. Through the improvement of the rules of behaviour, respect for the environment, safeguard of stakeholders (employees, customers, suppliers, shareholders) risk management aims to safeguard the company's wealth.

### Risks connected to general economic context and to that of the sector

The crisis which progressively deteriorated the international financial and economic situation in 2008 and 2009 has represented an element of risk for the Group.

During the past two financial years however there have been signs of recovery in the European market and a consolidation of the growth in the US market.

### Financial risks

The recent decisions of the ECB have considerably improved financial outlook in the entire Euro area including our country.

Both short and medium term rates have gone down significantly.

As a consequence financial risks have also significantly diminished.

The Group's Financial Management attends to the procurement of sources of funding and to the management of interest rates, exchange rates and counterpart risks, for all the companies included in the consolidation area. The Group uses derivative financial instruments to reduce risks deriving from fluctuations in interest rates and exchange rates in relation to the nature of the debt and to the international activity. A detailed examination of this type of risk is to be found in the explanatory notes, note 36 of the consolidated financial statements and note 32 of the company financial statements.

### Legal risks

An update on the principal disputes in progress is contained in the specific sections of this report with further details in the explanatory notes. The estimates and the evaluations used derive from available information and are in any case subject to systematic revisions and any changes are immediately accounted for in the financial statements.

### Insurance contracts

In the interest of all the Group subsidiaries insurance policies have been taken out with primary insurance companies to cover possible risks on persons and property, in addition to risks of civil liability towards third parties. All policies have been negotiated as part of a framework agreement to ensure a balance between the probabilities of risk occurring and the resulting damage for each one of the subsidiaries.

## Breakdown of revenue according to geographic areas

The following tables provide figures on income and information on some of the activities related to the Group's geographic areas for the financial years ended 31 December 2015 and 2014.

2015	Europe	North America	Others	Total
Consolidated Revenues	97,088	23,696	17,520	138,304
Parent's Revenues	58,074	7,231	5,615	70,920
2014	Europe	North America	Others	Total
Consolidated Revenues	89,344	16,418	14,124	119,886
Parent's Revenues	52,181	6,359	4,813	63,353

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

### **Events subsequent to 31 December 2015**

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It is acknowledged that, as disclosed to the market and to CONSOB, on February 14, 2016 a agreement was entered into which foresees the acquisition by Hyster-Yale Materials Handling Inc., with headquarters in Cleveland – Ohio (or another of its group companies as designated by Hyster Yale) of the entire share capital of Penta Holding S.p.A. (except the treasury shares owned by Penta Holding S.p.A.) holder of a majority stake of approximately 50.4% of Bolzoni S.p.A.

The completion of the transaction, subject to the customary closing conditions established in the agreement, is expected to take place in the second quarter of 2016. If this should occur, the purchase would then be obliged to launch a public total tender offer, pursuant to articles 102 and 106 of the Legislative Decree n. 58 dated February 24, 1998 on the remaining Bolzoni S.p.A. shares at the price which, in compliance with the law, will be equal to the valuation of the majority stake of the Issuer held by Penta Holding S.p.A., as agreed upon by the parties in the agreement, amounts to 4.30 euros per share, inclusive of Bolzoni S.p.A.'s 2015 consolidated net income.

It should be noted that the valuation of the Company is significantly higher than the consolidated equity of the Company therefore making it unnecessary to perform any first level impairment tests.

The Directors also declare that on the basis of meetings held with members of the Hyster-Yale group they do not believe that, in the foreseeable future, there will be any changes to strategies and to the approved multi-year business plan that could result in a reduction in value on non-current assets recorded in the separate financial statement.

For further details regarding the above mentioned acquisition, please refer to the press releases issued on February 15 and March 4 of this year, available both on the Issuer's company website (<http://www.bolzonigroup.com>) and in the authorized storage system "1info" on the website: <http://www.1info.it>.

There have been no other significant events since the above date.

### **Absence of control and coordination activity**

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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.p.A. 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**

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#### **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 section 'Investor Relations - Corporate Governance' of the web-site [www.bolzonigroup.com](http://www.bolzonigroup.com), is made up of 18 chapters.



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

### ***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 fifteen. The Shareholders' Assembly held on 29 April 2015 established the number of Board members to be 9 with office expiring on the date of the Shareholders' Assembly convening for the approval of the Financial statements at 31.12.2017.

On 29 November 2010 the Board defined the procedure for operations performed with related parties whereby 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 21 April 2009, 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 Control and Risk 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 Control and Risk System are given by the person responsible for the Control and Risk system, appointed in accordance with TUF, as well as by the functioning of the Control and Risk 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 completed the project for the preparation and the implementation of an Organisation Model in accordance with Leg. Decree 231/01, which was presented to the approval of the Board of Directors on 26 March 2008 and subject to constant updating. Together with the Organisation Model the Board of Directors were also presented with the Code of Ethics for approval which constitutes the evolution and the update of the Company's Charter of Values, with the explicit acknowledgement of ethical values already typical of the behaviour of both the Company and the entire Group.

Once implemented, the Organisation Model was accompanied by the appointment of a collegial Compliance Committee, which conducts 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 29 April 2013 by the Shareholders' Assembly, the Board of Statutory Auditors is made up of the Chairman Giorgio Picone and the permanent auditors Carlo Baldi and Maria Gabriella Anelli. Their office expires on the date of the Shareholders Assembly convened for the approval of the Financial statements for year 2015. 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 statements for 2015, in compliance with the current rules.

### **Stakes held by the components of the administrative and control bodies, by the general directors and managers with strategic 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 31.12.2014</i>	<i>Number of shares purchased</i>	<i>Number of shares sold</i>	<i>Number of shares held at 31.12.2015</i>
Bolzoni Emilio	Bolzoni S.p.A.	21,873	-	21,873	-
Bolzoni Franco	Bolzoni S.p.A.	42,061		42,061	-
Scotti Roberto	Bolzoni S.p.A.	65,913	-	65,913	-
Magnelli Pierluigi	Bolzoni S.p.A.	22,267	-	22,267	-
Staack Karl Peter Otto	Bolzoni S.p.A.	912,282	-	-	912,282
Mazzoni Paolo	Bolzoni S.p.A.	901,665	-	901,665	-

## **The Board of Directors' proposal to the Shareholders**

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Ladies and Gentlemen,

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

The directors refer to the disclosure to the market, in the press release issued on February 15, 2016, with regards to the possible acquisition by Hyster-Yale Materials Handling, Inc., (or by another wholly owned subsidiary of its choice), of the share stake controlling Bolzoni S.p.A. – as a consequence of the acquisition of the entire share capital of Penta Holding S.p.A. (excluding the treasury shares owned by Penta Holding S.p.A.) the majority shareholder of the Issuer – after which Hyster-Yale will launch a mandatory tender offer for all the outstanding shares, pursuant to articles 102 and 106 of the Legislative Decree No. 58 of February 24, 1998. To this end the directors acknowledge that, as established by the agreement, the parties have agreed to a valuation of the Bolzoni shares of EUR 4.30 per share, inclusive of Bolzoni S.p.A.'s 2015 consolidated net income. In view of the above, the directors propose not to proceed to the distribution of dividends.

We therefore propose:

- the approval of the financial statements at 31.12.2015;
- the allocation of the amount of 161,313.62 euros to legal reserve;
- the allocation of all the remaining profit to extraordinary reserve.

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

Podenzano, 14 March 2016

The Board of Directors

**CONSOLIDATED BALANCE SHEET at 31 December 2015**

BALANCE SHEET €000	Notes	31/12/2015	31/12/2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	33,170	33,909
Goodwill	5	10,618	10,618
Intangible fixed assets	6	3,937	4,143
Investments in associated companies	7	380	2,240
Financial receivables and other financial assets	8	82	62
Deferred tax assets	9	3,615	3,454
<b>Total non-current assets</b>		<b>51,802</b>	<b>54,426</b>
<b>Current assets</b>			
Inventory	10	24,862	25,479
Trade receivables	11	28,034	25,818
- of which related to associated and related companies	11,34	318	460
Tax receivables	12	648	1,090
Other receivables	13	380	815
Financial assets available for sale	14	-	12
Cash and cash equivalent	15	9,080	4,066
<b>Total current assets</b>		<b>63,004</b>	<b>57,280</b>
<b>TOTAL ASSETS</b>		<b>114,806</b>	<b>111,706</b>

**CONSOLIDATED BALANCE SHEET at 31 December 2015**

BALANCE SHEET €/000	Notes	31/12/2015	31/12/2014
<b>GROUP EQUITY</b>			
Share capital	16	6,498	6,498
Reserves	16	29,666	28,887
Net result of the year		4,782	1,044
<b>TOTAL GROUP EQUITY</b>		<b>40,946</b>	<b>36,429</b>
<b>NON-CONTROLLING INTERESTS</b>			
Capital, reserves and retained earnings		3,124	4,047
Net result of the year		142	(136)
<b>TOTAL EQUITY</b>		<b>44,212</b>	<b>40,340</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loans	17	22,146	15,881
Employee benefits -T.F.R. retirement allowance	18	2,646	2,812
Deferred tax liability	9	1,496	1,325
Long-term provisions	19	200	190
Liabilities for derivatives	20	362	523
Other long-term liabilities		471	358
<b>Total non-current liabilities</b>		<b>27,321</b>	<b>21,089</b>
<b>Current liabilities</b>			
Trade payables	21	19,427	18,890
- of which towards related parties	34	-	31
Financial short-term liabilities and current portion of long term loans	17	15,706	24,726
Other current payables	22	6,605	6,093
Payable for income taxes	23	1,254	262
Current provision	19	281	306
<b>Total current liabilities</b>		<b>43,273</b>	<b>50,277</b>
<b>TOTAL LIABILITIES</b>		<b>70,594</b>	<b>71,366</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>114,806</b>	<b>111,706</b>

**CONSOLIDATED INCOME STATEMENT for fiscal year ended 31 December 2015**

INCOME STATEMENT €/000	Notes	2015	2014
Net sales	3	138,304	119,886
- of which related to associated and related companies	34	1,386	1,591
Other revenues	24	347	808
<b>Total revenues</b>		<b>138,651</b>	<b>120,694</b>
Costs for raw material and consumables	25	(62,092)	(55,176)
- of which related to associated companies	34	-	(573)
Costs of services	26	(23,219)	(21,020)
- of which towards related parties	34	-	(348)
Personnel costs	27	(37,979)	(34,805)
- of which non-recurring	27	-	-
Other operating expenses	28	(959)	(1,125)
Result of associated companies accounted for under equity method	7	(28)	19
<b>Gross operating result</b>		<b>14,374</b>	<b>8,587</b>
Depreciation and Amortization	4,6	(5,791)	(5,393)
Accruals and impairment losses	11,19	(372)	(453)
<b>Operating result</b>		<b>8,211</b>	<b>2,741</b>
Financial expenses	29	(1,743)	(1,930)
Financial income	29	273	241
Losses on disposal of associate accounted for under equity method	7	(385)	-
Currency exchange gain and losses	29	655	1,097
<b>Result before tax</b>		<b>7,011</b>	<b>2,149</b>
Income tax	9	(2,087)	(1,241)
<b>Result of continuing activities</b>		<b>4,924</b>	<b>908</b>
<b>Net Result of the year</b>		<b>4,924</b>	<b>908</b>
Attributable to:			
- Group		4,782	1,044
- Non-controlling interests		142	(136)
<b>Earnings per share</b>	31		
- basic, for the year's profit attributable to ordinary shareholders of the parent		0.184	0,040
- diluted, for the year's profit attributable to ordinary shareholders of the parent		0.184	0,040

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for fiscal year ended 31 December 2015

STATEMENT OF COMPREHENSIVE INCOME €/000	31/12/2015	31/12/2014
<b>Profit/Loss of the year (A)</b>	<b>4,924</b>	<b>908</b>
<i>Items which will subsequently be reclassified in the year result</i>		
Loss on hedging instruments designated in cash flow hedge	(16)	(79)
Tax effect of cash flow hedge	4	20
Profit/loss from translation of foreign companies' financial statements	896	1,549
<i>Items which will not subsequently be reclassified in the year result</i>		
Actuarial gain /loss of defined benefit plans	99	(427)
Tax effect of defined benefit plans	(25)	113
<b>Total Other comprehensive income (B)</b>	<b>958</b>	<b>1,176</b>
<b>Total comprehensive income (A + B)</b>	<b>5,882</b>	<b>2,084</b>
Attributable to:		
Group	5,488	1,858
Non-controlling interests	394	226

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for years ended 31 December 2014 and 31 December 2015

	Capital	Share prem. reserve	Legal reserve	Other reserves	Retained earnings	Transl. differ.	Year result	Total NE for the Group	Minority interests	Minority result	Total Equity
<b>Balances as at 31.12.2013</b>	<b>6,498</b>	<b>17,544</b>	<b>1,462</b>	<b>(44)</b>	<b>11,244</b>	<b>(1,346)</b>	<b>123</b>	<b>35,481</b>	<b>4,470</b>	<b>(18)</b>	<b>39,933</b>
Year result							1,044	1,044		(136)	908
Other comprehensive income				(373)		1,187		814	362		1,176
Total comprehensive income				(373)		1,187	1,044	1,858	362	(136)	2,084
Profit allocation			52		71		(123)	-	(18)	18	-
Dividends					(910)			(910)	(95)		(1,005)
Change in consolidation area									(672)		(672)
<b>Balances as at 31.12.2014</b>	<b>6,498</b>	<b>17,544</b>	<b>1,514</b>	<b>(417)</b>	<b>10,405</b>	<b>(159)</b>	<b>1,044</b>	<b>36,429</b>	<b>4,047</b>	<b>(136)</b>	<b>40,340</b>
Year result							4,782	4,782		142	4,924
Other comprehensive income				62		644		706	252		958
Total comprehensive income				62		644	4,782	5,488	252	142	5,882
Profit allocation			114		930		(1,044)		(136)	136	-
Dividends					(910)			(910)	(111)		(1,021)
Change in consolidation area									(928)		(928)
Treasury shares					(61)			(61)			(61)
<b>Balances as at 31.12.2015</b>	<b>6,498</b>	<b>17,544</b>	<b>1,628</b>	<b>(355)</b>	<b>10,364</b>	<b>485</b>	<b>4,782</b>	<b>40,946</b>	<b>3,124</b>	<b>142</b>	<b>44,212</b>

**CONSOLIDATED CASH FLOW STATEMENT for fiscal year closed 31 December 2015**

The statement contains operations with related parties only when they are not directly inferable from other statements in this report. Items related to operations with related parties are described at note 34 of the Explanatory Notes.

€/000	Notes	2015	2014
<b>Net profit of the year</b>		<b>4,924</b>	<b>908</b>
<i>Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:</i>			
Depreciation and Amortization	4/6	5,791	5,393
Accrual to Employee benefits - T.F.R. retirement allowance and financial expenses	18	771	884
Services paid	18	(838)	(1,147)
Accrual of provision	19	267	294
Reversal of provision	19	(282)	(279)
Net change of other long term liabilities		113	(243)
Change in derivative value	20	(177)	41
Net change in deferred tax	9	(11)	151
Net change in investments accounted for under equity method.	7	28	(253)
<i>Variations in operating assets and liabilities:</i>			
(Increase) decrease in inventory	10	617	(3,049)
(Increase) decrease in trade receivables	11	(2,216)	(1,280)
(Increase) decrease in other receivables	13	435	(207)
Increase (decrease) in trade payables	21*	572	1,387
Increase (decrease) in other payables	22	512	(434)
Increase (decrease) in tax payables	23	992	139
(Increase) decrease in tax receivables	12	442	38
<b>NET CASH FLOW FROM OPERATING ACTIVITIES:</b>	a)	<b>11,940</b>	<b>2,343</b>
<i>Cash flow absorbed by investment activity:</i>			
Gross investments paid in tangible assets	4*	(3,304)	(8,081)
Net disinvestment in tangible assets	4	498	441
Net investments paid in intangible assets	6	(1,025)	(1,693)
Disinvestments in investments	7	1,832	-
Exchange rate differences	4/6	(1,050)	(1,135)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	b)	<b>(3,049)</b>	<b>(10,468)</b>
<i>Cash flows from financing activities:</i>			
New loans (repayment) and transfer of short t. portions to current liab.	17**	1,139	(978)
Net change of other financial assets/liabilities	8/14	(8)	92
Dividends paid	32	(1,021)	(1,005)
Other variations to equity and non-controlling interests		(93)	877
<b>CASH FLOW GENERATED (ABSORBED) BY FUNDING ACTIVITIES</b>	c)	<b>17</b>	<b>(1,014)</b>
<b>EFFECT OF EXCHANGE RATES ON CASH AND EQUIVALENTS</b>			
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	a+b+c	<b>8,908</b>	<b>(9,139)</b>
NET CASH AND EQUIVALENTS AT START OF THE YEAR	15	(887)	8,252
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	8,021	(887)
CHANGE		8,908	(9,139)
<b>ADDITIONAL INFORMATION:</b>			
Interest paid		1,411	1,673
Income tax paid		1,575	1,200

\* Under net variation of trade payables and investments, the cash flow statement also considers the 35 thousand euros variation in unpaid investments in tangible assets

\*\* Except variations in bank overdrafts and advances on request, included in net liquid funds.



## **ACCOUNTING PRINCIPLES AND EXPLANATORY NOTES**

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### **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 production and marketing of attachments for fork lift trucks.

The consolidated financial statements of Bolzoni S.p.A. (the Company or the Parent) for the year ended 31 December 2015 were approved by the Board of Directors on 14th March 2016.

As at December 31, 2015 the majority of Bolzoni S.p.A.'s share capital is owned by Penta Holding S.p.A. with registered offices in Podenzano, Località I Casoni (Piacenza) which acts as a holding of industrial investments.

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.

With regards to important events after the balance sheet date, please refer to the specific paragraph (Note 38).

### **2.1 Preparation basis**

The consolidated financial statements for 2015 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Commission.

The accounting principles used in this financial statements are those formally approved by the European Union and in force at 31 December 2015. 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, and in Release n° DEM/6064293 dated 28.07.2006.

The financial statements as at 31 December 2015 have been drawn up on the basis of the historic cost, modified as required by the accounting standards of reference for the evaluation of certain financial instruments, if necessary.

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;
- Changes Equity: the Group includes all variations to net equity including those deriving from transactions with shareholders (distribution of dividends, share capital increases)

The consolidated financial statements at 31 December 2015 have been prepared on the going concern assumption. Indeed the Group has assessed that, despite a difficult economic and financial context, no material uncertainties exist regarding its going concern, also considering the cash flow generated by the operating activity, in addition to the economic and financial forecasts included in the budget approved by the Board of Directors for the period 2016 and in the multi-year plan approved by the same Board of Directors.

## IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2015

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2015:

- On May 20, 2013, **IFRIC interpretation 21 – Levies** was issued. The interpretation clarifies when a liability for levies (other than income taxes) imposed by government agencies should be recognised. This standard addresses both levies that are accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, and those for which the settlement timing and amount are certain. The interpretation applies retrospectively to reporting periods beginning on or after June 17, 2014. The adoption of this new interpretation had no impact on the consolidated financial statements of the Group.
- On December 12, 2013, the IASB issued document “**Annual Improvements to IFRSs: 2011-2013 Cycle**” implementing the amendments to some principles within the yearly improvement process (including IFRS 3 *Business Combinations – Scope exception for joint ventures*, IFRS 13 *Fair Value Measurement – Scope of portfolio exception*, IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*). The amendments apply to reporting periods beginning on or after January 1, 2015. The adoption of these amendments had no impact on the consolidated financial statements of the Group.

## IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET MANDATORILY APPLICABLE AND NOT EARLY ADOPTED BY THE GROUP AS AT DECEMBER 31, 2015

The Group has not adopted the following new and amended standards, that have been issued but are not mandatorily applicable.

- Amendment to **IAS 19 “Defined Benefit Plans: Employee Contributions”** (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The amendment applies at the latest for reporting periods beginning on February 1, 2015 or at a later date.
- Amendment to **IFRS 11 Joint Arrangements – “Accounting for acquisitions of interests in joint operations”** (issued on May 6, 2014) concerning the accounting for acquisitions of interests in a joint operation when the operation constitutes a business. The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendments to **IAS 16 Property, plant and equipment** and **IAS 41 Agriculture – “Bearer Plants”** (issued on June 30, 2014) providing for bearer plants, i.e. fruit trees that bear produce annually (such as vines, hazelnut plants) to be accounted for under IAS 16 (rather than IAS 41). The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendments to **IAS 16 Property, plant and Equipment** and **IAS 38 Intangibles Assets – “Clarification of acceptable methods of depreciation and amortisation”** (issued on May 12, 2014) establishing that a depreciation method that is based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendment to **IAS 1 – “Disclosure Initiative”** (issued on December 18, 2014): the goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The amendments apply as of January 1, 2016, though early adoption is allowed.  
(Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.)

- Amendment to **IAS 27 – “Equity Method in Separate Financial Statements”** (issued on August 12, 2014). The document introduces the option of using the equity method in an entity’s separate financial statements in order to measure investments held in subsidiaries, joint ventures and associates. The amendments apply as of January 1, 2016, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Entity when these amendments are adopted.

Finally, in the annual process of improvement of the standards, on December 12, 2013, the IASB published documents “Annual Improvements to IFRSs: 2010-2012 Cycle” (including IFRS 2 *Share Based Payments – Definition of vesting condition*, IFRS 3 *Business Combination – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments’ assets to the entity’s assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) and – on September 25, 2014 – “Annual Improvements to IFRSs: 2012-2014 Cycle” (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure* and IAS 19 – *Employee Benefits*) partly amending existing standards. The amendments apply at the latest to the reporting periods beginning on or after February 1, 2015 and reporting periods beginning on or after January 1, 2016.

Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.

#### **IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION**

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Consolidated Financial Statements.

- **IFRS 14 – Regulatory Deferral Accounts** (issued on January 30, 2014) allowing first-time adopters of IFRS to continue to account balances regarding Rate Regulation Activities according to the previously adopted accounting standards. As the Group is not a first-time adopter this standard is not applicable
- **IFRS 15 – Revenue from Contracts with Customers** (issued on May 28, 2014) bound to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IFRS principles such as leases, insurance policy contracts and financial instruments. The main steps for revenue recognition according to the new model are:
  - identifying the agreement in place with the customer;
  - identifying the performance obligations under the agreement;
  - defining the transaction price;
  - price allocation to the performance obligations under the agreement;
  - revenue recognition criteria when the entity satisfies each performance obligation.This standard is applicable as of January 1, 2018, though early adoption is allowed. Directors expect that the adoption of IFRS 15 will have an impact on the revenue recognition and the relevant disclosure included in the Group’s consolidated financial statements.
- Final version of **IFRS 9 – Financial instruments** (issued on July 24, 2014). The standard includes the results of the classification, valuation, impairment and hedge accounting phases relating to the IASB project pending the replacement of IAS 39:
  - it introduces new criteria to classify and measure financial assets and liabilities.
  - With reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data.
  - A new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and

options when they are included in a hedge accounting transaction, changes to effectiveness test).

The new standard, which supersedes the previous versions of IFRS 9, must be applied to reporting period beginning on January 1, 2018 and thereafter.

Directors expect IFRS 9 to have a significant impact on the balances and the relevant disclosures in the Consolidated Financial Statements of the Group.

- On January 13, 2016, the IASB issued **IFRS 16 – Leases** which is to replace IAS 17 – *Leases*, as well as IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.

The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statements of financial position as assets and lease financial liability.

Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.

The standard applies for reporting period beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers.

Directors expect that the adoption of IFRS 16 will have a significant impact on lease accounting and the relevant disclosures included in the Group's Consolidated Financial Statements.

- Document "**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period beginning on January 1, 2016 or at a later date. Early adoption is allowed.

Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted, as the Company does not meet the definition of investment entity.

On September 11, 2014 the IASB issued an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The purpose of these amendments was to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares.. The IASB has suspended the application of these amendments for the time being.

## 2.2 Consolidation principles and consolidation area

The consolidated financial statements comprise 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 statements the assets, the liabilities, as well as the total amounts of costs and revenue of the consolidated companies are acquired line by line and the portion of equity and the year's result belonging to minority interests is attributed to the specific caption of the Income Statement and Balance Sheet. This consolidation method (integral consolidation) is only valid for the subsidiary companies whereas for the associated companies the equity method is used. There are however no Joint Ventures.

The accounting value of the investment in each of the subsidiaries is eliminated against the corresponding 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. Investments in associated companies are accounted for using the equity method.

Below is the list of the group companies at 31 December 2015:

<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 \$ 2,500	100 %	
Bolzoni Limited	Warrington - UK	GBP 350	100 %	
Bolzoni Auramo Polska Sp Zoo	Lublin - Poland	PLN 350	60 %	
Bolzoni Auramo S.L.	Barcelona - Spain	€ 200	100 %	
Bolzoni s.a.r.l.	Forbach – France	€ 198	100 %	
Auramo Oy	Jarvenpaa – Finland	€ 565	100 %	
Bolzoni Auramo BV	Helmond - Netherlands	€ 18	51 %	
Bolzoni Auramo Australia PTY Ltd	Dudley Park SA - Australia	AUD 4,884	100 %	
Eurolift Pty Ltd	Dudley Park SA – Australia	AUD 300		100%(***)
Bolzoni Auramo Ltd.	Dollard des Ormeaux - Canada	CAD 856	100 %	
Bolzoni Italia S.r.l.	Prato - Italy	€ 50	100 %	
Bolzoni Auramo AB	Gavle - Sweden	SEK 100	100 %	
Bolzoni Auramo Shanghai	Minhang District - China	RMB 11,576	60 %	
Bolzoni Holding Hong Kong	Hong Kong	HK\$ 112,608	80%	
Bolzoni Hebei China	Longhua - China	RMB 30,000		100%(**)
Bolzoni Auramo Wuxi	Wuxi - China	RMB 62,883		100%(**)
Auramo South Africa (*)	Benoni – South Africa	ZAR 100		40%(****)
Bolzoni Portugal Lda (*)	Palmela – Portugal	€ 50		31%
Meyer GmbH	Salzgitter – Germany	€ 1,023	100 %	
LLC “Hans H. Meyer OOO”	Moscow - Russia	RUB 1,025		80%

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

(\*\*) = Percentage ownership by Bolzoni Holding Hong Kong

(\*\*\*) = Percentage ownership by Bolzoni Auramo Australia PTY Ltd

(\*\*\*\*) = Percentage ownership by Auramo OY

In 2015, through the subsidiary Bolzoni Hong Kong, the remaining 20% share in the company Bolzoni Huaxin China was purchased for the amount of \$HK 7,347 thousand corresponding to the equity value, and then was renamed Bolzoni Hebei China.

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 fully eliminated.



## 2.3 Significant accounting judgements and estimations

### ***Untaxed reserves in the equity of the subsidiaries***

Various Group companies have untaxed reserves of 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.

### **Judgements and accounting estimations**

In accordance with IAS/IFRS principles, the preparation of the financial statements 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 inventory, benefits to employees, taxes impairment tests on goodwill and land 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.

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 on the basis of a suitable discount rate. The carrying amount of goodwill at 31 December 2015 was 10.618 thousand euro (2014: 10.618 thousand euros). More details are given in Note 5.

### ***Amortization and depreciation (for assets with definite useful life)***

In order to calculate amortization and depreciation the remaining useful life is periodically reviewed.

## 2.4 Summary of principal accounting policies

### **Foreign currency translation**

The consolidated financial statements are 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 an operating currency other than the euro are indicated below:

Bolzoni Auramo Inc.	US Dollar
Bolzoni Auramo Canada	Canadian Dollar
Bolzoni Ltd	Pound Sterling
Bolzoni Auramo AB	Swedish Crown
Bolzoni Auramo Pty Ltd/Eurolift Pty Ltd	Australian Dollar
Bolzoni Auramo Sp Zoo	Polish Zloty
Bolzoni Auramo Shanghai	Chinese Renminbi (Yuan)
Bolzoni Auramo Wuxi	Chinese Renminbi (Yuan)
Bolzoni Hebei	Chinese Renminbi (Yuan)
Bolzoni Holding Hong Kong	Hong Kong Dollar
LLC "Hans H. Meyer OOO"	Russian Ruble

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.

The table below shows exchange rates against Euro used in the translation of the financial statements drawn using a currency different from the accounting currency.

		Exact value at 31/12/2015	Exact value at 31/12/2014	Average at 31/12/2015	Average at 31/12/2014
Dollar USA	USD	1.0887	1.2141	1.1096	1.3288
Dollar Canada	CAD	1.5116	1.4063	1.4176	1.4668
Sterling UK	GBP	0.7339	0.7789	0.7260	0.8064
Crown Sweden	SEK	9.1895	9.3930	9.3544	9.0968
Dollar Australia	AUD	1.4897	1.4829	1.4764	1.4724
Zloty Poland	PLN	4.2639	4.2732	4.1827	4.1844
Renminbi (Yuan) China	CNY	7.0608	7.5358	6.9730	8.1882
Dollar Hong Kong	HKD	8.4376	9.4170	8.6022	10.305
Rublo Russia	RUB	80.6736	72.3370	68.006	50.951

### Property, plant and equipment

Property, plant and equipment are stated at historic cost, net of accumulated depreciation and accumulated impairment. 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 generally attributed to the various categories of 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 amount of property, plant and equipment is reviewed for possible impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, according to the established depreciation plan. If an indication of this type exists and in the event that the carrying amount 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 de-recognition (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 rewards 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 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 for 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 accounted for in a business combination is represented by 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 decreased by any accumulated impairment losses. Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment procedure is approved by the Directors independently and prior to the approval of the financial reports. For further details regarding the criteria applied for impairment testing see note on "Impairment of non-financial fixed assets".

### **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 definite or indefinite. Intangible assets with definite 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 definite 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 definite 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 amount 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 an overview of the policies applied by the Group to intangibles assets :

	<i>Licences, Trademarks &amp; Patents</i>	<i>Development costs</i>
Useful lives	Definite	Definite
Method used	Licences amortized over 3/5 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
Impairment testing/tests on recoverable amounts	Annually and more frequently when an indication of impairment exists.	Annually or more frequently when an indication of impairment exists.

Gains or losses deriving from de-recognition 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.

#### **Investments in associates**

The Group's investment in its associates is accounted for under the equity method. 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. The investment is assessed on the basis of the income and financial situation at 31 December. The accounting principles conform to those used by the Group.

#### **Impairment of non-financial fixed 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 amount 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 amount. The recoverable amount 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 amount 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 independently and prior to the date of approval of the financial reports, 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 Group 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 amount.

### **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, on the current market value of another substantially similar instrument, on the discounted cash flow analysis and on the option pricing models.

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

**Inventories**

Inventories are measured at the lower of purchase or production cost, including costs for transport and storage, and expected net realizable value. Costs incurred for bringing each good to its current location and storage are calculated 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 30-120 days' payment terms, are recognized at the original invoice amount less an allowance for any non-collectable amounts in order to reflect their presumable realization value. This provision is made in the presence of objective elements indicating 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 and advance on request (as indicated in note 15 and note 17) as they are bank overdrafts and advances on request.

**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.

**De-recognition 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 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 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 amount 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 in 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 equity. Evaluations in fair value subsequent to the assignment date do not have any effect on the initial evaluation.

The Group does not have any retribution schemes in the form of investment in capital.

### **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, as it is considered a defined benefits plan in accordance with IAS 19, 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 immediately recognized in the statement of the financial position by crediting or charging the retained earnings through the other components of the comprehensive income statement in the financial year in which they occurred. Some Group companies have operated defined contribution pension schemes; the payments related to defined contribution plans are recognized in income statement as costs when incurred.

### **Non-current assets available for sale and liabilities associated with these assets**

The non-current assets (or group of assets and liabilities) are classified as intended 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 lower between the carrying amount 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 are 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.

The Group does not own any non-current assets available for sale and liabilities associated with these non-current assets.

### **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 when the service is actually rendered.

#### ***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. On the other hand, when the grants are related to fixed assets (contribution in capital) they are recognized as components adjusting the book value of the assets to which they refer. Consequently, they are recognized as income during the useful life of the amortizable asset through the reduction of the amortization cost.

### **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**

Derivatives are recognized at fair value and variations in fair value are taken to profit and loss when they do not qualify as hedge accounting due to the type of instrument or because the Company chooses not to perform the hedge effectiveness test. Derivative instruments may be classified as hedging instruments when the relation between the derivative and hedged object is formally documented and hedge effectiveness, periodically verified, is measured in accordance to IAS 39. When the hedging derivatives cover the risk of variations in cash flow of the hedged elements (Cash Flow Hedge) the derivatives' effective portion of variations in fair value is directly taken to net equity, whereas the ineffective portion is directly taken to profit and loss. The amounts recognised directly in net equity are reflected in profit and loss coherently with the economic effects produced by the hedged element. On the other hand, when the derivatives hedge against the risk of variation in fair value of the hedged objects (Fair Value Hedge) the fair value variations of the derivatives are directly recognised in profit and loss; coherently, the hedged instruments are suitable for reflecting variations in fair value associated with the hedged risk.

### 3. Segment information

Below information is provided on the Group's operating segment, corresponding to the following geographic areas: Europe, North America and Rest of the World. Sales to external customers disclosed in geographic segments are based on their geographic location. With regards to the gross operating result and the operating result the costs are allocated according to their origin as the Group's business model and the reporting system used by management identify the origin as the management system used for costs.

The following tables provide figures for the financial years ended 31 December 2015 and 2014 according to geographic areas:

31 Dec 2015	Revenue	Group sales	Revenue in contr.	Comp. res. at equity value	Gross Oper. Result	Oper. Result	Finan. Inc./ Costs	Loss from sale invest.	Result before tax	Tax for the period
Europe	133,984	(36,896)	97,088	-	13,655	8,089	-	-	-	-
North America	36,139	(12,443)	23,696	-	396	205	-	-	-	-
Rest of World	20,068	(2,548)	17,520	-	323	(83)	-	-	-	-
Items not allocated or adjusted	-	-	-	(28)	-	-	(815)	(385)	7,011	2,087
<b>Total</b>	<b>190,191</b>	<b>(51,887)</b>	<b>138,304</b>	<b>(28)</b>	<b>14,374</b>	<b>8,211</b>	<b>(815)</b>	<b>(385)</b>	<b>7,011</b>	<b>2,087</b>

31 Dec 2014	Revenue	Group sales	Revenue in contr.	Comp. res. at equity value	Gross Oper. Result	Oper. Result	Finan. Income/ Costs	Value adjust on financ assets	Result before tax	Tax for the period
Europe	122,092	(32,748)	89,344	-	9,057	3,221	-	-	-	-
North America	25,945	(9,527)	16,418	-	51	802	-	-	-	-
Rest of World	17,683	(3,559)	14,124	-	(521)	(1,282)	-	-	-	-
Items not allocated or adjusted	-	-	-	19	-	-	(592)	-	2,149	1,241
<b>Total</b>	<b>165,720</b>	<b>(45,834)</b>	<b>119,886</b>	<b>19</b>	<b>8,587</b>	<b>2,741</b>	<b>(592)</b>	<b>-</b>	<b>2,149</b>	<b>1,241</b>

31 December 2015	Segment assets	Invest. in assoc.	Total assets	Amortiz.	Invest, tangible assets	Invest. Intang. assets
Europe	61,952	-	61,952	4,530	2,795	854
North America	9,974	-	9,974	254	261	-
Rest of the World	42,500	380	42,880	1,007	281	171
<b>Total</b>	<b>114,426</b>	<b>380</b>	<b>114,806</b>	<b>5,791</b>	<b>3,337</b>	<b>1,025</b>

31 December 2014	Segment assets	Invest. in assoc.	Total assets	Amortiz.	Invest, tangible assets	Invest. Intang. assets
Europe	62,513	-	62,513	4,419	6,894	1,137
North America	10,043	-	10,043	217	215	-
Rest of the World	36,910	2,240	39,150	757	1,075	556
<b>Total</b>	<b>109,466</b>	<b>2,240</b>	<b>111,706</b>	<b>5,393</b>	<b>8,184</b>	<b>1,693</b>



#### 4. Tangible fixed assets

	01.01.15	Addit.	Deprec.	Decr. <sup>(1)</sup>	Reclass.	Other var. <sup>(2)</sup>	31.12.15
Land	721	-	-	-	-	-	721
Buildings	22,645	77	-	-	(53)	578	23,247
Land lease right	963	-	-	-	-	64	1,027
Plant and machinery	39,897	1,029	-	(286)	1,082	407	42,129
Equipment	7,999	708	-	(108)	6	14	8,619
Other assets	14,753	1,518	-	(1,085)	218	87	15,491
Fixed assets in progress	1,304	5	-	-	(1,333)	29	5
<b>Gross carrying amount of Property, plant and machinery</b>	<b>88,282</b>	<b>3,337</b>	<b>-</b>	<b>(1,479)</b>	<b>(80)</b>	<b>1,179</b>	<b>91,239</b>
Land	-	-	-	-	-	-	-
Buildings	(8,446)	-	(708)	-	38	(89)	(9,205)
Land lease right	-	-	-	-	-	-	-
Plant and machinery	(29,046)	-	(2,305)	257	-	(33)	(31,127)
Equipment	(6,061)	-	(391)	98	1	(15)	(6,368)
Other assets	(10,820)	-	(1,091)	558	41	(57)	(11,369)
Fixed assets in progress	-	-	-	-	-	-	-
<b>Accumulated Depreciation for property, plant and equipment</b>	<b>(54,373)</b>	<b>-</b>	<b>(4,495)</b>	<b>913</b>	<b>80</b>	<b>(194)</b>	<b>(58,064)</b>
Land	721	-	-	-	-	-	721
Buildings	14,199	77	(708)	-	(15)	489	14,042
Land lease right	963	-	-	-	-	64	1,027
Plant and machinery	10,851	1,029	(2,305)	(29)	1,082	374	11,002
Equipment	1,938	708	(391)	(10)	7	(1)	2,251
Other assets	3,933	1,518	(1,091)	(527)	259	30	4,122
Fixed assets in progress	1,304	5	-	-	(1,333)	29	5
<b>Net carrying amount of property, plant and machinery</b>	<b>33,909</b>	<b>3,337</b>	<b>(4,495)</b>	<b>(566)</b>	<b>-</b>	<b>985</b>	<b>33,170</b>

(1): for sales

(2): exchange rate differences or others

Investments in plant, machinery and other assets, made in 2015 mainly refer to the purchase of goods to replace obsolete plant and machinery mostly for the companies Meyer GmbH, Bolzoni S.p.A., Auramo Oy and Bolzoni Auramo Inc.

Below is an overview of the gross and net carrying amounts of the fixed assets acquired through lease contracts which are still in life. Such assets belong to the French subsidiary.

	31.12.2015		31.12.2014	
	Gross value	Net value	Gross value	Net value
Buildings	204	89	204	93
<b>Total</b>	<b>204</b>	<b>89</b>	<b>204</b>	<b>93</b>

## 5. Goodwill

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

- Auramo Oy
- Meyer GmbH

	31.12.2014	Addition	Sale	Exchange rate diff.	31.12.2015
Auramo OY	8,150	-	-	-	8,150
Meyer GmbH	2,468	-	-	-	2,468
<b>Total</b>	<b>10,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,618</b>

### Auramo OY, Bolzoni Auramo GmbH and Meyer GmbH

The estimated recoverable amount of goodwill recorded in the financial statements has been calculated by four-year business plan and related discounted cash flows model approved by the Board of Directors, 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.

With reference to the impairment tests it should be noted that to determine the value in use, the following assumptions have been considered:

- the Terminal Value has been determined on the basis of the estimated expected net operating income over a period of time equivalent to the estimated useful life of the activity of the company under evaluation, assuming a 'g' growth rate of 0%, less than the expected growth rate for the sector;
- discount rates (WACC) applied to projections of cash flows range from 5.86% for Germany (Meyer GmbH) and 6.06% for Finland (Auramo Oy). These rates, from which tax effects have been deducted, have been determined, in line with those used in the previous financial year. The variability of these rates between the different cash flow generating units mainly depends on the different risk premium related to the specific country and on the different tax effects in each country where the single units are situated.

The impairment tests performed on existing goodwill have highlighted that the values used are significantly above the book value.

A sensitivity analysis was performed on the possible recoverable value of goodwill assuming a variation in WACC of one percentage point, whereas it is not applicable on g as it is already zero, and no critical points emerged.

## 6. Intangible fixed assets

	01.01.15	Addition	Amortization	Decr. (1)	Reclass.	Other variations (2)	31.12.15
Development costs	7,154	762	-	-	-	64	7,980
Trademarks and patent rights	3,645	18	-	-	-	105	3,768
Licences	6,774	243	-	-	(40)	38	7,015
Sundry	177	2	-	-	-	9	188
<b>Original cost of Intangible Fixed Assets</b>	<b>17,750</b>	<b>1,025</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>216</b>	<b>18,951</b>
Development costs	(4,454)	-	(675)	-	-	(5)	(5,134)
Trademarks and patent rights	(3,172)	-	(44)	-	-	(116)	(3,332)
Licences	(5,831)	-	(569)	-	40	(20)	(6,380)
Sundry	(150)	-	(8)	-	-	(10)	(168)
<b>Accumulated amortization for Intangible Fixed Assets</b>	<b>(13,607)</b>	<b>-</b>	<b>(1,296)</b>	<b>-</b>	<b>40</b>	<b>(151)</b>	<b>(15,014)</b>
Development costs	2,700	762	(675)	-	-	59	2,846
Trademarks and patent rights	473	18	(44)	-	-	(11)	436
Licences	943	243	(569)	-	-	18	635
Sundry	27	2	(8)	-	-	(1)	20
<b>Net carrying amount of Intangible Fixed Assets</b>	<b>4,143</b>	<b>1,025</b>	<b>(1,296)</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>3,937</b>

(1): for sales or variation in consolidation area

(2): exchange rate differences or others

The value of the intangible fixed assets generated internally and capitalized in 2015, entirely attributed to item "Development costs" amounts to 762 thousand euros (2014: 1,192 thousand euros) and consists of personnel costs. These projects refer in particular to the development of new technical solutions for existing products and involve the production plants in Italy, Finland, Germany and China. At 31 December 2015 development costs included 158 thousand euros related to running projects but whose amortization has not yet begun.

## 7. Investment in associates companies

The Group has the following investments in associated companies assessed at net equity:

	2015	2014
Xin Huaxin China	-	1,832
Auramo South Africa	315	393
Bolzoni Portugal Lda	65	15
<b>Total</b>	<b>380</b>	<b>2,240</b>

During the financial year 2015 the Xin Huaxin investment (owned by Bolzoni Holding Hong Kong) was sold producing a loss of 385 thousand euros.

The above loss has been included in a specific item of the income statement "*Losses on disposal of associate accounted for under equity method*" which has not been classified within the operating result as considered by the Directors as a "one off" transaction, both because it is a non-recurring transaction if compared to the past and also because it is not considered probable that similar transactions will occur again in the future.

The variation resulting from the assessment using the net equity method amounts to minus 28 thousand euros.

The following table provides the main financial information on the investment in Auramo South Africa:

	2015	2014
<b>Portion of the associate's equity:</b>		
Current assets	103	254
Non-current assets	775	990
Current liabilities	(81)	(249)
Non-current liabilities	(10)	(13)
Net asset	787	982
<b>Portion of the associate's revenue and result:</b>		
Revenue	314	732
Earnings/(losses)	(7)	13

The following table provides the main financial information on Bolzoni Portugal Lda:

	2015	2014
<b>Portion of the associate's equity:</b>		
Current assets	529	342
Non-current assets	1	-
Current liabilities	(319)	(274)
Non-current liabilities	-	-
Net asset	211	68
<b>Portion of the associate's revenue and result:</b>		
Revenue	1,381	360
Earnings/(losses)	142	19

## 8. Financial receivables and other financial assets (non-current)

Credits and other financial assets mainly refer to security deposits.

## 9. Taxation

### 9.1 Deferred tax

The situation at 31 December 2015 and 2014 was the following:

	Consolidated balance sheet		Consolidated income statement	
	2015	2014	2015	2014
<b>Deferred tax liability</b>				
Capitalization of internal costs	(8)	(15)	7	12
Pensions	(8)	(8)	-	(4)
Variation in tax evaluation parent's inventory	-	-	-	8
Gains on sale of fixed assets split over 5 years	(7)	(6)	(1)	-
Fair value assessment as deemed cost of Meyer fixed assets	(587)	(629)	42	(20)
Fair value assessment as deemed cost of Meyer brand	(62)	(194)	132	18
Sundry	(824)	(473)	(351)	(212)
Sundry with no impact on Income Statement	-	-	-	-
	<b>(1,496)</b>	<b>(1,325)</b>		
<b>Deferred tax assets</b>				
Fiscal losses carried forward on foreign subsidiaries	2,613	2,456	157	222
Obsolescence provision on parent's inventory	89	74	15	-
Offsetting infra-group's profit in stock	634	650	(16)	64
Non tax deductible provisions	75	71	4	(9)
Minor balances on subsidiaries	116	94	22	(104)
Exchange rate fluctuations	-	-	-	(45)
Sundry	16	16	-	(81)
Sundry without Income Statement impact	72	93	-	-
	<b>3,615</b>	<b>3,454</b>		
<b>Deferred tax income</b>			<b>11</b>	<b>(151)</b>

Some of the Group subsidiaries have fiscal losses totalling 16,530 thousand euros (2014: 12,774 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. The deferred tax assets on these losses carried to the balanced sheet amount 2,613 thousand euros (2014: 2,456 thousand euros). The amount of available fiscal losses for which deferred tax assets at 31 December 2015 have been written down amounts to 9,163 thousand euros, corresponding to deferred tax amounting to approximately 2,653 thousand euros. These write-downs mainly refer to fiscal losses related to Bolzoni Auramo Inc. (USA), Bolzoni Auramo PTY (Australia), Bolzoni Auramo Wuxi (China) and Bolzoni Auramo S.I. (Spain) recoverable on the basis of the plans approved by the board of directors over the third financial year pending a better consolidation of the economic results.

Some of the variations in deferred tax assets under the item 'Sundry' only effect the comprehensive income statement and not the income statement.

As for the previous year, at 31 December 2015 no deferred tax liability was recognized on the undistributed earnings of some subsidiaries and associates as the Group has determined that these earnings will not be distributed in the foreseeable future.

## 9.2 Income tax

The main components of Income tax for the years ended 31 December 2015 and 2014 are the following:

Consolidated income statement	2015	2014
<i>Current income tax</i>		
Current income tax charge	2,098	1,090
<i>Deferred income tax</i>		
Related to recognition and reversal of temporary differences	(11)	151
<b>Income tax expense reported in the consolidated income Statement</b>	<b>2,087</b>	<b>1,241</b>

Reconciliation between effective tax charge and the theoretical tax charge, calculated as product of accounting profit multiplied by domestic tax rate for the years ended 31 December 2015 and 2014, is the following:

Income tax	2015		2014	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		27.50%		27.50%
Result before tax	7,011		2,089	
<b>Theoretical tax charge</b>	<b>1,928</b>		<b>574</b>	
<i>Plus variations</i>				
Tax free or non-taxable income	10		10	
Exchange rate fluctuations	283		-	
Non-deductible costs	494		1,129	
<i>Minus variations</i>				
Other minus variations	(1,128)		(776)	
<b>Taxable income</b>	<b>6,670</b>		<b>2,452</b>	
<b>INCOME TAX</b>	<b>1,834</b>	<b>26.20%</b>	<b>674</b>	<b>35.20%</b>

IRAP	2015		2014	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		3.90%		3.90%
Result before tax	7,011		2,089	
<b>Theoretical tax charge</b>	<b>273</b>		<b>81</b>	
<i>Plus variations</i>				
Personnel costs	-		12,695	
Other plus variations	1,806		804	
<i>Minus variations</i>				
Other minus variations	(2,056)		(4,921)	
<b>Taxable amount</b>	<b>6,761</b>		<b>10,667</b>	
<b>IRAP INCOME TAX</b>	<b>264</b>	<b>3.80%</b>	<b>416</b>	<b>19.90%</b>

## 10. Inventory

	2015	2014
Raw material	10,768	10,537
Obsolescence provision for raw material	(268)	(306)
<b>Net raw materials</b>	<b>10,500</b>	<b>10,231</b>
Semi-finished products	6,393	6,223
Obsolescence provision for semi-finished products	(480)	(444)
<b>Net semi-finished products</b>	<b>5,913</b>	<b>5,779</b>
Finished products	9,518	10,577
Obsolescence provision for finished products	(1,069)	(1,108)
<b>Net finished products</b>	<b>8,449</b>	<b>9,469</b>
<b>Advance</b>	<b>-</b>	<b>-</b>
<b>Total inventory at lesser between cost and net realizable value</b>	<b>24,862</b>	<b>25,479</b>

The lower value of inventory is linked to a better management of the operating activities.

Below are the variations in the obsolescence provision during the periods under examination:

	31.12.2014	Variation	31.12.2015
Obsolesc.prov. for raw material	306	(38)	268
Obsolesc.prov. for semi-finished prod.	444	36	480
Obsolesc.prov. for finished products	1,108	(39)	1,069
<b>Total</b>	<b>1,858</b>	<b>(41)</b>	<b>1,817</b>

The obsolescence provision has been adjusted following specific analyses of recoverability made on each Group company.

## 11. Trade receivables (current)

	2015	2014
Trade receivables	22,799	20,316
Bills subject to collection	5,409	5,572
Bad debt provision	(492)	(511)
<b>Total minority receivables</b>	<b>27,716</b>	<b>25,377</b>
Auramo South Africa	111	226
Bolzoni Portugal Lda	207	215
<b>Total associate receivables</b>	<b>318</b>	<b>441</b>
<b>Total trade receivables</b>	<b>28,034</b>	<b>25,818</b>

Trade receivables, which are higher than the previous financial year, are in line with the increase in turnover.

Below the trade receivables are divided according to due date:

	2015	2014
Receivables not yet due	21,278	19,166
Receivables 30 days overdue	4,621	4,525
Reivables 60 days overdue	1,160	880
Receivables 90 days overdue	295	370
Receivables more than 90 days overdue	680	877
<b>Total trade receivables</b>	<b>28,034</b>	<b>25,818</b>

Below are variations to the bad debt provision:

	2015	2014
Initial balance	511	454
Write-offs	124	102
Provisions	105	159
<b>Final balance</b>	<b>492</b>	<b>511</b>

For the terms and the conditions covering related party receivables, refer to note 34.

Trade receivables are non-interest bearing and generally have a due date of 30-120 days. It should be noted that these amounts are covered by a credit insurance on 90% of the nominal value, therefore the overdue receivables do not represent a risk considered significant.

## 12. Tax receivables

	2015	2014
IRES tax receivable claimed by Parent	413	413
Sundry	235	677
<b>Total</b>	<b>648</b>	<b>1,090</b>

The amount related to "IRES tax receivable claimed by Parent" refers to a receivable following the request for a refund made by the Parent in relation to the acknowledged right to IRAP deduction for years 2007-2011. The item also includes the balance of the advance tax payments made by some of the group companies, beyond the tax payable pertaining to the financial year.

## 13. Other receivables

	2015	2014
VAT receivables	284	669
Sundry	96	146
<b>Total</b>	<b>380</b>	<b>815</b>

## 14. Financial Assets available for sale

	2015	2014
Sundry	-	12
<b>Total</b>	<b>-</b>	<b>12</b>

## 15. Cash and cash equivalents

	2015	2014
Cash in hand and bank deposits	9,080	4,066
<b>Total</b>	<b>9,080</b>	<b>4,066</b>

Bank deposits have a variable interest rate.

Decrease in cash is due to the use of the medium-term loans obtained in the previous financial year.



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

	2015	2014
Cash in hand and bank deposits	9,080	4,066
Bank overdrafts (note 17)	(7)	(12)
Advance on request (note 17)	(1,052)	(4,941)
<b>Total</b>	<b>8,021</b>	<b>(887)</b>

## 16. Share capital and reserves

	2015	2014
Ordinary shares at 0.25 euros each	25,993,915	25,993,915

During year 2015 there have been no variations to share capital.

### Details of other reserves:

	Currency Transl. Diff.	IFRS transl. reserve	Others and retained earnings	Total
<b>Balance at 31.12.2014</b>	<b>(159)</b>	<b>1,344</b>	<b>27,702</b>	<b>28,887</b>
Profit allocation	-	-	1,044	1,044
Payment of dividends	-	-	(910)	(910)
Other changes	644	-	1	645
<b>Balance at 31.12.2015</b>	<b>485</b>	<b>1,344</b>	<b>27,837</b>	<b>29,666</b>

### 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 effects on net equity following the first-time adoption of the IAS/IFRS principles on 1 January 2004.

### Others and retained earnings

This item includes the Parent's reserves (made up of the legal reserve, the statutory reserve, the share premium reserve and the retained earnings resulting from the distribution of profits resolved by the Assembly of Bolzoni S.p.A. Shareholders) and principally the effects on net equity resulting from cash flow hedge and from the attribution of the consolidated results of the previous financial years.

The variation in net equity amounting to 928 thousand euros is attributable to the purchase of the 20% net equity share in the company Bolzoni Hebei.

## 17. Interest bearing loans and borrowings

		Actual interest rate %	Maturity	2015	2014
<b>Short term</b>					
Bank overdrafts			On request	7	12
Trade advances			On request	1,052	2,191
Advance on foreign business			On request	-	2,750
Subsidiary loans				5,701	10,869
€ 9,000,000 unsecured bank loan	(1)	Euribor +2.50	2015	-	1,974
€ 6,000,000 unsecured bank loan	(2)	Euribor +2.00	2015	-	1,494
€ 6,000,000 mortgage loan	(3)	Euribor +1.50	2015	-	673
€ 7,000,000 unsecured bank loan	(4)	Euribor +0.60	2016	1,385	-
€ 5,000,000 unsecured bank loan	(5)	Euribor + 0.60	2016	1,240	-
€ 3,000,000 unsecured bank loan	(6)	Euribor + 0.65	2016	499	-
€ 6,000,000 unsecured bank loan	(7)	Euribor + 0.95	2016	1,191	-
€ 2,000,000 unsecured bank loan	(8)	Euribor + 1.20	2016	667	1,332
€ 3,000,000 unsecured bank loan	(9)	Euribor + 1.25	2016	748	-
€ 6,000,000 unsecured bank loan	(10)	Euribor + 1.30	2016	774	1,774
€ 2,000,000 unsecured bank loan	(11)	Euribor + 1.45	2016	493	-
€ 3,000,000 unsecured bank loan	(12)	Euribor + 0.60	2016	749	1,657
€ 2,000,000 unsecured bank loan	(13)	1.15	2016	390	-
€ 810,000 unsecured bank loan	(14)	7.00	2016	810	-
				<b>15,706</b>	<b>24,726</b>
<b>Medium/short term</b>					
€ 9,000,000 unsecured loan loan	(1)	Euribor + 2.50	2016	-	4,971
€ 6,000,000 unsecured loan loan	(2)	Euribor +2.00	2016	-	2,244
€ 6,000,000 unsecured bank loan	(3)	Euribor +1.50	2016	-	1,431
€ 8,000,000 unsecured bank loan	(10)	Euribor +1.30	2016	-	774
€ 810,000 unsecured bank loan	(14)	7.00	2016	-	810
€ 2,000,000 unsecured loan loan	(8)	Euribor +1.20	2018	-	668
€ 6,000,000 mortgage loan	(3)	Euribor + 1.50	2019	-	2,533
€ 5,000,000 unsecured bank loan	(5)	Euribor + 0.60	2019	3,447	-
€ 3,000,000 unsecured bank loan	(9)	Euribor + 1.25	2019	1,684	-
€ 2,000,000 unsecured bank loan	(11)	Euribor + 1.45	2019	1,137	-
€ 7,000,000 unsecured bank loan	(4)	Euribor + 0.60	2020	4,895	-
€ 3,000,000 unsecured loan loan	(6)	Euribor + 0.65	2020	2,498	-
€ 6,000,000 unsecured loan loan	(7)	Euribor + 0.95	2020	4,784	-
€ 2,000,000 unsecured bank loan	(13)	1.15	2020	1,509	-
Subsidiary loans				2,192	2,450
				<b>22,146</b>	<b>15,881</b>

### **Bank overdrafts and advances on collectable bills subject to final payment and advance on foreign business**

These mainly refer to the parent, the Spanish subsidiary and the Italian subsidiary.

### **Subsidiary loans**

The short term loans of the foreign subsidiaries consist of the following:

- 2.7 million € loan obtained by the subsidiary Auramo OY;
- 1.0 million € loan obtained by the subsidiary Bolzoni Auramo Wuxi;
- 0.5 million € loan obtained by the subsidiary Bolzoni Hebei;
- 1.5 million € loan obtained by the subsidiary Meyer GmbH,

These are unsecured bank loans.

The medium/long term loans of the foreign subsidiaries consist of the following:

- 1.8 million € loan obtained by the subsidiary Meyer GmbH
- 0.4 million € loans obtained by other Group companies

All loans obtained by subsidiary companies are secured by comfort letters given by the parent.

**9,000,000 euro unsecured bank loan (1)**

The loan was unsecured and was paid back in advance.

**6,000,000 euro unsecured bank loans (2)**

The loan was unsecured and was paid back in advance.

**6,000,000 euro mortgage loans (3)**

The two loans, secured by a second degree mortgage on the property in Podenzano, were paid back in advance. repayable in half yearly instalments at a fixed principal instalment value.

**7,000,000 euro unsecured bank loans (4)**

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

**5,000,000 euro unsecured bank loan (5)**

The loan is unsecured and repayable in quarterly instalments.

**3,000,000 euro unsecured bank loan (6)**

The loan is unsecured and is repayable in quarterly instalments.

**6,000,000 euro unsecured bank loan (7)**

The loan is unsecured and is repayable in half-yearly instalments.

**2,000,000 euro unsecured bank loan (8)**

The loan is unsecured and is repayable in half-yearly instalments.

**3,000,000 euro unsecured bank loan (9)**

The loan is unsecured and is repayable in quarterly instalments.

**6,000,000 euro unsecured bank loans (10)**

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

**2,000,000 euro unsecured bank loan (11)**

The loan is unsecured and is repayable in quarterly instalments.

**3,000,000 euro unsecured bank loan (12)**

The loan is unsecured and is repayable in quarterly instalments.

**2,000,000 euro unsecured bank loan (13)**

The loan is unsecured and is repayable in quarterly instalments.

**810,000 euro unsecured bank loan (14)**

The loan is secured by a bank guarantee for 340,000 euros and is repayable on maturity.

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

Loan	Net financial debts/ Equity		Net financial debts/Gross operating margin		Debt within 12 mnths	Debt over 12 mnths
	Limit	2015	Limit	2015		
Euro 3,000,000	1.50	0.71	3.50	2.03	394	-
Euro 6,000,000	1.25	0.71	3.50	2.03	1,200	4,800
Euro 4,000,000	1.25	0.71	3.50	2.03	800	2,800
Euro 3,000,000	1.50	0.71	3.50	2.03	594	2,110
Euro 3,000,000	1.50	0.71	4.50	2.03	500	2,500
Euro 3,000,000	1.50	0.71	3.50	2.03	750	-

As indicated in the above table both covenants have been observed in all loans.

The non-observance of both covenants would give the Banks disbursing loans the right to declare the Parent no longer entitled to the benefit of the term.

<i>Net financial position</i>	<i>31.12.2015</i>	<i>31.12.2014</i>	<i>Variation</i>
A. Cash on hand	10	13	(3)
B. Current bank deposits	9,070	4,053	5,017
<b>D. CASH AND CASH EQUIVALENTS</b>	<b>9,080</b>	<b>4,066</b>	<b>5,014</b>
E. Financial receivables	-	12	(12)
F. Current bank debts	(6,760)	(12,034)	5,274
G. Current part of non-current debt	(8,946)	(12,692)	3,746
<b>I. CURRENT FINANCIAL DEBTS</b>	<b>(15,706)</b>	<b>(24,714)</b>	<b>9,008</b>
<b>J. CURRENT NET FINANCIAL POSITION</b>	<b>(6,626)</b>	<b>(20,648)</b>	<b>14,022</b>
Financial Assets held until maturity	-	-	-
<b>K. NON-CURRENT FINANCIAL DEBTS</b>	<b>(22,508)</b>	<b>(16,404)</b>	<b>(6,104)</b>
<b>N. NON-CURRENT NET FINANCIAL POSITION</b>	<b>(22,508)</b>	<b>(16,404)</b>	<b>(6,104)</b>
<b>NET FINANCIAL POSITION (NET FINANCIAL DEBTS)</b>	<b>(29,134)</b>	<b>(37,052)</b>	<b>7,918</b>

The decrease in net financial position is explained by the correct management of net working capital and by the economic result.

## 18. Employee benefits - T.F.R. retirement allowance

Variations to this fund are given below:

	<i>2015</i>	<i>2014</i>
<b>T.F.R. fund at 01.01</b>	<b>2,812</b>	<b>2,665</b>
Current service cost	750	823
Interest cost	21	61
Actuarial gains/losses	(99)	(410)
Benefits paid/transfer of funds	(838)	(1,147)
<b>T.F.R. fund at 31.12</b>	<b>2,646</b>	<b>2,812</b>

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 statements in accordance with Italian civil laws, the reserve considered as being valid for the IAS purposes has been identified.

Below are details of the assumptions adopted by the Parent for calculating staff benefits:

Demographic assumptions	Executives	Non Executives
Probability of death	Mortality rate tables (named RG 48) for the Italian population as measured by General State Accounting Office	Mortality rate tables (named RG48) for the Italian population as measured by General State Accounting Office.
Probability of disablement	Tables, divided according to sex, adopted in the INPS model for projections up to 2015	Tables, divided according to sex, adopted in the INPS model for projections up to 2015
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 assumptions	Executives	Non Executives
Increase in the cost of life	1.75% per annum	1.75% per annum
Discounting rate	1.39% per annum	1.39% per annum
Increase in TFR retirement allowance	2.81% per annum	2.81% per annum

It should be noted that the Group has used the discounting index iBoxx Eurozone Corporates AA 7-10 as reference at the date of evaluation.

## 19. Provision for contingencies and charges

	31.12.14	Incr.	Decr.	31.12.15	Within 12 mths	After 12 mths
Agents' termination indemnities provision	190	10	-	200	-	200
Product warranty provision	284	257	(282)	259	259	-
Other provisions	22	-	-	22	22	-
<b>Total</b>	<b>496</b>	<b>267</b>	<b>(282)</b>	<b>481</b>	<b>281</b>	<b>200</b>

### **Agents' termination benefit provision**

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

### **Product warranty provision**

This provision has been accrued 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 figures regarding staff costs and costs for materials used for warranty servicing indicating the average impact of these incurred costs incurred with respect to the pertinent turnover.

## 20. Liabilities related to derivate instruments

This item represents the fair value of the eight derivative contracts on Group's interest rates. Of these only six contracts have all the characteristics for classification as hedging according to the related standards. For these contracts recognition is directly to net equity (cash flow hedge reserve, see variations to equity) whereas for the remaining contracts the fair value is accounted for in the income statement.

Below are the main figures of the above-mentioned contracts:

	Maturity	Notional	31.12.2015		31.12.2014		
			Positive Fair value	Negative Fair value	Notional	Pos. Fair value	Negative Fair value
IRS accounted for according to cash flow hedging		-	-	-	2,200	-	53
IRS which do not reflect the requirements established by IAS 39 to be qualified as hedging	2016	8,000	-	127	8,000	-	291
IRS accounted for according to cash flow hedging		-	-	-	7,000	-	80
IRS which do not reflect the requirements established by IAS 39 to be qualified as hedging	2018	3,000	-	86	3,000	-	99
IRS accounted for according to cash flow hedging	2019	1,634	-	9	-	-	-
IRS accounted for according to cash flow hedging	2020	3,000	-	12	-	-	-
IRS accounted for according to cash flow hedging	2020	3,600	-	26	-	-	-
IRS accounted for according to cash flow hedging	2020	6,000	-	49	-	-	-
IRS accounted for according to cash flow hedging	2019	4,691	-	31	-	-	-
IRS accounted for according to cash flow hedging	2020	3,000	-	22	-	-	-
<b>Total derivatives for hedging against interest rate risk</b>		<b>32,925</b>	-	<b>362</b>	<b>20,200</b>	-	<b>523</b>

## 21. Trade payables

	2015	2014
Advance from customers	147	59
Domestic suppliers	14,563	13,786
Foreign suppliers	4,717	5,045
	<b>19,427</b>	<b>18,890</b>

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

Domestic supplier payables at 31 December 2015 include 221 thousand euros for investments in tangible fixed assets made during the second half of the period (Note 4).

## 22. Other payables

	2015	2014
Payables to employees for wages	1,434	1,325
Payables to employees for matured but unused holidays	757	660
Tax collection for employees pay	316	354
Other accrued expenses	979	821
VAT	911	28
Other liabilities	1,274	1,944
Social security payables	934	961
	<b>6,605</b>	<b>6,093</b>

### 23. Payables for income taxes

	2015	2014
Debt for income tax	1,254	262
	<b>1,254</b>	<b>262</b>
<i>Within the financial period</i>	1,254	262
<i>After the financial period</i>	-	-

## INCOME STATEMENT

### Revenue

For the break-down of revenue, please read note 3 regarding Segment Information.

### 24. Other revenue

	2015	2014
Sundry income	302	752
Gains on equity	45	56
	<b>347</b>	<b>808</b>

Sundry income mainly includes refund of expenses charged to third parties and non-operating profit. Gains on equity refer mainly to the disposal of divested industrial equipment and vehicles.

### 25. Costs for raw material and consumable supplies

	2015	2014
Raw material	28,140	25,055
Commercial goods	2,564	2,167
Semi-finished products	20,786	18,888
Other purchases for production	4,650	3,593
Sundry purchases	1,584	1,895
Accessory expenses	635	526
Finished products	3,733	3,052
	<b>62,092</b>	<b>55,176</b>

The variation in costs for raw materials is linked to the trend in sales volumes.

### 26. Service costs

	2015	2014
Industrial services	10,965	8,922
Commercial services	3,746	3,737
General services	5,921	5,749
Costs related to use of third party assets	2,587	2,612
	<b>23,219</b>	<b>21,020</b>

Service costs have increased but are in line with the trend in turnover. Their percentage impact on income has decreased.



## 27. Personnel costs

	2015	2014
Wages and salaries	29,240	26,350
Social security	6,730	6,402
TFR retirement allowance (note 18)	750	823
Sundry costs	1,259	1,230
	<b>37,979</b>	<b>34,805</b>

Personnel costs have increased due to increase in the number of employees, as shown in the following table, and due to the foreseen contractual adjustments

The number of Group employees at 31 December:

	31.12.2015	31.12.2014	Variation
Top Managers	22	33	(11)
First-line managers	10	7	3
White collar	321	329	(8)
Blue collar	465	368	97
<b>Total</b>	<b>818</b>	<b>737</b>	<b>81</b>

## 28. Other operating costs

	2015	2014
Tax and duty	665	577
Bad debt	5	2
Losses on sale of fixed assets	11	207
Sundry	278	339
	<b>959</b>	<b>1,125</b>

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

## 29. Financial income and charges

	2015	2014
Financial expenses	(1,743)	(1,930)
Loss from sale of NE assessed investments	(385)	-
Financial income	273	241
Gains and (Losses) on exchange rates	655	1,097
<b>Net financial income (expenses)</b>	<b>(1,200)</b>	<b>(592)</b>

Compared to the previous year, financial expenses have decreased, thanks to the drop in the Net Financial Position and the reduction of the spreads on new loan contracts made during the financial year. For comments on the loss from sale of NE assessed investments please refer to the specific paragraph (Note 7).

Exchange rate differences are mainly due to the revaluation of the US dollar against the Euro.

### 29.1 Financial expenses

	2015	2014
Interest on short term payables (overdrafts and credit disinvestments)	405	394
Interest on medium/long term loan payables	674	999
Fair value evaluation on derivatives	298	256
Charges other than above (lease contracts and sundry)	366	281
	<b>1,743</b>	<b>1,930</b>

### 29.2 Financial income

	2015	2014
Interest income from customers	265	231
Income other than above	8	10
	<b>273</b>	<b>241</b>

### 29.3 Exchange rate gains and losses

	2015	2014
Exchange rate gains	1,531	744
Exchange rate differences following translation	557	1,010
Exchange rate losses	(1,433)	(657)
	<b>655</b>	<b>1,097</b>

### 30. Stock option plan

At the date of the consolidated financial statements the Group does not have any stock option plans running.

At the balance sheet date, Bolzoni S.p.A. 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.

Below are details on earnings and information on the shares used to calculate basic and diluted earnings per share:

<i>Earnings/ (losses) per share</i>	2015	2014
Net group profit attributable to ordinary shareholders	4,782	1,044
Average number of ordinary shares (n°/000)	25,994	25,994
Basic earnings per ordinary share	0.184	0.040

### 32. Dividends

During the financial year 2015 dividends were approved and paid out for the amount of € 909,787.03 (2014: € 909,787.03). The remaining dividends recorded refer to the part relating to third parties resolved by the subsidiary companies.

The Board of Directors of the Parent will make the proposal to the Shareholders' meeting for the total accrual to reserve of the entire profits of the financial year

### 33. Commitments and contingencies

#### Capital commitments

At December 31, 2015 and at December 31, 2014 the value of the Group's commitments was not material.

#### Legal litigations

On June 19, 2014 the Customs Office carried out an inspection on the Company regarding the export documentation for the Intra EU and Extra EU areas for the years 2010, 2011, 2012 and 2013 discovering that with regards to transactions within the EU for an overall VAT free amount of 2.3 million euros the Company was not able to produce the complete documents proving the delivery of the related goods. Following report, on October 2, 2014 the Company handed over to the Tax Authorities of Piacenza the requested documentation showing the consignment of the goods outside Italy.

On December 2, 2015 the Tax Authorities of Piacenza informed the Company that the observations made in the Minutes of the Report regarding years 2010 and 2011 have been set aside.

In view of the documentation provided, the Company believes that the observations made regarding the years 2012 and 2013 will also be reasonably dismissed.

#### Guarantees granted

Bolzoni S.p.A. has granted the following guarantees at 31st December 2015:

- it has destined some land and buildings as guarantee against two mortgage loans (see note 17);
- it has granted a surety to a bank for the amount of € 800,000 (2014: € 800,000) in favour of the subsidiary Meyer GmbH;
- it has granted a surety to a bank for the amount of € 1,900,000 (2014: € 2,000,000) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 750,000 (2014: € 0) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 1,500,000 (2014: € 1,500,000) in favour of the subsidiary Meyer GmbH;
- it has granted a surety to a bank for the amount of € 650,000 (2014: € 650,000) in favour of the subsidiary Bolzoni Italia S.r.l.;
- it has granted a surety to a bank for the amount of € 225,000 (2014: € 0) in favour of the subsidiary Bolzoni Italia S.r.l.;
- it has granted a surety to a bank for the amount of € 2,700,000 (2014: € 2,700,000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630,000 (2014: € 630,000) in favour of the subsidiary Bolzoni S.a.r.l.;
- it has granted a surety to a bank for the amount of € 304,898 (2014: € 304,898) in favour of the subsidiary Bolzoni S.a.r.l.;
- it has granted a surety to a bank for the amount of € 950,000 (2014: € 950,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2014: € 1,800,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2014: € 1,800,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 500,000 (2014: € 500,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 2,000,000 (2014: € 2,000,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,100,000 (2014: € 1,100,000) in favour of the subsidiary Bolzoni Auramo Wuxi; and
- it has granted a surety to a bank for the amount of RMB 10,000,000 (2014: RMB 10,000,000) in favour of the subsidiary Bolzoni Huaxin.

### 34. Disclosure 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 note 11).

<i>Related parties</i>		<i>Revenue with related parties</i>	<i>Costs with related parties</i>	<i>Related parties receivables</i>	<i>Related parties payables</i>
Associates:					
Auramo South Africa	2015	409		111	-
	2014	654	-	226	-
Bolzoni Portugal Lda	2015	977	-	207	-
	2014	277	-	215	-
Jing County Xin Huaxin	2015				
	2014	660	573	19	31
<hr/>					
Other related companies:	2015	-		-	-
	2014	-	348	-	-
<hr/>					
Total associated and related companies:	2015	1,386		318	
	2014	1,591	921	460	31

#### ***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 2015 the Group, as in previous years, has not made any provision for doubtful debts referring to amounts owed by related parties.

### 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 main risks arising from the Group's financial instruments are those in connection with interest rates, liquidity, exchange rates and receivables. 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 2.4.

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. At 31.12.2015 there are no forward contracts open on foreign currencies.

The Group's policy is that no trading in financial instruments shall be undertaken for speculative purposes. For the financial year under examination only two IRS contracts (see Note 20) do not appear to follow the hedging parameters established by IFRS.

**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. Below are shown the effects that could derive from a 0.25 BPS variation in interest rates.

	Variations in presumptions	Effect on gross profit before tax
2015	0.25 BPS (0.25 BPS)	(10) 10
2014	0.25 BPS (0.25 BPS)	(49) 49

As at 31 December 2015 loans hedged against interest rate risk amounted to 32.94 million euros.

The Group has eight 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. Two IRS contracts do not appear to observe the requisites established by the international accounting standards for qualification as a hedging instrument (see note 20).

**Foreign currency risk**

The Group has identified its exposure to foreign currency risks mainly in connection with future collection of amounts in foreign currency (mainly 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 on the web site of the Italian Exchange Rate Office.

The following table shows the effects of possible variations to exchange rates on the main items of financial reports for the subsidiaries operating outside the Euro zone.

	Currency	Incr/ Decr	Variat.net equity *	Variat. credits/ debts	Variat. turnover	Variat. profit before tax
2015	USD	+ 5 % / - 5%	-9/+10	-292/+322	-968/+1,070	+14/-16
	SEK	+ 5 % / - 5%	- 3/+ 3	- 20/+ 23	-148/+164	- 5/+ 5
	GBP	+ 5 % / - 5%	- 11/+ 13	- 57/+ 63	-323/+357	-16/+18
	\$ AUS	+ 5 % / - 5%	+ 16/- 18	- 97/+107	-99/+110	+16/- 18
	RMB	+ 5 % / - 5%	+28/-32	- 662/+732	-613/+677	+29/-32
	SLOTY	+ 5 % / - 5%	- 7/+ 8	- 34/+ 38	-128/+141	- 9/+ 9
	\$ CAN	+ 5 % / - 5%	- 1/+ 2	- 32/+ 35	-100/+111	- 2/+ 2
2014	USD	+ 5 % / - 5%	+14/-16	-273/+302	-653/+722	+14/-16
	SEK	+ 5 % / - 5%	- 5/+ 5	- 15/+ 16	-149/+165	- 8/+ 9
	GBP	+ 5 % / - 5%	- 7/+ 8	- 53/+ 59	-293/+324	-10/+11
	\$ AUS	+ 5 % / - 5%	+ 6/- 7	- 126/+139	-138/+152	+ 7/- 7
	RMB	+ 5 % / - 5%	+45/-50	- 532/+588	-422/+467	+45/-50
	SLOTY	+ 5 % / - 5%	- 5/+ 5	- 27/+ 30	-130/+144	- 7/+ 7
	\$ CAN	+ 5 % / - 5%	- 3/+ 3	- 38/+ 42	-97/+107	- 5/+ 5

\* 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 foreign customers: more specifically, the instruments used are essentially forward currency contracts and Put options.

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 2015 there are no derivative contracts running of this nature.

Following the expansion of its activities ton 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.

***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.

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

***Liquidity risk***

The liquidity risk is linked to the difficulty of finding funds to meet the company commitments. It can be caused when available resources are insufficient to meet the financial obligations, according to the established terms and due dates, if a credit line is suddenly revoked or if the Group needs to fulfil its financial payables before their natural due date. Thanks to a careful and cautious financial policy and to continue monitoring of both the balance between the credit lines granted and used, and the balance between short term and medium-long term debts, the Group is provided with lines of credit adequate in quality and quantity to meet its financial needs.

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.

The Group therefore performs a continue check of the estimated financial requirements so that any necessary actions can be promptly taken (finding additional lines of credit, increases in share capital, etc.).

**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 statements, divided according to category:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Financial assets</i>				
Cash in hand	9,080	4,066	9,080	4,066
Other financial assets (long term)	-	-	-	-
Financial assets available for sale	-	12	-	12
<i>Financial liabilities</i>				
Bank overdrafts and advances	(1,058)	(4,952)	(1,058)	(4,952)
Loans:				
At variable rates	(34,445)	(35,368)	(34,445)	(35,368)
At fixed rates	(2,711)	(810)	(2,711)	(810)
Forward currency contracts *	-	-	-	-
Swap Interest Rates *	-	-	-	-

\* accounted for in the financial statements 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.

### Interest rate risk

The following table shows the carrying amount, according to maturity date, of the Group's financial instruments exposed to interest risk.

Fixed rate	<1 year	>1<2	>2<3	>3<4	>4<5	> 5	Total
Banca di Piacenza loan	(391)	(396)	(401)	(406)	(307)	.	(1,901)
Simest loan	(810)	-	-	-	-	-	(810)

Variable rate	<1 year	>1<2	>2<3	>3<4	>4<5	> 5	Total
Liquid funds	9,080	-	-	-	-	-	9,080
Derivative liabilities	-	(362)	-	-	-	-	(362)
Overdrafts on bank accounts	(1)	-	-	-	-	-	(1)
Advance on collectable bills subject to final payment	(1,057)	-	-	-	-	-	(1,057)
Advance on foreign business	-	-	-	-	-	-	-
Subsidiary loans	(5,701)	(2,191)	-	-	-	-	(7,892)
Carisbo loan	(748)	(747)	(750)	(187)	-	-	(2,432)
Banca di Piacenza loan	(131)	-	-	-	-	-	(131)
Unicredit Bank loan	(393)	-	-	-	-	-	(393)
Unicredit Bank loan	(1,191)	(1,184)	(1,200)	(1,200)	(1,200)	-	(5,975)
Unicredit Bank Loan	(794)	(790)	(800)	(800)	(400)	-	(3,584)
Cariparma mortgage loan	(593)	(592)	(602)	(605)	(305)	-	(2,697)
GE Capital loan	(250)	-	-	-	-	-	(250)
B.ca Nazionale Lavoro loan	(333)	-	-	-	-	-	(333)
B.ca Nazionale Lavoro loan	(333)	-	-	-	-	-	(333)
B.ca Nazionale Lavoro loan	(499)	(664)	(667)	(667)	(500)	-	(2,997)
Banco Popolare loan	(493)	(500)	(509)	(128)	-	-	(1,630)
Banco Popolare loan	(1,240)	(1,248)	(1,253)	(947)	-	-	(4,688)
Deutsche Bank loan	(748)	-	-	-	-	-	(748)



### 36. Remuneration of Directors and Statutory Auditors

The following table shows the remuneration during year 2015 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	230	33	Director
Roberto Scotti	230	33	Director
Luigi Pisani	9	-	Director
Franco Bolzoni	28	-	Director
Pierluigi Magnelli	28	-	Director
Karl Peter Otto Staack	28	-	Director
Raimondo Cinti	9	-	Director
Giovanni Salsi	9	-	Director
Paolo Mazzoni	28	-	Director
Claudio Berretti	28	-	Director
Elena Zanconti	19	-	Director
Patrizia Rosi	19	-	Director
<b>Total</b>	<b>665</b>	<b>66</b>	
Giorgio Picone	28	-	Auditor
Carlo Baldi	15	-	Auditor
Maria Gabriella Anelli	15	-	Auditor
<b>Total</b>	<b>58</b>	<b>-</b>	

### 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 Deloitte & Touche S.p.A. in April 2012. Below is a summary of fees paid during the financial period in exchange for services rendered to the Group by the following:

- by the audit company for auditing services;
- by the audit company, for services other than above;
- by companies belonging to the audit company's network, for services divided according to type.

/000 euros		Partial consideration	Total consideration
Audit	Deloitte & Touche	79	
	Other companies of Deloitte & Touche network	95	174
Tax assistance services	Deloitte & Touche	-	
	Other companies of Deloitte & Touche network	18	18
Other services	Deloitte & Touche	-	
	Other companies of Deloitte & Touche network	-	-
<b>Total</b>			<b>192</b>

### **38. Events subsequent to the balance sheet date**

It is acknowledged that, as disclosed to the market and to CONSOB, on February 14, 2016 a agreement was entered into which foresees the acquisition by Hyster-Yale Materials Handling Inc., with headquarters in Cleveland – Ohio (or another of its group companies as designated by Hyster Yale) of the entire share capital of Penta Holding S.p.A. (except the treasury shares owned by Penta Holding S.p.A.) holder of a majority stake of approximately 50.4% of Bolzoni S.p.A.

The completion of the transaction, subject to the customary closing conditions established in the agreement, is expected to take place in the second quarter of 2016. If this should occur, the purchase would then be obliged to launch a public total tender offer, pursuant to articles 102 and 106 of the Legislative Decree n. 58 dated February 24, 1998 on the remaining Bolzoni S.p.A. shares at the price which, in compliance with the law, will be equal to the valuation of the majority stake of the Issuer held by Penta Holding S.p.A., as agreed upon by the parties in the agreement, amounts to 4.30 euros per share, inclusive of Bolzoni S.p.A.'s 2015 consolidated net income.

It should be noted that the valuation made of the Company is significantly higher than the consolidated equity of the Company therefore making it unnecessary to perform any first level impairment tests.

The Directors also declare that on the basis of meetings held with members of the Hyster-Yale group they do not believe that, in the foreseeable future, there will be any changes to strategies and to the approved multi-year business plan that could result in a reduction in value on non-current assets recorded in the separate financial statement.

For further details regarding the above mentioned acquisition, please refer to the press releases issued on February 15 and March 4 of this year, available both on the Issuer's company website (<http://www.bolzonigroup.com>) and in the authorized storage system "1info" on the website: <http://www.1info.it>.

No other significant events have occurred after the balance sheet date.

## INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the Shareholders of  
BOLZONI S.p.A.**

### **Report on the Consolidated Financial Statements**

We have audited the consolidated financial statements of Bolzoni S.p.A. and its subsidiaries (the "Bolzoni Group"), which comprise the consolidated balance sheet as at December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Bolzoni Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Bolzoni S.p.A., with the consolidated financial statements of Bolzoni Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of Bolzoni Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Valeria Brambilla  
Partner

Parma, Italy  
March 23, 2016

*This report has been translated into the English language solely for the convenience of international readers.*

**BALANCE SHEET as at 31 December 2015**

BALANCE SHEET <i>(euros)</i>	Notes	31/12/2015	31/12/2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	9,005,749	9,948,635
Intangible fixed assets	4	1,176,540	1,204,808
Investment in subsidiaries	5	46,609,600	46,409,600
Investment in associated companies	6	15,500	15,500
Financial Receivables and other financial assets	7	14,796	15,796
Deferred tax assets	8	247,781	249,468
<b>Total non-current assets</b>		<b>57,069,966</b>	<b>57,843,807</b>
<b>Current assets</b>			
Inventory	9	6,611,955	6,502,226
Trade receivables	10	18,061,233	18,892,518
- of which related to subsidiaries	10	7,871,862	9,848,776
- of which related to associates	10	155,042	75,241
Tax receivables	11	412,569	412,569
Other receivables	12	255,016	398,662
- of which related to subsidiaries	12	-	-
- of which related to associates	12	-	-
Financial receivables and other financial assets	13	12,425,423	6,546,943
- of which related to subsidiaries		12,425,423	6,546,943
Cash and cash equivalent	14	3,624,648	415,937
<b>Total current assets</b>		<b>41,390,844</b>	<b>33,168,855</b>
<b>TOTAL ASSETS</b>		<b>98,460,810</b>	<b>91,012,662</b>

**BALANCE SHEET as at 31 December 2015**

<b>BALANCE SHEET</b> <i>(euros)</i>	Notes	31/12/2015	31/12/2014
<b>EQUITY</b>			
Share capital	15	6,498,479	6,498,479
Reserves	15	33,916,661	32,555,604
Net result of the year	15	3,226,272	2,277,181
<b>TOTAL EQUITY</b>		<b>43,641,412</b>	<b>41,331,264</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans	16	19,954,067	13,430,953
Employee benefits - T.F.R. retirement allowance	17	2,187,734	2,360,212
Deferred tax liability	8	172,097	258,254
Long-term provisions	18	200,000	190,000
Liabilities for derivatives	19	362,020	522,653
<b>Total non-current liabilities</b>		<b>22,875,918</b>	<b>16,762,072</b>
<b>Current liabilities</b>			
Trade payables	20	16,693,234	15,031,100
<i>- of which related to subsidiaries</i>	20	1,254,337	1,025,123
Financial short-term liabilities and current portion of long-term loans	16	11,798,997	15,637,746
<i>- of which related to subsidiaries</i>		2,784,789	3,064,503
Other current payables	21	2,257,419	2,056,775
Payable for income taxes	22	1,090,505	102,718
Current provision	18	103,325	90,987
<b>Total current liabilities</b>		<b>31,943,480</b>	<b>32,919,326</b>
<b>TOTAL LIABILITIES</b>		<b>54,819,398</b>	<b>49,681,398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>98,460,810</b>	<b>91,012,662</b>



**INCOME STATEMENT for fiscal year ended 31 December 2015**

INCOME STATEMENT	Notes	31/12/2015	31/12/2014
<i>(euros)</i>			
Net sales	23	70,920,199	63,353,062
- of which related to subsidiaries and associates	32	22,362,029	20,698,645
Other revenues	24	69,170	197,854
<b>Total revenues</b>		<b>70,989,369</b>	<b>63,550,916</b>
Costs for raw material and consumables	25	(39,833,514)	(36,553,935)
- of which related to subsidiaries and associates	32	(6,252,050)	(5,372,598)
Costs of services	26	(10,591,442)	(9,407,084)
Personnel costs	27	(12,671,579)	(12,052,700)
Other operating expenses	28	(280,161)	(290,280)
Impairment of investments	5	(650,000)	(500,000)
<b>Gross operating result (Ebitda)</b>		<b>6,962,673</b>	<b>4,746,917</b>
Depreciation and Amortization	3 - 4	(2,228,792)	(2,319,632)
Accruals and impairment losses	10 -18	(154,408)	(125,276)
<b>Operating result</b>		<b>4,579,473</b>	<b>2,302,009</b>
Financial expenses	29	(881,445)	(1,136,740)
- of which related to subsidiaries	32	(64,464)	(79,538)
Financial income	29	702,551	1,334,801
- of which related to subsidiaries	32	196,488	136,565
- of which related to dividends from subsidiaries	29	502,138	1,192,673
Currency exchange gain and losses	29	494,372	881,746
<b>Result before tax</b>		<b>4,894,951</b>	<b>3,381,816</b>
Income taxes	8	(1,668,679)	(1,104,635)
<b>Net result of the year</b>		<b>3,226,272</b>	<b>2,277,181</b>

**STATEMENT OF COMPREHENSIVE INCOME for fiscal year ended 31 December 2015**

STATEMENT OF COMPREHENSIVE INCOME	31/12/2015	31/12/2014
<b>Profit/Loss of the year (A)</b>	<b>3,226,272</b>	<b>2,277,181</b>
<i>Components which will be subsequently reclassified in the result of the year</i>		
Loss on hedging instruments designated in cash flow hedge	(16,195)	(71,035)
Tax effect	4,454	19,535
<i>Components which will not subsequently be reclassified in the result of the year</i>		
Actuarial gain/loss of defined benefit plans	92,424	(410,415)
Tax effect	(25,417)	112,864
<b>Total Other comprehensive income (B)</b>	<b>55,266</b>	<b>(349,051)</b>
<b>Total comprehensive income (A + B)</b>	<b>3,281,538</b>	<b>1,928,130</b>



**STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2015**

	Capital	Revaluation reserve	Share premium reserve	Legal reserve	Other Reserves	IAS 19 Reserve	Cash flow hedge reserve	Treasury Shares Reserve	Profit	Total Net Equity
<b>Balances on 31.12.2013</b>	<b>6,498,479</b>	<b>2,329,967</b>	<b>17,543,542</b>	<b>1,461,533</b>	<b>11,471,911</b>	<b>(602)</b>	<b>(44,479)</b>	<b>0</b>	<b>1,052,570</b>	<b>40,312,921</b>
Profit allocation				52,628	999,942				(1,052,570)	-
Dividends					(909,787)					(909,787)
Year result									2,277,181	2,277,181
Other comprehensive profits/losses						(297,551)	(51,500)		-	(349,051)
<b>Total comprehensive income</b>						<b>(297,551)</b>	<b>(51,500)</b>		<b>2,277,181</b>	<b>1,928,130</b>
<b>Balances on 31.12.2014</b>	<b>6,498,479</b>	<b>2,329,967</b>	<b>17,543,542</b>	<b>1,514,161</b>	<b>11,562,066</b>	<b>(298,153)</b>	<b>(95,979)</b>	<b>0</b>	<b>2,277,181</b>	<b>41,331,264</b>
<b>Balances on 31.12.2014</b>	<b>6,498,479</b>	<b>2,329,967</b>	<b>17,543,542</b>	<b>1,514,161</b>	<b>11,562,066</b>	<b>(298,153)</b>	<b>(95,979)</b>	<b>0</b>	<b>2,277,181</b>	<b>41,331,264</b>
Profit allocation				113,859	2,163,322				(2,277,181)	
Dividends					(909,787)					(909,787)
Treasury shares								(61,303)		(61,303)
Year result									3,226,272	3,226,272
Other comprehensive profits/losses						67,007	(11,741)			55,266
<b>Total comprehensive income</b>						<b>67,007</b>	<b>(11,741)</b>		<b>3,226,272</b>	<b>3,281,538</b>
<b>Balances on 31.12.2015</b>	<b>6,498,479</b>	<b>2,329,967</b>	<b>17,543,542</b>	<b>1,628,020</b>	<b>12,815,601</b>	<b>(231,146)</b>	<b>(107,720)</b>	<b>(61,303)</b>	<b>3,226,272</b>	<b>43,641,412</b>

**CASH FLOW STATEMENT for the fiscal year ended 31 December 2015**

The cash flow statement shows operations with related parties only when they are not inferable from other statements in the financial report. The items related to operations with related parties are described at note 32 of the Explanatory Notes.

	Notes	2015	2014
<b>Net profit of the year</b>		<b>3,226,272</b>	<b>2,277,181</b>
Adjustment to reconcile net profit with cash flow generated (used) by operating activities:			
Depreciation and Amortization	3/4	2,228,792	2,319,632
Accrual to Employee benefits - T.F.R. retirement allowance and financial expenses	17	680,678	692,624
Services paid	17	(760,731)	(721,702)
Accrual of provision	18	113,325	100,987
Reversal of provision	18	(90,987)	(92,476)
Net change of deferred tax	8	(105,432)	254,038
Write down of investments	5/6	650,000	500,000
Changes in operating assets and liabilities:			
(Increase) decrease in inventory	9	(109,730)	(866,102)
(Increase) decrease in trade receivables	10	831,285	(4,108,171)
(Increase) decrease in other receivables	12	143,646	(35,189)
Increase (decrease) in trade payables	20	1,696,886	447,665
Increase (decrease) in other payables	21	200,644	(16,714)
Increase (decrease) in tax payables	22	987,787	102,718
(Increase)decrease in tax receivables	11	-	207,757
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	a)	<b>9,692,435</b>	<b>1,062,248</b>
Cash flows generated by investment activity:			
Gross investments paid in tangible assets	3	(938,837)	(678,543)
Disinvestments in tangible assets	3	20,771	15,627
Net investments paid in intangible assets	4	(374,324)	(433,396)
Investments	5/6	(850,000)	(315,500)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	b)	<b>(2,142,390)</b>	<b>(1,411,812)</b>
Cash flows from financing activities:			
New loans (repayment) and transfer of short term portions to current liabilities.	7-13-16	406,995	(6,563,410)
Net change of other non-current financial assets/liabilities			
Dividends paid	30	(909,787)	(909,788)
Accrual derivatives value	19	(176,829)	40,901
Purchase of treasury shares	15	(61,603)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	c)	<b>(741,224)</b>	<b>(7,432,297)</b>
<b>EXCH. RATE EFFECTS ON CASH AND EQUIVALENTS</b>			
<b>NET INCREASE (DECR.) IN NET CASH &amp; CASH EQUIVALENTS</b>	a)+b)+c)	<b>6,808,821</b>	<b>(7,781,861)</b>
NET CASH AND CASH EQUIVALENTS AT START OF	14	(3,252,144)	4,529,717
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	14	3,556,677	(3,252,144)
<b>CHANGE</b>		<b>6,808,821</b>	<b>(7,781,861)</b>
ADDITIONAL INFORMATION:			
Interest paid		642,638	988,324
Income tax paid		439,550	571,868

## **ACCOUNTING PRINCIPLES AND EXPLANATORY NOTES**

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### **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 statements for the year ended 31 December 2015 was authorized by the resolution taken by the directors on March 14<sup>th</sup> 2016.

As at December 31 2015 the majority of Bolzoni SpA's share capital is owned by Penta Holding S.p.A. with registered offices in Podenzano, Località I Casoni (Piacenza) with 'holding' function on industrial investments.

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.

For the important events occurred after the date of the financial report, please refer to the specific paragraph (Note 38).

### **2. Basis of Preparation and Accounting Principles**

#### **2.1 Basis of preparation**

Bolzoni S.p.A.'s financial statements have been prepared in compliance with the International Accounting Standards 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.

The accounting principles used for this financial statements are those formally approved by the European Union and ruling on December 31st 2015, in addition to the regulations issued to implement art. 9 of the Legislative Decree n° 38/2005. The figures indicated in the accounting statements are given in euros whereas, in the explanatory notes they given in thousands 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, and in Circular n° DEM/6064293 dated July 28 2006.

The financial statements at 31 December 2015 have been drawn up on the basis of the historic cost, modified as required by the accounting standards of reference for the evaluation of certain financial instruments, if necessary.

The company financial statements at 31 December 2015 have been prepared on the going concern assumption. Indeed the Company has assessed that no material uncertainties exist regarding its going concern (as established under paragraph 25 of the IAS 1) also considering the cash flow from the operating activity, the economic and financial forecasts reflected in the budget approved by the board of directors for the period 2016 and the multi-year business plan approved also by the Board of Directors.

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;
- Changes in Equity: the Company includes all changes in equity including those deriving from transactions with shareholders (distribution of dividends, share capital increases and purchase of treasury shares)

**IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE JANUARY 1, 2015**

The following IFRS accounting standards, amendments and interpretations were first adopted by the Company starting January 1, 2015:

- On May 20, 2013, **IFRIC interpretation 21 – Levies** was issued. The interpretation clarifies when a liability for levies (other than income taxes) imposed by government agencies should be recognised. This standard addresses both levies that are accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, and those for which the settlement timing and amount are certain. The interpretation applies retrospectively to reporting periods beginning on or after June 17, 2014. The adoption of this new interpretation had no impact on the financial statements of the Company.)
- On December 12, 2013, the IASB issued document “**Annual Improvements to IFRSs: 2011-2013 Cycle**” implementing the amendments to some principles within the yearly improvement process (including IFRS 3 *Business Combinations – Scope exception for joint ventures*, IFRS 13 *Fair Value Measurement – Scope of portfolio exception*, IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*). The amendments apply to reporting periods beginning on or after January 1, 2015. The adoption of these amendments had no impact on the financial statements of the Company.

**IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION BUT NOT YET MANDATORILY APPLICABLE AND NOT EARLY ADOPTED BY THE GROUP AS AT DECEMBER 31, 2015**

The Company has not adopted the following new and amended standards, that have been issued but are not mandatorily applicable.

- Amendment to IAS 19 “**Defined Benefit Plans: Employee Contributions**” (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The amendment applies at the latest for reporting periods beginning on February 1, 2015 or at a later date.
- Amendment to IFRS 11 *Joint Arrangements – Accounting for acquisitions of interests in joint operations*” (issued on May 6, 2014) concerning the accounting for acquisitions of interests in a joint operation when the operation constitutes a business. The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture – Bearer Plants*” (issued on June 30, 2014) providing for bearer plants, i.e. fruit trees that bear produce annually (such as vines, hazelnut plants) to be accounted for under IAS 16 (rather than IAS 41). The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendments to IAS 16 *Property, plant and Equipment* and IAS 38 *Intangibles Assets – Clarification of acceptable methods of depreciation and amortisation*” (issued on May 12, 2014) establishing that a depreciation method that is based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendment to IAS 1 – “**Disclosure Initiative**” (issued on December 18, 2014): the goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The amendments apply as of January 1, 2016, though early adoption is allowed.
- Amendment to IAS 27 – “**Equity Method in Separate Financial Statements**” (issued on August 12, 2014). The document introduces the option of using the equity method in an entity’s separate financial statements in order to measure investments held in subsidiaries, joint ventures and associates. The amendments apply as of January 1, 2016, though early adoption is allowed.

Directors do not expect any significant effect on the financial statements of the Company when these amendments are adopted.

Finally, in the annual process of improvement of the standards, on December 12, 2013, the IASB published documents “Annual Improvements to IFRSs: 2010-2012 Cycle” (including IFRS 2 *Share Based Payments – Definition of vesting condition*, IFRS 3 *Business Combination – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments’ assets to the entity’s assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) and – on September 25, 2014 – “Annual Improvements to IFRSs: 2012-2014 Cycle” (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosure* and IAS 19 – *Employee Benefits*) partly amending existing standards. The amendments apply at the latest to the reporting periods starting on or after February 1, 2015 and reporting periods on or after January 1, 2016.

Directors do not expect any significant effect on the financial statements of the Company when these amendments are adopted.

## **IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION**

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Consolidated Financial Statements.

- **IFRS 14 – Regulatory Deferral Accounts** (issued on January 30, 2014) allowing first-time adopters of IFRS to continue to account balances regarding Rate Regulation Activities according to the previously adopted accounting standards. As the Company is not a first-time adopter this standard is not applicable.
- **IFRS 15 – Revenue from Contracts with Customers** (issued on May 28, 2014) bound to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IFRS principles such as lease and insurance policy contracts and financial instruments. The main steps for revenue recognition according to the new model are:
  - identifying the agreement in place with the customer;
  - identifying the performance obligations under the agreement;
  - defining the transaction price;
  - price allocation to the performance obligations under the agreement;
  - revenue recognition criteria when the entity satisfied each performance obligation.

This standard is applicable as of January 1, 2018, though early adoption is allowed.

Directors expect that the adoption of IFRS 15 will have an impact on the revenue amounts recognition and the relevant disclosure included in the Company’s financial statements.

- Final version of **IFRS 9 – Financial instruments** (issued on July 24, 2014). The standard includes the results of the classification, valuation, impairment and hedge accounting phases relating to the IASB project pending the replacement of IAS 39:
  - it introduces new criteria to classify and measure financial assets and liabilities.
  - with reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data.
  - a new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).

The new standard, which supersedes the previous versions of IFRS 9, must be applied to reporting periods beginning on January 1, 2018 and thereafter.

Directors expect the application of IFRS 9 to have a significant impact on the balances and the relevant disclosures in the Company’s Financial Statements.

- On January 13, 2016, the IASB issued **IFRS 16 – Leases** which is to replace IAS 17 – *Leases*, as well as IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.



The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statements of financial position as assets and lease financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.

The standard applies for the reporting period beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers.

Directors expect the adoption of IFRS 16 to have a significant impact on lease accounting and the relevant disclosures included in the Company's Financial Statements.

- Document "**Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)**" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period beginning on January 1, 2016 or at a later date. Early adoption is allowed.

Directors do not expect any significant effect on the financial statements of the Company when these amendments are adopted, as the Company does not meet the definition of investment entity.

On September 11, 2014 the IASB issued an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The purpose of these amendments were to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of this amendment for the time being.

## 2.2 Judgements and significant accounting estimations

### 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 permanent impairments in of value of investments, benefits to employees, taxes and accrual to provisions for contingencies and risks.

Estimates and assumptions are revised 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.

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 in investments

Investments are subjected to verification for possible impairment at least once a year in all those circumstances where the carrying amount of the investment is less than the corresponding equity method value; this verification requires an estimate of the recoverable amount of the cash generating unit, which is based on the estimate of the current value of cash flows expected from the cash-generated unit and on their discounting on the basis of an appropriate discount rate. Further information is available in Note 5.

### Amortization (for assets with a defined useful life)

With the aim of calculating amortizations, the residual useful lives of assets are revised from time to time.

## 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 generally attributed to the various categories of 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 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 amount of property, plant and equipment is revised for possible impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, according to the established depreciation plan. If an indication of this type exists and in the event that the carrying amount 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 de-recognition (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 rewards 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 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 for 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 definite or indefinite. Intangible assets with definite 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 definite 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 amount of development costs is revised 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	Definite	Definite
Method used	Licences amortized on a straight line basis over 3/5 years; Patents amortized on a straight line basis over 10 years;	Amortized over 5 years, on a straight-line basis, corresponding to the period of expected future sales deriving from the related project
Internally generated or acquired	Acquired	Internally generated
Impairment testing/tests on recoverable amounts	Annually or more frequently when there is indication of impairment.	Annually or more frequently when there is indication of impairment.

Gains or losses deriving from de-recognition 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 non-financial 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 amount 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 amount. The recoverable amount 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 amount 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-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 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. The Company evaluates, at each financial date of reference, if there is any objective evidence that the investments have been impaired. If such evidence exists the Company establishes the amount of the possible impairment in order to reduce the value. Whenever the Company's possible share of the associated/subsidiary company's losses exceeds the carrying amount of the investment, it is necessary to proceed to the write-off of the investment carrying amount 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.

With regards to losses in the value of investments, please refer to note 2.2

### **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 carrying amount 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.

The Company does not own any available-for-sale financial assets.

### **Inventories**

Inventories are measured at the lower of the purchase or production cost and expected net realizable value.

Costs incurred for bringing each product to its present location and storage 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 to reflect their presumed realizable value. This provision is made when objective elements determine the impossibility of collecting 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 and advances on request (as indicated in notes 14 and 16) as they are overdrafts and advances on request.

### **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.

### **De-recognition 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 amount 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.

The Company does not have retribution schemes under the form of investment in capital.

### **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, as it is considered a plan with defined benefits in accordance with IAS 19, is determined separately for each company at the end of each financial period using the projected unit credit actuarial valuation method. Revaluations, including actuarial gains and losses, excluding net interest, are immediately recognized in the balance sheet by charging or crediting the retained earnings through the other comprehensive income in the financial year in which they appeared. 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 intended 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 amount 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 are 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.

The Company does not have assets available for sale and liabilities associated with these assets.

### **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 provided***

Revenue from services provided (technical servicing, repairs, other services rendered) is recognized when the service has been provided.

#### ***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 revised 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***

Derivative financial instruments are recognised at fair value and variations to fair value are taken to income statement when they do not qualify as hedge accounting or because of the type of instrument, or following the Company's decision to not perform the so-called effectiveness test. Derivative financial instruments are classified as hedge instruments when the relation between the derivative and the hedged object is formally documented and the effectiveness of hedging, periodically verified, is recognised according to IAS 39. When the hedging derivatives cover the risk of variations in cash flow of the hedged elements (Cash Flow Hedge) the effective portion of the fair value variations of the derivatives is directly taken to net equity whereas the ineffective portion is directly taken to income statement. The amounts recognised directly in net equity are reflected in the income statement coherently to the economic effects produced by the hedged element. When however the derivatives cover the risk of variations in the fair value of hedged elements (Fair Value Hedge) the fair value variation of the derivatives are taken directly to income statement; coherently, the hedged instruments are suitable for reflecting the fair value variations associated with the hedged risk.

### ***Foreign currency translation***

Monetary assets and liabilities denominated in foreign currencies are translated into euros (the operating 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. No monetary items carried in foreign currencies at the fair value are translated using the exchange rate ruling on the date the value is determined.

## 2.4 Segment information

The Company operates in a single segment made up of attachments for fork lift trucks.

## 3. Property, plant and equipment

	01.01.15	Addition	Deprec.	Decrease (1)	31.12.15
Land	721	-	-	-	721
Buildings	7,147	9	-	-	7,156
Plant and machinery	23,999	632	-	(131)	24,500
Equipment	3,267	122	-	(99)	3,290
Other assets	3,290	141	-	(82)	3,349
Construction in progress	-	-	-	-	-
<b>Gross Carrying Amount of property, plant and machinery</b>	<b>38,424</b>	<b>904</b>	<b>-</b>	<b>(312)</b>	<b>39,016</b>
Land	-	-	-	-	-
Buildings	(2,769)	-	(207)	-	(2,976)
Plant and machinery	(19,692)	-	(1,361)	118	(20,935)
Equipment	(3,104)	-	(91)	98	(3,097)
Other assets	(2,910)	-	(167)	75	(3,002)
Construction in progress	-	-	-	-	-
<b>Accumulated depreciation for property, plant and machinery</b>	<b>(28,475)</b>	<b>-</b>	<b>(1,826)</b>	<b>291</b>	<b>(30,010)</b>
Land	721	-	-	-	721
Buildings	4,378	9	(207)	-	4,180
Plant and machinery	4,307	632	(1,361)	(13)	3,565
Equipment	163	122	(91)	(1)	193
Other assets	380	141	(167)	(7)	347
Construction in progress	-	-	-	-	-
<b>Net carrying amount of property, plant and machinery</b>	<b>9,949</b>	<b>904*</b>	<b>(1,826)</b>	<b>(21)</b>	<b>9,006</b>

(1): Due to sales

\* In financial year 2015 they were entirely paid except for 221 thousand euros. (Note 20). In the same year 256 thousand euros were paid for investments made in the previous year.

The value of Property, Plant and Machinery generated internally, entirely attributed to item 'Plant and Machinery', amounts to 42 thousand euros (2014: 95 thousand euros) and is represented by raw material, semi-finished products and personnel costs.

The investments made during 2015 in Plant and Machinery refer to the purchase of machine tools and equipment necessary for a continual modernization process aimed at increasing the company's productivity and efficiency, while those on the buildings concern improvements to the factory roof.

In view of the expected results indicated in the multi-year business plan, the directors have not found indications of a permanent impairment in value.

## 4. Intangible fixed assets

	01.01.15	Addition	Other variations	31.12.15
Development costs	2,316	275	4	2,595
Patent rights	111	18	-	129
Licences	3,621	82	-	3,703
Others	208	-	-	208
<b>Gross carrying amount of Intangible Fixed Assets</b>	<b>6,256</b>	<b>375</b>	<b>4</b>	<b>6,635</b>
Development costs	(1,427)	(263)	3	(1,687)
Patent rights	(109)	(6)	-	(115)
Licences	(3,314)	(134)	-	(3,448)
Others	(201)	-	(7)	(208)
<b>Accumulated amortization for Intangible Fixed Assets</b>	<b>(5,051)</b>	<b>(403)</b>	<b>(4)</b>	<b>(5,458)</b>
Development costs	889	12	7	908
Patent rights	2	12	-	14
Licences	307	(52)	-	255
Others	7	-	(7)	-
<b>Net Carrying Amount of Intangible Fixed Assets</b>	<b>1,205</b>	<b>(28)</b>	<b>-</b>	<b>1,177</b>



The value of intangible fixed assets generated internally and capitalized in 2015, and attributed entirely to the item 'Development costs' amounts to 275 thousand euros and includes related personnel costs. These projects mainly refer to the development of new technical solutions for existing products described in details in the Management Report.

As at 31 December 2015 development costs included 158 thousand euros referring to projects whose amortization has not yet started as they are not yet available for use but which are expected to be completed shortly.

The item 'Licences' essentially includes the software purchased externally by the Company.

In view of the expected results indicated in the multi-year business plan approved by the Board of Directors, the directors have not found any indications of a permanent impairment in value.

## 5. Investments in subsidiaries

The Company has the following investments in subsidiary companies:

	Location	% of invest.	Type of ownership	31.12.14	Incr. Decr.	Write down	31.12.15
Bolzoni Auramo Inc.	USA	100	Direct	8,037	-	-	8,037
Bolzoni Ltd	UK	100	Direct	430	-	-	430
Bolzoni Auramo Polska	Poland	60	Direct	50	-	-	50
Bolzoni Auramo S.I.	Spain	100	Direct	2,733	150	-	2,883
Bolzoni Auramo Shanghai	China	60	Direct	720	-	-	720
Bolzoni S.a.r.l.	France	100	Direct	376	-	-	376
Auramo Oy	Finland	100	Direct	13,119	-	-	13,119
Bolzoni Auramo Bv	Netherlands	51	Direct	-	-	-	-
Bolzoni Auramo Pty	Australia	100	Direct	1,160	700	650	1,210
Bolzoni Auramo Canada Ltd	Canada	100	Direct	122	-	-	122
Bolzoni Auramo Ab	Sweden	100	Direct	722	-	-	722
Bolzoni Italia S.r.l.	Italy	100	Direct	908	-	-	908
Meyer GmbH	Germany	100	Direct	9,415	-	-	9,415
Bolzoni Holding Hong Kong	Hong Kong	80	Direct	8,618	-	-	8,618
LLC "Hans H. Meyer OOO" <sup>(1)</sup>	Russia	80	Indirect	-	-	-	--
Bolzoni Hebei China <sup>(2)</sup>	China	100	Indirect	-	-	-	-
Bolzoni Auramo Wuxi <sup>(3)</sup>	China	100	Indirect	-	-	-	-
<b>TOTAL</b>				<b>46,410</b>	<b>850</b>	<b>650</b>	<b>46,610</b>

(1) % owned by Meyer GmbH for a value of 19,550 €.

(2) % owned by Bolzoni Holding Hong Kong for a value of HK\$ 36,670,970

(3) % owned by Bolzoni Holding Hong Kong for a value of HK\$ 77,526.408.

The increased cost of investment in Bolzoni Auramo S.I. is due to the deposit in the capital increase account through by bank transfer.

The increased cost of investment in Bolzoni Auramo Pty refers to the deposit in capital account through the conversion of financial receivables.

During 2015, through the subsidiary Bolzoni Hong Kong, the 20% remaining share in Bolzoni Huaxin China was purchased for the amount of \$HK 7,347 thousand and which has been renamed Bolzoni Hebei China.

Below is a comparison between the carrying amount and the corresponding value determined with the equity method:

	Investment value	Net Equity method	Difference
Bolzoni Auramo Inc.	8,037	2,921	(5,116)
Bolzoni Auramo S.I.	2,833	259	(2,624)
Bolzoni Italia S.r.l.	908	197	(711)
Auramo Oy	13,119	16,824	3,705
Bolzoni Auramo Pty	1,210	274	(936)
Meyer GmbH	9,415	9,233	(182)
Bolzoni Holding Hong Kong	8,618	7,755	(863)
Bolzoni Ltd	430	816	386
Bolzoni Auramo Shanghai	720	1,287	567
Bolzoni S.a.r.l.	376	1,258	882
Bolzoni Auramo BV	-	334	334
Bolzoni Auramo Canada Ltd	122	623	501
Bolzoni Auramo Polska	50	230	180
Bolzoni Auramo AB	722	1,192	470
<b>Total</b>	<b>46,610</b>	<b>43,202</b>	<b>(3,408)</b>

As for the previous financial year impairment tests were performed on the companies where negative differences emerged between the carrying amount of the investment and the corresponding value calculated with the equity method. In particular, impairment tests were performed on the basis of the Business Plans approved by the Board of Directors. With reference to the impairment tests it should be noted that the value in use was established using the Discounted Cash Flow method in the unlevered version. The evaluations was made on going concern basis. The tax rates used for these tests are those currently applicable.

The following assumptions have also been considered:

- the calculation of Terminal Value has been made on the basis of an estimate of the expected net operating income over a period corresponding to the estimated useful life of the activity of the company under evaluation, on the assumption of a 'g' growth rate of 0%
- the discount rates (WACC) applied to projections of cash flows range from 5.86% (Germany) and 8.18% (Italy). These rates, from which tax effects have been deducted, have been determined using methods congruent with those used in the previous financial year. The variability of these rates between one investment and another mainly depends on the market risk premium related to the market in which the investments operate.

The above-mentioned impairment tests have determined the need to write-down the investment held in Bolzoni Auramo Pty for the amount of 650 thousand euros.

Moreover, at 31 December 2015 a sensitivity analysis was performed on the recoverable amount of investments in the main Group companies, based on the assumption of 0.50% and 1.00% change in WACC whereas it is not applicable on the 'g' as it is already zero. The only subsidiary where the sensitivity analysis has highlighted an impairment indicator, following the different WACC used, is Bolzoni Auramo Pty (223 thousand euros with a 1% variation in WACC and 92 thousand euros with a 0.50% variation in WACC).

In 2015 the subsidiary companies have all recorded a positive operating result inclusive of amortization-depreciation, thanks to the actions implemented during the previous years, with the only exception of Bolzoni Auramo Pty's consolidated; for this subsidiary the observance of the business plan must be carefully monitored over the next financial years.

## 6. Investments in associated companies

The Company hold the following investments in associated companies.

<i>Associated company</i>	<i>Ownership stake</i>	<i>2015</i>	<i>2014</i>
Bolzoni Portugal Lda	31	16	16
<b>Total</b>		<b>16</b>	<b>16</b>

The following table is a summary of the main financial information regarding the investment in Bolzoni Portugal Lda:

	<i>2015</i>
<b>Share of the associated company's equity:</b>	
Current assets	529
Non-current assets	1
Current liabilities	(319)
Non-current liabilities	-
Net assets	211
<b>Share of the associated company's revenue and result:</b>	
Revenue	1,381
Profit	142

## 7. Financial receivables and other financial assets (non-current)

	<i>31.12.2014</i>	<i>Increases</i>	<i>Decreases</i>	<i>31.12.2015</i>
Guarantee deposits	16	-	1	15
<b>Total</b>	<b>16</b>	<b>-</b>	<b>1</b>	<b>15</b>

None of the credits have a due date of more than 5 years.

## 8. Taxation

### 8.1 Deferred tax

Deferred tax at 31<sup>st</sup> December 2015 and 2014 is as follows:

	<i>Balance Sheet</i>		<i>Income Statement</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>
<b>Deferred tax liability</b>			
Tax adjustment on inventory	-	-	-
Capitalization of internal costs	8	15	(7)
Derivative and TFR value accounted for directly to equity	-	-	-
Sundry (mainly unrealized exchange rates €227)	164	243	(79)
	<b>172</b>	<b>258</b>	<b>(86)</b>
<b>Deferred tax assets</b>			
Inventory devaluation	89	74	(15)
Exchange rate fluctuations	-	-	-
Derivative value accounted for directly to equity	41	35	-
Provision accrual	75	72	(3)
TFR accounted for directly to equity	31	57	-
	12	11	(1)
	<b>248</b>	<b>249</b>	<b>(19)</b>
<b>Deferred tax income</b>			<b>(105)</b>

It should be noted that there are no further temporary differences on assets other than the above. All deferred tax assets are therefore booked in the financial statements.

The rates used for calculating deferred tax take into consideration the fact that from the financial year 2017 the IRES tax rate will be 24%.

## 8.2 Income tax

The major components of income tax for the years which ended 31st December 2015 and 2014 are:

Income statement	2015	2014
<b>Current income tax</b>		
Current income tax charge	1,774	851
Tax for previous financial years	-	-
<b>Deferred income tax</b>		
Relating to recognition and reversal of temporary differences	(105)	254
<b>Income tax</b>	<b>1,669</b>	<b>1,105</b>

A reconciliation between effective tax charge and the theoretical tax charge, calculated as product of accounting profit multiplied by the domestic tax rate for the years ended 31st December 2015 and 2014, is the following:

IRES/Income tax	2015		2014	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		27.50%		27.50%
Result before tax	4,895		3,382	
<b>Theoretical tax charge</b>	<b>1,346</b>		<b>930</b>	
<i>Plus variations:</i>				
Tax free or non-taxable income	10		10	
Other plus variations for IAS purposes	24		80	
Exchange rate fluctuations	825		-	
Company cars	140		144	
Depreciation of equity participations	650		500	
Non-deductible costs	330		399	
<i>Minus variations</i>				
Deductible IRAP	(79)		(347)	
Exchange rate fluctuations	(542)		(990)	
Dividends from subsidiaries	(478)		(1,318)	
Other minus variations	(261)		(278)	
<b>Taxable amount</b>	<b>5,514</b>		<b>1,582</b>	
<b>IRES income tax</b>	<b>1,516</b>	<b>30.98%</b>	<b>435</b>	<b>12.86%</b>

IRAP	2015		2014	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		3.90%		3.90%
Result before tax	4,895		3,382	
<b>Theoretical tax charge</b>	<b>191</b>		<b>132</b>	
<i>Plus variations:</i>				
Personnel costs	-		6,665	
Other plus variations	1,806		804	
<i>Minus variations:</i>				
Other minus variations	(92)		(197)	
<b>Taxable amount</b>	<b>6,609</b>		<b>10,654</b>	
<b>IRAP income tax</b>	<b>258</b>	<b>5.27%</b>	<b>416</b>	<b>12.30%</b>

## 9. Inventory

	2015	2014
Raw material	1,420	1,195
Obsolescence provision for raw material	(59)	(42)
<b>Net raw materials</b>	<b>1,361</b>	<b>1,153</b>
Semi-finished products	3,773	3,606
Obsolescence provision for semi-finished products	(156)	(126)
<b>Net semi-finished products</b>	<b>3,617</b>	<b>3,480</b>
Finished products	1,704	1,937
Obsolescence provision for finished products	(70)	(68)
<b>Net finished products</b>	<b>1,634</b>	<b>1,869</b>
<b>Total inventory</b>	<b>6,612</b>	<b>6,502</b>

Inventory has remained basically unchanged in terms of value whereas, in terms of composition, an increase has been noted in raw material mainly due to production requirements during the first months of 2016.

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

	31.12.2014	Increase	Decrease	31.12.2015
Obsolescence provision for raw material	42	17	-	59
Obsolescence provision for semi-finished products	126	30	-	156
Obsolescence provision for finished products	68	2	-	70
<b>Total</b>	<b>236</b>	<b>49</b>	<b>-</b>	<b>285</b>

## 10. Trade receivables (current)

	2015	2014
Trade receivables	5,734	4,797
Bills subject to collection	4,422	4,288
Bad debt provision	(122)	(115)
<b>Total third party receivables</b>	<b>10,034</b>	<b>8,970</b>
Receivables from subsidiaries	7,872	9,848
Receivables from associates	155	75
<b>Total trade receivables</b>	<b>18,061</b>	<b>18,893</b>

The variation in trade receivables towards third parties mainly refers to the increase in volumes, whereas the decrease in receivables from subsidiaries is due to the payment of the majority of overdue receivables.

Below the trade receivables are divided according to due date:

	2015	2014
Receivables not yet due	16,564	14,036
Receivables 30 days overdue	306	1,753
Receivables 60 days overdue	19	663
Receivables 90 days overdue	71	252
Receivables more than 90 days overdue	1,101	2,189
<b>Total trade receivables</b>	<b>18,061</b>	<b>18,893</b>

The amount of receivables 90 days overdue includes 971 thousand euros for subsidiary companies.

Below are the variations to the bad debt provision:

	2015	2014
<b>Bad debt provision on 01.01</b>	<b>115</b>	<b>118</b>
Accruals for the year	41	24
Write-off for the year	34	27
<b>Bad debt provision on 31.12.</b>	<b>122</b>	<b>115</b>

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, including the third party overdue receivables, are covered by a credit insurance for 90% of their nominal value therefore the overdue receivables do not represent a significant probable risk of non-collection.

Below are details of receivables related to each subsidiary and associated company:

	31.12.2015	31.12.2014	Variations
Auramo Oy	39	8	31
Bolzoni Auramo AB	58	42	16
Bolzoni Auramo Pty Ltd	239	196	43
Bolzoni Auramo Polska	230	264	(34)
Bolzoni Auramo Canada Ltd	142	179	(37)
Bolzoni Auramo SL	446	332	114
Bolzoni Auramo Inc.	2,318	3,750	(1,432)
Bolzoni Ltd	709	708	1
Bolzoni S.a.r.l.	716	627	89
Bolzoni Auramo BV	204	81	123
Bolzoni Auramo Shanghai	310	278	32
Meyer GmbH	510	462	48
LLC "Hans H Meyer OOO"	77	127	(50)
Bolzoni Italia S.r.l.	627	419	208
Bolzoni Auramo Wuxi	922	2,166	(1,244)
Bolzoni Huaxin	192	146	46
Bolzoni Holding Hong Kong	133	63	70
<b>Total subsidiary receivables</b>	<b>7,872</b>	<b>9,848</b>	<b>(1,976)</b>
Auramo South Africa (associated company)	79	20	59
Bolzoni Portugal Lda (associated company)	76	55	21
<b>Total associates receivables</b>	<b>155</b>	<b>75</b>	<b>80</b>
<b>Total</b>	<b>8,027</b>	<b>9,923</b>	<b>(1,896)</b>

The amount of receivables related to subsidiaries and associates have decreased compared to the previous year mainly due to the decrease in receivables with regards to Bolzoni Auramo Inc. and Bolzoni Auramo Wuxi, thanks to the cash flow produced and obtained through loans which have given these companies the opportunity to recuperate more quickly from their position of debit.

### 11. Tax receivables

	2015	2014
IRES tax receivables on recovery of IRAP	413	413
<b>Total</b>	<b>413</b>	<b>413</b>

The amount for 'IRES tax receivables on recovery of IRAP' mainly refers to the credit resulting from the request for refund thanks to the acknowledged right to IRAP deduction, amounting to 413 thousand euros, concerning years 2007-2011.

### 12. Other receivables

	2015	2014
VAT receivables	86	207
Advance to suppliers	16	15
Prepaid expenses	46	60
Dividend receivables	19	-
Sundry	88	117
<b>Total</b>	<b>255</b>	<b>399</b>

The Item 'dividend receivables' includes in 2015 dividends from subsidiary Bolzoni Auramo Polska not collected in the financial year.

### 13. Financial receivables and other financial assets

Details on the residual amount of interest-bearing loans (Euribor 3 months + 2.2% spread), given out to the single subsidiaries, maturing on 31.12.2016 and renewable, are provided below:

<i>Subsidiaries</i>	31.12.2015	31.12.2014
Bolzoni Auramo Inc.	2,755	955
Meyer GmbH	3,000	1,000
Bolzoni Holding Hong Kong	4,409	2,142
Bolzoni Auramo Canada Ltd	200	200
Bolzoni Auramo Pty	1,711	2,200
Bolzoni Italia S.r.l.	350	-
	-	50
<b>Total</b>	<b>12,425</b>	<b>6,547</b>

The loans were given in euros except for loans to Bolzoni Auramo Inc and Bolzoni Holding Hong Kong given in US dollars and to Bolzoni Auramo Pty given in Australian dollars.

Financial receivables from Bolzoni Auramo Pty, Bolzoni Italia S.r.l. have decreased since last year due to the reduction in loans granted as a result of the requirements of the subsidiary companies. Whereas there has been an increase in loans to Bolzoni Auramo Inc., Meyer GmbH, Bolzoni Auramo SI and Bolzoni Holding Hong Kong.



#### 14. Cash and cash equivalents

	2015	2014
Cash in hand	10	13
Bank deposits	3,615	403
<b>Total</b>	<b>3,625</b>	<b>416</b>

Bank deposits have a variable interest rate.

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

	2015	2014
Cash in hand and bank deposits	3,625	416
Bank overdrafts and advance on request (note 16)	(68)	(3,668)
<b>Total</b>	<b>3,557</b>	<b>(3,252)</b>

#### 15. Share capital and reserves

	2015	2014
Ordinary shares 0.25 euro each	25,993,915	25,993,915

During the financial year 2015 there have been no variations to share capital.

For details regarding equity changes please refer to the 'Statement of changes in equity'.

	Amount	Possible use	Available Portion	Tax restraints	Use for loss hedging	Other uses
A) Share capital	6,498				None	None
B) Share premium reserve	17,544	A – B - C			None	None
C) Legal reserve	1,628	B			None	None
C) Other reserves	12,816	A – B - C			None	Distribution of dividends
C) IAS reserves	(339)	A – B - C			None	Cash flow hedge & TFR
C) Treasury shares reserve	(62)				None	None
D) Revaluation reserve	2,330	A – B - C			None	None
<b>Total</b>	<b>40,415</b>					
<b>Year's profit</b>	<b>3,226</b>					
<b>Total equity</b>	<b>43,641</b>					

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

During the financial year dividends were paid out for the value of 910 thousand euros and treasury shares were purchased for the value of 62 thousand euros.

**16. Interest bearing loans and borrowings**

		<i>Actual interest rate %</i>	<i>Maturity</i>	<i>31.12.2015</i>	<i>31.12.2014</i>
<b>Short term</b>					
Bank overdrafts			On request	5	11
Trade advances			On request	63	907
Foreign advances			On request	-	2,750
Subsidiary companies (1)	Euribor + 2.20			2,785	3,065
€ 6,000,000 unsecured loan (2)	Euribor + 1.30	2016		774	1,775
€ 3,000,000 unsecured loan (3)	Euribor + 0.60	2016		749	1,657
€ 6,000,000 mortgage loans (4)	Euribor + 1.50	2015		-	672
€ 6,000,000 unsecured loan (5)	Euribor + 2.00	2015		-	1,494
€ 2,000,000 unsecured loan (6)	Euribor + 1.45	2016		493	-
€ 9,000,000 mortgage loans (7)	Euribor + 2.50	2015		-	1,974
€ 3,000,000 unsecured loan (10)	Euribor + 1.25	2016		748	-
€ 7,000,000 unsecured loan (11)	Euribor + 0.60	2016		1,385	-
€ 6,000,000 unsecured loan (12)	Euribor + 0.95	2016		1,191	-
€ 5,000,000 unsecured loan (13)	Euribor + 0.60	2016		1,240	-
€ 3,000,000 unsecured loan (14)	Euribor + 0.65	2016		499	-
€ 2,000,000 unsecured loans (15)	+ 1.15	2016		390	-
€ 810,000 unsecured loan (9)	+ 7.00	2016		810	-
€ 2,000,000 unsecured loans (8)	Euribor + 1.20	2016		667	1,333
				<b>11,799</b>	<b>15,638</b>
<b>Medium/long term</b>					
€ 3,000,000 unsecured loan (3)	Euribor + 0.60	2016		-	1,430
€ 810,000 unsecured loan (9)	+ 7.00	2016		-	810
€ 6,000,000 unsecured loan (2)	Euribor + 1.30	2016		-	774
€ 2,000,000 unsecured loan (8)	Euribor + 1.20	2016		-	669
€ 6,000,000 unsecured loan (5)	Euribor + 2.00	2017		-	2,244
€ 9,000,000 unsecured loan (7)	Euribor + 2.50	2018		-	4,971
€ 2,000,000 unsecured loan (6)	Euribor + 1.45	2019		1,137	-
€ 3,000,000 unsecured loan (10)	Euribor + 1.25	2019		1,684	-
€ 5,000,000 unsecured loan (13)	Euribor + 0.60	2019		3,447	-
€ 7,000,000 unsecured loan (11)	Euribor + 0.60	2020		4,895	-
€ 3,000,000 unsecured loan (14)	Euribor + 0.65	2020		2,498	-
€ 6,000,000 unsecured loan (12)	Euribor + 0.95	2020		4,784	-
€ 2,000,000 unsecured loans (15)	+ 1.15	2020		1,509	-
€ 6,000,000 mortgage loan (4)	Euribor + 1.50	2019		-	2,533
				<b>19,954</b>	<b>13,431</b>

**Unsecured loans from subsidiary companies (1)**

The loans are unsecured and repayable at the established due date.

**6,000,000 euro bank loans (2)**

The loans are unsecured and repayable in quarterly instalments.

**3,000,000 euro bank loans (3)**

The loans are unsecured and repayable in quarterly instalments.

**6,000,000 euro mortgage loans (4)**

The two loans were secured by a second degree mortgage on the property in Podenzano, and were paid back in advance.

**6,000,000 euro unsecured loan (5)**

The loan was unsecured and was paid back in advance.

**2,000,000 euro unsecured loan (6)**

The loan was unsecured and was paid back in quarterly instalments.

**9,000,000 euro unsecured loan (7)**

The loan is unsecured and repayable in quarterly instalments.

**2,000,000 euro unsecured bank loan (8)**

The loan is unsecured and repayable in half yearly instalments.

**810,000 euro unsecured loan (9)**

The loan is secured by a surety amounting to 340,000 euros and is repayable on maturity.

**3,000,000 euro unsecured loan (10)**

The loan is unsecured and repayable in quarterly instalments.

**7,000,000 euro unsecured loans (11)**

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

**6,000,000 euro unsecured loan (12)**

The loan is unsecured and repayable in half-yearly instalments.

**5,000,000 euro unsecured loan (13)**

The loan is unsecured and repayable in quarterly instalments.

**3,000,000 euro unsecured loan (14)**

The loan is unsecured and repayable in quarterly instalments.

**2,000,000 euro unsecured loan (15)**

The loan is unsecured and repayable in quarterly instalments.

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

Loan	Net financial debts/ Equity		Net financial debts/Gross operating margin		Debt within 12 mnths	Debt over 12 mnths
	Limit	2015	Limit	2015		
Euro 3,000,000	1.50	0.71	3.50	2.03	394	-
Euro 6,000,000	1.25	0.71	3.50	2.03	1,200	4,800
Euro 4,000,000	1.25	0.71	3.50	2.03	800	2,800
Euro 3,000,000	1.50	0.71	3.50	2.03	594	2,110
Euro 3,000,000	1.50	0.71	4.50	2.03	500	2,500
Euro 3,000,000	1.50	0.71	3.50	2.03	750	-

As indicated in the above table, both covenants have been observed in all the loans.

The non-observance of the above covenants would however give the Banks disbursing loans the right to declare the Parent no longer entitled to the term.

Net financial position	31.12.2015	31.12.2014	Variation
A. Cash on hand	10	13	(3)
B. Current bank deposits	3,615	403	3,212
<b>D. CASH AND CASH EQUIVALENTS</b>	<b>3,625</b>	<b>416</b>	<b>3,209</b>
E. Financial receivables	12,425	6,547	5,878
F. Current bank debts	(68)	(3,668)	3,600
G. Current part of non-current debt	(8,496)	(8,905)	(41)
H. Other current financial debts	(2,785)	(3,065)	280
<b>I. CURRENT FINANCIAL DEBTS</b>	<b>626</b>	<b>(9,091)</b>	<b>9,717</b>
<b>J. CURRENT NET FINANCIAL POSITION</b>	<b>4,251</b>	<b>(8,675)</b>	<b>12,926</b>
<b>N. NON-CURRENT NET FINANCIAL POSITION</b>	<b>(20,316)</b>	<b>(13,953)</b>	<b>(6,363)</b>
<b>O. NET FINANCIAL POSITION</b>	<b>(16,065)</b>	<b>(22,628)</b>	<b>6,563</b>

Net financial position has improved from 22,628 thousand euros at 31.12.2014 to 16,065 thousand euros at 31.12.2015 mainly due to the careful management of working capital.

## 17. Employee benefits - T.F.R. retirement allowance

Below are the variations to this fund:

	2015	2014
<b>T.F.R. retirement allowance fund at 01.01</b>	<b>2,360</b>	<b>1,979</b>
Current service cost	660	632
Interest cost	21	61
Actuarial gain /(losses)	(92)	410
Benefit paid/transfer of funds	(761)	(722)
<b>T.F.R. retirement allowance at 31.12</b>	<b>2,188</b>	<b>2,360</b>

Following the amendment 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 1<sup>st</sup> 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 31<sup>st</sup> 2015.

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 statements 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(named RG48) for the Italian population as measured by the General State Accounting Office	Mortality rate tables (named RG48) for the Italian population as measured by the General State Accounting Office.
Probability of disablement	Tables, divided according to sex, adopted in the INPS model for projections up to 2015	Tables, divided according to sex, adopted in the INPS model for projections up to 2015
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
<i>Financial theories</i>	<i>Executives</i>	<i>Non Executives</i>
Increase in the cost of life	1.75% per annum	1.75% per annum
Discounting rate	1.39% per annum	1.39% per annum
Increase in TFR allowance	2.81% per annum	2.81% per annum

It should be noted that the Company uses, as reference, the discount index iBoxx Eurozone Corporates AA 10+ at the reporting date.

## 18. Provisions

	31.12.14	Incr.	Decr.	31.12.15	Within 12 months	After 12 months
Agents' termination indemnities provision	190	10	-	200	-	200
Product Warranty provision	91	103	(91)	103	103	-
<b>Total</b>	<b>281</b>	<b>113</b>	<b>(91)</b>	<b>303</b>	<b>103</b>	<b>200</b>

### 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 accrued 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, staff costs and costs of material used for warranty servicing, indicating the average impact of these costs incurred with respect to the pertinent turnover.

## 19. Liabilities related to derivate instruments

This item represents the fair value of the derivative contracts on interest rates. Of these, six contracts have all the characteristics for classification as hedging according to the related standards. For these contracts recognition is directly to equity (cash flow hedge reserve, see variations to equity) whereas for the other contracts the fair value is accounted for in the income statement.

Below are the main figures of the derivative contracts:

	Maturity	Notional	31.12.2015		Notional	31.12.2014	
			Positive Fair value	Negative Fair value		Positive Fair value	Negative Fair value
IRS accounted for according to cash flow hedging			-		2,200	-	53
IRS do not reflecting the requirements established by IAS 39 to qualify as hedging	2016	8,000	-	127	8,000	-	291
IRS accounted for according to cash flow hedging		-	-	-	7,000	-	80
IRS not reflecting the requirements established by IAS 39 to qualify as hedging	2018	3,000	-	86	3,000	-	99
IRS accounted for according to cash flow hedging	2019	1,634	-	9	-	-	-
IRS accounted for according to cash flow hedging	2020	3,000	-	12	-	-	-
IRS accounted for according to cash flow hedging	2020	3,600	-	26	-	-	-
IRS accounted for according to cash flow hedging	2020	6,000	-	49	-	-	-
IRS accounted for according to cash flow hedging	2019	4,691	-	31	-	-	-
IRS accounted for according to cash flow hedging	2020	3,000	-	22	-	-	-
<b>Total derivatives for hedging against interest rate risk</b>		<b>32,925</b>	<b>-</b>	<b>362</b>	<b>20,200</b>	<b>-</b>	<b>523</b>

## 20. Trade payables

	2015	2014
Domestic suppliers	14,304	13,471
Foreign suppliers	1,135	535
Payables towards subsidiaries	1,254	1,025
<b>Total</b>	<b>16,693</b>	<b>15,031</b>

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

The increase in trade payables is due to the different time distribution of purchases.

For terms and conditions for related parties, see Note 32.

Domestic supplier payables at 31 December 2015 include 256 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:

	31.12.2015	31.12.2014	Variations
Auramo Oy	474	314	160
Bolzoni Auramo AB	5	2	3
Bolzoni S.a.r.l.	13	13	-
Bolzoni Auramo SL	2	3	(1)
Bolzoni Auramo BV	1	2	(1)
Bolzoni Ltd	-	3	(3)
Bolzoni Hebei	284	253	31
Bolzoni Auramo Inc	4	2	2
Bolzoni Auramo Canada Ltd	-	(29)	29
Meyer GmbH	242	253	(11)
Bolzoni Auramo Wuxi	26	60	(34)
LLC "Hans H. Meyer OOO"	-	7	(7)
Bolzoni Italia S.r.l.	203	142	61
<b>Total</b>	<b>1,254</b>	<b>1,025</b>	<b>229</b>

## 21. Other payables

	2015	2014
Payables to employees for wages	626	585
Payables to employees for matured but untaken holidays	186	114
Social security payables	524	469
Tax payables for employee wages	632	631
Other accrued expenses	72	78
Other short term liabilities	190	153
Sundry payables	27	27
<b>Total</b>	<b>2,257</b>	<b>2,057</b>

## 22. Payables for income taxes

	2015	2014
Debt for income tax	1,091	103
<b>Total</b>	<b>1,091</b>	<b>103</b>

In the financial statements at 31 December 2015 debts are for income tax for the year (Ires/Irap) less the amounts paid in advance.



## INCOME STATEMENT

### 23. Revenue

Below is a break-down of revenue according to geographic area.

2014	Europe	North America	R.O.W.	Total
Revenue	52,181	6,359	4,813	63,353
2015	Europe	North America	R.O.W.	Total
Revenue	58,074	7,231	5,615	70,920

Compared to the previous year, there has been an 11.3% increase in revenue in Europe, a 13.7% increase in the USA and an 16.7% increase in the Rest of the World. It should be noted that in 2015 turnover in Italy amounts to 16.9 million euros, up by 29.6% compared to the previous year.

### 24. Other revenue

	2015	2014
Sundry income	46	51
Gains on disposal	17	13
Other operating income	6	134
<b>Total</b>	<b>69</b>	<b>198</b>

### 25. Costs for raw material and consumable supplies

	2015	2014
Raw material	5,297	4,424
Commercial goods	1,889	1,733
Semi-finished products	24,292	23,827
Other purchases for production	4,650	3,593
Sundry purchases	114	145
Accessory expenses	109	69
Finished products	3,483	2,763
<b>Total</b>	<b>39,834</b>	<b>36,554</b>

Costs for commercial goods and consumable supplies have increased slightly compared to the previous year as a consequence of increased revenues.

### 26. Service costs

	2015	2014
Industrial services	5,805	4,835
Commercial services	2,549	2,291
General services	1,960	2,018
Costs related to use of third party assets	277	263
<b>Total</b>	<b>10,591</b>	<b>9,407</b>

Industrial service costs have increased compared to the previous year as a consequence of increased revenues.

## 27. Personnel costs

	2015	2014
Wages and salaries	8,907	8,477
Social security	2,997	2,868
TFR retirement allowance (note 17)	660	632
Sundry costs	108	76
<b>Total</b>	<b>12,672</b>	<b>12,053</b>

The increase in personnel costs is the result of new staff additions and contractual wage increases.

The number of employees in Bolzoni S.p.A. at 31 December 2015 are:

	31.12.2015	31.12.2014	Variation
Top Managers	6	6	-
First-line managers	10	6	4
White collar	82	89	(7)
Blue collar	145	134	11
<b>Total</b>	<b>243</b>	<b>235</b>	<b>8</b>

## 28. Other operating costs

	2015	2014
Tax and duty	99	99
Losses on sale of fixed assets	12	15
Sundry	169	176
<b>Total</b>	<b>280</b>	<b>290</b>

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

## 29. Financial income and charges

	2015	2014
Financial expenses	881	1,137
Financial income	(702)	(1,335)
Gains and losses from exchange rates	(494)	(882)
<b>Net financial income (expenses)</b>	<b>(315)</b>	<b>(1,080)</b>

Compared to the previous financial year, there has been a substantial variation in net financial income/expenses mainly due to the lower gains on exchange rates and the dividends paid out by the subsidiary companies.

29.1 Financial charges	2015	2014
Interest on short-term payables (overdrafts and credit disinvestment)	15	27
Interest on medium/long term loan payables	504	677
Charges other than above	362	433
<b>Total</b>	<b>881</b>	<b>1,137</b>

The decrease in interest on medium/long term loans is the result of a better management by the Company with regards to finding the best conditions available on the market.

<i>29.2 Financial income</i>	<i>2015</i>	<i>2014</i>
Interest income from customers	199	138
Interest income from financial assets	2	4
Dividends from subsidiaries	502	1,193
	<b>703</b>	<b>1,335</b>

Dividends were paid out by the subsidiaries Bolzoni Auramo Polska (79 thousand euros), Bolzoni Auramo AB (159 thousand euros), Bolzoni Auramo Ltd (203 thousand euros) and Bolzoni Auramo BV (61 thousand euros).

<i>29.3 Currency exchange rate gains and losses</i>	<i>2015</i>	<i>2014</i>
Currency exchange rate gains	1,134	1,126
Currency exchange rate losses	(640)	(244)
	<b>494</b>	<b>882</b>

Variations are essentially due to effects of fluctuations in the exchange rates of the US and Chinese currencies during 2015. These variations have produced effects both on the result of exchange rate handling and on the adjustment of items in foreign currencies to balance sheet date exchange rates.

### 30. Dividends

During financial year 2015 dividends for the amount of €909,787.03 (2014: €909,787.03) were approved and paid out. The Board of Directors will propose to the Shareholders' meeting the total accrual to reserve of the financial year's profits.

### 31. Commitments and contingencies

#### Capital commitments

As at December 31st 2015 and December 31st 2014 the value of the Company's commitments was not material.

#### Legal litigations

On June 19, 2014 the Customs Office carried out an inspection on the Company regarding the export documentation for the Intra EU and Extra EU areas for the years 2010, 2011, 2012 and 2013 discovering that with regards to transactions within the EU for an overall VAT free amount of 2.3 million euros the Company was not able to produce the complete documents proving the delivery of the related goods. Following report, on October 2, 2014 the Company handed over to the Tax Authorities of Piacenza the requested documentation showing the consignment of the goods outside Italy.

On December 2, 2015 the Tax Authorities of Piacenza informed the Company that the observations made in the Minutes of the Report regarding years 2010 and 2011 have been set aside.

In view of the documentation provided, the Company believes that the observations made on the years 2012 and 2013 will also be reasonably dismissed.

#### Guarantees granted

Bolzoni S.p.A. has granted the following guarantees at 31st December 2015:

- it has destined some land and buildings as guarantee against two mortgage loans (see note 15);
- it has granted a surety to a bank for the amount of € 800,000 (2014: € 800,000) in favour of the subsidiary Meyer GmbH;
- it has granted a surety to a bank for the amount of € 1,900,000 (2014: € 2,000,000) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 750,000 (2014: € 0) in favour of the subsidiary Bolzoni Auramo S.I.;
- it has granted a surety to a bank for the amount of € 1,500,000 (2014: € 1,500,000) in favour of the subsidiary Meyer GmbH;

- it has granted a surety to a bank for the amount of € 650,000 (2014: € 650,000) in favour of the subsidiary Bolzoni Italia S.r.l.;
- it has granted a surety to a bank for the amount of € 225,000 (2014: € 0) in favour of the subsidiary Bolzoni Italia S.r.l.;
- it has granted a surety to a bank for the amount of € 2,700,000 (2014: € 2,700,000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630,000 (2014: € 630,000) in favour of the subsidiary Bolzoni S.a.r.l.;
- it has granted a surety to a bank for the amount of € 304,898 (2014: € 304,898) in favour of the subsidiary Bolzoni S.a.r.l.;
- it has granted a surety to a bank for the amount of € 950,000 (2014: € 950,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2014: € 1,800,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2014: € 1,800,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 500,000 (2014: € 500,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 2,000,000 (2014: € 2,000,000) in favour of the subsidiary Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,100,000 (2014: € 1,100,000) in favour of the subsidiary Bolzoni Auramo Wuxi; and
- it has granted a surety to a bank for the amount of RMB 10,000,000 (2014: RMB 10,000,000) in favour of the subsidiary Bolzoni Huaxin.

### 32. Disclosure on related parties

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

<i>Related parties</i>		<i>Operating and Financial Revenue</i>	<i>Operating and Financial expenses</i>	<i>Financial and trade receivables</i>	<i>Related parties payables</i>
Subsidiaries	2014	20,698	5,373	16,396	4,090
	2015	22,128	6,316	20,297	4,039
Associates	2014	260	-	75	-
	2015	430	-	155	-

#### **Subsidiary companies**

For the breakdown between sales and financial revenue and between sales and financial costs please consult the Management Report. For details on receivables/payables see notes 7, 10, 16 and 19.

#### **Associated companies**

The Company has two associated companies:

- 40.0% interest in Auramo South Africa (2014: 40.0%) held through Auramo Oy; and
- 31.0% interest in Bolzoni Portugal Lda (2014: 31%)

**Transactions with other related parties**

***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 2015 the Company has not made any provision for doubtful debts referring to amounts owed by related parties (2014: Euro 0).

**33. 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 funds for the Company's operations. The Company has various other financial instruments, such as trade payables and receivables, which arise directly from its operations.

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 2.3.

***Interest rate risk***

The interest rate risk originates from medium-long term loans given at floating interest rates. The Company's policy is that no trading in financial instruments shall be undertaken for speculation. Furthermore, the Company intends hedging a part of the existing loans and monitoring, for the remaining part, the trend in interest rates in order to evaluate the opportunity for new hedging.

The Company believes it is exposed to the risk that a possible increase in rates could increase future financial charges. The following table shows the effects that could derive from a 0.25 BPS variation in interest rates.

	<i>Variations in presumptions</i>	<i>Effect on gross profit before tax</i>
2015	0.25 BPS (0.25 BPS)	- -
2014	0.25 BPS (0.25 BPS)	(23) 23

At December 31, 2015 loans hedged against interest rate risks amount to 32.9 million euros.

The Company has eight Interest Rate Swap contracts running which foresee the exchange of the difference between floating and one or more fixed rate interest amounts, calculated by reference to an agreed notional principal amount. Two IRS contract do not appear to observe the hedging parameters established by the IFRS (see Note 19).

***Foreign currency risk***

The Company has identified its exposure to foreign currency risks mainly in connection with future collection of amounts in foreign currency (mainly 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>
2015	USD	+ 5%	(145)	(105)
	USD	- 5%	160	116
	GBP	+ 5%	(36)	(26)
	GBP	- 5%	40	29
	\$AUS	+ 5%	(11)	(8)
	\$AUS	- 5%	13	9
	\$ CAN	+ 5%	(7)	(5)
	\$ CAN	- 5%	7	5
	SEK	+ 5 %	(3)	(2)
	SEK	- 5 %	3	2
	RMB	+ 5 %	(22)	(16)
	RMB	- 5 %	25	18
2014	USD	+ 5%	(253)	(184)
	USD	- 5%	279	203
	GBP	+ 5%	(35)	(25)
	GBP	- 5%	39	28
	\$AUS	+ 5%	(9)	(7)
	\$AUS	- 5%	10	7
	\$ CAN	+ 5%	(7)	(5)
	\$ CAN	- 5%	8	6

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 foreign customers: more specifically, the instruments used are essentially forward currency contracts and Put options.

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. At December 31st 2015 there are no derivative contracts of this nature.

Following the expansion of its activities on 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); the volume of these operations is however minimal.

***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 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, 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.

There are no significant concentrations of credit risk within the Company

**Liquidity risk**

The liquidity risk is linked to the difficulty of finding funds to meet the company commitments. It can be caused when available resources are insufficient to meet the financial obligations, according to the established terms and due dates, if a credit line is suddenly revoked or if the Company needs to fulfil its financial payables before their natural due date. Thanks to a careful and cautious financial policy and to continue monitoring of both the balance between the credit lines granted and used, and the balance between short term and medium-long term debts, the Company is provided with lines of credit adequate in quality and quantity to meet its financial needs.

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.

The Company therefore performs a continue check of the estimated financial requirements so that any necessary actions can be promptly taken (finding additional lines of credit, increases in share capital, etc.).

**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 statements, divided according to category:

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
<i>Financial assets</i>				
Financial receivables	12,425	6,547	12,425	6,547
Cash in hand	3,625	416	3,625	416
<i>Financial liabilities</i>				
Bank overdrafts and advance on notes to be collected	(63)	(907)	(63)	(907)
Advance on foreign business	-	(2,750)	-	(2,750)
Loans:				
at variable rates	(29,341)	(25,024)	(29,341)	(25,024)
at fixed rates	(2,711)	(810)	(2,711)	(810)
Forward currency contracts	-	-	-	-

**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 2015**

Fixed rate	<1 year	>1<2	>2<3	>3<4	>4<5	> 5	Total
Banca di Piacenza loan	(391)	(396)	(401)	(406)	(307)	-	(1,901)
Simest loan	(810)	-	-	-	-	-	(810)
Variable rate	<1 year	>1<2	>2<3	>3<4	>4<5	> 5	Total
Liquid funds	3,625	-	-	-	-	-	3,625
Overdraft on bank accounts	(5)	-	-	-	-	-	(5)
Advance on foreign business	-	-	-	-	-	-	-
Advance on collectable bills subject to final payment	(63)	-	-	-	-	-	(63)
Derivatives appraisal	-	(362)	-	-	-	-	(362)
Carisbo loan	(748)	(747)	(750)	(187)	-	-	(2,432)
Banca di Piacenza loan	(131)	-	-	-	-	-	(131)
Unicredit loan	(393)	-	-	-	-	-	(393)
Unicredit loan	(1,191)	(1,184)	(1,200)	(1,200)	(1,200)	-	(5,975)
Unicredit loan	(794)	(790)	(800)	(800)	(400)	-	(3,584)
Cariparma loan	(593)	(592)	(602)	(605)	(305)	-	(2,697)
GE Capital loan	(250)	-	-	-	-	-	(250)
Banca Nazionale del Lavoro loan	(333)	-	-	-	-	-	(333)
Banca Nazionale del Lavoro loan	(333)	-	-	-	-	-	(333)
Banca Nazionale del Lavoro loan	(499)	(664)	(667)	(667)	(500)	-	(2,997)
Banca Popolare loan	(493)	(500)	(509)	(128)	-	-	(1,630)
Banca Popolare Loan	(1,240)	(1,248)	(1,253)	(946)	-	-	(4,687)
Deutsche Bank loan	(748)	-	-	-	-	-	(748)

**34. Remuneration of Directors and Statutory Auditors**

The following table indicates the remuneration of the directors and statutory auditors for the year 2015:

Name	Amount	Description
Emilio Bolzoni	230	Director's fee
Roberto Scotti	230	Director's fee
Luigi Pisani	9	Director's fee
Franco Bolzoni	28	Director's fee
Pierluigi Magnelli	28	Director's fee
Karl Peter Otto Staack	28	Director's fee
Raimondo Cinti	9	Director's fee
Giovanni Salsi	9	Director's fee
Paolo Mazzoni	28	Director's fee
Claudio Berretti	28	Director's fee
Elena Zanconti	19	Director's fee
Patrizia Rossi	19	Director's fee
<b>Total</b>	<b>665</b>	
Giorgio Picone	28	Statutory Auditor's fee
Carlo Baldi	15	Statutory Auditor's fee
Maria Gabriella Anelli	15	Statutory Auditor's fee
<b>Total</b>	<b>58</b>	

Benefits, stock option plans are not provided for, nor are any other allowances normally due to directors in the event of early termination of office nor plans for succession of executive directors.

### 35. 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 April 2012. 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 audit company for auditing services;
- b) by the audit 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.

<i>Type of service</i>	<i>Subject providing the service</i>	<i>Fees (thousands of euros)</i>
Audit	Deloitte & Touche S.p.A.	66

### 36. Significant non recurring events and operations

In compliance with Consob's Release N° DEM/6064293 on 28 July 2006, it should be noted that during the course of the financial year 2015 no events occurred and no non-recurring operations were carried out.

### 37. Transactions deriving from uncharacteristic and/or unusual operations

In compliance with Consob's Release N° DEM/6064293 on 28 July 2006, it should be noted that during the course of the financial year 2015 no transactions were made deriving from uncharacteristic and/or unusual operations.

### 38. Events subsequent to the balance sheet date

It is acknowledged that, as disclosed to the market and to CONSOB, on February 14, 2016 a agreement was entered into which foresees the acquisition by Hyster-Yale Materials Handling Inc., with headquarters in Cleveland – Ohio (or another of its group companies as designated by Hyster Yale) of the entire share capital of Penta Holding S.p.A. (except the treasury shares owned by Penta Holding S.p.A.) holder of a majority stake of approximately 50.4% of Bolzoni S.p.A.

The completion of the transaction, subject to the customary closing conditions established in the agreement, is expected to take place in the second quarter of 2016. If this should occur, the purchase would then be obliged to launch a public total tender offer, pursuant to articles 102 and 106 of the Legislative Decree n. 58 dated February 24, 1998 on the remaining Bolzoni S.p.A. shares at the price which, in compliance with the law, will be equal to the valuation of the majority stake of the Issuer held by Penta Holding S.p.A., as agreed upon by the parties in the agreement, amounts to 4.30 euros per share, inclusive of Bolzoni S.p.A.'s 2015 consolidated net income.

It should be noted that the valuation made of the Company is significantly higher than the consolidated equity of the Company therefore making it unnecessary to perform any first level impairment tests.

The Directors also declare that on the basis of meetings held with members of the Hyster-Yale group they do not believe that, in the foreseeable future, there will be any changes to strategies and to the approved multi-year business plan that could result in a reduction in value on non-current assets recorded in the separate financial statement.

For further details regarding the above mentioned acquisition, please refer to the press releases issued on February 15 and March 4 of this year, available both on the Issuer's company website (<http://www.bolzonigroup.com>) and in the authorized storage system "1info" on the website: <http://www.1info.it>.

No other significant events have occurred after the balance sheet date.

**INDEPENDENT AUDITORS' REPORT  
PURSUANT TO ART. 14 AND 16 OF  
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of  
BOLZONI S.p.A.**

**Report on the Financial Statements**

We have audited the financial statements of Bolzoni S.p.A., which comprise the balance sheet as at December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Bolzoni S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Bolzoni S.p.A., with the financial statements of Bolzoni S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of Bolzoni S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Valeria Brambilla  
Partner

Parma, Italy  
March 23, 2016

*This report has been translated into the English language solely for the convenience of international readers.*

## 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 of Bolzoni S.p.A., 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 2015.

2. In this respect, the C.E.O. and the manager responsible for the preparation of the corporate accounting documents highlight that

- the accounting figures for the financial period 2015 have been subjected to specific and adequate controls which have not highlighted any significant deficiencies.

3. We also certify that:

- 3.1 the Company and Consolidated financial statements at 31 December 2014:
- a) have been drawn up according to the applicable International Accounting Standards as recognised by the European Community in compliance with ruling (CE) n° 1606/2002 by the European Parliament and Council on 19 July 2002;
  - b) correspond to the results of the accounting books and entries;
  - c) are suitable for providing a true and precise portrayal of the balance sheet and economic-financial situation of the issuer and the group of companies included in the consolidation
- 3.2 the Management Report includes a reliable analysis of the management trend and result, together with situation of the issuer and the group of companies included in the consolidation, in addition to a description of the main risks and uncertainties to which they are exposed.

Casoni di Podenzano, 14 March 2016

Signature of the C.E.O.



Signature of the Manager Responsible for  
the Preparation of the company accounting  
documents



**BOLZONI**  **AURAMO**  **MEYER** 



**BOLZONI S.P.A.**

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

Share capital Euro 6,498,478.75 fully paid

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

Ladies and Gentlemen,

the Financial Statements for the year 2015 consisting of Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of the Variations to Equity, Cash Flow Statement and Notes to the Financial Statement are being submitted to your approval; these documents, together with the Management Report, was made available to us within the terms established by art. 154-*ter* of the Leg. Decree 58/98.

The Board of Statutory Auditors has examined the Financial Statements at 31.12.2015 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 statements' figures at 31.12.2015 are compared to those of the previous year, already stated in accordance with the IAS/IFRS principles.

Your Company is also required to prepare the Consolidated Financial Statements in accordance with and following Leg.D. 127/1991 in compliance with the international accounting standards.

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

1. As the issuer is a listed company, pursuant to article 2409-*bis* and subsequent of the Italian Civil Code, the legal auditing of its accounts has been performed by the legal audit firm Deloitte & Touche S.p.A., enrolled in the register held by the Ministry of Justice. The appointment was made by the Shareholders Assembly on April 27<sup>th</sup>, 2012, following the reasoned proposal made by this Board, and terminates with the shareholders' meeting called upon to approve the financial report at 31 December 2020, as the company bylaws do not foresee the legal auditing of the accounts by the Board of Statutory Auditors.
2. During the financial year ended on 31/12/2015 we the Board of Auditors carried out the supervisory activity as established by the law. Within the limits of our responsibility, we acquired information on and we monitored the adequacy of the company's organisational structure, the observance of the principles regarding correct administration and the adequacy and timing of disclosures required by the Board during our control activity, in fulfilment of the obligations established by art. 114, paragraph 1 of the Leg. D. n° 58/98, through information collected from persons in charge of various functions and meetings with the legal audit firm, aimed at a mutual exchange of relevant data and information and to this end, we have no particular observations to make.  
Through information acquired from the persons responsible for the respective functions, from the examination of the company documents, the analysis of the results of the work performed by the legal audit firm and by the bodies and the functions responsible for internal control, we supervised over the adequacy of the internal control system and the administration-accounting system, as well as the reliability of the latter to correctly represent the management facts.  
Through the attendance – with *at least one of the members of the Board of Statutory Auditors present* – of the meetings (7 during the financial year 2015) of the Audit and Risk Committee, the activities performed by the Group's Internal auditing function were examined, as well as those of the Compliance and Risk Management functions, with the aim of checking their adequacy and of making an evaluation of the actual functioning of the internal control system. From the Report made by the Internal Audit and Risk Committee on its activity during the second semester of 2015 – with regards to the

adequacy of the internal control system and its actual functioning – it emerges that there are no observations for proposal.

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 to all intents and purposes 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 have attended the meetings (11) of the Company's Board of directors and, in observance of the statutory provisions, we were periodically informed by the Board regarding the state of the company management. In particular, the most important operations from the economic, financial and capital 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:
  - i. In the board meeting held on February 27, 2015 the directors passed a resolution for a 200,000 euro increase in the share capital of Bolzoni Auramo Pty (Australia), subscribed entirely by Bolzoni S.p.A. The increase was executed through the partial waiver of the loan between the Australian company and Bolzoni S.p.A.
  - ii. During the same board meeting held on February 27, 2015 the directors passed a resolution for a 150,000 euro increase in the share capital of Bolzoni Auramo S.I. (Spain), subscribed entirely by Bolzoni S.p.A. The increase was executed by bank transfer.
  - iii. In the meeting held on August 5, 2015 the board of directors approved the business plan for the years 2015-2017.
  - iv. On September 25, 2015 two contracts were signed between the subsidiary Bolzoni Holding Hong Kong and Hebei Jing County Huaxin Fork:
    - a. One contract was for the sale of Bolzoni Holding Hong Kong of its 20% share (the remaining part) of XinHuaxin's capital for the amount of 9.5 million RMB (1.334 million euros);
    - b. The second contract was for the purchase by Bolzoni Holding Hong Kong of the 20% share in Bolzon for the amount of 6 million RMB (0.843 million euros).As a result of the above contracts Bolzoni Holding Hong Kong owns 100% of the share capital of Bolzoni Huaxin
  - v. In the board meeting held on November 13, 2015 the directors passed a resolution for a 500,000 euro increase in the share capital of Bolzoni Auramo Pty (Australia), subscribed entirely by Bolzoni S.p.A. The increase was executed through the partial waiver of the loan between the Australian company and Bolzoni S.p.A.
  - vi. During the financial year 2015, following the resolution passed by the Board of Directors on May 14, 2015, medium term loans were taken out for the amount of 23 million euros to replace the existing ones
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
8. In the Notes to the Financial Statements at point 32, the Directors adequately indicate and illustrate the main operations performed with related parties or between group companies, to which reference should be made, also for a description of the characteristics of the operations and their economic effects.
9. On March 23, 2016, in compliance with art. 14 of the Leg. Decree n. 39/2010, the legal Audit Firm Deloitte & Touche S.p.A. issued its report certifying that the financial statements at 31/12/2015 truly and correctly represent your company's financial and economic situation.
10. The Board of Statutory Auditors has not received any complaints with reference to article 2408 of the Italian Civil Code.
11. The Board of Statutory auditors has not received any instances.

12. During the financial period ended 31/12/2015 your Company has not given the legal Audit Firm Deloitte & Touche S.p.A. any other assignments other than those related to the legal audit of accounts established by the law.
13. In the course of the financial year, we the Board of Statutory Auditors have provided opinions in accordance with the law with regards to the variable remuneration of the C.E.O. and the remuneration of the directors holding office in Internal Committees.
14. Through direct verification and information collected from the Audit firm, the Board of Statutory Auditors ascertained the observance of laws and rules with regards to the preparation of the Company's financial statements and the related management report. Moreover, the Board of Statutory Auditors examined the evaluation principles adopted in the preparation of the presented financial statements in order to verify the conformity to legal requirements and to the corporate-economic conditions.  
The Board of Statutory Auditors confirms that the directors, in preparing the financial report, have not infringed the rules of the law pursuant to art.2423, paragraph four, of the Italian Civil Code.
15. The balance sheet shows a positive operating result for the period of € 3,226,272 which can be broken down as follows:

Assets	Euro	98,460,810
Liabilities	Euro	54,819,398
Net equity (excluding operating profit)	Euro	40,415,140
<b>Operating profit (loss)</b>	<b>Euro</b>	<b>3,226,272</b>

In brief, the income statement presents the following values:

Production value (non financial income)	Euro	70,989,369
Production costs (non financial costs)	Euro	66,409,896
<b>Difference</b>	<b>Euro</b>	<b>4,579,473</b>
Financial revenue and costs	Euro	315,478
Value adjustments on financial assets	Euro	
Extraordinary revenue and costs	Euro	
Result before tax	Euro	4,894,951
Tax on earnings	Euro	1,668,679
<b>Profit (loss) for the year</b>	<b>Euro</b>	<b>3,226.272</b>

16. The Board of Statutory Auditors has noted that the Company has capitalized costs for internal production incurred in the course of the financial year for the amount of € 41,876, broken down into € 29,092 for material and € 12,784 for internal labour. The cost of staff employed amounting to € 275,236 has also been capitalized under the item Development costs. These costs have been deducted from the specific items in the income statement.
17. The Board of Statutory Auditors has maintained constant contact with the legal Audit Firm through meetings held in the Company's registered offices during which no significant aspects emerged requiring further specific examination; during these meetings and the subsequent mutual exchange of information on the verifications performed we were not informed of the existence of any reprehensible facts.
18. The Board of Statutory Auditors has ascertained the adequacy, with regards to the method, of the impairment test process used to verify the existence of possible permanent loss of value (impairments) in relation to the investments recorded under the assets of the balance sheet.  
Impairment tests were performed on the following companies: Bolzoni Auramo Inc., Bolzoni Auramo S.I., Bolzoni Auramo Pty, Bolzoni Italia S.r.l. and Bolzoni Holding Hong Kong. As a consequence of these tests it is necessary to write-off investment in Bolzoni Auramo Pty (650 thousand euros).
19. Further to our activity of supervision and control no significant facts emerged worthy of being highlighted or mentioned in this report.

20. Group's Consolidated Financial Statements. As is known, the supervision of the consolidated financial statements is transferred to the bodies or subjects nominated by law for the legal audit of the accounts of the controlling company (art. 41, paragraph 3, of Leg. D. n. 127 of 9 April 1991) which, in the case of companies required to prepare the consolidated financial statements (art. 25 of Leg. D. 127 of 9 April 1991) is not the responsibility of the Board of Statutory Auditors but of the audit firm appointed for the legal audit of the accounts who prepares the specific report. Nevertheless, the Board of Statutory Auditors feels it is appropriate to provide a brief comment in this report regarding proposals on the Company Financial Statement, both for the obligation to supervise compliance to the law, the by-laws and the standards of correct administration to which the Statutory Auditors are generically bound (art. 149, paragraph 1, letter Leg. D. 58/1998) and also in accordance with the principle by which the matters and documents submitted to the Shareholders Assembly by the Directors is subjected to examination by the Board of Statutory Auditors which consequently deems it appropriate to report to the Shareholders Assembly on the most important points such as, indeed, the consolidated financial statements.

The consolidated financial statement closes the year 2015 with a Group profit of 4.782 thousand euros (previous year 1.044 thousand euros). The audit firm Deloitte & Touche S.p.A., appointed also for the review of the consolidated financial statement, and with which the Board of Statutory auditors has been in contract, has confirmed the correctness and the conformity of the balance sheet and income statement deriving from consolidation with the accounting records of the parent company and to the information transmitted by the subsidiary companies included in consolidation, taking into account the variations resulting from the adoption of the international accounting principles. The information and the details provided by the directors on the consolidated financial statement appear extensive and clear. In view of the above, the Statutory Auditors do not have any reservations regarding the publication of the consolidated financial statements as established by the law.

With regards to the consolidated financial statement and its contents the Assembly of Shareholders should consider that disclosure is provided for information purposes only as this is not submitted to approval.

21. In reference to the above, the Board of Statutory Auditors does not see any reasons for the rejecting the approval of the company financial statement at 31 December 2015 and has no objections with regards to the proposed resolution presented by the Board of Directors regarding the allocation of the result.

Casoni di Gariga, March 23, 2016

### **The Board of Statutory Auditors**

The Chairman of the Board:	Giorgio Picone
Standing statutory auditor	Carlo Baldi
Standing statutory auditor	Maria Gabriella Anelli