



## Consolidated Financial Statement

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Dear Shareholders,

The consolidated financial statement closed at 31.12.2004 which we are submitting to your attention shows a net profit of Euro 1.702.465.

The result is an improvement compared to the previous financial year which closed with a net profit of Euro 1.289.738

In order to evaluate the results of the financial statement it is necessary to consider some of the facts that have influenced the 2004 financial year, many of which have already been highlighted in the Supplementary Note to the Financial Statement of Bolzoni S.p.A.:

- Consolidated turnover has grown from Euro 75.140.157 in 2003 to Euro 84.088.456 in 2004, an increase of 11,9%.
- Our market of reference in Italy has gone through a sluggish period (+ 0,6%), in Europe there has been a reasonable growth (average + 8,8%) and in the USA an excellent growth (+20,2%).
- The Euro-Dollar exchange rate has had a negative impact, the average 2004 exchange rate being 1,246 compared to the average 2003 exchange rate of 1,126. This has had a negative influence equivalent to Euro 702.047 on both turnover and on the earning before tax.
- The Euro-Dollar has also had a negative effect on the evaluation of receivables in dollars at 31.12.2004 with an actual exchange rate of 1,362 and a resulting negative impact on the earning before tax of Euro 378.327, partly compensated by the forward exchange cover operations.
- Also during the year the cost of raw material has soared exceptionally resulting in a temporary reduction in margins due to the difficulty of transferring, with the same rapidity, the higher costs onto selling prices.  
This has been particularly difficult with our larger customers (and especially the manufacturers of Fork Lift Trucks).  
In actual fact, the adjustment of the selling prices was completed only during the first months of 2005.
- During 2004 the Company Labour Contract for Bolzoni S.p.A. was renewed.  
The new contract establishes conditions which are different from the previous version, and so it becomes necessary to calculate as pertaining to 2004 those costs which will actually be paid during 2005.  
So the 2004 will suffer the impact of both the costs deriving from the company labour contract paid in 2004 as well as the costs to be paid in 2005 (but pertaining to 2004). The 2004 financial statement includes a further cost of Euro 509.000.
- During the course of the year the enlargement of the premises in Podenzano was completed together with all the planned installations and the production lines were transferred according to schedule.
- In the course of the 2004 both the commercial and manufacturing integration between the Bolzoni and Auramo products was further developed bringing positive effects especially to the financial statements of the subsidiary companies.
- It is important to highlight the fact that, during the year, Euro 547.000 were allocated for depreciation of goodwill and costs for acquisition of the companies (or company lines) which became part of our Group (Auramo Finland, Saco Germany, Brudi USA).

Thanks to the above, important results have been obtained in Europe in key markets such as France, Germany and UK where, following the integration of the Bolzoni and Auramo product lines, sales volumes have increased and better results have been achieved in the financial statements.

The problem regarding increased cost of raw material has heavily affected all the manufacturing companies in the Group.

In Spain and USA the start-up phase in the production of the new model of hook on side shifter has also had an impact.

The EBIT/DA, which was 10,00% in 2003, in 2004 amounted to 9,8 %, a slight downturn fully justified by the trend in the Euro-Dollar exchange rate and by the increase in the cost of raw material.

To facilitate reading, below is a table with details of the aggregated figures (in Euro) of the subsidiary companies and which have therefore been included in the Consolidated Financial Statement:



SUBSIDIARY	TURNOVER	NET RESULT
Bolzoni S.p.A.	54.281.000	1.717.000
Bolzoni Auramo SL (Spain)	8.471.000	- 291.000
Bolzoni Auramo Sud (Italy)	2.100.000	35.000
Bolzoni Auramo Ltd (UK)	3.799.000	167.000
Bolzoni Auramo Rental (UK)	196.000	- 7.000
Bolzoni Auramo sarl (France)	8.092.000	334.000
Bolzoni Auramo GmbH (Germany)	8.065.000	131.000
Bolzoni Auramo AB (Sweden)	2.411.000	79.000
Bolzoni Auramo PTY (Australia)	1.434.000	- 131.000
Bolzoni Auramo BV (Netherlands)	1.332.000	- 56.000
Bolzoni Auramo Polska (Poland)	488.000	24.000
Bolzoni Auramo SA (Chile)	253.000	- 3.000
Brudi Bolzoni Auramo Ltd (Canada)	1.152.000	62.000
Brudi Bolzoni Auramo Inc (USA)	12.080.000	- 395.000
Auramo OY (Finland)	1.344.000	1.251.000
<b>AGGREGATED TOTAL</b>	<b>119.498.000</b>	<b>2.931.000</b>

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

We would especially like to point out:

- Inventory has altogether increased from Euro 15.249.136 at 31.12.2003 to Euro 16.833.349 at 31.12.2004
- Financial debts have decreased from Euro 23.048.000 at 31.12.2003 to Euro 19.374.000 at 31.12.2004
- Tangible fixed assets have increased from Euro 14.078.788 at 31.12.2003 to Euro 16.137.743 at 31.12.2004.

In examining the most important factors which occurred during the first months of the financial year we believe it is useful to point out the following:

- Our market of reference during the first part of 2005 experienced a slump in Italy, a slight growth in the Europe and a large increase in the USA.
- The sales volumes of the Bolzoni range are growing fast compared to the same period last year, whereas the sales volumes of the Auramo range are slightly down.
- The turnover volumes of the Bolzoni range are in line with the very positive sales trend, whereas the turnover produced by the Auramo range is on the rise compared to the same period last year.

We would also like to point out that, throughout the entire Group, internal costs regarding research and development have not been capitalized.

No other important facts were recorded.

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

PODENZANO, 31.03.2005  
THE DIRECTORS



<b>ASSETS</b>		31.12.2004	31.12.2003
<b>A</b>	<b>1 Share capital proceeds to be received</b>	0	0
<b>B</b>	<b>Fixed assets</b>		
I	<b>Intangible fixed assets</b>		
2	Research, development and advertising costs	126.400	79.200
3	Industrial patents and similiar rights	681.789	930.447
4	Softward licences	214.727	268.794
5	Consolidation differences	7.679.450	8.154.987
6	Assets under construction	0	0
7	Others	619.217	745.204
	<b>Total intangible fixed costs</b>	<b>9.321.583</b>	<b>10.178.632</b>
II	<b>Tangible fixed costs</b>		
1	Land and buildings	6.179.779	4.643.202
2	Plant and machinery	7.461.876	6.051.892
3	Industrial and commercial equipment	712.921	728.988
4	Other assets	1.783.167	1.987.654
5	Assets under construction	0	667.053
	<b>Total tangible fixed assets</b>	<b>16.137.743</b>	<b>14.078.789</b>
III	<b>Financial fixed assets</b>		
1	Investments in		
a	- subsidiary companies	7.500	0
b	- associated companies	364.722	314.722
d	- other companies	77.000	50.000
2	Amounts receivable		
d	* due after one year	69.485	137.805
3	Other securities	0	0
	<b>Total financial fixed assets</b>	<b>518.707</b>	<b>502.527</b>
	<b>Total fixed assets</b>	<b>25.978.033</b>	<b>24.759.948</b>
<b>C</b>	<b>Assets forming part of working capital</b>		
I	<b>Inventory</b>		
1	Raw materials and supplies	4.205.137	3.965.378
2	Work in progress and semi-finished goods	5.027.942	4.043.265
4	Finished goods	7.600.270	7.240.493
	<b>Total inventory</b>	<b>16.833.349</b>	<b>15.249.136</b>
II	<b>Receivables</b>		
1	Trade receivables		
	- due within one year	19.326.628	18.067.652
3	From associated companies		
	- due within one year	431.846	390.056
4 bis	Sums receivable from taxations authorities		
	- due within one year	571.125	508.359
4 ter	Avdanced taxes		
	- due within one year	1.380.280	1.011.134
5	From others		
	- due within one year	120.665	1.332.314
	- due after one year	81.019	451
	<b>Total receivables</b>	<b>21.911.563</b>	<b>21.309.966</b>
IV	<b>Liquid funds</b>	5.755.902	3.010.532
	<b>Total assets forming part of working capital</b>	<b>44.500.814</b>	<b>39.569.634</b>
<b>D</b>	<b>Prepayments and accrued income</b>	196.572	231.020
	<b>TOTAL ASSETS</b>	<b>70.675.419</b>	<b>64.560.602</b>



<b>LIABILITIES</b>		31.12.2004	31.12.2003
<b>A</b>	<b>Shareholders' equity</b>		
I	Share capital	5.319.149	5.319.149
II	Share premium reserve	5.277.504	5.277.504
III	Revaluation reserve	1.323.314	1.323.314
IV	Legal reserve	462.687	405.355
VII 1	Other reserves	3.999.171	3.379.703
2	Conversion reserve	-1.106.515	-1.013.742
3	Consolidation reserve	1.823.299	2.100.025
IX	Net profit for the year	1.710.365	1.355.320
<b>Total Group Shareholders' equity</b>		<b>18.808.974</b>	<b>18.146.628</b>
Third party share capital and reserves		-39.383	27.641
Third party profit (loss)		-7.900	-65.583
<b>Total Group and Third Party Shareholders' equity</b>		<b>18.761.691</b>	<b>18.108.686</b>
<b>B</b>	<b>Provisions for contingencies and charges</b>		
2	Taxation	1.141.095	650.731
3	Other reserves	275.318	387.290
<b>Total provisions for contingencies and charges</b>		<b>1.416.413</b>	<b>1.038.021</b>
<b>C</b>	<b>Employees' leaving entitlement</b>	<b>2.964.106</b>	<b>2.707.559</b>
<b>D</b>	<b>Payables:</b>		
3	Due to banks:		
	- due within one year	8.696.774	8.505.512
	-due after one year	14.548.475	16.225.795
4	Due to other financial institutions		
	- due within one year	423.511	308.738
	-due after one year	1.460.730	1.017.994
5	Accounts:		
	- due within one year	40.745	79.517
6	Payables to suppliers:		
	- due within one year	17.861.325	12.606.654
11	Payables to taxation authorities:		
	- due within one year	1.286.392	917.194
12	Social security payables:		
	- due within one year	573.327	641.163
13	Other payables:		
	- due within one year	2.303.436	2.168.409
<b>Total payables</b>		<b>47.194.715</b>	<b>42.470.976</b>
<b>E</b>	<b>Accrued expenses and deferred income</b>	<b>338.494</b>	<b>235.360</b>
<b>TOTAL LIABILITIES</b>		<b>70.675.419</b>	<b>64.560.602</b>
<b>MEMORANDUM AND CONTINGENCY ACCOUNTS</b>			
Collateral given		14.034.990	14.034.990
<b>TOTAL</b>		<b>14.034.990</b>	<b>14.034.990</b>



<b>PROFIT AND LOSS ACCOUNT</b>		31.12.2004	31.12.2003
<b>A</b>	<b>Production revenues:</b>		
1	Turnover from goods and services	84.088.456	75.140.157
2	Total inventory variations	1.143.330	-36.756
4	Increases to assets after internal work	52.680	59.585
5	Other revenues and income:		
	- grants for operating expenses	0	17.666
	- others	398.206	466.656
	<i>Total other revenues and income</i>	<i>398.206</i>	<i>484.322</i>
	<b>Total production revenues</b>	<b>85.682.672</b>	<b>75.647.308</b>
<b>B</b>	<b>Production costs:</b>		
6	Purchase of raw material, consumables and supplies	-31.766.984	-24.015.033
7	Purchase of services	-21.047.640	-18.019.851
8	Use of third party assets	-1.170.758	-3.442.103
9	Personnel expenses:		
a	- wages and salaries	-16.555.133	-15.589.680
b	- social security contributions	-4.493.454	-4.214.232
c	- employees' leaving entitlement	-685.413	-596.553
e	- other costs	-326.647	-355.993
	<i>Total personnel costs</i>	<i>-22.060.647</i>	<i>-20.756.458</i>
10	Amortisation, depreciation and write-downs:		
a	- amortisation of intangible fixed assets	-929.714	-876.761
b	- amortisation of tangible fixed assets	-2.375.091	-2.447.777
d	- write-downs of receivables	-60.516	-59.966
	<i>Total amortisation, depreciation and write-downs</i>	<i>-3.365.321</i>	<i>-3.384.504</i>
11	Inventory variations	380.151	-683.417
12	Provision for contingencies	-93.494	-55.662
13	Other provisions	0	-75.380
14	Other operating costs	-1.632.791	-1.006.292
	<b>Total production costs</b>	<b>-80.757.484</b>	<b>-71.438.700</b>
	<b>TOTAL (A + B)</b>	<b>4.925.188</b>	<b>4.208.608</b>

**PROFIT AND LOSS ACCOUNT**

		31.12.2004	31.12.2003
<b>C</b>	<b>Financial income and charges</b>		
16	Other financial income:		
a	- receivables classified as fixed assets but are not investments	5.492	91.259
b	- securities included as fixed assets but are not investments	1.284	3.001
d	- other income	16.102	67.547
	<i>Total other financial income</i>	<b>22.878</b>	<b>161.807</b>
17	Interest and other financial charges from:		
	- short-term interest	-427.538	-492.731
	- medium/long term interest	-438.913	-620.680
	- other	-44.552	-41.670
	<i>Total interest and other financial charges</i>	<b>-911.003</b>	<b>-1.155.081</b>
17 bis	Profit and Losses on exchange rate	-378.327	-261.117
	<b>Total financial income and charges</b>	<b>-1.266.452</b>	<b>-1.254.391</b>
<b>D</b>	<b>Adjustments to financial asset values:</b>		
18	Revaluations:		
a	- on investments	50.000	55.000
19	Write-downs:		
a	- on investments	0	-75.000
	<b>Total adjustments to financial asset values</b>	<b>50.000</b>	<b>-20.000</b>
<b>E</b>	<b>Extraordinary income and expenses:</b>		
20	Income:		
	- other extraordinary income	110.487	43.106
21	Expenses:		
	- other extraordinary expenses	-152.032	-52.067
	<b>Total extraordinary income and expenses</b>	<b>-41.545</b>	<b>-8.961</b>
	<b>PROFIT BEFORE TAXATION</b>	<b>3.667.191</b>	<b>2.925.256</b>
22	Taxation on year's profit	-1.964.726	-1.635.519
23	<b>NET PROFIT FOR THE YEAR</b>	<b>1.702.465</b>	<b>1.289.737</b>
	Third party profit / loss	7.900	65.583
	<b>GROUP PROFIT</b>	<b>1.710.365</b>	<b>1.355.320</b>



### Information regarding the group

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

The Bolzoni Group on the 31.12.2004 consisted of the parent company Bolzoni S.p.A. and the subsidiaries Bolzoni Auramo Sarl (100%), Brudi Bolzoni Auramo Incorporated (100%), Bolzoni Auramo Limited (100%), Bolzoni Auramo S.L. (100%), Bolzoni Auramo Sud srl (70%), Bolzoni Auramo Rental (100%), Bolzoni Auramo bv (51%), Bolzoni Auramo Australia Pty Ltd (100%), Bolzoni Auramo GmbH (100%), Bolzoni Auramo Sa (100%), Brudi Bolzoni Auramo Ltd (100%), Bolzoni Auramo AB (100%), Bolzoni Auramo Polska (62,5%) and Auramo Oy (100%) which in turn controls Auramo Baltic OU (100%).

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

### Preparation criteria

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

### Consolidation area

In addition to the financial statement of the parent company Bolzoni S.p.A. the consolidated financial statement includes the financial statements of Bolzoni Auramo Limited, Brudi Bolzoni Auramo Incorporated, Bolzoni Auramo SL, Bolzoni Auramo Sud srl, Bolzoni Auramo Sarl, Bolzoni Auramo Rental, Bolzoni Auramo BV, Bolzoni Auramo Australia Pty Ltd, Bolzoni Auramo Sa, Brudi Bolzoni Auramo Ltd, Bolzoni Auramo GmbH, Bolzoni Auramo AB, Bolzoni Auramo Polska and the sub-consolidated financial statement of the Auramo OY group with the percentages of control held by the parent company as indicated above.

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

### Reference date

All the subsidiaries' financial statements were balanced on 31st December 2004; the consolidated financial statement is drawn up on the basis of the parent company's draft financial statement balanced on 31st December 2004 and prepared by the Board of Directors on the basis of the draft financial statements at 31st December 2004 approved by the respective Board of Directors of each of the subsidiaries.

### Consolidating principles

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

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

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

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



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

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

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

### Conversion of financial statements expressed in foreign currencies

The balance sheet items of the subsidiaries expressed in non EU currencies (pounds sterling, US dollars, Canadian dollars, Australian dollars, Chilean pesos,

Swedish crowns, Estonian crowns and Polish zloty) are converted into Euro using the exchange rates at the end of the financial year, whilst those of the Profit and Loss statement are converted using the average annual rate.

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

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

#### PROFIT AND LOSS ACCOUNT – Average 2004 exchange rate at 31.12.2004

Currency	Euro
US Dollar	1,24334
Pound Sterling	0,67860
Australian Dollar	1,68932
Swedish Crown	9,12500
Canadian Dollar	1,61704
Chilean Pesos	756,748
Polish Zloty	4,53226

#### BALANCE SHEET – Exchange rates at 31.12.2004

Currency	Euro
US Dollar	1,36210
Pound Sterling	0,70505
Australian Dollar	1,74590
Swedish Crown	9,02060
Canadian Dollar	1,64160
Chilean Pesos	759,085
Polish Zloty	4,31822



## Evaluation principles

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

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

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

## Revaluations

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

## Intangible fixed assets

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

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

### ➤ Costs for research and development

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

### ➤ Rights for industrial patents and original works

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

### ➤ Software

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

### ➤ Goodwill resulting from consolidation

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

All this has meant an evolution in the way products are stocked and distributed, consequently resulting in large investments in this field both with regards to property and to attachments (which interests us particularly).

### ➤ Other intangible fixed assets

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

## Tangible fixed assets

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

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



rates are described in the comment to tangible fixed assets.

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

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

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

### ➤ Leased assets

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

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

## Financial fixed assets

The financial fixed assets consisting in investments in subsidiary companies and not consolidated, are calculated at cost and if necessary adjusted in the event of permanent losses of value.

The financial fixed assets consisting in investments in affiliated companies are calculated according to the equity method, except for Eurolift and Hydronika, as they are considered irrelevant and have therefore been recorded and calculated at cost, if necessary they will be adjusted in the event of permanent losses of value.

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

## Inventory

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

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

## Receivables and payables

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

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

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

The value at the end of the financial year of receivables and payables in foreign currencies is recorded at the spot exchange rate ruling on closing of the year, the corresponding exchange rate gains and losses recorded in the Profit and Loss account, and any net profit must be allocated in an appropriate provision which is not distributed until realization.

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

There were no medium or long term receivables or payables in foreign currencies at the end of the financial period 31.12.2004.



### Prepayments and accrued income, accrued expenses and deferred income

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

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

### Provisions for risks and charges

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

### Employees' leaving entitlement

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

### Taxation

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

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

Prepaid tax is recorded in observance of the precautionary principle and on the basis of the reasonable certainty of the future economic-financial realization, whereas deferred tax are registered in any case.

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

### Income and costs

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

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



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

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

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

### Balance Sheet - Assets

#### Intangible fixed assets

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

	Historic cost	Depreciation provisions 31.12.2003	31.12.03	Increases	Exchange effect	Depreciations	31.12.04
Research	224	145	79	71	0	24	126
Patents	1.096	165	931	8	124	134	682
Software	1.186	917	269	131	0	216	183
Difference of consolidation	9.501	1.346	8.155	0	0	475	7.680
Others	1.391	646	745	137	150	81	651
<b>Total</b>	<b>13.398</b>	<b>3.219</b>	<b>10.179</b>	<b>347</b>	<b>274</b>	<b>930</b>	<b>9.322</b>

The other costs for industrial patent rights refer to costs following applications filed.

Software investments made during the financial year refer to purchase of new programmes or to the customization of existing ones.

#### Tangible fixed assets

During the year these have been the following:

	31.12.03	Net increases	Exchange effect	Depreciations	31.12.04
Land and buildings	4.643	1.848	- 183	128	6.180
Plant and machinery	6.052	3.231	- 546	1.275	7.462
Equipment	729	464	- 116	364	713
Other assets	1.988	453	- 50	608	1.783
Assets under construction	667	- 667	0	0	0
<b>Total</b>	<b>14.079</b>	<b>5.329</b>	<b>- 895</b>	<b>2.375</b>	<b>16.138</b>

The investments in buildings have increased in view of the completion of the Piacenza factory building.

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

The revised values in the parent company's financial statement, in 2001 on the basis of Law 342/2000, appear to be lower than the current value estimated when revaluation was determined on the basis of special external appraisal. The revaluation amounts to € 2.103.000 which net of € 401.000 substitute tax, is included for the amount of € 1.702.000 in a specific shareholders' equity reserve.



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

	31.12.2003	Increases	Decreases	Exchange effect	31.12.2004
Land and buildings	5.438	1.883	- 35	- 183	7.011
Plant and machinery	18.749	3.231	0	- 546	20.835
Equipment	4.063	643	- 179	- 116	4.307
Other assets	5.849	453	0	- 50	6.024
Assets under construction	667	- 667	0	0	0
<b>Total</b>	<b>34.766</b>	<b>5.543</b>	<b>- 214</b>	<b>- 895</b>	<b>38.177</b>

Variations in tangible fixed assets depreciation reserves have been as follows:

	31.12.2003	Depreciation	Reversal	31.12.2004
Land and buildings	795	128	- 92	831
Plant and machinery	12.697	1.275	- 599	13.373
Equipment	3.334	364	- 104	3.594
Other assets	3.861	608	- 228	4.241
<b>Total</b>	<b>20.687</b>	<b>2.375</b>	<b>- 1.023</b>	<b>22.039</b>

The following depreciation rates are applied:

Asset	Rate
Buildings	3%
Plants and machinery	10 – 15,5%
Equipment	25 - 30%
Cars	20 - 25%
Office furniture and equipment	10 - 12%
Vehicles	20 - 25%
Electronic equipment	20 - 25%

Tangible fixed assets are subject to the following collateral security for financing received

	31.12.2003	31.12.2004
Mortgages on buildings	14.035	14.035

**Financial fixed assets**➤ **Investments in subsidiary companies**

There are no investments in subsidiaries outside the group except for € 7.000 for consultancy fees regarding the preparation of the necessary documentation for the setting up of a joint venture in China.

➤ **Investments in affiliated companies**

	Historic cost	Previous write-down	31.12.03:	Sales	Write-down	31.12.04
Eurolift	47	0	47	0	0	47
Hydronika	79	0	79	0	0	79
Auramo France	150	- 150	0	0	0	0
Auramo South Africa	146	43	189	0	50	239
<b>Total</b>	<b>402</b>	<b>- 87</b>	<b>315</b>	<b>0</b>	<b>50</b>	<b>365</b>

During the financial year 2004 the investment in Auramo France was sold and the capital gain of € 89.000 was recorded under caption E) 20 of the Profit and Loss account.

**Eurolift PTY Ltd (24,5% holding)**

Reg-Office: 2/81 Harrison Rd  
Dudley Park S.A. 5008 Australia

Currency	Aus. 000\$	€ 000	€ 000 Hist.exch.rate
Share Capital	300	179	189
2004 result	212	101	111
2004 shareholders' equity	871	499	549
2004 our part of shareholders' equity	213	122	135
Book value		47	47
Difference		75	88

**Hydronika BV (24,5% holding)**

Reg-Office: Rootakkers 57  
5708 BA Helmond Netherlands

Currency	€ 000
Share Capital	16
2003 result	91
2003 shareholders' equity	418
2003 our part of shareholders' equity	102
Book value	79
Difference	23

**Auramo South Africa (40% holding)**

Reg. Office: P.O.Box 915  
Benoni 1500 – South Africa

Currency	Rand	€ 000
Share Capital	100	0,013
Result on 28.02.2004	837.766	109
Shareholders' equity on 28.02.2004	1.262.422	164
Our part of shareholders' equity on 28.02.2004	1.218.806	66
Book value		239
Difference		- 165

➤ **Investments in other companies:**

	31.12.2003	Purchases	Write down	31.12.2004
Helsingen Puhelin OY	9	1	0	10
Helsingihalli OY	14	0	0	14
DV – Kinnisvara AS	27	0	0	27
Vantaan Sahkolaitos	0	26	0	26
<b>Total</b>	<b>50</b>	<b>27</b>	<b>0</b>	<b>77</b>

➤ **Receivables**

Variations in receivables during the financial period were as follows:

	31.12.2003	Increases	Decreases	31.12.2004
From others	62	0	41	21
Income tax advance on employees' leaving benefit	76	2	30	48
<b>Total</b>	<b>138</b>	<b>2</b>	<b>71</b>	<b>69</b>

**Inventory**

Following is the analysis of inventory:

	31.12.2004	31.12.2003	Variation
Raw material and supplies	4.362	4.051	311
Provision for obsolete raw material and supplies	- 157	- 86	- 71
<b>Total raw material and supplies</b>	<b>4.205</b>	<b>3.965</b>	<b>240</b>
Work in progress and semi-completed products	5.228	4.323	905
Provision for obsolete semi-completed products	- 200	- 280	80
<b>Total WIP and semi-completed products</b>	<b>5.028</b>	<b>4.043</b>	<b>985</b>
Finished goods	7.811	7.305	506
Provision for obsolete finished goods	- 211	-64	- 147
<b>Total finished goods</b>	<b>7.600</b>	<b>7.241</b>	<b>359</b>
<b>TOTAL</b>	<b>16.833</b>	<b>15.249</b>	<b>1.584</b>



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

Following an analysis of slow moving material in stock an obsolescent stock provision has been set up for a total of € 568.000 (€ 430.000 at 31<sup>st</sup> December 2003) and the details are below:

<b>Obsolescent stock provision:</b>	31.12.2003	Utilisation	Accrual	31.12.2004
Raw materials and supplies	86	0	71	157
Work in progress and semi-completed products	280	80	0	200
Finished goods	64	0	147	211
<b>Total</b>	<b>430</b>	<b>80</b>	<b>218</b>	<b>568</b>

## Receivables

### ➤ Trade receivables

	31.12.2004	31.12.2003	Variation
Trade receivables	15.584	13.675	1.909
Bills subject to collection	3.863	4.627	- 764
Provision for bad debt	- 120	- 234	114
<b>Total</b>	<b>19.327</b>	<b>18.068</b>	<b>1.259</b>
of which - due within the following year	19.325	18.068	1.257
- due after the following year	2	0	2

The bad debt provision at 31st December 2004 does not include any taxed items and appears adequate with respect to total receivables existing at that date, also in consideration of the fact that the group companies have taken out an insurance policy to cover an important part of the receivables.

The break-down of receivables at 31.12.04 according to the geographic area is as follows:

	31.12.2004
Italy	6.687
EU	9.689
Non EU	2.951
<b>Total</b>	<b>19.327</b>

### ➤ Variations in the provision for bad debts during 2004

Balance at 31.12.2003	234
Utilisation	144
Accrual	30
Balance at 31.12.2004	120



➤ **Receivables from affiliated companies**

	31.12.2004	31.12.2003	Variation
Eurolift	268	160	108
Hydronika	0	0	0
Auramo Sud Africa	164	230	- 66
<b>Total</b>	<b>432</b>	<b>390</b>	<b>42</b>
of which - due within the following year	432	390	42
- due after the following year	0	0	0

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

➤ **Receivables from taxation authorities**

	31.12.2004	31.12.2003	Variation
VAT	489	499	- 10
IRES/IRAP	1	699	- 698
Others	81	1	80
<b>Total</b>	<b>571</b>	<b>1.199</b>	<b>628</b>
of which - due after the following year	571	1.199	628

➤ **Prepaid tax**

	31.12.2004	31.12.2003	Variation
<b>Total</b>	<b>1.380</b>	<b>1.011</b>	<b>269</b>
of which - due within the following year	<b>1.380</b>	<b>1.011</b>	<b>269</b>

Prepaid tax refers to temporary increases calculated for tax use and mainly concern the parent company and the subsidiaries Auramo OY and Bolzoni Auramo S.I.

➤ **Receivables from others:**

	31.12.2004	31.12.2003	Variation
Loans to employees	0	8	- 8
Advances to suppliers	60	70	- 10
Others	142	564	- 422
<b>Total</b>	<b>202</b>	<b>642</b>	<b>- 440</b>
of which - due within the following year	121	641	- 520
- due after the following year	81	1	80

As established by point 6, article 2427 of the Civile Code, it should be noted that receivables due after one year are however considered due within 5 years.

➤ **Liquid funds**

	31.12.2004	31.12.2003	Variation
Bank deposits	5.731	2.996	2.735
Cash-in-hand and cash equivalents	25	15	10
<b>Total</b>	<b>5.756</b>	<b>3.011</b>	<b>2.745</b>



## ➤ Prepayment and accrued income

	31.12.2004	31.12.2003	Variation
Prepayments:			
- others	197	231	- 34
Total prepayments:	197	231	- 34
<b>Total</b>	<b>197</b>	<b>231</b>	<b>- 34</b>
of which - due within the following year	197	231	- 34

The amount of € 197.000 under 'other prepayments' refers to costs incurred during the financial year but belonging to the following year and which also include costs for bank guarantees and insurance contracts.

## Liabilities

## ➤ Shareholders' equity



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

	Balance 31.12.03	Profit Allocation	Conversion adjustment	Other variations	Year's net profit	Balance 31.12.04
Share capital	5.319	0	0	0	0	5.319
Share premium reserve	5.278	0	0	0	0	5.278
Revaluation reserve	1.323	0	0	0	0	1.323
Legal reserve	405	58	0	0	0	463
Statutory reserve	3.095	25	0	0	0	3.120
Other reserves	879	0	0	0	0	879
Non-distributed profits	1.505	209	109	0	0	1.823
Conversion reserve	- 1.013	0	- 93	0	0	- 1.106
Year's net profit	1.355	- 1.355	0	0	1.710	1.710
Group shareholders' Equity	18.146	- 1.063	16	0	1.710	18.809
Third party share capital and reserves	29	- 66	- 2	0	0	- 39
Third party profit/loss	- 66	66	0	0	- 8	- 8
Shareholders' equity	18.109	- 1.063	14	0	1.702	18.762

A part of the previous year's profit amounting to € 1.063.000 was distributed to shareholders following the Shareholders' resolution during the meeting for the approval of the financial statement.

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

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



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

	Shareholders' Equity	Year's net result
Parent company's financial statement	19.106	1.717
Recording of leased assets (net of taxation)	283	37
Elimination of accelerated depreciation (net of taxation)	0	- 705
Elimination of profit on intercompany inventory (net of taxation)	- 1.322	- 45
Net effect of adjustment to consolidation accounting principles	- 257	15
Effect of evaluating consolidated companies using the equity method	2.106	691
Conversion reserve	- 1.107	0
<b>CONSOLIDATED GROUP FINANCIAL STATEMENT</b>	<b>18.809</b>	<b>1.710</b>
Minority interests	- 47	- 8
<b>CONSOLIDATED FINANCIAL STATEMENT</b>	<b>18.762</b>	<b>1.702</b>

## Provisions for contingencies and charges

### ➤ Taxation provision

	31.12.2003	Accrual	Utilisation	31.12.2004
For consolidation adjustments	262	221	0	483
For advanced depreciations	367	153	0	520
Other taxes	22	126	10	138
<b>Total</b>	<b>651</b>	<b>500</b>	<b>10</b>	<b>1.141</b>

This provision mainly includes deferred taxes calculated on consolidation adjustments.

Moreover this provision has been set up to cover the foreseeable future tax to be paid on deferred tax payment for appreciation and contribution and advanced depreciations.

None of the group companies have pending litigations except for the Parent Company's contentious procedure with the Revenue Office, details of which are given in the Supplementary Note of the Parent Company's Financial Report.

### ➤ Other provisions for risks and charges:

	31.12.2003	Accrual	Utilisation	31.12.2004
Agents' termination benefit	78	20	0	98
Warranties	190	72	149	113
Other risks	119	123	178	64
<b>Total</b>	<b>387</b>	<b>215</b>	<b>327</b>	<b>275</b>

The warranty provision was set up to cover warranty costs on products sold during 2004 and expected to be incurred the following year. The accrual is accounted for in line B13 of the Profit and Loss account. The balance existing on 31.12.2003 has partly been used to adjust the warranty costs paid during 2004.



➤ **Employees' leaving entitlement**

Variations have been the following::

	31.12.2004	31.12.2003
Opening balance	2.708	2.486
Utilisation	155	287
Advances	79	62
Accrual	490	571
<b>Closing balance</b>	<b>2.964</b>	<b>2.708</b>

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

The greater amount of accrual for the year indicated in the profit and loss account, compared to the above balance, corresponds to the Employees' Leaving benefit matured during the year by employees who later left the company and amounts to € 17.000 .

## Payables

➤ **Payables to banks**

	31.12.2004	31.12.2003	Variation
Payables towards shareholders for financing	5.834	6.601	- 767
Current account overdrafts	2.932	2.301	631
Mortgage loans	6.812	7.969	1.157
Other financing	7.667	7.860	- 193
<b>Total</b>	<b>23.245</b>	<b>24.731</b>	<b>- 1.486</b>
of which - due within the following year	8.697	8.505	192
- due after the following year	14.548	16.226	- 1.678

Payables towards shareholders for loans have been obtained at the following conditions:

- ◆ Principal € 7.000.000 obtained in 2003, outstanding payable at 31st December 2004 € 5.833.330, floating interest rate (3,02% at 31st December 2004), repayable in half-yearly instalments beginning on 30.09.2004 until 31.03.2007; no collateral has been given for this loan.

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

- ◆ Mediocredito Padano, principal € 1.007.091 obtained in 1996, outstanding payable at 31st December 2004 € 93.608, floating interest rate (3,65% at 31<sup>st</sup> December 2004) repayable in half-yearly instalments beginning 1997 until 15.12.2005;
- ◆ Intesa Mediocredito, principal € 7.750.000 obtained in 2001, outstanding payable at 31st December 2004 € 6.718.458, floating interest rate (2,82% at 31<sup>st</sup> December 2004), repayable in half-yearly instalments beginning on 31.03.2004 until 30.09.2010.

Remaining financing refers mainly to loans obtained at the following conditions:

- ◆ Unicredit Banca d'Impresa, principal €2.800.000, € 2.000.000 obtained in 2001 and € 800.000 in 2004, outstanding payable at 31st December 2004 € 2.800.000, floating interest rate (2,57% at 31.12.2004); no collateral has been given for this loan.
- ◆ The sum of € 4.867.000 refers to advances obtained by the subsidiary companies.

At 31.12.2004 there were two swap interest rate contracts for a basic capital of € 7.000.000 and € 2.500.000 € expiring in 2006, drawn up to give a generic coverage against risks of increasing interest rates and whose effects can be seen in the Profit and Loss Account under caption "Interest rates and other financial charges". The evaluation of these contracts



according to market value produces a total capital loss of € 36.000 resulting in a booking of the same amount in the provision for contingencies and charges.

### ➤ Payables towards other financial institutions

	31.12.2004	31.12.2003	Variation
Financing Law 388/81	1.517	598	919
Financing Finnvera	122	372	250
Others	245	357	- 112
<b>Total</b>	<b>1.884</b>	<b>1.327</b>	<b>557</b>
of which due: within the next year	423	309	114
After the next year	1.461	1.018	443

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

### ➤ Payments on account

	31.12.2004	31.12.2003	Variation
To customer	41	80	- 39

### ➤ Payables to suppliers

	31.12.2004	31.12.2003	Variation
Italian suppliers	13.464	9.120	4.344
Foreign suppliers	4.397	3.487	910
<b>Total</b>	<b>17.861</b>	<b>12.607</b>	<b>5.254</b>

The increase in "Italian suppliers" is due to greater material in stock and to the investments made during the last part of the financial period.

Following is the break-down of payables at 31.12.04 according to geographic area:

	31.12.2004
Italy	14.921
EU	2.836
Non E.U.	104
<b>Total</b>	<b>17.861</b>

### ➤ Payables to taxation authorities

	31.12.2004	31.12.2003	Variation
For wages and salaries	359	443	- 84
Income tax	223	50	173
VAT	436	354	82
Others	268	70	198
<b>Total</b>	<b>1.286</b>	<b>917</b>	<b>369</b>
- due within the next year	1.286	917	369
- due after the next year	0	0	0



➤ **Social Security payables**

This includes Social Security contributions to be paid by both the consolidated companies and the employees on the wages and salaries for December 2004, on holidays and the year-end bonus, all payable within the following year.

➤ **Other payables:**

	31.12.2004	31.12.2003	Variation
Due to employees for wages and salaries	771	594	177
Due to employees for matured but unused holidays	945	990	- 45
Sundry payables	587	584	3
<b>Total</b>	<b>2.303</b>	<b>2.168</b>	<b>135</b>
of which due: - within the next year	2.303	2.168	135
- after the next year	0	0	0

Payables to employees for wages and salaries refer to the December 2004 salaries paid out in January 2005.

➤ **Accrued expenses and deferred income:**

	31.12.2004	31.12.2003	Variation
Accrued expenses			
- interest payable	1	2	- 1
- other	337	230	107
Deferred income	0	3	- 3
<b>Total</b>	<b>338</b>	<b>235</b>	<b>103</b>
of which due - within the next year	338	235	103
- after the next year	0	0	0

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

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

➤ **Memorandum accounts**

They are described in detail at the end of the balance sheet.

Collateral given for financing is described in the paragraph on tangible fixed assets.

To date, the group does not have any commitment to purchase or sell outside the normal business operations.

Guarantees received from third parties have been cancelled as the sureties have been returned to the financial institutions.



## Profit and Loss Account

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

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

### Production income

#### ➤ Turnover, goods and services



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

	31.12.2004	31.12.2003	Variation
Italy	17.041	16.177	864
EU.	49.428	42.803	6.625
Non EU	17.619	16.160	1.459
<b>Total</b>	<b>84.088</b>	<b>75.140</b>	<b>8.948</b>

#### ➤ Other income and revenues

	31.12.2004	31.12.2003	Variation
Grants for operating expenses	0	17	- 17
Other income	347	296	51
Ordinary capital gain	51	171	- 120
<b>Total</b>	<b>398</b>	<b>484</b>	<b>- 86</b>

'Other income' refers mainly to charges made to suppliers outside the group following warranty problems on delivered products and fringe benefits charged to employees.

'Ordinary capital gain' refers to the normal sale of industrial assets.

### Production costs

#### ➤ Purchasing costs

Detail of purchasing costs:

	31.12.2004	31.12.2003	Variation
Raw materials	9.770	8.550	1.220
Commercial goods	3.197	3.239	- 42
Semi-finished products	14.682	8.115	6.567
Other purchases for production	2.578	3.099	- 521
Sundry purchases	320	395	- 75
Additional expenses	272	233	39
Finished goods	948	384	564
<b>Total</b>	<b>31.767</b>	<b>24.015</b>	<b>7.752</b>

The increase in costs for semi-finished products is due to the change in the company manufacturing process producing a shift of costs from subcontracting (costs for services) towards purchases of semi-finished products.



➤ **Service costs**

Details:	31.12.2004	31.12.2003	Variation
Subcontracting	9.602	8.953	649
Commercial expenses	1.501	1.239	262
Directors' fees	745	727	18
Commissions	790	435	355
Transport on sales	1.861	1.521	340
Transport on purchases	386	495	- 109
Consultancy	583	730	- 147
Insurances	539	460	79
Motive power	472	428	44
Telecommunication	469	452	17
Other consumptions	222	248	- 26
Maintenance	921	847	74
Others	2.957	1.485	1.472
<b>Total</b>	<b>21.048</b>	<b>18.020</b>	<b>3.028</b>

'Others' includes costs for fuel, bank services, cleaning and surveillance.

➤ **Use of third party assets**

Details:	31.12.2004	31.12.2003	Variation
Renting of premises	905	1.525	- 620
Hiring of vehicles	11	560	- 549
Others	255	1.357	- 1.102
<b>Total</b>	<b>1.171</b>	<b>3.442</b>	<b>- 2.271</b>

➤ **Other operating costs**

Details:	31.12.2004	31.12.2003	Variation
Tax and duty	52	73	- 21
Others	1.581	933	648
<b>Total</b>	<b>1.633</b>	<b>1.006</b>	<b>627</b>



## Financial income and charges

The group did not produce income deriving from investments.

### ➤ Other financial income

Includes:	31.12.2004	31.12.2003	Variation
Interest income from clients	1	9	- 8
Interest income from bank current accounts	4	21	- 17
Interest income from bonds	7	0	7
Interest income on fixed credits	15	132	- 117
<b>Total</b>	<b>27</b>	<b>162</b>	<b>- 135</b>

### ➤ Interest and other financial charges

Includes:	31.12.2004	31.12.2003	Variation
Short term payable interest	428	639	- 211
Medium-long term payable interest	426	416	10
Interest payable on lease contracts	12	58	- 46
Other	45	42	3
<b>Total</b>	<b>911</b>	<b>1.155</b>	<b>- 244</b>

Net financial charges account for 1,05% of turnover compared to 1,34% in 2003.

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

## Extraordinary income and expenses

### ➤ Extraordinary income

Includes:	31.12.2004	31.12.2003	Variation
Contingent assets	21	30	- 9
Capital gain	89	13	76
<b>Total</b>	<b>110</b>	<b>43</b>	<b>67</b>

### ➤ Extraordinary expenses

Includes:	31.12.2004	31.12.2003	Variation
Contingent liabilities	137	45	92
Capital loss	15	7	8
<b>Total</b>	<b>152</b>	<b>52</b>	<b>100</b>

**➤ Taxation**

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

Deferred taxes have been calculated on consolidation adjustments.

Details are as follows:	2004	2003	Variation
Current taxes	2.166	1.596	570
Net deferred/prepaid tax	- 201	40	241
<b>Taxation on the year's profit</b>	<b>1.965</b>	<b>1.636</b>	<b>329</b>

Below are the temporary differences at the basis of the calculation of prepaid/deferred tax	Tax effect 2004	Tax effect 2003
Previous losses	266	520
Offsetting Auramo Oy intercompany margin	291	251
Offsetting Bolzoni Spa intercompany margin	339	375
Accelerated depreciation	- 682	- 748
Sundry	25	- 38
<b>Total</b>	<b>239</b>	<b>360</b>

Temporary differences excluded from calculation of prepaid/deferred tax:	Tax effect 2004	Tax effect 2003
Provision for contingencies and charges	0	29
Obsolescent stock provision	130	134
BBA Inc. previous losses	918	839
BA Ltd previous losses	170	201
BA Gmbh previous losses	43	90
<b>Total</b>	<b>1.261</b>	<b>1.293</b>

**Other information****Remuneration for directors and auditors.**

During the Shareholders' meeting held on June 14th 2004 the remuneration for the Board of Directors was established in €515.000.

During the same meeting the remuneration of the Statutory auditors was established in € 46.000.

For the subsidiary companies, remuneration has only been established for the Board of Directors of Bolzoni Auramo Sud for the amount of € 41.000 and Auramo Oy for the amount of € 72.000.

**Dividend bearing shares and bonds issued by the company**

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

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

Podenzano, March 31st 2005

The Directors

**Annex 1 – Cash flow statement**

	31.12.2004	31.12.2003
<b>Cash flows generated by operating activities:</b>		
Net profit for the year	1.710	1.355
<b>Adjustments on items not affecting liquidity:</b>		
- Depreciation for the year	3.305	3.325
- Employees' leaving benefit accrued in the year	685	597
- Utilisation of employees' leaving benefit in the year	- 429	- 369
- Accrual (utilisation) of risk and charges provisions	379	219
<b>Total</b>	<b>3.940</b>	<b>3.772</b>
<b>Variations in current assets and liabilities:</b>		
- Receivables from clients	- 1.301	2.677
- Other receivables	767	570
- Inventory	- 1.584	146
- Prepayment and accrued income	34	134
- Payables to suppliers	5.255	- 365
- Other payables	36	- 194
- Accrued expenses and deferred income	103	- 4
- Sums payable to taxation authorities	362	38
<b>Total</b>	<b>3.672</b>	<b>3.002</b>
<b>Total cash flows generated by operating activities:</b>	<b>9.322</b>	<b>8.129</b>
<b>Cash flows generated by investments:</b>		
- Net book value of sold assets	0	0
- Purchase of technical fixed assets	- 4.434	- 2.285
- Increase in intangible assets	- 72	- 556
- Increase in investments	- 85	45
<b>Totale</b>	<b>- 4.591</b>	<b>- 2.796</b>
<b>Cash flows generated by financing activities:</b>		
- New loans	559	0
- Paying back loans	- 1.792	- 871
- Share capital increases and other variations	6	- 457
- Dividends paid out	- 1.064	- 1.064
- Decreases in other fixed assets	0	0
<b>Total</b>	<b>- 2.291</b>	<b>- 2.392</b>
<b>Increase in bank accounts and cash-in-hand</b>	<b>2.440</b>	<b>2.940</b>
Cash and banks at the beginning of the year	- 5.804	- 8.744
Cash and banks at the end of the year	- 3.364	- 5.804

**BOLZONI S.P.A.**  
**I CASONI DI PODENZANO (PC)**  
**SHARE CAPITAL Euro 5.319.149 FULLY PAID**  
**TAX CODE 00113720338**  
**R. E. A. n. 87382**  
**BOARD OF AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENT AT 31.12.2004**

Gentlemen,

we have examined and checked, from the Civil Law viewpoint, the Consolidated Financial Statement, the Supplementary Note and the Management Report, prepared by the Board of Directors of BOLZONI S.p.A. in accordance with art. 25 of the Law 127/91 and submitted to us according to the law.

In accordance with provisions laid down in art. 41 of the above mentioned law, we have analytically examined all the accounting items, the Management report and the enclosures.

Our report follows.

The financial statement shows a total profit of € 1.710.365 consisting of a group profit corresponding to € 1.702.465 and a third party loss of € 7.900 (shareholder with 30% stake in Bolzoni Sud, 62,5% stake in Bolzoni Auramo Polska and 49% stake in Bolzoni Auramo B.V.) and may be summarized as follows:

**BALANCE SHEET**

Assets	€	70.675.419
Liabilities and funds	€	51.913.728
Capital and group reserves	€	18.808.974
Capital, reserves and third party results	€	- 47.283
Total liabilities, funds and capital	€	70.675.419

**PROFIT AND LOSS ACCOUNT**

Production value	€	84.088.456
Production costs	€	- 80.757.484
Diff.between prod.value and costs	€	4.925.188
Income and financial charges	€	- 1.266.452
Financ.assets value adjustments	€	50.000
Income and extraordinary charges	€	- 41.545
Result before tax	€	3.667.191
Income tax for financial period	€	- 1.964.726
Net profit of the year	€	1.702.465
Third party loss	€	7.900
Group result	€	1.710.365

The period to which the values refer is the year ending 31st December 2004, date on which financial statements of the companies forming the Group were closed, all 100% owned by Bolzoni Spa except for Bolzoni Auramo Sud s.r.l. where Bolzoni has a 70% stake, Bolzoni Auramo Polska owned for 62,50% and Bolzoni Auramo B.V. owned for 51%.

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

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

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

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

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

Piacenza, April 14th 2005

**THE BOARD OF AUDITORS**

(original in Italian signed by)

Dott. Benvenuto Girometti

Dott. Giorgio Picone

Dott. Fiorenzo Salvini

**AUDITORS' REPORT**  
pursuant to article 2409-ter of the Civil Code  
(Translation from the original Italian text)

To the Shareholders  
of Bolzoni S.p.A.

1. We have audited the consolidated financial statements of Bolzoni S.p.A. as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Bolzoni S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated May 14, 2004.

3. In our opinion, the consolidated financial statements of Bolzoni S.p.A. comply with the Italian (1) regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Bolzoni S.p.A. as of December 31, 2004, and the consolidated results of its operations for the year then ended.

Brescia, April 8, 2005

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

(1) Words added in translation from original Italian text



## Management Report – Bolzoni Spa

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Dear Shareholders,

The financial statement closed at 31.12.2004 which we are submitting to your attention presents a net profit of Euro 1.717.040.

The result is therefore an improvement compared to the previous financial year which closed with a net profit of 1.146.628 Euro.

In order to evaluate the result achieved it is important to examine the facts that have distinguished the 2004 financial period and which have affected the result of the financial statement:

- Turnover went up from Euro 49.487.033 in 2003 to Euro 54.281.485 in 2004, an increase of 9,7%.
- Our market of reference in Italy went through a sluggish period (+ 0,6%), recorded a reasonable growth rate in Europe (average + 8,8%) and experienced an excellent growth rate in US (+20,2%).
- The Euro-Dollar exchange rate had a negative impact, the average 2004 exchange rate being 1,246 compared to an average 2003 exchange rate of 1,126. This negative effect amounts to Euro 651.402 on both turnover and on earning before tax.
- The Euro-Dollar exchange rate also had a negative effect on receivables in dollars at 31.12.2004 with an actual exchange rate of 1,362 and a resulting negative impact on earning before tax of Euro 393.327, partly compensated by the forward exchange cover operations.
- Also during the 2004 financial year the cost of raw material soared exceptionally resulting in a temporary reduction in margins due to the difficulty of transferring, with the same rapidity, the higher costs onto selling prices.  
This has been particularly difficult with our larger customers (and especially the manufacturers of Fork Lift Trucks).  
In actual fact, the adjustment of the selling prices was completed only during the first months of 2005.
- During this last year the Company Labour Contract for Bolzoni SpA was renewed.  
The new contract establishes conditions which are different from the previous version making it necessary to calculate those costs actually paid during 2005 as however pertaining to 2004.  
So 2004 will suffer the impact of both the costs deriving from the Company Labour Contract paid in 2004 as well as the costs to be paid in 2005 (but pertaining to 2004). The 2004 financial statement includes a further cost of Euro 509.000.
- For the preparation of the 2004 Financial Statement the new civil law regulations have been applied requiring the removal of the effects of accelerated depreciation concerning the previous financial periods.  
This fact produces an improvement of Euro 680.000 in the earning before tax.
- During the year the 2004 the expansion of the premises situated in Casoni di Podenzano was completed together with all the planned installations and the production lines were transferred according to schedule.
- In the course of 2004 both the commercial and the manufacturing integration between the Bolzoni and the Auramo products was further developed bringing positive effects especially to the financial statements of the subsidiary companies.

The result is therefore quite positive, especially in view of important factors such as the Euro-Dollar exchange rate and the exceptional increase in the costs of raw material, events which were completely beyond our control and which have greatly affected year 2004.

It should also be noted that, despite the situation described regarding the Euro-Dollar exchange rate, during 2004 we defended (and increased) our market share in Europe and in the USA we achieved a market share of approx. 15% becoming, to all intents and purposes, the second largest manufacturer in the USA,

Before passing on to the analysis of what has already been amply described in the Supplementary Note, we believe it is necessary to add some considerations on the results achieved in 2004 and the prospects for 2005.



Firstly, in examining the financial statement's figures for 2004 some points are worth highlighting and commenting:

- ✓ We have already remarked income from sales which in 2004 amounted to Euro 54.281.485 compared to Euro 49.487.033 in 2003, an increase of 9,7% which takes on even more meaning when considering the impact of the Euro-Dollar exchange rate.
- ✓ Staff costs increased by exactly the same proportion as the increase in turnover and therefore their impact remain unchanged, despite the double recording of the costs for the Company Labour contract
- ✓ Financial charges passed from Euro 561.305 in 2003 to Euro 516.678 in 2004, a drop in the presence of an increase in turnover (an impact of 1,03% on turnover).
- ✓ In view of profits made during the 2004 financial period and future prospects, the holdings in Brudi Bolzoni Auramo Ltd (Canada), Bolzoni Auramo Rental (UK) and Bolzoni Auramo GmbH (Germany) have been conservatively reassessed by an amount equivalent to the 2004 financial statement's profit corresponding to a total of Euro 206.519.  
The same precautionary standard has resulted in the devaluation of the holdings in Bolzoni Auramo BV (Netherlands), Bolzoni Auramo PTY (Australia) and Bolzoni Auramo SA (Chile) for an amount equivalent to the financial statement's loss corresponding to a total of Euro 131.085.
- ✓ The exchange rate fluctuation has negatively affected 2004 by Euro 393.327 compared to Euro 199.047 in 2003.  
These figures include the forward exchange cover operations open during the two financial years.
- ✓ The financial statement includes depreciation for Euro 1.222.765 compared to Euro 1.379.261 during the previous financial period. In accordance with the new tax regulations, accelerated depreciation is not indicated in the financial statement and also the effects of the previous accelerated depreciation have been removed, producing a positive effect amounting to Euro 680.190 booked in Financial Income and Charges.
- ✓ Stock went from Euro 7.224.177 at 31.12.2003 to Euro 8.416.184 at 31.12.2004.  
The increase in stock is the result of both the increased turnover and also the need to withstand the problems caused by difficulties in finding raw material.
- ✓ During 2004 investments amounting to Euro 3.933.000 were made compared to Euro 1.585.000 in 2003.  
The considerable increase is due to the expansion of the Podenzano plant.
- ✓ Financial exposure decreased from Euro 17.668.000 at 31.12.2003 to Euro 15.980.000 at 31.12.2004.
- ✓ Current and deferred taxes amounted to a total of Euro 1.452.132 compared to Euro 1.128.211 during the previous financial period.

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

In examining the financial statement figures of the Subsidiaries and the Affiliated Companies it is important to note the following:

✓ **Bolzoni Auramo S.a.r.l. (France):**

The financial statement at 31.12.2004 of our French subsidiary shows a total income of Euro 8.092.000 compared to Euro 7.016.000 of the previous year, an increase of 13,30%, and a year's profit of Euro 334.000.

So the position of our French subsidiary is now also consolidated on the market of Auramo products.

Our market share in France increases bringing positive effects to both turnover and the financial statement's result.

Turnover towards Bolzoni Auramo Sarl amounted to Euro 4.986.000 and Bolzoni Auramo Sarl's turnover to Bolzoni S.p.A. amounted to Euro 44.000.

✓ **Brudi Bolzoni Auramo Inc. (U.S.A.)**

The financial statement at 31.12.2004 of our American subsidiary shows a total sales income of \$ 15.019.000 (corresponding to Euro 12.080.000 at the average 2004 exchange rate) compared to \$ 11.821.000 of the previous year, an increase of 21,29%.

The financial statement's result is negative \$ 491.000 (Euro 394.903 at the average 2004 exchange rate).

The considerable increase in turnover is worthy of note in a market as difficult as the US one however this is associated with a loss in the financial statement's result.

This result derives from the inefficiencies produced during the start up of production in the new plant, the launch of production of new model of hook on side shifters and the already mentioned important increase in the cost of raw material.

The achieved increase in sales, together with actions taken on selling prices and on the organization of production will certainly produce positive effects on the results of future financial years.

Turnover towards BBA Inc. amounted to Euro 6.089.000 and BBA Inc's turnover to Bolzoni S.p.a. amounted to Euro 24.000.



✓ **Bolzoni Auramo Limited (U.K.)**

The financial statement at 31.12.2004 of our English subsidiary Bolzoni Auramo Ltd shows a total sales income of £ 2.578.000 (corresponding to Euro 3.799.000 at the average 2004 exchange rate) against the £ 1.628.000 of the previous year, an increase of 36,84%, and an operating profit of £ 113.000 (Euro 167.000 at the average 2004 exchange rate).

As in the case of almost all the foreign subsidiaries, this positive result reflects the beneficial effects of the joint marketing of Bolzoni and Auramo products, and the subsequent growth in turnover produces an improvement in the operating results.

Turnover towards Bolzoni Auramo Ltd amounted to Euro 1.415.000 and Bolzoni Auramo Ltd's turnover to Bolzoni S.p.a. amounted to Euro 83.000.

✓ **Bolzoni Auramo Rental (U.K.)**

The financial statement at 31.12.2004 of our English rental subsidiary shows a total sales income of £ 133.000 (corresponding to Euro 196.000 at the average 2004 exchange rate) against the £ 96.000 of the previous year, an increase of 27,82% and an operating profit of £ 5.000 (Euro 7.360 at the average 2004 exchange rate)

✓ **Bolzoni Auramo S.L. (Spain)**

The financial statement at 31.12.2004 of our Spanish subsidiary shows a total sales income of Euro 8.471.000 against the Euro 8.028.000 of the previous year with an increase of 5,23% but an operating loss of Euro 291.000.

The considerable loss is due to the inefficiencies connected with the production start-up of the new hook-on side shifter model, as well as the remarkable increase in costs of raw material.

During the year 2004 the company underwent a re-organization process (almost terminated by 31.12).

The costs of this operation have affected the 2004 financial statement.

The turnover level achieved, the improved efficiency in the production of the new side shifter range and the re-organization process makes positive results foreseeable for 2005.

Turnover towards Bolzoni Auramo SL amounted to Euro 3.652.000 and Bolzoni Auramo SL's turnover to Bolzoni S.p.a. amounted to Euro 2.111.000.

✓ **Bolzoni Auramo S.r.l. (Italy)**

The financial statement at 31.12.2004 of our Italian subsidiary shows a total sales income of Euro 2.100.000 against the Euro 1.849.000 of the previous year, an increase of 11,96% and a profit of Euro 35.000. So this confirms that costs are basically balanced by income.

Turnover towards Bolzoni Auramo Srl amounted to Euro 1.281.000 and Bolzoni Auramo Srl's turnover towards Bolzoni S.p.a. amounted to Euro 16.000.

✓ **Bolzoni Auramo Gmbh (Germany)**

The financial statement at 31.12.2004 of our German subsidiary shows a total sales income of Euro 8.065.000 against Euro 7.237.000 of the previous year, an increase of 10,27% and an operating profit of Euro 131.000.

The re-organization of the company, completed in 2003, and the increased turnover have produced the expected positive effect which should be reinforced during the future years.

Turnover towards Bolzoni Auramo Gmbh amounted to Euro 1.787.000 and Bolzoni Auramo Gmbh's turnover towards Bolzoni S.p.a. amounted to Euro 34.000.

✓ **Bolzoni Auramo Ab (Sweden)**

The financial statement of our Swedish subsidiary at 31.12.2004 shows a total sales income of Sek 21.997.000 (equivalent to Euro 2.411.000 at the average 2004 exchange rate) against Sek 22.722.000 of the previous year, a drop of 3,30%, and an profit of Sek 725.000 (equivalent to Euro 79.000 at the average 2004 exchange rate).

Turnover towards Bolzoni Auramo Ab amounted to Euro 16.000.

✓ **Bolzoni Auramo Bv (The Netherlands)**

The financial statement of our Dutch subsidiary at 31.12.2004 a total sales income of Euro 1.332.000 against the previous year's Euro 1.016.000, an increase of 23,72%, and an operating loss of Euro 56.000.

This is the company's second year of activity.

The subsidiary has not yet achieved the break-even point between costs and income even though sales volumes have increased.

Turnover towards Bolzoni Auramo Bv amounted to Euro 315.000.



✓ **Bolzoni Auramo Pty (Australia)**

The financial statement of our Australian subsidiary at 31.12.2004 shows a total sales income of \$ Aus. 2.422.000 (equivalent to Euro 1.434.000 at the average 2004 exchange rate) against the \$ Aus. 1.853.000 of the previous year, meaning an increase of 23,49% but an operating loss of \$ Aus. 222.000 (equivalent to Euro 131.000 at the average 2004 exchange rate).

Business volumes have increased but the break-even point between costs and income has not yet been achieved.

Turnover towards Bolzoni Auramo Pty amounted to Euro 403.000.

✓ **Bolzoni Auramo S.a. (Chile)**

The financial statement of our Chilean subsidiary at 31.12.2004 shows a total sales income of Pesos 191.378.000 (equivalent to Euro 253.000 at the average 2004 exchange rate) against Pesos 126.343.000 of the previous year, meaning an increase of 33,98% but an operating loss of Pesos 2.509.000 (equivalent to Euro 3.316 at the average 2004 exchange rate)

The Chilean subsidiary has therefore achieved a substantial balance between costs and income.

Turnover towards Bolzoni Auramo S.a. amounted to Euro 48.000 and Bolzoni Auramo SA's turnover towards Bolzoni Spa amounted to Euro 25.000.

✓ **Brudi Bolzoni Auramo Limited (Canada)**

The financial statement of our Canadian subsidiary at 31.12.2004 shows a total sales income of \$ Can 1.863.000 (equivalent to Euro 1.152.000 at the average 2004 exchange rate) against \$ Can. 1.142.000 of the previous year, with an increase of 38,70% and an operating profit of \$ Can 101.000. (equivalent to Euro 62.000 at the average 2004 exchange rate).

Turnover towards Brudi Bolzoni Auramo Ltd amounted to Euro 127.000.

✓ **Auramo OY**

The financial statement at 31.12.2004 of the Finnish subsidiary alone shows total sales income of Euro 15.344.000 against the Euro 13.310.000 of the previous year with an increase of 13,26% .

Both the turnover and the final result of Auramo Oy's financial statement have also been affected by the difference between the average Euro exchange rate in 2003 and 2004, together with the already-mentioned problem of increased costs in raw material.

The operating result of Auramo Oy was a profit of Euro 1.141.000.

This result is in line with expectations and confirms the positive effects of both the marketing and manufacturing integration of the Auramo product range.

The consolidated result of the Auramo group (which includes the Estonian subsidiary Auramo Baltic) amounts to a profit of Euro 1.251.000 .

✓ **Bolzoni Auramo Polska ZOO**

During the course of 2004 the ownership of Bolzoni Auramo Polka was transferred from Auramo OY to Bolzoni Spa.

The financial statement of our Polish subsidiary at 31.12.2004 shows a total income of 2.210.000 Sloty (equivalent to Euro 488.000 at the average 2004 exchange rate ) with an operating profit of 110.000 Sloty (equivalent to Euro 24.000 at the average 2004 exchange rate).

Turnover towards Bolzoni Auramo Polka amounted to Euro 141.000.

✓ **Eurolift PTY LTD**

Our 24,5% stake of the share capital has remained unchanged.

Turnover towards Eurolift amounted to Euro 453.000.

✓ **Hydronika BV**

Our 24,5% stake of the share capital has remained unchanged.

Our turnover towards Hydronika was zero as this was transferred to the newly established company Bolzoni Auramo BV.

✓ **Auramo South Africa**

Auramo Oy's 40% stake of the share capital has remained unchanged.

Turnover towards Bolzoni Auramo South Africa amounted to Euro 284.000.



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

In examining the events which occurred during the first few months of 2005 we would like to highlight the following circumstances which have held a certain importance for our Company:

- during the first part of 2005 our market of reference has recorded a downturn in the home market, a slight growth in Europe and a substantial upswing in USA.;
- our sales volumes indicate a good growth rate compared to the 2004 results, and are also confirmed by the turnover.

No other important facts were recorded.

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

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

Euro	85.852,02	for the legal reserve;
Euro	567.358,59	for the extraordinary reserve;
Euro	1.063.829,80	for dividends.

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

PODENZANO, 31.03.2005  
THE DIRECTORS



<b>ASSETS</b>		31.12.2004	31.12.2003
<b>A</b>	<b>Share capital proceeds to be received</b>	0	0
<b>B</b>	<b>Fixed assets</b>		
I	<b>Intangible fixed assets</b>		
2	Research, development and advertising costs	14.400	19.200
3	Industrial patents and similar rights	5.830	7.368
4	Software licences	157.727	254.635
7	Other	71.941	97.823
	<b>Total intangible fixed assets</b>	<b>249.898</b>	<b>379.026</b>
II	<b>Tangible fixed assets</b>		
1	Land and buildings	4.786.315	3.053.288
2	Plant and machinery	4.063.898	1.854.515
3	Industrial and commercial equipment	502.682	181.455
4	Other assets	602.775	292.209
5	Assets under construction	0	667.052
	<b>Total tangible fixed assets</b>	<b>9.955.670</b>	<b>6.048.519</b>
III	<b>Financial fixed assets</b>		
1	Investments		
a	- Subsidiary companies	18.810.445	18.617.714
b	- Associated companies	125.722	125.722
2	Amounts receivable	0	0
a	- Subsidiary companies	0	0
	* due within one year	5.512.760	4.327.367
d	- Other	0	0
	* due after one year	57.431	82.751
	<b>Total financial fixed assets</b>	<b>24.506.358</b>	<b>23.153.554</b>
	<b>Total Fixed Assets</b>	<b>34.711.926</b>	<b>29.581.099</b>
<b>C</b>	<b>Assets forming part of working capital</b>		
I	<b>Inventory</b>		
1	Raw materials and supplies	1.859.022	1.706.283
2	Work in progress and semi-finished products	4.532.714	3.839.109
4	Finished goods	2.024.448	1.678.785
	<b>Total inventory</b>	<b>8.416.184</b>	<b>7.224.177</b>
II	<b>Receivables</b>		
1	Trade receivables		
	- due within one year	7.900.324	7.239.478
2	Subsidiary companies	0	0
	- due within one year	7.580.688	7.849.143
3	Associated companies	0	0
	- due within one year	267.846	160.056
4 bis	Sums receivable from tax authorities	0	0
	- due within one year	303.921	996.037
4 ter	Advanced taxes	0	0
	- due within one year	189.785	242.953
5	Others	0	0
	- due within one year	123.682	95.849
	- due after one year	0	0
	<b>Total receivables</b>	<b>16.366.247</b>	<b>16.583.517</b>
III	<b>Current financial assets</b>	0	0
IV	<b>Liquid funds</b>	0	0
1	Bank and postal accounts	1.903.127	510.036
3	Cash	12.039	11.592
	<b>Total liquid funds</b>	<b>1.915.166</b>	<b>521.628</b>
	<b>Total Assets forming part of working capital</b>	<b>26.697.597</b>	<b>24.329.322</b>



<b>LIABILITIES</b>		31.12.2004	31.12.2003
<b>A</b>	<b>Shareholder's equity:</b>		
I	Share capital	5.319.149	5.319.149
II	Share premium reserve	5.277.504	5.277.504
III	Revaluation reserve	2.329.967	2.329.967
IV	Legal reserve	462.687	405.355
V	Reserve for own shares	0	0
VI	Statutory reserve	3.120.345	3.094.877
VII	Other reserves	0	0
	- increased VAT allowance	19.725	19.725
	- social security	264.472	264.472
	- surplus from Auramo S.p.a.merger	594.629	594.629
	<i>Total other reserves:</i>	<b>878.826</b>	<b>878.826</b>
IX	Net profit for the year	1.717.040	1.146.628
	<b>Total Shareholders' equity</b>	<b>19.105.518</b>	<b>18.452.306</b>
<b>B</b>	<b>Provisions for contingencies and charges</b>		
1	Pension and similar provisions	0	0
2	Taxation	531.904	21.957
3	Other	352.238	202.753
	<b>Total provisions for contingencies and charges</b>	<b>884.142</b>	<b>224.710</b>
<b>C</b>	<b>Employees' leaving entitlement</b>	<b>2.843.499</b>	<b>2.597.124</b>
<b>D</b>	<b>Payables:</b>		
3	Due to banks:		
	- due within one year	4.530.086	3.009.584
	-due after one year	11.835.710	14.569.795
	<i>Total payables due to bank</i>	<b>16.365.796</b>	<b>17.579.379</b>
4	Sums due to other financial institutions:		
	- due within one year	303.487	0
	-due after one year	1.213.948	598.191
	<i>Total sums due to other financial institutions</i>	<b>1.517.435</b>	<b>598.191</b>
5	Payments on account:		
	- due within one year	40.061	21.766
6	Accounts payable to creditors:	0	0
	- due within one year	15.813.189	10.421.314
8	Amounts payable to subsidiaries:	0	0
	- due within one year	2.834.028	2.538.878
11	Sums payable to tax authorities:	0	0
	- due within one year	429.525	381.252
12	Social security charges payable:	0	0
	- due within one year	442.790	398.968
13	Other sums payable:	0	0
	- due within one year	1.216.998	776.497
	<b>Total Payables</b>	<b>38.659.821</b>	<b>32.716.245</b>
<b>E</b>	<b>Accrued expenses and deferred income:</b>	<b>1.169</b>	<b>4.600</b>
	<b>TOTAL LIABILITIES</b>	<b>61.494.149</b>	<b>53.994.985</b>

<b>MEMORANDUM AND CONTINGENCY ACCOUNTS</b>		31.12.2004	31.12.2003
	Collateral given	14.034.990	14.034.990
	Guarantees given on behalf of subsidiaries	0	0
	Assets held under finance leases	1.313.866	1.643.209
	Outstanding lease instalments	120.283	476.613
	Obligation to sell foreign currency	0	0
	<b>TOTAL LIABILITIES</b>	<b>15.469.139</b>	<b>16.154.812</b>

**PROFIT AND LOSS ACCOUNT**

		31.12.2004	31.12.2003
<b>A</b>	<b>Production revenues:</b>		
1	Turnover from goods and services	54.281.485	49.487.033
2	Semi-finished and finished products	1.039.268	-551.491
4	Increases on internal work	52.680	57.585
5	Other revenues and income:		
	- grants for operating expenses	0	16.666
	- other	93.520	70.716
	<i>Total</i>	93.520	87.382
	<b>Total production revenues</b>	<b>55.466.953</b>	<b>49.080.509</b>
<b>B</b>	<b>Production costs:</b>		
6	Raw material, consumables and supplies	-25.652.874	-19.589.558
7	Services	-13.894.368	-13.653.653
8	Use of third party assets	-527.183	-515.022
9	Personnel expenses:		
a	- wages and salaries	-7.585.630	-6.927.638
b	- social security contributions	-2.558.416	-2.316.029
c	- employees leaving entitlement	-601.029	-545.799
e	- other costs	-19.269	-16.555
	<i>Total personnel expenses:</i>	<i>-10.764.344</i>	<i>-9.806.021</i>
10	Amortisation, depreciation and write-downs:		
a	- amortisation of intangible fixed assets	-250.987	-247.559
b	- amortisation of tangible fixed assets	-971.778	-1.131.702
d	- write-downs of receivables	-30.086	-43.966
	<i>Total amortisation, depreciation and write-downs</i>	<i>-1.252.851</i>	<i>-1.423.227</i>
11	Inventory variations regarding:	152.740	-278.956
12	Provision for contingencies	-20.000	-15.000
13	Other provisions	-72.972	-66.093
14	Other operating costs	-112.195	-100.727
	<b>Total production costs</b>	<b>-52.144.047</b>	<b>-45.448.257</b>
	<b>TOTAL (A + B)</b>	<b>3.322.906</b>	<b>3.632.252</b>



<b>PROFIT AND LOSS ACCOUNT</b>		31.12.2004	31.12.2003
<b>C</b>	<b>Financial income and charges:</b>		
15	Income from investments	21.438	14.691
16	Other financial income:		
a	- receivables classified as fixed assets but are not investments	130.321	147.967
d	- other income	5.767	22.832
	<i>Total other financial income</i>	<b>136.088</b>	<b>170.799</b>
17	Interest and other financial charges:		
	- interest from financial institutions	-579.110	-636.505
	- interest from subsidiaries	-50.542	-68.620
	- others	-44.552	-41.670
	<i>Total amortisation, depreciation and write-downs</i>	<b>-674.204</b>	<b>-746.795</b>
17bis	Profit and losses on exchange rate		
	- Profit on exchange rate	127.865	1.033.807
	- Losses on exchange rate	-521.192	-1.232.854
	<i>Total profit and losses on exchange rate</i>	<b>-393.327</b>	<b>-199.047</b>
	<b>Total financial income and charges</b>	<b>-910.005</b>	<b>-760.352</b>
<b>D</b>	<b>Adjustments to financial asset values:</b>		
19	Write-downs:		
a	- on investments	206.519	0
b	- on financial fixed assets other than investments	-131.085	-581.122
	<b>Total adjustments to financial asset values</b>	<b>75.434</b>	<b>-581.122</b>
<b>E</b>	<b>Extraordinary income and expenses:</b>		
20	Income:		
	- other extraordinary income	1.035.421	30.129
21	Expenses:		
	- other extraordinary expenses	-354.584	-46.068
	<b>Total extraordinary income and expenses</b>	<b>680.837</b>	<b>-15.939</b>
	<b>PROFIT BEFORE TAXATION</b>	<b>3.169.172</b>	<b>2.274.839</b>
22	Taxation on profit for the year:		
	- current taxes	-1.260.314	-1.249.936
	- deferred tax charges	-167.519	8.641
	- deferred tax income	-24.299	113.084
	<i>Total taxation</i>	<b>-1.452.132</b>	<b>-1.128.211</b>
<b>23</b>	<b>Net profit for the year</b>	<b>1.717.040</b>	<b>1.146.628</b>



## Accounting Principles

The financial statement referring to period 01/01/04 – 31/12/04, made up of the Balance Sheet, Profit and Loss Account and these notes, in addition to the Management Report, has been prepared in compliance with the current legislative requirements, interpreted and completed by the accounting principles issued by the Italian Accounting Profession.

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

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

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

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

### Intangible fixed assets

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

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

➤ Research and development costs

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

➤ Industrial patents and similar rights

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

➤ Licenses, trademarks and similar rights – Software

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

➤ Other intangible fixed assets

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

### Tangible fixed assets

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

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

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

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

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

In the course of the financial period all accelerated depreciation allocated during the previous years has been reversed, within the limits of the tax rules currently in force (art. 67, T.U.I.R. 22/12/1986, N° 917). This reversal has been recorded under item E20 of Profit and Loss Account, net of the deferred tax liability booked under item E21 of the same statement.

➤ Leased assets



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

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

### Financial fixed assets

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

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

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

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

### Inventory

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

category of goods and general production costs. The normal production capacity of the plant is considered in the allocation of general production costs.

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

### Receivables and payables

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

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

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

Receivables and payables in non-Euro currencies are converted into Euro using the official exchange rate ruling on the date of the transaction. Exchange rate differences recorded upon settlement of the relevant receivables and payables are recorded in the profit and loss account as financial income or charges respectively. The value of receivables and payables in foreign currency existing at the end of the year is booked at the exchange rate available on closing date of the financial period. The relating profit or loss deriving from exchange rate differences must be booked in the Profit and Loss account and, if the case, the net profit must be allocated in a special reserve which cannot be distributed until realization.

### Prepayments and accrued income/accrued expenses and deferred income

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

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

### Provisions for contingencies and charges



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

### Employees' leaving entitlement

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

### Taxation

Income taxes are calculated on the basis of a realistic estimate of the tax payable, in accordance to the ruling legislation and taking into account any tax exemption to which the company is entitled.

Deferred tax assets and liabilities arising from temporary differences between the book and tax values of assets and liabilities have been accounted for on an accruals basis, matching the costs and income to the related taxes to be paid or recovered in future years.

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

### Income and costs

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

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

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

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



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

### Intangible fixed assets

The following variations occurred during the year:

Asset	% deprec.	31.12.2003	Revaluation	Reserve 31.12.03	Net value 31.12.03	Increases	Change	Net value at 31.12.2004
R & D	20,0%	24	0	5	19	0	5	14
Patents	33,3%	54	0	47	7	7	8	6
Software	33,3%	1.040	0	785	255	105	202	158
Others	**	250	0	152	98	10	36	72
<b>Total</b>		<b>1.368</b>	<b>0</b>	<b>989</b>	<b>379</b>	<b>122</b>	<b>251</b>	<b>250</b>

\*\* due to the duration of the financing contracts

Industrial patents refer to costs incurred for filed applications.

The above captions have been included with the approval of the Board of Auditors and are depreciated over three years starting from the year in which they are activated. Software investments made during the year refer to purchase of new programmes or the customization of existing ones and are depreciated over three years.

The amounts recorded in financing expenses are depreciated on the basis of the actual length of the financing contract.

### Tangible Fixed Assets

Asset	% depr.	Amount 31.12.2003	Provision 31.12.2003	Net value at 31.12.2003	Pur.	Change	Ord Depr.	Reversal . Accel. Depr.	Diff.	Net value at 31.12.2004
Land		721	0	721	0	0	0		0	721
Buildings	3,0%	3.133	801	2.332	1.095	0	120	91	667	4.065
<b>Total</b>		<b>3.854</b>	<b>801</b>	<b>3.053</b>	<b>1.095</b>	<b>0</b>	<b>120</b>	<b>91</b>	<b>667</b>	<b>4.786</b>
Plant	10,0%	7.477	5.622	1.855	2.190	77	503	599	0	4.064
Machinery	15,5%	130	130	0	0	0	0		0	0
<b>Total</b>		<b>7.607</b>	<b>5.752</b>	<b>1.855</b>	<b>2.190</b>	<b>77</b>	<b>503</b>	<b>599</b>	<b>0</b>	<b>4.064</b>
Equipment	25,0%	2.556	2.374	182	376	0	160	105	0	503
Cars	20,0%	339	303	36	13	0	30	36	0	55
Furniture	12,0%	606	502	104	47	0	26	32	0	157
Elect.Equip.	20,0%	834	765	69	212	2	96	123	0	306
Other vehicles	25,0%	365	282	83	0	0	37	39	0	85
Other buildings	10,0%	2	2	0	0	0	0	0	0	0
<b>Total</b>		<b>2.146</b>	<b>1.854</b>	<b>292</b>	<b>272</b>	<b>2</b>	<b>189</b>	<b>230</b>	<b>0</b>	<b>603</b>
Assets under constr.		667	===	667	0	0	0		- 667	0
<b>TOTAL</b>		<b>16.830</b>	<b>10.781</b>	<b>6.049</b>	<b>3.933</b>	<b>79</b>	<b>972</b>	<b>1.025</b>	<b>0</b>	<b>9.956</b>

During the financial year 2004 assets were sold for Euro 501.000, depreciated by Euro 422.000 producing minor losses and gains in capital.

The ratio between the cost and accumulated depreciation indicates that at the end of the year the fixed assets were all together depreciated by 55% (67% at 31st December 2003).



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

	31.12.2003	Invest.	Disinv.	Change	31.12.2004
Lands and buildings	3.854	1.095	0	667	5.616
Plant and machinery	7.607	2.190	170		9.627
Ind. and comm. equipment	2.556	376	0		2.932
Other assets	2.146	272	331		2.087
Assets under construction	667	0		- 667	0
<b>TOTAL</b>	<b>16.830</b>	<b>3.933</b>	<b>501</b>	<b>0</b>	<b>20.262</b>

The most important increases during the year regarded the following:

Factory building newly built 2004	999
Other buildings	96
<b>Total land and buildings</b>	<b>1.095</b>
Electric installation new factory building	289
Girad heating system	128
Rotating assembly line for hand pallet trucks	32
Bridge crane	90
Painting installation for lifting tables	257
Fume extracting system for steel work area	31
Alarm system for new building 2004	32
Painting installation for integral side shifters	415
Mixing system pumping unit	65
Other installations and machinery	851
<b>Total installations and machinery</b>	<b>2.190</b>
Other minor equipment	376
Hardware	47
Other assets	225
<b>Total other assets</b>	<b>648</b>
<b>TOTAL</b>	<b>3.933</b>

Variations to accumulated depreciation during the year are described below:

Assets	31.12.2003	Depreciation	Reversal Accel. Depr.,	Utilisation	31.12.2004
Lands and buildings	801	120	91	0	830
Plant and machinery	5.752	503	599	93	5.563
Ind. and commercial equipment	2.374	160	105	0	2.429
Other assets	1.854	189	230	329	1.484
<b>Total</b>	<b>10.781</b>	<b>972</b>	<b>1.025</b>	<b>422</b>	<b>10.306</b>

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



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

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

As previously indicated, assets held under lease contracts have been accounted for during the year 2004, as in the past, in compliance with the provisions laid down by the Civil Code.

Had the leases been accounted for using the so-called financial method, which establishes the recording of the value of tangible fixed assets and corresponding payable, as well as the booking of the related accumulated depreciation on the basis of the useful economic-technical life of the same assets together with the interest attributable to the year, then the effects on the financial statements at 31<sup>st</sup> December 2004 and 31<sup>st</sup> December 2003 would have been the following:

<b>Assets</b>	2004	2003
Higher gross value of tangible fixed assets	3.945	3.945
Higher value of accumulated depreciation	3.294	3.001
Lower prepayments	70	73
<b>Liabilities</b>	2004	2003
Higher financial payables	130	472
- within the next financial year	130	392
- after the next financial year	0	80
<b>Profit and Loss Account</b>	2004	2003
Higher depreciation	293	363
Higher financial charges	37	33
Lower costs for use of third party assets	356	379

Consequently, at 31<sup>st</sup> December 2004, the shareholders' equity would have been higher by approximately € 283.000 and the year's closing result approximately € 37.000 more, net of the theoretical tax effect, calculated as previously explained.

Following shows collateral on the tangible fixed assets for received financing	31.12.2003	31.12.2004
Mortgages on buildings	14.035	14.035

## Fixed Financial Assets

### ➤ Investments



Following are variations to investments which occurred during the year:

Subsidiaries	Historic Cost	Prev. Reval.	Prev. W-down	31.12.03	Increase	Reval.	Deval.	31.12.04
Brudi Bolzoni Auramo Inc.	3.282	0	315	2.967	0	0	0	2.967
Bolzoni Auramo Ltd	902	0	698	204	0	0	0	204
Bolzoni Auramo Polska	0	0	0	0	24	0	0	24
Bolzoni Auramo S.l.	683	0	0	683	0	0	0	683
Bolzoni Auramo s.r.l.	18	0	0	18	0	0	0	18
Bolzoni Auramo Shanghai	0	0	0	0	7	0	0	7
Bolzoni Auramo Rental	80	0	66	14	0	10	0	24
Bolzoni Auramo S.a.r.l.	376	0	0	376	0	0	0	376
Auramo Oy	13.119	0	0	13.119	0	0	0	13.119
Bolzoni Auramo Bv	9	0	9	0	0	0	0	0
Bolzoni Auramo Pty	30	0	0	30	0	0	30	0
Bolzoni Auramo Sa	69	0	28	41	0	0	15	26
Brudi Bolzoni Auramo Ltd	123	0	61	62	0	61	0	123
Bolzoni Auramo Gmbh	644	0	263	381	0	136	0	517
Bolzoni Auramo Ab	722	0	0	722	0	0	0	722
<b>TOTAL</b>	<b>20.057</b>	<b>0</b>	<b>1.440</b>	<b>18.617</b>	<b>31</b>	<b>207</b>	<b>45</b>	<b>18.810</b>

Affiliated companies:

Eurolift	47	0	0	47	0	0	0	47
Hydronika	79	0	0	79	0	0	0	79
<b>TOTAL</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126</b>
<b>TOTAL INVESTMENTS</b>	<b>20.183</b>	<b>0</b>	<b>1.440</b>	<b>18.743</b>	<b>31</b>	<b>207</b>	<b>45</b>	<b>18.936</b>

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

➤ **SUBSIDIARIES**

**Brudi Bolzoni Auramo Incorporated (100% holding )**



## Notes to Financial Statement 2004 – Bolzoni SPA

Reg.Office: 17635 Hoffman Way  
Homewood II 60430 USA

CURRENCY	US \$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	500	480	480
2004 result	- 491	- 360	- 555
2004 shareholders' equity	2.097	1.568	1.770
2004 our part of shareh.equity	2.097	1.568	1.770
Book value		2.967	2.967
Difference		- 1.399	- 1.197

### Bolzoni Auramo Limited (100% holding)

Reg.Office: Europa Blvd -West Brook  
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	780	1.184	1.184
2004 result	113	160	161
2004 shareholders' equity	148	210	211
2004 our part of shareh.equity	148	210	211
Book value		204	204
Difference		6	7

### Bolzoni Auramo Polska Sp Zoo (62,50% holding)

Reg.Office: Ul. Wojciechowska 5A/7  
Lublin - Poland

Currency	PLN 000	€ 000	€ 000 Hist.exch.rate
Share capital	160	37	37
2004 result	110	25	25
2004 shareholders' equity	194	45	45
2004 our part of shareh.equity	121	28	28
Book value		24	24
Difference		4	4

### Bolzoni Auramo S.L. (100% holding)

Reg.Office: C.Dels/Basters 10-14  
Palau de Plegamans – Barcelona Spain

Currency	€ 000
Share capital	750
2004 result	- 291
2004 shareholders' equity	943
2004 our part of shareh.equity	943
Book value	683
Difference	260

### Bolzoni Auramo Sud S.r.l. (70% holding)

Reg.Office: S.S. 16 Km 770+580  
Bisceglie (Bari) Italy

Currency	€ 000
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Share capital	26
2004 result	35
2004 shareholders' equity	72
2004 our part of shareh.equity	50
Book value	18
Difference	32

**Bolzoni Auramo Rental (100% holding)**

Reg.Office: Europa Bvd -West Brook  
Warrington UK

Currency	UK£ 000	€ 000	€ 000 Hist.exch.rate
Share capital	50	77	82
2004 result	6	10	10
2004 shareholders' equity	15	24	24
2004 our part of shareh.equity	15	24	24
Book value		24	24
Difference		0	0

**Bolzoni Auramo S.A.R.L. (ns. part. 100%)**

Reg.Office: Rue Avogadro – Z.I. Technopole Sud  
57600 Forbach France

Currency	€ 000
Share capital	198
2004 result	334
2004 shareholders' equity	1.225
2004 our part of shareh.equity	1.225
Book value	376
Difference	849

**Auramo Oy (100% holding)**

Reg.Office: Valimotie 22-24  
Vantaa Finland

Currency	€ 000
Share capital	565
2004 result	1.251
2004 shareholders' equity	6.836
2004 our part of shareh.equity	6.836
Book value	13.119
Difference	- 6.283

**Bolzoni Auramo BV (51% holding)**

Reg.Office: Waterbeemd 6A  
Helmond Holland



Currency	€ 000
Share capital	18
2004 result	- 56
2004 shareholders' equity	- 172
2004 our part of shareh.equity	- 88
Book value	0
Difference	- 88

**Bolzoni Auramo Australia PTY Ltd (100% holding)**

Reg.Office: 2/81 Harrison Rd  
Dudley Park SA 5008 Australia

Currency	Aus.\$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	950	512	512
2004 result	- 222	- 132	- 132
2004 shareholders' equity	- 128	- 73	- 76
2004 our part of shareh.equity	- 128	- 73	- 76
Book value		0	0
Difference		- 73	- 76

**Bolzoni Auramo SA (100% holding)**

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

Currency	Pesos 000	€ 000	€ 000 Hist.exch.rate
Share capital	81.370	107	107
2004 result	- 2.512	- 15	- 15
2004 shareholders' equity	5.712	26	26
2004 our part of shareh.equity	5.712	26	26
Book value		26	26
Difference		0	0

**Brudi Bolzoni Auramo Ltd (100% holding)**

Reg.Office: 90C Brunswick  
Dollard des Ormeaux Quebec Canada

Currency	Can.\$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	856	523	523
2004 result	101	61	61
2004 shareholders' equity	175	122	122
2004 our part of shareh.equity	175	122	122
Book value		122	122
Difference		0	0

**Bolzoni Auramo GmbH (100% holding)**

Reg.Office: Mühlenstrasse 74  
41352 Korschenbroich Germany



Currency	€ 000
Share capital	1.000
2004 result	131
2004 shareholders' equity	527
2004 our part of shareh.equity	527
Book value	517
Difference	10

**Bolzoni Auramo AB (100% holding)**

Reg.Office: P. O. Box 172  
Gavle Sweden

Currency	Sw.Kr 000	€ 000	€ 000 Hist.exch.rate
Share capital	100	11	11
2004 result	725	80	80
2004 shareholders' equity	4.884	534	541
2004 our part of shareh.equity	4.884	534	541
Book value		722	722
Difference		- 188	- 181

➤ **AFFILIATED COMPANIES****Eurolift PTY Ltd (24,5% holding)**

Reg.Office: 2/81 Harrison Rd  
Dudley Park, S.A. 5008 Australia

Currency	Aus.\$ 000	€ 000	€ 000 Hist.exch.rate
Share capital	300	179	189
2004 result	212	101	111
2004 shareholders' equity	871	499	549
2004 our part of shareh.equity	213	122	135
Book value		47	47
Difference		75	88

**Hydronika BV (24,5% holding)**

Reg.Office: Rootakkers 57  
5708 BA Helmond Holland

Currency	€ 000
Share capital	16
2004 result	91
2004 shareholders' equity	418
2004 our part of shareh.equity	102
Book value	79
Difference	23



During 2004 Bolzoni S.p.A. purchased the Bolzoni Auramo Polska company from Auramo Oy for the amount of € 24.000.

In the course of 2004 Bolzoni s.p.a. sustained consultancy costs amounting to € 7.000 for the setting up of a joint venture in China, which should be finalized during the first semester of 2005.

The investments in Bolzoni Auramo Sa (Chile), Bolzoni Auramo Pty (Australia) were written down following the losses made by the companies during the financial year as they were considered to be of a permanent nature.

As concerns investments in Bolzoni Auramo Bv (Netherlands) and Bolzoni Auramo Pty (Australia), due to the negative shareholders' equity figure, a special contingency fund has been created to cover the losses.

With regards to investments in Bolzoni Auramo Sud S.r.l.(Italy), Bolzoni Auramo S.L (Spain), Bolzoni Auramo Sarl (France), Bolzoni Auramo Polska (Poland) and Bolzoni Auramo Limited (UK), the positive difference between the pro-quota net shareholders' equity and the book value is due to earnings not distributed by the subsidiary.

In view of the profit made during 2004 and future prospects, the investments in Brudi Bolzoni Auramo Ltd (Canada), Bolzoni Auramo Rental (UK) and Bolzoni Auramo Gmbh (Germany), previously written down, have been revaluated, with a precautionary perspective, to the amount corresponding to the profit of the 2004 financial report.

As for the investments in Brudi Bolzoni Auramo Inc. (USA) and Bolzoni Auramo Ab (Sweden) the negative differences between net shareholders' equity and book value have not been written down in view of the future prospects indicated in the budget of each company.

The investment in Auramo Oy has not been written down as the future prospects lead us to believe that the difference between the net shareholders' equity and the book value of the investment itself can be recovered over the next few years, as also confirmed by the results of the 2004 financial year.

The overall effects of the evaluation of investments, using the net shareholders' equity method, on the balance sheet and the profit and loss account for year 2004 may be seen in the consolidated financial statement presented together with the parent company's own financial statement.

## Receivables

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

	31.12.2003	Increases	Decreases	31.12.2004
Subsidiary companies	4.327	1.478	292	5.513
	31.12.2003	Increases	Decreases	31.12.2004
Others for guarantee deposits	7	2	0	9
IRPEF advance on employees' leaving benefit	76	2	30	48
<b>TOTAL</b>	<b>83</b>	<b>4</b>	<b>30</b>	<b>57</b>

In the course of 2004 a 2.000.000 \$ loan was given to Brudi Bolzoni Auramo Inc. USA and a 10.000 € loan to Bolzoni Auramo Sa Chile; partial loan payments were received from subsidiaries for the amount of Euro 160.000.= and therefore the situation at 31.12.2004 is as follows:

	Amount
Brudi Bolzoni Auramo Inc	€ 800.000
Brudi Bolzoni Auramo Inc	\$ 4.000.000
Bolzoni Auramo Ab	€ 170.000
Brudi Bolzoni Auramo Ltd	€ 475.000
Bolzoni Auramo Australia Pty	€ 700.000
Bolzoni Auramo Sa	€ 90.000
Bolzoni Auramo Ltd	£ 170.000
Bolzoni Auramo Bv	€ 100.000

## Assets forming part of working capital



➤ **Inventory**

Following are the variations to final inventory:	31.12.2004	31.12.2003	Variation
Raw material and supplies	1.945	1.792	153
Provision for obsolete raw material and supplies	-86	- 86	0
<b>Total raw material and supplies</b>	<b>1.859</b>	<b>1.706</b>	<b>153</b>
Work in progress and semi-completed products	4.733	4.039	694
Provision for inventory obsolescence	-200	- 200	0
<b>Total WIP and semi-completed products</b>	<b>4.533</b>	<b>3.839</b>	<b>694</b>
Finished goods	2.088	1.743	345
Provision for inventory obsolescence	-64	- 64	0
<b>Total finished goods</b>	<b>2.024</b>	<b>1.679</b>	<b>345</b>
<b>TOTAL</b>	<b>8.416</b>	<b>7.224</b>	<b>1.192</b>

Due to increased quantity of raw material, the average inventory turnover rate is : 57 days (53 days in 2003).

Following an analysis of slow moving material in stock, a provision amounting to € 350.000 has been calculated for obsolescent stock , details of which can be found above.

Inventory value at 31st December 2004, calculated on the basis of current costs, is € 8.447.915 (€ 7.232.291 at 31.12.2003) and does not differ significantly from the value indicated in the financial statements.

Following are the variations to final inventory evaluated at current cost:	31.12.2004	31.12.2003	Variation
Raw material and supplies	1.888	1.706	182
Work in progress/semi-completed products	4.518	3.834	684
Finished goods	2.042	1.692	350
<b>TOTAL</b>	<b>8.448</b>	<b>7.232</b>	<b>1.216</b>

➤ **Receivables**



Detail of trade receivables:	31.12.2004	31.12.2003	Variation
Trade receivables	4.405	4.160	245
Bills subject to collection	3.610	3.206	404
Invoices to be issued	44	39	5
Credit notes to be issued	-39	- 4	- 35
Provision for bad debts	-120	- 162	42
<b>Total</b>	<b>7.900</b>	<b>7.239</b>	<b>661</b>

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

Following shows the distribution of receivables at 31.12.04 per geographic area:	31.12.2004
Italy	5.889
E.U.	1.818
Extra U.E.	193
<b>Total</b>	<b>7.900</b>

➤ **Variations during 2004 in the provision for bad debts**

	Amounts
Balance at 31.12.2003	162
Utilisation	72
Accrual	30
Balance at 31.12.2004	120

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

➤ **Receivables from subsidiaries:**

	31.12.2004	31.12.2003	Variation
Auramo Oy	72	51	21
Bolzoni Auramo AB	8	48	- 40
Bolzoni Auramo Gmbh	282	334	- 52
Bolzoni Auramo Pty Ltd	399	244	155
Bolzoni Auramo SA	40	1	39
Bolzoni Auramo Polka	36	32	4
Brudi Bolzoni Auramo Ltd	65	43	22
Bolzoni Auramo SL	1.363	1.290	73
Brudi Bolzoni Auramo Inc.	2.808	3.535	- 727
Bolzoni Auramo Ltd	380	436	- 56
Bolzoni Auramo Rental	32	59	- 27
Bolzoni Auramo srl	602	505	97
Bolzoni Auramo sarl	1.390	1.205	185
Bolzoni Auramo BV	104	66	38
<b>TOTAL</b>	<b>7.581</b>	<b>7.849</b>	<b>-268</b>

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

**Receivables from affiliated companies:**



	31.12.2004	31.12.2003	Variation
Eurolift	268	160	108
Hydronika	0	0	0
<b>TOTAL</b>	<b>268</b>	<b>160</b>	<b>108</b>

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

As may be seen in the following table, trade receivables in non-Euro currencies are calculated at the exchange rate ruling at 31.12.04.

The negative differences adjust the value of the receivables and are recorded under caption C 17bis of the Profit and Loss account.

Currency	Amount	Exch.rate at 31.12.2004	Euro	Book value	Difference
US\$	3.956.890,47	1,3621	2.904.992,64	3.110.626,34	- 205.633,70
LGS	332.655,41	0,7051	471.818,18	484.477,35	- 12.659,17
\$CND	106.466,95	1,6416	64.855,60	74.250,73	- 9.395,13
SEK	56.165,35	9,0206	6.226,34	7.891,16	- 1.664,82
			<b>3.447.892,76</b>	<b>3.677.245,58</b>	<b>- 229.352,82</b>

➤ **Tax receivables**

	31.12.2004	31.12.2003	Variation
VAT	223	279	- 56
Direct tax receivables	1	700	- 699
Others	80	17	63
<b>Total :</b>	<b>304</b>	<b>996</b>	<b>692</b>
of which - due within the following year	304	996	692
-due after the following year	0	0	0

➤ **Prepaid tax**

	31.12.2004	31.12.2003	Variation
Due within the next year	219	243	- 24
<b>Total</b>	<b>219</b>	<b>243</b>	<b>- 24</b>

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

As already mentioned, prepaid tax is prudently recorded on the basis of the reasonable certainty regarding its future realization. Consequently, the Company has not recorded any prepaid tax on temporary differences generated by the provision for inventory obsolescence amounting to a total of €130.000, as the date of realization is unknown and therefore there is no evidence that at that date a sufficient taxable income will be available to cancel the temporary differences.

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

➤ **Other receivables:**



	31.12.2004	31.12.2003	Variation
Advances to suppliers	60	70	- 10
Others	35	26	9
<b>Total</b>	<b>95</b>	<b>96</b>	<b>- 1</b>
of which - due within the following year	95	96	- 1
- due after the following year	0	0	0

➤ **Liquid funds**

	31.12.2004	31.12.2003	Variation
Bank accounts	1.903	510	1.393
Cash-in-hand and cash equivalents	12	12	0
<b>TOTAL</b>	<b>1.915</b>	<b>522</b>	<b>1.393</b>

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

➤ **Prepayment and Accrued Income**

	31.12.2004	31.12.2003	Variation
Prepayments:			
- lease instalments	53	73	- 20
- others	32	12	20
<b>Total</b>	<b>85</b>	<b>85</b>	<b>0</b>
of which - due within the following year	85	85	0
- due after the following year	0	0	0

## Liabilities

➤ **Shareholders' equity**

Below is a summary of the variations which occurred during 2004:

	Share capital	Share premium Reserve	Reval. reserve	Legal reserve	Statut, Reserve	Other Reserv.	Profit	Dividends	Total
Balance at 31.12.2003	5.319	5.278	2.330	405	3.095	879	1.146	0	18.452
2003 profit allocation	0	0	0	58	25	0	- 1.146	1.063	0
Dividends	0	0	0	0	0	0	0	- 1.063	- 1.063
Increases	0	0	0	0	0	0	0	0	0
2004 Profit	0	0	0	0	0	0	1.717	0	1.717
Balance at 31.12.04	5.319	5.278	2.330	463	3.120	879	1.717	0	19.106

Following the Shareholders' resolution of 14.06.2004 the 2003 profit has been allocated to dividends for the amount of €1.063.000 and the remainder to reserve.



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

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

	Amount	Possible use	Use for covering losses	Use for other reasons
Share capital	5.319		No use	No use
Share premium reserve	5.278	A - B - C	No use	No use
Legal reserve	463	B	No use	No use
Extraordinary reserve	3.120	A - B - C	No use	No use
Other reserves	879	A - B - C	No use	No use
Revaluation reserve	2.330	A - B - C	No use	No use
<b>Total</b>	<b>17.389</b>			
Year's profit	1.717			
Total net shareholders' equity	19.106			

Key: A) for share capital increase, B) to cover losses, C) distributed to shareholders.

#### ➤ Composition of the share capital

At 31.12.2004 the share capital amounted to € 5.319.149 divided into 5.319.149 shares each with a nominal value of € 1. There are no dividend-bearing shares or bonds.

### Provisions for contingencies and charges

#### ➤ Tax provision

Variations to this provision have been as follows:	31.12.2004	31.12.2003	Variation
Opening balance	22	31	- 9
Utilisation	10	12	- 2
Accrual	520	3	517
Closing balance	532	22	510

The above amounts refer to deferred tax calculated on the basis of postponed taxation of the capital gain, according to art. 54 of the Consolidated Tax Act. Prepaid tax is indicated on page 3.15 of these Notes.

#### ➤ The Company's tax position is as follows:

Years open for tax purposes: 1999-2000-2001-2002-2003 Direct and Indirect Tax

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

➤ Other provisions	31.12.2003	Accrual	Utilisation	31.12.2004
Agents' termination benefit	78	20	0	98
Warranties	66	73	66	73
Contingencies and charges	59	122	0	181
<b>Total</b>	<b>203</b>	<b>215</b>	<b>66</b>	<b>352</b>



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

**Warranties:** this provision is set up to cover warranty charges on products sold during 2004 that the company expects to incur the following year.

The € 66.000 utilisation is recorded under caption B 7 of the Profit and Loss account.

Accrual for 2004 is recorded under caption B 13 of the Profit and Loss account.

**Contingencies and charges:** Accrual to this provision was made for the amount of € 86.000 in order to cover the losses made by Bolzoni Auramo Bv (Holland) and Bolzoni Auramo Pty (Australia) whose net shareholders' equity at 31.12.2004 was negative. An accrual of € 36.000 was also made to face the devaluation of the two interest rate coverage contracts.

➤ **Employees' leaving entitlement**

Variations have been as follows:	31.12.2004	31.12.2003	Variations
Opening balance	2.597	2.377	220
Utilisations	259	238	21
Advances	79	62	17
Accrual	584	520	64
Final balance	2.843	2.597	246

The greater amount of accrual shown in the Profit and Loss account compared to the above value is due to entitlement benefit matured during the year by employees who left the company and amounts to € 17.000.

**Average number of employees according to category:**

	31.12.2004	31.12.2003
Management	5	4
White collar	92	91
Blue collar	148	146
<b>TOTAL</b>	<b>245</b>	<b>241</b>

**Payables**

➤ **Payables to banks**

	31.12.2004	31.12.2003	Variations
Current account overdrafts	921	610	311
Mortgage loans	6.812	7.969	- 1.157
Other forms of financing	8.633	9.000	- 367
<b>Total:</b>	<b>16.366</b>	<b>17.579</b>	<b>- 1.213</b>
of which:			
- due within the following year	4.530	3.009	1.521
- due after the following year	11.836	14.570	- 2.734

The mortgage loans have been obtained at the following conditions:

- ◆ Mediocredito Padano, principal € 1.007.091 obtained in 1996, outstanding payable at 31st December 2004 € 93.608, floating interest rate (3,65% at 31<sup>st</sup> December 2004) repayable in half-yearly instalments starting from 1997 until 15.12.2005;



- ◆ Intesa Mediocredito, principal € 7.750.000 obtained in 2001, outstanding payable at 31st December 2004 € 6.718.458, floating interest rate (2,82% at 31<sup>st</sup> December 2004), repayable in half-yearly instalments starting from 31.03.2004 until 30.09.2010.

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

- ◆ Principal € 7.000.000 obtained in 2003, outstanding payable at 31st December € 5.833.330, floating interest rate (3,02% at 31st December 2004), repayable in half-yearly instalments starting from 30.09.2004 until 31.03.2007; no collateral has been given for this loan.
- ◆ Unicredito, principal € 2.800.000, of which € 2.000.000 given in 2001 and € 800.000 in 2004, outstanding payable at 31st December 2004 € 2.800.000, floating interest rate (2,57% al 31.12.2004); no collateral has been given for this loan.

At 31.12.2004 there were two swap interest rate contracts for a basic capital amounting to € 7.000.000 and € 2.500.000 expiring in 2006, drawn up to give a generic coverage from risk of increases in interest rates and whose effects can be seen in the Profit and Loss Account under caption "Interest rates and other financial charges". The evaluation of these contracts according to market value produces a total capital loss of € 36.000 resulting in a booking of the same amount in the provision for contingencies and charges.

Mortgage loans and other financing forms varied during 2004 as follows:

	31.12.2003	New loans	Refunds	31.12.2004
Mortgage loans	6.736	0	1.201	5.535
Other forms of financing	7.834	800	2.333	6.301
<b>TOTAL</b>	<b>14.570</b>	<b>800</b>	<b>3.534</b>	<b>11.836</b>

Guarantees on loans existing at 31st December 2004 are indicated in the financial statement under the caption Memorandum Account:

Below are details of the due dates:

within 2006	6.241
within 2007	2.274
within 2008	1.107
within 2009	1.107
After 2009	1.107
<b>TOTAL</b>	<b>11.836</b>

Please note that € 1.107.000 are due after more than 5 years.

#### ➤ Payables to other financial institutions

This caption includes:

- financing for the original amount of € 1.517.435 obtained thanks to Law 394/81, floating interest rate of 1,72%, repayable in regular instalments from 2005 for a period of 5 years;

	31.12.2003	New loans	Refunds	31.12.2004
Financing according to Law 394	598	919	0	1517
<b>TOTAL</b>	<b>598</b>	<b>919</b>	<b>0</b>	<b>1.517</b>

Below is the detail of the due dates:

within 2006	303
within 2007	303
within 2008	303
within 2009	304
After 2009	304
<b>TOTAL</b>	<b>1.517</b>



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

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

	31.12.2004	31.12.2003	Variation
Payables to banks due within the year	- 4.530	- 3.009	-1.521
Payables to other finan.institutions due within the year	- 303	0	- 303
Liquid funds	1.915	522	1.393
<b>Total short term payables</b>	<b>- 2.918</b>	<b>- 2.487</b>	<b>- 431</b>
Payables to banks due after the year	- 11.836	- 14.570	2.734
Payables to other finan.institutions due after the year	- 1.214	- 598	- 616
Other securities	0	0	0
<b>Total medium-long term payables</b>	<b>- 13.050</b>	<b>- 15.168</b>	<b>2.118</b>
<b>Net financial position</b>	<b>-15.968</b>	<b>- 17.655</b>	<b>1.687</b>

➤ **Payments on account**

	31.12.2004	31.12.2003	Variation
To customers	40	22	18

➤ **Accounts payable to creditors**

	31.12.2004	31.12.2003	Variation
Domestic suppliers	13.368	8.964	4.404
Foreign suppliers	879	535	344
Credit notes to be received	- 50	- 39	- 11
Invoices to be received	1.616	961	655
<b>TOTAL</b>	<b>15.813</b>	<b>10.421</b>	<b>5.392</b>

The increase in caption "Domestic suppliers" is due to increased material in stock, as indicated on page 3.13 and to investments made during the last part of the financial period.

Following shows the distribution of payables at 31.12.04 per geographic area:

	31.12.2004
Italia	14.825
E.U.	969
Extra E.U.	19
<b>TOTAL</b>	<b>15.813</b>

➤ **Amounts payable to subsidiaries**



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

	31.12.2004	31.12.2003	Variation
Bolzoni Auramo SL	888	637	251
Brudi Bolzoni Auramo Inc.	8	15	- 7
Bolzoni Auramo Ltd	7	30	- 23
Bolzoni Auramo srl	8	8	0
Bolzoni Auramo Sarl	17	22	- 5
Bolzoni Auramo GmbH	29	14	15
Bolzoni Auramo SA	10	18	- 8
Bolzoni Auramo Polska	0	1	- 1
Auramo Baltic	0	0	0
Auramo Oy	1.858	1.783	75
Bolzoni Auramo AB	0	3	- 3
Bolzoni Auramo BV	9	8	1
<b>TOTAL</b>	<b>2.834</b>	<b>2.539</b>	<b>295</b>

This includes an interest bearing loan of € 1.600.000 obtained by Auramo Oy, due within the financial year, with a fluctuating interest rate.

➤ **Amounts payable to affiliated companies**  
None.

As may be seen from the following table, accounts payable to creditors in non-Euro currencies are calculated on the basis of the exchange rate ruling on 31.12.2004.

The positive difference adjusts the value of the payables and is recorded under caption C 17 b) of the Profit & Loss Account.

Currency	Amount	Exchange rate	Euro	Book Value	Difference
\$	15.282,78	1,3621	11.220,01	13.055,59	- 1.835,58
LGS	5.160,98	0,7051	7.320,02	7.482,51	- 162,49
SEK	41.092	9,0210	4.555,35	4.619,07	- 63,72
FRS	100	1,5429	64,81	65,00	- 0,19
PES	7.508.966	772,2130	9.723,96	9.723,95	0,01
<b>TOTAL</b>			<b>32.884,15</b>	<b>34.946,12</b>	<b>- 2.061,97</b>

➤ **Sums payable to taxation authorities**

	31.12.2004	31.12.2003	Variation
For wages and salaries	359		29



		330	
For current income taxes	71	50	21
Others	0	1	- 1
<b>TOTAL</b>	<b>430</b>	<b>381</b>	<b>49</b>
- due within the following year	430	381	49
- due after the following year	0	0	0

➤ **Detail of current income taxes**

	31.12.2004	31.12.2003
Opening balance	- 813	34
Payment of previous year's tax	813	- 34
Current year's tax	1.261	1.128
Payment on account	- 1.229	- 1.941
Other tax	39	0
Closing balance	71	- 813

➤ **Social security payables**

	31.12.2004	31.12.2003	Variation
INPS	398	376	22
INAIL	- 10	- 24	14
Others	55	47	8
<b>TOTAL</b>	<b>443</b>	<b>399</b>	<b>44</b>

➤ **Details of other payables**

	31.12.2004	31.12.2003	Variation
Due to employees:	1.123	665	458
- wages and salaries	745	327	418
- matured but unused holidays	378	338	40
Others	23	27	- 4
Sundry payables	71	84	- 13
<b>TOTAL</b>	<b>1.217</b>	<b>776</b>	<b>441</b>
of which - due within the following year	1.217	776	441
- due after the following year	0	0	0

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

➤ **Accrued expenses and deferred income**



	31.12.2004	31.12.2003	Variation
Accrued expenses			
- interest payable	1	2	- 1
- others	0	0	0
<b>Total accrued expenses</b>	<b>1</b>	<b>2</b>	<b>- 1</b>
Deferred income	0	3	- 3
<b>TOTAL</b>	<b>1</b>	<b>5</b>	<b>- 4</b>
of which - due within the following year	1	5	- 4
- due after the following year	0	0	0

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

Further to the above, it should be noted that the Company does not have any other receivables or payables with due date exceeding 5 years.

➤ **Memorandum accounts**

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

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

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

## **Profit and Loss Account**

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



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

### Production income

#### ➤ Turnover, goods and services

Following is the breakdown according to geographical area:

	2004	2003	Variation
Italy	16.214	15.355	859
E.U..	29.196	25.626	3.570
Extra E.U.	8.871	8.506	365
<b>Total</b>	<b>54.281</b>	<b>49.487</b>	<b>4.794</b>

#### ➤ Gross income

	2004	2003	Variation
Gross income	54.464	49.711	4.753
Returns on sales	-183	- 224	41
<b>Total</b>	<b>54.281</b>	<b>49.487</b>	<b>4.794</b>

#### ➤ Other income and revenue

	2004	2003	Variation
Grants for operating expenses	0	16	- 16
Other income	54	60	- 6
Ordinary capital gains	40	11	29
<b>Total</b>	<b>94</b>	<b>87</b>	<b>7</b>

The sum of € 40.000 of capital gain refers to the normal replacement of assets used in the company's activities.

### Production costs

#### ➤ Purchasing costs:

Details of purchasing costs:	2004	2003	Variation
Raw materials	4.498	4.244	254
Commercial goods	3.944	3.095	849
Semi-finished products	13.569	8.683	4.886
Other purchases for production	3.215	3.099	116
Sundry purchases	314	395	- 81
Ancillary costs	113	74	39
<b>Total</b>	<b>25.653</b>	<b>19.590</b>	<b>6.063</b>

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

#### ➤ Services:

Detail of costs for services:	2004	2003	Variation
Subcontracting	8.362	8.563	- 201



Transport on purchases	388	414	- 26
Refund of travel expenses	285	256	29
Commission	386	434	- 48
Transport on sales	1.131	1.024	107
Motive power and lighting	251	228	23
Exhibitions and advertising costs	50	56	- 6
Maintenance	388	365	23
Directors' fees	515	555	- 40
Board of Auditors' fees	48	44	4
Other	2.090	1.715	375
<b>Total</b>	<b>13.894</b>	<b>13.654</b>	<b>240</b>

➤ **Use of third party assets**

Details per asset:	2004	2003	Variation
Lease instalments for production	345	353	- 8
Other lease instalments	20	26	- 6
Rent and hire	162	136	26
<b>Total</b>	<b>527</b>	<b>515</b>	<b>12</b>

➤ **Amortisation/depreciation**

Details per asset:	2004			2003		
	Ordinary	Accel.	Total	Ordinary	Accel.	Total
Land and buildings	120	0	<b>120</b>	83	33	<b>116</b>
Plant and machinery	503	0	<b>503</b>	395	192	<b>587</b>
Industrial equipment	160	0	<b>160</b>	72	40	<b>112</b>
Other assets	189	0	<b>189</b>	190	127	<b>317</b>
<b>Total tangible fixed assets</b>	<b>972</b>	<b>0</b>	<b>972</b>	<b>740</b>	<b>392</b>	<b>1.132</b>
Patents	8	0	<b>8</b>	7	0	<b>7</b>
Software	202	0	<b>202</b>	201	0	<b>201</b>
Other	41	0	<b>41</b>	40	0	<b>40</b>
<b>Total intangible fixed assets</b>	<b>251</b>	<b>0</b>	<b>251</b>	<b>248</b>	<b>0</b>	<b>248</b>

➤ **Other operating costs**

Details	2004	2003	Variation
Taxes and duties	52	47	5
Other	60	54	6



<b>Total</b>	<b>112</b>	<b>101</b>	<b>11</b>
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### Financial income and charges

➤ **Income from investments**

This includes:	2004	2003	Variation
Dividends from Bolzoni Sud	21	15	7

➤ **Other financial income**

This includes	2004	2003	Variation
Interest income from customers	130	148	- 18
Interest income from bank current account	6	23	- 17
<b>Total</b>	<b>136</b>	<b>171</b>	<b>- 35</b>

➤ **Interest and other financial income**

This includes	2004	2003	Variation
Short term payable interest	52	42	10
Medium-long term payable interest	578	663	- 85
Other	44	42	2
<b>Total</b>	<b>674</b>	<b>747</b>	<b>- 73</b>

Excluding exchange rate differences, financial charges account has passed from 1,16% in 2003 to 1,03% in 2004.

➤ **Exchange rate losses and gains**

This includes	2004	2003	Variation
Gains	128	1.034	- 906
Losses	- 521	- 1.233	712
<b>Total</b>	<b>- 393</b>	<b>- 199</b>	<b>- 194</b>

The revaluation of the Euro over the other currencies has produced an estimated cost of € 229.000 for readjustment of receivables and € 2.000 for payables. The remaining cost of € 290.000 derives from losses on actual exchange rates.

➤ **Value adjustments for financial activities:**

Details of write-downs are included in the caption regarding the financial fixed assets.

### Extraordinary income and expenses

➤ **Extraordinary income**

This includes:	2004	2003	Variation
Contingent assets	10	30	- 20



Reversal of accelerated depreciation	1.025	0	1.025
<b>Total</b>	<b>1.035</b>	<b>30</b>	<b>1.005</b>

The amount of € 10.000 for contingent assets refers to the reversal of budgeted payables and subsequently no longer confirmed and also to receivables from customers previously considered as losses.

➤ **Extraordinary expenses**

These include:	2004	2003	Variation
Contingent losses	1	41	- 40
Losses	11	5	6
Deferred tax on reversal of accelerated depreciation	343	0	343
<b>Total</b>	<b>355</b>	<b>46</b>	<b>309</b>

➤ **Taxation**

Current income taxes include:	2004	2003	Variation
Profit before taxation	3.169	2.275	894
Increases in taxed provisions	7	- 41	48
Other increases	433	737	- 304
Other decreases	- 1.595	- 911	- 684
Total taxable profit subject to IRPEG	2.014	2.060	- 46
Taxable profit subject to 19% IRPEG tax rate	0	276	- 276
19% IRPEG tax charge	0	52	- 52
Taxable profit subject to 33% IRES	2.014	1.784	230
33% IRES tax charge	664	607	57
Total IRES tax charge	664	659	5
Taxable income subject to IRAP	14.117	13.482	635
Decrease in IRAP	- 1.163	- 432	- 731
Increase in IRAP	1.061	853	208
Taxable income subject to IRAP	14.015	13.903	112
IRAP tax charge	596	591	5
<b>Total current income taxes</b>	<b>1.260</b>	<b>1.250</b>	<b>10</b>

	2004	2003	Variation
Current taxes	1.260	1.250	10
Deferred tax charges	- 10	- 12	2
Prepaid tax income	202	- 110	312
<b>Total</b>	<b>1.452</b>	<b>1.128</b>	<b>324</b>

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

	Sum of diff. 2004	Tax effect 2004	Sum of diff., 2003	Tax effect 2003



Contingency and expense provision	150	56	66	25
Various contributions	6	2	5	2
Investment write-down	418	138	556	189
Depreciation	61	23	70	27
<b>Total</b>	<b>635</b>	<b>219</b>	<b>697</b>	<b>243</b>

Temporary differences excluded from calculation of prepaid tax income:

	Sum of diff. 2004	Tax effect 2004	Sum of diff., 2003	Tax effect 2003
Risk and charges provision	0	0	77	29
Obsolescent stock provision	350	130	350	134
<b>Total</b>	<b>350</b>	<b>130</b>	<b>427</b>	<b>163</b>

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

During the Shareholders' meeting held on June 14th 2004 the remuneration for the Board of Directors was established in € 515.000.

During the same meeting the remuneration of the Statutory auditors was established in € 46.000.

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

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

Podenzano, March 31st 2005

The Directors

Signed            EMILIO BOLZONI  
Signed            ROBERTO SCOTTI  
Signed            PIER LUIGI MAGNELLI  
Signed            FRANCO BOLZONI  
Signed            LUIGI PISANI  
Signed            DAVIDE TURCO  
Signed            KARL PETER OTTO STAACK

## **Annex 1 – Cash flow statement**

	31.12.2004	31.12.2003
<b>Cash flows generated by ordinary activities:</b>		



Net profit for the year	1.717	1.147
<b>Adjustments on items not affecting liquidity:</b>		
- Depreciation for the year	1.223	1.379
- Employees leaving benefit accrued in the year	601	546
- Utilisation of employees' leaving benefit in the year	- 355	- 326
- Accrual (utilisation) of risk and charges provisions	659	42
<b>Total</b>	<b>2.129</b>	<b>1.641</b>
<b>Variations in current assets and liabilities:</b>		
- Receivables from clients	- 500	183
- Other receivables	743	- 943
- Inventory	- 1.192	830
- Prepayment and accrued income	0	45
- Payables to suppliers	5.687	- 1.165
- Other payables	503	61
- Accrued expenses and deferred income	- 3	2
- Sums payable to taxation authorities	48	- 97
<b>Total</b>	<b>5.286</b>	<b>- 1.084</b>
<b>Total cash flows generated by operating activities:</b>	<b>9.132</b>	<b>1.704</b>
<b>Cash flows generated by investments:</b>		
- Net book value of sold assets	0	0
- Purchase of fixed assets	- 4.879	- 1.802
- Increase in intangible assets	- 122	77
- Increase in investments	- 193	14
<b>Total</b>	<b>- 5.194</b>	<b>- 1.711</b>
<b>Cash flows generated by financing activities:</b>		
- New loans	1.719	2.392
- Paying back loans	- 3.838	- 2.400
- Loans to subsidiaries	- 1.185	774
- Share capital increases and other variations	0	595
- Distributed dividends	- 1.064	- 1.064
- Decreases in other fixed assets	0	0
<b>Total</b>	<b>- 4.368</b>	<b>297</b>
<b>Increase in bank accounts and cash-in-hand</b>	<b>- 430</b>	<b>290</b>
Cash and banks at the beginning of the year	- 2.488	- 2.778
Cash and banks at the end of the year	- 2.918	- 2.488

## **BOLZONI S.P.A.**

Register of Companies 00113720338

R.E.A. n° 87382

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

Share capital\_ Euro 5.319.149,00 fully paid

### **Board of Auditors Report of Shareholders Meeting in conformity with art. 2429 of the Civil Code**

Dear Shareholders of BOLZONI S.P.A.,

1. Considering that during the Shareholders Meeting held on November 12th 2004, the Auditing Company Reconta Ernst & Young, enrolled in the register established at the Ministry of Justice, was appointed for the accounting audit, being that the articles of association do not envisage that the audit be performed by the Board of Auditors as the company is obliged to prepare a consolidated financial statement and therefore the auditing activity for the financial year 2004, in accordance with article 2409-*bis* and subsequent of the Civil Code, was carried out by the above-mentioned Auditing Company.
2. During the financial year closed on 31/12/2004 the Board of Auditors carried out the supervision activity as established by the law. Through information acquired from the persons responsible for the respective functions, the analysis of the documentation transmitted to us and the examination of the auditing book, the Board of Auditors acquired the necessary information and supervised, within the area of their responsibility, over the adequacy of the company's organizational structure, the internal control system, the administrative-accounting system and on its reliability to correctly represent the management facts, as well as the adequacy of the instructions given to the subsidiary companies with regards to the observance of communication obligations.
3. During the year, the Board of Auditors took part in the meetings of the board of directors and, in observance of the statutory provisions, was periodically informed by the directors regarding the state of the company management. From this information it emerged that the company reached the decision to set up a joint venture in China which will be operational during the first semester of 2005.
4. The Board of Auditors did not find any atypical and/or unusual operations, including those performed with related parties within the group.
5. The Auditing Company issued their report on 08.04.2005, in accordance with art. 2409-*ter* of the Civil Code, in which they declare that the operating financial statement at 31/12/2004 truly and correctly represents the financial situation and the economic result of your Company.

6. The Board of Auditors did not receive notifications according to article 2408 of the Civil Code.
7. The Board of Auditors did not receive complaints from the Shareholders and the Directors.
8. During the financial period closed on 31/12/2004 your Company did not assign any tasks to the Auditing company other than those regarding the auditing activity as established by the the law.
9. During the financial period the Board of Auditors did not give administrative advice.
10. Through direct verification and information collected from the Auditing company, the Board of Directors ascertained the observance of law rules with regards to the preparation of the Company's financial statement and the related management report. Moreover, the Board of Auditors examined the evaluation principles adopted in the preparation of the presented financial statement in order to verify its conformity to legal requirements and to the corporate-economic conditions.

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

11. As established in art. 2426 of the Civil Code, the Board of Auditors expressed their consent to the recording of costs for patents in the assets side of the Balance Sheet, net of depreciation for the operating year.
12. The balance sheet shows a positive operating result of € 1.717.040 and can be summed up as follows:

Assets	Euro	61.494.149
Liabilities	Euro	42.388.631
- Shareholders equity (excluding the operating profit)	Euro	17.388.478
<b>- Operating profit</b>	<b>Euro</b>	<b>1.717.040</b>
Obligations,risks and other interim accounts	Euro	15.469.139

In brief, the profit and loss account presents the following values:

Production income (non financial income)	Euro	55.466.953
Production costs (non financial costs)	<b>Euro</b>	<b>52.144.047</b>
<b>Difference</b>	<b>Euro</b>	<b>3.322.906</b>
Income and financial costs	Euro	(910.005)
Value adjustments for financial activities	Euro	75.434
Income and extraordinary costs	Euro	680.837
Result before tax	Euro	3.169.172
Tax on earnings	Euro	1.452.132
<b>Operating profit</b>	<b>Euro</b>	<b>1.717.040</b>

13. The Board of Auditors maintained contacts with the Auditing company, by means of meetings held in the company offices, during which no important aspects emerged requiring specific analysis; during the meetings and from the information mutually exchanged regarding the verifications made, we were not informed of the existence of reprehensible facts.
14. Further to our activity of supervision and control no significant facts emerged worthy of being highlighted or mentioned in this report.

15. With regards to the above, the Board of Auditors does not have any grounds for impeding the approval of the financial statement at 31/12/2004, and has no objections with regards to the proposed resolution presented by the Board of Directors with regards to the disposition of the result.

Piacenza, April 14th 2005

The Board of Auditors

Chairman of the Board of Auditors      Dott. Benvenuto Girometti

Permanent Auditor                              Dott. Giorgio Picone

Permanent Auditor                              Dott. Fiorenzo Salvini

**AUDITORS' REPORT**  
pursuant to article 2409-ter of the Civil Code  
(Translation from the original Italian text)

To the Shareholders  
of Bolzoni S.p.A.

1. We have audited the financial statements of Bolzoni S.p.A. as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Bolzoni S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated May 14, 2004.

3. In our opinion, the financial statements of Bolzoni S.p.A. comply with the Italian (1) regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of Bolzoni S.p.A. as of December 31, 2004, and the results of its operations for the year then ended.
4. We would draw to your attention that, as reported in the Notes to the Financial Statements and in the Board of Directors' report, the company eliminated the fiscal effects related to the accumulated depreciation benefited in previous years booking the effects as extraordinary items in the income statement, as required by the Decree Legislative n°6 dated January 17, 2003.

Brescia, April 8, 2005

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

(1) Words added in translation from original Italian text