Half year Report of the Bolzoni Group as at 30.06.2006

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Group's activity

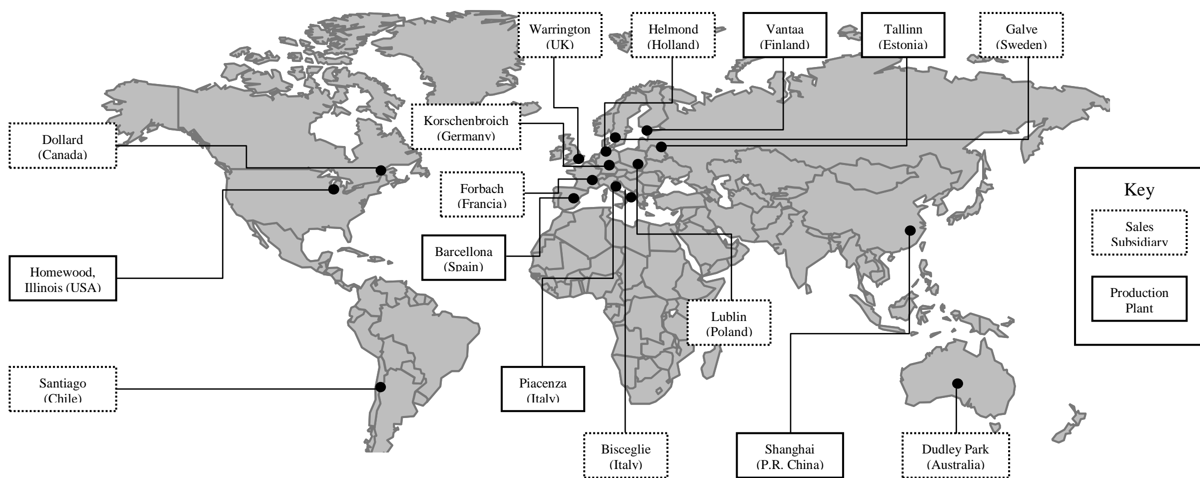
Since the early 1950s the Company has been active in the design, production and distribution of lift truck attachments and industrial material handling equipment, a sub-division of the broader logistics division. The latter, due to the current process of globalisation, shows significant growth margins.

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

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

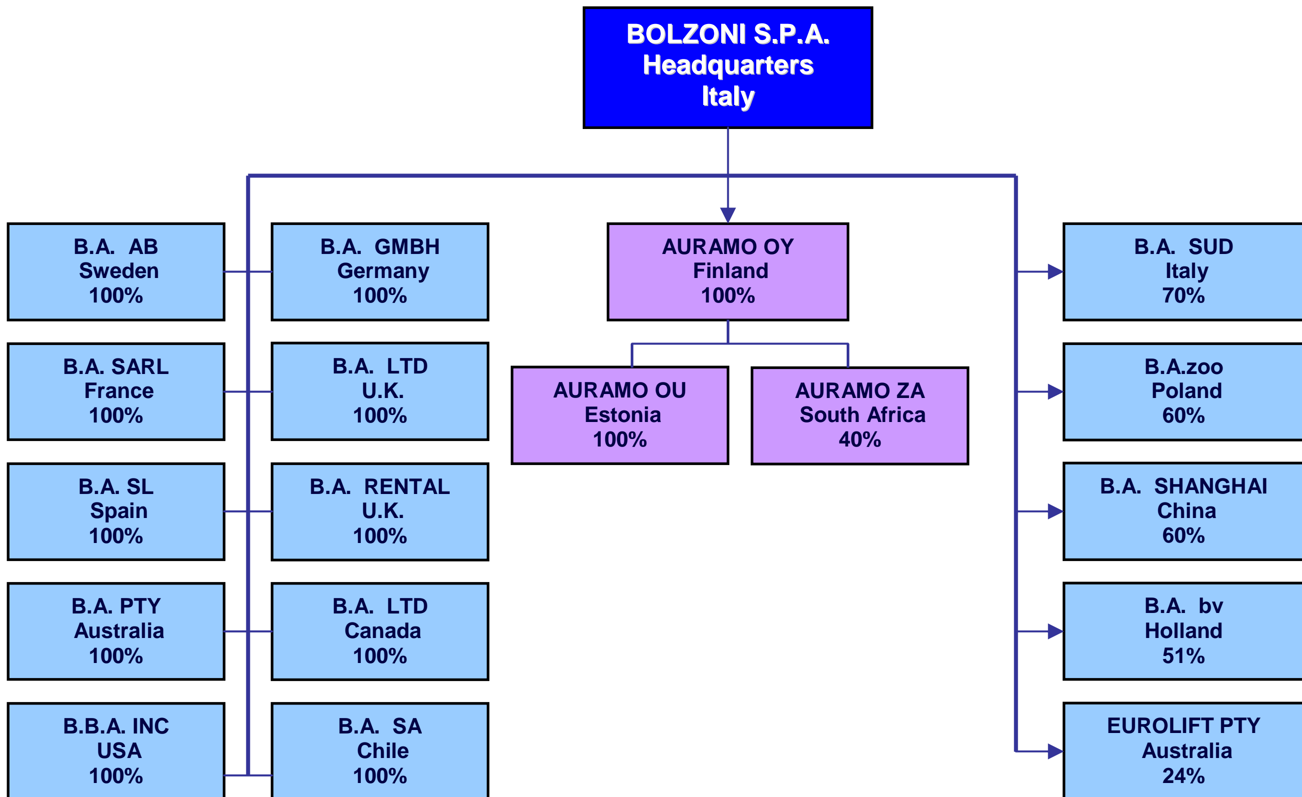
The Company controls, either directly or indirectly, 16 companies, all of which are included in the Group consolidating area, located in several countries throughout the world. Six of the companies (including the Company) carry out manufacturing activities and have plants in Italy, Finland, United States of America, Estonia, Spain and China whereas the remaining eleven companies carry out exclusively commercial and distribution activities, directly aimed at serving the principal global logistics and material handling markets.

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



Group structure

As at 30.06.2006, there are no variations to the consolidating area with respect to the situation as at 31.12.2005 and as at 30.06.2005.



Either through its subsidiaries or its associated companies the Group is present in several countries representing all together 80% of the specific world market.
Four of the companies also carry out manufacturing activities (Spain, Finland, USA, China), in addition to marketing activities.

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

Report on the consolidated half-year situation as at 30.06.2006

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

Main results

Below are the main results for the consolidated half-year period as at 30.06.2006, compared to the same period in 2005.

	30.06.2006	*30.06. 2005*	*Variation*
Revenue	50,855	47,316	+7.5%
Ebitda	6,623	5,198	+27.4%
Ebit	4,984	3,599	+38.5%
Result of the period	2,583	1,947	+ 32.7%
Inventory	18,908	19,731	-4.0%
Net financial position	(5,741)	(23,181)	-75.2%
Sales (booked orders)	54,814	48,122	+13.9%

Revenue

The first semester of 2006 shows an increase of 7.5%, with consolidated revenue amounting to 50.855 thousands euro compared to 47.316 thousand euro for the same period of the previous year.
The figure for 2006 is basically in line with budget (+0.4%).
It is worth noting the 13.9% increase in sales (booked orders) compared to the previous year, with a sales volume amounting to 54.814 thousand euro against a turnover of 50.855 thousand euro.
The increase in order stock makes the achievement of the budgeted turnover levels even more probable.

Trends in the benchmark market

According to statistics issued by the association of forklift truck manufacturers, the market we use as our benchmark recorded the following variations during the first semester of 2006. compared to the same period of 2005:

- Western Europe (Italy included) + 6.7%
- North America + 11.8%
- World (Europe and Usa included) + 14.4%.

Consequently the positive trend recorded in Europe is confirmed, with excellent growth rates in the rest of the world too.

These statistics are based on the fork lift trucks sold (booked orders) and therefore, should be compared to the consolidated sales of the Bolzoni Group for the same period.

Market share

During the first semester turnover has increased by 7.5% (with a 13.9% increase in booked orders) and is therefore in line with the market trend, considering the large contribution of the European market on the Group's overall turnover.

Dollar Exchange Rate

The Dollar, whose exchange rate against the Euro was 1.18 on 31.12.2005, fell to 1.27 on 30.06.2006 with an average exchange rate of 1.23 during the semester.
The negative impact on the results of the semester amounts to 631 thousand euro due to exchange rate fluctuations.

EBITDA

During the two periods under examination Ebitda has had the following trend:

	30.06
% Ebitda on turnover - 2005	10.99%
% Ebitda on turnover - 2006	13.02%

The result is perfectly in line with the budgeted figures for 2006.

Result before tax

During the first semester as a whole, the result before tax amounts to 4.078 thousand euro against the 3.247 thousand euro of the previous year.

This result, together with the approximate 4.000 thousand euro increase in order stock as at 30.06.2006, leads to the confirmation of the expected results for the end of year, even if the Euro/Dollar exchange rates were to remain at the levels recorded at June 30th 2006 (1.27).

Net result

During the first semester as a whole, net profit amounted to 2.583 thousand euro against the 1.947 euro of the previous year, an increase of 32.67%.

SYNTHETIC CONSOLIDATED BALANCE SHEET as at June 30 2006

ASSETS AND LIABILITIES *(in thousands of euro)*	**Notes**	**30/06/2006**	**31/12/2005**
ASSETS			
Non current assets			
Property, plant and equipment	1	16,601	15,817
Goodwill		8,336	8,336
Intangible assets	2	2,107	2,127
Investments accounted for under the equity method	3	478	448
Receivables and other non-current financial assets		198	205
Financial assets held to maturity	4	1,399	1,368
Deferred tax assets	5	2,738	1,827
Total non current assets		**31,857**	**30,128**
Current assets			
Inventory		18,908	18,178
Trade accounts receivable	6	24,225	22,023
Tax receivables		281	244
Other current assets		1,049	650
Cash and cash equivalent	7	15,469	3,364
Total current assets		**59,932**	**44,459**
TOTAL ASSETS		**91,789**	**74,587**

SYNTHETIC CONSOLIDATED BALANCE SHEET as at June 30 2006

ASSETS AND LIABILITIES *(in thousands of euro)*	**Notes**	**30/06/2006**	**31/12/2005**
GROUP SHAREHOLDERS' EQUITY			
Share capital	8	6,383	5,319
Reserves	8	27,313	13,984
Net income for the period	8	2,546	4,350
TOTAL GROUP SHAREHOLDERS' EQUITY		**36,242**	**23,653**
MINORITY INTERESTS			
Reserves attributed to minority interests		283	137
Net income for the period		37	9
TOTAL SHAREHOLDERS' EQUITY		**36,562**	**23,799**
LIABILITIES			
Non current liabilities			
Long term debt	9	8,521	10,078
Termination indemnity	10	3,401	3,261
Deferred tax liabilities	11	1,306	1,467
Provisions-non current portion	12	117	117
Total non current liabilities		**13.345**	**14,923**
Current liabilities			
Trade accounts payable	13	19,974	16,747
Liabilities due to banks and current portion of long term debt	9	14,088	13,144
Other current liabilities	14	4,948	4,113
Tax payables	15	2,578	1,605
Provisions-current portion	12	294	256
Total current liabilities		**41,882**	**35,865**
TOTAL LIABILITIES		**55,227**	**50,788**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**91,789**	**74,587**

SYNTHETIC CONSOLIDATED INCOME STATEMENT as at June 30 2006

STATEMENT OF INCOME *(in thousands of euro)*	**Notes**	**30/06/2006**	**30/06/2005**
Net sales	16	50,855	47,316
Other income		351	394
Total revenues		**51,206**	**47,710**
Cost of raw material and purchased goods	17	(19,383)	(19,025)
Cost of services		(12,815)	(12,149)
Labour costs		(12,151)	(11,177)
Other operating expenses		(264)	(161)
Share of profit of associates accounted for under equity method		30	0
EBITDA		**6,623**	**5,198**
Depreciation and amortisation		(1,555)	(1,526)
Accruals and impairment losses		(84)	(73)
EBIT		**4,984**	**3,599**
Financial income and expenses, net	18	(275)	(339)
Gain or loss from foreign currency translation	18	(631)	(13)
Income before income taxes		**4,078**	**3,247**
Income taxes		(1,495)	(1,300)
Net income		**2,583**	**1,947**
Attributed to:			
Group		2,546	1,947
Minority interests		(37)	0
Earnings per share			
- basis earning per share attributed to the Group		0.117	0.366
- diluted earning per share attributed to the Group		0.116	0.366

SYNTHETIC CONSOLIDATED STATEMENT OF VARIATIONS TO SHAREHOLDERS' EQUITY for semesters ended June 30 2005 and June 30 2006

	Share capital	*Additional paid in capital*	*Legal Reserve*	*Retain. earning*	*Stock option reserve*	*For.curr. transl. adjust-ments*	*Net income*	*Group Shareh. Equity*	*Minority interests*	*Net inc, attrib.to Min.Int.*	*Total Sharehold Equity*
Balance on Jan 1 2005	**5,319**	**5,278**	**463**	**7,549**	**0**	**- 1,107**	**2,652**	**20,154**	**- 39**	**- 8**	**20,107**
Allocation of net income			86	2,566			- 2,652	0	- 8	8	0
Others				- 338		171		- 167	9		- 158
Dividends				- 1,064				- 1,064			- 1,064
Net Income							1,909	1,909		36	1,945
Balance on June 30 2005	**5,319**	**5,278**	**549**	**8,713**	**0**	**- 936**	**1,909**	**20,832**	**- 38**	**36**	**20,830**
Balance on Dec 31 2005	**5,319**	**5,278**	**549**	**9,061**	**0**	**-904**	**4,350**	**23,653**	**137**	**9**	**23,799**
Allocation of net income			151	4,199			- 4,350	0	9	- 9	0
Share capital increase (1)	1,064	10,965						12,029			12,029
Dividends				- 2,021				- 2,021			- 2,021
Others (2)					135	- 101		34	137		171
Net income							2,546	2,546		37	2,368
Balance on June 30 2006	**6,383**	**16,243**	**700**	**11,239**	**135**	**- 1,005**	**2,546**	**36,242**	**283**	**37**	**36,562**

(1) The share capital increase is net of costs for listing and relative tax effect (see Note 8)

(2) The 137 thousand euro variation in minority interests, recorded during the first semester 2006, refers to the increase in share capital made by Bolzoni Auramo Shanghai amounting to 147 thousand euro and the translation difference in minority interests amounting to 10 thousand euro. As for the stock option variation, please refer to page 21, paragraph ' Earnings per Share'.

SYNTHETIC CONSOLIDATED CASH FLOW STATEMENT

	Notes	30.06.2006	30.06.2005
		(in thousands of euro)	
Net income		**2,546**	**1,911**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortisation		1,555	1,526
Net change in termination indemnity		140	25
Net change in provisions		38	0
Net change in deferred income taxes		- 1,072	- 41
Net change in investments accounted for under equity method		- 30	0
Changes in operating assets and liabilities:			
Inventory		- 730	- 2,898
Trade accounts receivable		- 2,202	- 1,754
Other current assets		- 423	- 181
Trade accounts payable		3,739	171
Other current liabilities		835	1,640
Tax payables		973	1,230
Tax receivables		- 37	- 83
NET CASH PROVIDED BY OPERATING ACTIVITIES	a)	**5,332**	**1,546**
Cash flow from investing activities:			
Net investments in tangible assets (1)		- 2,621	- 3,366
Net investments in intangible assets (1)		- 210	- 768
NET CASH USED IN INVESTING ACTIVITIES	b)	**- 2,831**	**- 4,134**
Cash flow from financing activities:			
Net reimbursements of long term debts		115	1,592
Net change in other non current financial assets and liabilities		- 2,021	- 1,063
Dividends paid		12,029	0
Other changes in shareholders' equity and minority interests		209	- 153
NET CASH USED IN FINANCING ACTIVITIES	c)	**10,332**	**376**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	a)+b)+c)	**12,833**	**- 2,212**
NET CASH AND CASH EQUIVALENT AT START OF PERIOD		1,002	1,192
NET CASH AND CASH EQUIVALENT AT END OF PERIOD		13,835	- 1,020
NET CHANGE		12,833	- 2,212
ADDITIONAL INFORMATION:			
Interests paid		424	543
Income taxes paid		272	107

(1) These amounts are indicated net of disinvestment for the period as they are not significant

EXPLANATORY NOTES TO THE SYNTHETIC CONSOLIDATED HALF-YEAR REPORT

A. BASIC INFORMATION

Bolzoni S.p.A. is a company listed in the STAR segment of the Italian Screen Based Market handled by Borsa Italiana.

The publication of Group's Synthetic Consolidated Interim financial report for the semester ended June 30 2006 has been authorised in accordance with the resolution of the directors on September 20 2006.

The amounts indicated in the following notes are expressed in thousands of euro, unless otherwise specified.

B. BASIS OF PREPARATION AND ACCOUNTING PRINCIPLES

Basis of preparation

This synthetic consolidated interim report for the semester ended June 30 2006 has been drawn up in accordance with IAS 34 Interim Financial Reporting (as well as article 81 of Consob's Regulation for Issuers n. 11971/1999).

This synthetic consolidated interim report does not include all the additional information required for the annual report and should be read in conjunction with the Group's annual report for the year ended December 31 2005.

Accounting principles

The same accounting principles adopted for the preparation of the Group's Annual Report for the year ended December 31 2005 have also been applied to this synthetic consolidated interim report, except for the adoption of the following mandatory amendments for the yearly periods starting on or after January 1st 2006:

- IAS 39 – Financial instruments : recognition and measurement ("IAS 39") – Amendment regarding financial guarantee contracts – which has modified the grounds for application of IAS 39 to include issued financial guarantee contracts. The amendment deals with the treatment of the financial guarantee contracts by the issuer. According to the amended IAS 39, financial guarantee contracts are initially measured at their fair value and generally assessed at the greater between the value established according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the value initially recognised net, if appropriate, of the accumulated amortisation measured in compliance with IAS 18 Revenue;
- IAS 39 – Amendment regarding expected intercompany hedging operations– which has modified IAS 39 so that in an intercompany operation the foreign currency exchange risk expected to be highly probable can qualify as an element covered by a financial flow hedging, provided that the operation is denominated in a currency other than the one normally used by the company involved in the operation and that the exchange rate risk has an impact on the financial report;
- IAS 39 – Amendment regarding the fair value option – which has limited the use of the option to designate any financial asset or liability to be assessed in the income statement at its fair value.

The adoption of these amendments has not had any effects on the Group's economic results or the financial position.

C. SEASONAL TRENDS OF THE ACTIVITY

The segment in which the Group operates (attachments for internal material handling) does not undergo any particular seasonal trends.

D. SEGMENT INFORMATION

Information is given below regarding the secondary segment, that is to say, by geographical areas due to the fact that the primary segment of business is considered as a single segment and the result of the segment coincides with that of the income statement.

The geographical areas are identified as: "Europe", "North America" and "Others". Sales to external customers disclosed in geographical segments are based on the geographical location of the customers.

The following tables supply figures on income and information on some activities related to the Group's geographical areas for the semesters which ended June 30 2006 and 2005.

June 30 2006	*Europe*	*North America*	*Others*	*Total*
Revenues:				
Segment revenues	39,375	8,556	2,924	50,855

June 30 2006	*Europe*	*North America*	*Others*	*Total*
Other segment information:				
Segment activity	78,814	10,019	2,478	91,311
Interests in associated companies			478	478
Total activities			2,956	91,789

June 30 2005	*Europe*	*North America*	*Others*	*Total*
Revenues:				
Segment revenues	37,445	7,429	2,442	47,316

December 31 2005	*Europe*	*North America*	*Others*	*Total*
Other segment information:				
Segment activity	61,213	10,599	2,327	74,139
Interests in associated companies			448	448
Total activities			2,775	74,587

COMMENTS TO ITEMS IN THE FINANCIAL STATEMENT

SYNTHETIC CONSOLIDATED ASSETS AND LIABILITIES

1. Property, plant and equipment

	31.12.05	*Purchases*	*Deprec.*	*Deval.*	*Disposal*	*Other changes (1)*	*30.06.06*
Lands	721	-	-	-	-	-	721
Buildings	6,907	32	-	-	-	(112)	6,827
Plants and machinery	22,207	631	-	-	(209)	(126)	22,503
Tools	3,571	21	-	-	(3)	(12)	3,577
Other assets	6,230	615	-	-	(340)	(47)	6,458
Construction in progress	-	1,334	-	-	-	-	1,334
Total value	**39,636**	**2,633**	**-**	**-**	**(552)**	**(297)**	**41,420**
Lands	-	-	-	-	-	-	-
Buildings	(1,190)	-	(106)	-	-	11	(1,285)
Plants and machinery	(15,166)	-	(767)	-	146	71	(15,716)
Tools	(3,020)	-	(124)	-	2	11	(3,131)
Other assets	(4,443)	-	(332)	-	56	32	(4,687)
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	**(23,819)**	**-**	**(1,329)**	**-**	**204**	**125**	**(24,819)**
Lands	721	-	-	-	-	-	721
Buildings	5,717	32	(106)	-	-	(100)	5,543
Plants and machinery	7,041	631	(766)	-	(63)	(56)	6,786
Tools	551	21	(124)	-	(1)	(1)	446
Other assets	1,787	615	(332)	-	(284)	(15)	1,771
Construction in progress	-	1,334	-	-	-	-	1,334
Net book value	**15,817**	**2,633**	**(1,329)**	**-**	**(348)**	**(172)**	**16,601**

(1) Exchange rate differences

Investments made during the semester ended June 30 2006 refer both to purchases for the new fork production line (1.334 thousand euro under the item Construction in progress), and to the replacement of obsolete fixed assets.

2. Intangible Fixed Assets

	31.12.05	*Purchases*	*Deprec.*	*Disposal*	*Other changes (1)*	*30.06.06*
Development costs	1,238	272	-	-	-	1,510
Patent rights	1,029	13	-	-	(69)	973
Licences	1,903	98	-	-	(10)	1,991
Others	329	-	-	-	(65)	264
Gross value	**4,499**	**383**	**-**	**-**	**(144)**	**4,738**
Development costs	(371)	-	(123)	-	28	(466)
Patent rights	(402)	-	(52)	-	26	(428)
Licences	(1,490)	-	(46)	-	(22)	(1,558)
Others	(109)	-	(4)	-	(66)	(179)
Accumulated depreciation	**(2,372)**	**-**	**(225)**	**-**	**(34)**	**(2,631)**
Development costs	867	272	(123)	-	28	1,044
Patent rights	627	13	(52)	-	(43)	545
Licences	413	98	(46)	-	(32)	433
Others	220	-	(4)	-	(131)	85
Net value of intangible fixed assets	**2,127**	**383**	**(225)**	**-**	**(178)**	**2,107**

(1) Exchange rate differences

Investments made during the semester ended June 30 2006 refer mainly to development costs and purchase of software.

3. Interests in associates

The Group has the following interests in associated companies:

	30.06.2006	31.12.2005
Eurolift Pty Ltd	134	134
South Africa	344	314
Total	**478**	**448**

During the first semester 2006, Auramo OY updated her interest in Auramo South Africa according to net equity.

4. Financial assets held to maturity

The balance refers to the capitalised interest policy issued by Tapiola company, whose maturity date is December 2006 and which guarantees a minimum 4.5% yield, in addition to possible overyield generated by the basket of underlying securities. This financial instrument has been placed as guarantee of a specific loan, that the company established in order to continue taking benefiting from high yields that the policy has given during the previous financial years.

The carrying amount corresponds to the cost incurred for the acquisition, plus interest accrual matured at the balance sheet date and notified by the issuer.

5. Deferred tax assets

	30.06.06	*31.12.05*
Fiscal losses carried forward on subsidiaries	522	522
Obsolescence provision on parent's inventory	121	102
Offsetting intercompany's profit in stock	912	819
Temporary differences	457	332
IPO costs	672	0
Other	54	52
Total deferred tax assets	**2,738**	**1,827**

The costs incurred during the IPO have been deducted from income over 5 financial periods and therefore produce the above mentioned deferred tax assets.

6. Trade receivables

	30.06.06	*31.12.05*
Trade receivables	21,010	18,919
Bills subject to collection	3,038	2,804
Bad debt provision	(103)	(86)
Total third party receivables	**23,945**	**21,637**
Eurolift	88	147
Auramo South Africa	192	239
Total receivables from associates	**280**	**386**
Total receivables	**24,225**	**22,023**

The increase in trade receivables is mainly due to the increase in turnover during the semester. The average collection period has remained the same compared to the first semester 2005 and is approximately 90 days.

We would also like to point out that trade receivables are covered by a credit insurance.

7. Cash and cash equivalents

	30.06.06	31.12.05
Cash in hand and bank accounts	3,452	3,321
Short term deposits	18	43
Money on hand	11,999	0
Total	**15,469**	**3,364**

The greater amount of cash available as at 30.06.2006 is due to the share capital increase performed at the same time as the listing of the company on the STAR segment of the Italian Screen Based Market handled by Borsa Italiana S.p.A..
Short term deposits have a variable interest rate.
The amount of 11.999 thousand euro refers to a monetary investment (swap agreement) due on 29.09.2006.

8. Net Equity

The Parent company's share capital, amounting to 6,382,978.75 Euro, is divided into 25,531,915 ordinary shares, each having a nominal value of 0.25 Euro and has been entirely subscribed and fully paid-up.

In the table at page 9 summarizing 'Variations to Net Equity' all the changes to the various items making up Net Equity are analysed.

On 08.06.2006, simultaneous to the listing of Bolzoni S.p.a. in the STAR segment of the Italian Screen Based Market, handled by Borsa Italiana, an share increase was made of 4,255,319 shares each with a nominal value of 0.25 Euro and a share premium of 2.95 Euro each for a total of 13.6 million Euro. The costs for the listing process less the tax impact have been deducted from the Share Premium Reserve.

9. Interest bearing loans and borrowings

	Actual Interest Rate %	Maturity	30.06.06	31.12.05
Short term				
Bank overdrafts		On request	60	99
Advance on collectable bills subject to final payment		30-90 days	1,574	2,263
Loans to subsidiaries			4,583	3,391
Euro 7,000,000 bank loan	Euribor +0.90	2006	2,333	2,333
Euro 7,750,000 bank loan	Euribor +0.70	2006	1,107	1,107
Euro 2,000,000 bank loan	Euribor +0.40	2006	666	333
Euro 2,000,000 bank loan	Euribor +0.40	2006	385	380
Euro 1,000,000 bank loan	Euribor +0.40	2006	188	0
Euro 2,800,000 bank loan	2.93	2006	2,800	2,800
Government loan 394/81	1.72	2006	303	303
Other minor loans		2006	88	135
			14,087	**13,144**
Medium/long term				
Euro 7,000,000 bank loan	Euribor +0.90	2007	0	1,167
Euro 7,750,000 bank loan	Euribor +0.70	2010	3,875	4,429
Euro 2,000,000 bank loan	Euribor +0.40	2009	1,333	1,667
Euro 2,000,000 bank loan	Euribor +0.40	2010	1,426	1,620
Euro 1,000,000 bank loan	Euribor +0.40	2011	812	0
Government loan 394/81	1.72	2009	759	911
Other minor loans			316	284
			8,521	**10,078**

Bank overdrafts and advances subject to final payment

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

Euro 7.000.000 bank loan

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

Euro 7.750.000 bank loan

The loan, secured by the property in Podenzano, is repayable in half-year instalments with constant capital.

Euro 2.000.000 bank loans

The two loans are unsecured and are repayable in half-year instalments with constant capital.

Euro 1.000.000 bank loan

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

Euro 2.800.000 bank loan

The loan is unsecured and is repayable in a single instalment due on 29 September 2006.

Government loan according to Law 394/81

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

Foreign subsidiaries' loans

These include:

- two loans obtained by the subsidiary Auramo OY amounting to Euro 1.2 million and Euro 1.3 with maturity within the current period. The second loan is secured by a pledge on the interest capitalisation policy described in note 9.
- Loan of US $ 0.5 million obtained by the subsidiary Brudi Bolzoni Auramo Inc.
- Loan of Euro 0.5 million obtained by the subsidiary Bolzoni Auramo Gmbh

All loans are secured by comfort letters given by parent, except for the Auramo OY loan of Euro 1.3 million which is guaranteed by the mentioned pledge

The following table has been prepared to better highlight the net financial position:

	30.06.2006	31.12.2005
Payables to banks due within the financial year	- 13,785	- 12,841
Payables to other financiers due within the financial year	- 303	- 303
Liquid funds	15,469	3,364
Total short term payables	**1,381**	**- 9,780**
Payables to banks due after the financial year	- 7,762	- 9,167
Payables to other financiers due after the financial year	- 759	- 911
Assets held until maturity	1,399	1,368
Total medium/long term payables	**- 7,122**	**- 8,710**
Net financial position	**- 5,741**	**- 18,490**

10. T.F.R. retirement allowance

Variations to this fund have been the following:

	30.06.06	*31.12.05*
T.F.R. retirement allowance	**3,261**	**2,923**
Current cost of the service	233	506
Financial charges	61	126
Actuarial Eranings/Losses	0	76
(benefit paid)	(154)	(370)
T.F.R. retirement allowance	**3,401**	**3,261**

This fund is part of those plans with defined benefits.

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

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

Below are the details of the possible scenarios:

Demographic theories	Executives	Non Executives
Probability of death	Mortality rate tables for the Italian population as measured by ISTAT for year 2002 divided according to sex	Mortality rate tables for the Italian population as measured by ISTAT for year 2002 divided according to sex
Probability of disablement	Tables, divided according to sex, adopted in the INPS model for projections up to 2010	Tables, divided according to sex, adopted in the INPS model for projections up to 2010
Probability of resignation	7.5% in each year	7.5% in each year
Probability of retirement	Achievement of first of pension requirements valid for Mandatory General Insurance	Achievement of first of pension requirements valid for Mandatory General Insurance
Probability for an employee of :		
- receiving advance payment of 70% of the accrued retirement allowance at the start of the year	3.0% in each year	3.0% in each year

Financial theories	Executives	Non Executives
Increase in the cost of life	2.0% annually	2.0% annually
Discounting rate	4.0% annually	4.0% annually
Overall salary increase	3.0% annually	3.0% annually
Increase in TFR retirement all.	3.0% annually	3.0% annually

11. Deferred tax fund

	30.06.06	*31.12.05*
Accelerated depreciation for tax purposes	690	667
Exchange rate fluctuations	0	213
Capitalisation of internal costs	294	233
Lease evaluations	85	131
Variation in evaluation of Parent's inventory	47	28
Gains on sale of fixed assets split over 5 years	30	35
Bad debt provision for tax purposes	21	21
Minor balances from subsidiaries	129	129
Other	10	10
Total deferred tax liability	**1,306**	**1,467**

Following the variations which took place in the exchange rates, with respect to 31.12.2005, the provision made on that date has been completely utilised.

12. Provision for contingencies and charges

	31.12.05	Incr.	Decr.	30.06.06	Within 12 mths	After 12 mths
Agents' termination benefit provision	117	0	0	117	0	117
Product Warranty provision	193	5	(8)	190	190	0
Other provisions	63	104	(63)	105	104	0
Total	**373**	**109**	**(71)**	**411**	**294**	**117**

Agents' termination benefit provision
This provision is to meet the related liability matured by agents.

Product warranty provision

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

Other provisions
The item includes a fund of 105 thousand euro following the fair value assessment of credit derivatives on the dollar.

13. Trade payables

	30.06.06	31.12.05
Advance from customers	20	38
Domestic suppliers	16,318	10,963
Foreign supliers	3,636	5,746
	19,974	**16,747**

The increase in trade payables is mainly due to the increase in turnover during the semester.

14. Other payables

	30.06.06	31.12.05
Payables to employees for wages	1,241	980
Payables to employees for matured but unused holidays	1,485	1,054
Other accrued expenses	264	220
VAT	236	460
Social security payables	702	778
Other short term payables	1,020	621
	4,948	**4,113**

The increase in payables to employees for wages is due to the accrual for both the year-end bonus and holiday bonus pertaining to the period.

The increased in payables to employees for matured but unused holidays is caused by accrual made for holidays that will be used up during months of July and August.

15. Payables to taxation authorities

	30.06.06	31.12.05
For wages and salaries	511	579
For income tax	2,064	995
Sundry	3	31
	2,578	**1,605**

Increase in item regarding income tax is due to the tax accrual for semester 2006 already net of the first instalment of the payment of the previous year's balance and the advance payment for the current year.

INCOME STATEMENT

16. Revenue

Please refer to 'Segment Information' at page 13 for a detailed analysis of the Group revenues.

17. Costs of raw materials and purchased goods

	30.06.06	30.06.05
Raw materials	5,083	3,978
Semi-finished products	8,570	9,320
Other purchases for production	1,826	1,901
Miscellaneous	2,869	1,743
Finished products	1,035	2,083
	19,383	**19,025**

The increase in the costs of raw materials and purchased goods is basically due to higher sales.

18. Financial income/expenses and foreign currency translation differences

The improvement in financial income /expenses is due to the fair value of the derivative instruments.

The change in foreign currency translation differences is mainly due to the different exchange rate applied to receivables at 30.06.2006 expressed in foreign currencies.

Earnings per share

Basic earnings per share are calculated by dividing the net income of the year attributable to ordinary shareholders of the parent company by the weighted average number of the ordinary shares in circulation during the year.

As at June 30 2006 the calculation of diluted earning per share has taken into account the option right for purchase of shares following the stock option plan approved on March 23rd 2006.

Below are indications regarding income and information on the shares, used for calculating basic and diluted earnings per share:

Basic Earning/(loss) per share	30.06.06	30.06.05
Net income attributable to ordinary shareholders	2,546	1,947
Average number of ordinary shares *(nr./000)*	21,794	5,319
Basic earnings per ordinary share	0.117	0.366

Diluted Earnings/(loss) per share	30.06.06	30.06.05
Net income attributable to ordinary shareholders	2,546	1,947
Average number of ordinary shares *(nr./000)*	21,961	5,319
Basic earnings per ordinary share	0.116	0.366

On March 31 2006, the Bolzoni Group approved a stock option plan subject to the listing of Bolzoni shares on the Italian screen-based trading market, the conditions of which are fully described in the consolidated financial statement for the year ended 31.12.2005.
The fair value of the granted option has been estimated at the assignment date on the basis of the following suppositions:

Expected yield for dividends (%)	3.45
Expected volatility (%)	34.00
Risk-free interest rate (%)	3.33
Prepayment	not considered

The assessment based on the above suppositions has produced a cost of 135 thousand euro, accounted for in item 'Labour costs'.
The Bolzoni Group has not issued any convertable bonds.

Information on related parties

The following table indicates the total amount of transactions which have been entered into with related parties for the financial periods presented:

Related parties		*Sales to related parties*	*Purchases from related parties*	*Receivables from related parties*	*Payables to related parties*
Associated companies:					
Eurolift Pty	*30.06.06*	221	–	88	–
	31.12.05	580	–	147	–
Auramo South Africa	*30.06.06*	425	–	192	–
	31.12.05	516	–	239	–
Directors – other related parties: Gruppo Intesa	*30.06.06*	–	163	–	5,915
	31.12.05	–	356	–	7,113
	30.06.06	–	261	–	–
Directors – other related parties	*31.12.05*	–	522	–	–

Directors – other related parties

The wholly owned subsidiary Auramo OY rends the property in Vantaa (Finland) where its offices and factory are located, under a rental agreement drawn up with Kiinteisko OY Auran Pihti, a company controleld by Mr Karl-Peter Otto Staack, member of the Bolzoni S.p.A. board of directors. The annual rent paid by Auramo OY amounts to approximately 522 thousand euro.

Transactions with associated companies are only represented by sales of products.

Payables to shareholders – Gruppo Intesa	Bolzoni SpA	Consolidated
Medium Term	3,875	3,875
Short Term	2,040	2,040
TOTAL	**5,915**	**5,915**

Associated companies

As for the financial period 2005, the Group has a 24.5% interest in Eurolift Pty and a 40% interest in Auramo South Africa.

Terms and conditions of transaction between related parties

Transactions between related parties are performed at standard market prices and conditions. Outstanding balances at year-end are unsecured, interest free and are settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended June 30 2006, the Group has recorded no provision for doubtful debts relating to amounts owed by related parties, as for the financial period 2005.

Banca Intesa holds 8.99% of the share capital of Bolzoni S.p.A. (28.36 % at 31.12.2005) and a manager of Banca Intesa (Davide Turco) is a member of the parent's board of directors. Bolzoni S.p.A. maintains financial business relations with the Intesa Group and as a consequence, as at June 30 2006, the total value of debts towards the Intesa Group amounted to approximately 5.9 million euro (31.12.2005: € 7.1million). Furthermore the Intesa Group has granted a surety amounting to 1.1 million euro (€ 1.2 million as at 31.12.2005) to a third party for the interest's of the group. Intesa Mediocredito s.p.a., a company belonging to the Intesa Group, holds a mortgage right of the value of 10.85 million euro on the property situated in Podenzano as guaranee for a loan.

Events occurred after June 30 2006

After the above date, no particular events occurred which could have a significant impact on the economic trend or the corporate structure of the group.

ENCLOSURE n°1

Accounting tables of Bolzoni s.p.a. as at June 30 2006

BALANCE SHEET OF BOLZONI S.P.A. as at June 30 2006

	30/06/2006	31/12/2005
ASSETS		
Non current assets		
Property, plant and equipment	11,147	10,198
Intangible assets	528	325
Investments in subsidiaries	19,397	19,145
Investments in associated companies	46	46
Receivables and other non-current financial assets	5,450	5,727
Financial assets held to maturity	0	0
Deferred tax assets	1,076	323
Total non current assets	**37,644**	35,764
Current assets		
Inventory	8,258	7,030
Trade accounts receivable	21,380	19,664
Tax receivables	150	150
Other current assets	764	220
Cash and cash equivalent	13,693	1,831
Total current assets	**44,245**	**28,895**
TOTAL ASSETS	**81,889**	**64,659**

	30/06/2006	31/12/2005
SHAREHOLDERS' EQUITY		
Share capital	6,383	5,319
Reserves	25,326	13,252
Net income for the period	1,994	2,994
TOTAL SHAREHOLDERS' EQUITY	**33,703**	**21,565**
LIABILITIES		
Non current liabilities		
Long term debts	8,193	9,775
TFR retirement allowance	3,230	3,075
Deferred tax liabilities	1,067	1,179
Provisions non-current portion	117	117
Total non current liabilities	**12,607**	**14,146**
Current liabilities		
Trade accounts payable	22,443	17,470
Liabilities due to banks and current portion of long term debt	8,059	8,246
Other current liabilities	2,410	1,812
Tax payables	2,354	1,216
Provisions – current portion	313	204
Total current liabilities	**35,579**	**28,948**
TOTAL LIABILITIES	**48,186**	**43,094**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**81,889**	**64,659**

INCOME STATEMENT OF BOLZONI S.P.A. as at June 30 2006

INCOME STATEMENT *(Euro)*	**30/06/2006**	**30/06/2005**
Net sales	33,817	32,846
Other income	258	102
Total revenues	**34,075**	**32,948**
Cost of raw material and purchased goods	(15,390)	(16,684)
Cost of services	(8,317)	(7,402)
Labour costs	(5,850)	(5,581)
Other operating expenses	(109)	(57)
EBITDA	**4,409**	**3,224**
Depreciation and amortisation	(757)	(864)
Accruals and impairment losses	(84)	(103)
EBIT	**3,568**	**2,257**
Financial income and (expenses), net	144	(316)
Gain/(loss) from foreign currency translation	(436)	547
Income before income tax	**3,276**	**2,488**
Income taxes	(1,282)	(900)
Net income	**1,994**	**1,588**

TABLE OF VARIATIONS TO BOLZONI S.P.A.'S SHAREHOLDERS' for the periods ended June 30 2005 and June 30 2006

	Share capital	Reval. Reserve.	Additional paid in capital	Legal Rserve	Other reserves	Stock option reserve	Net income	Total Sharehold. Equity
Balance as of Jan 1st 2005	**5,319**	**2,330**	**5,278**	**463**	**4,528**	**0**	**1,717**	**19,635**
Allocation of profit				86	1,631		- 1,717	0
Dividends					- 1.064			- 1,064
Result for the period							1,588	1,588
Balance as of June 30 2005	**5,319**	**2,330**	**5,278**	**549**	**5,095**	**0**	**1,588**	**20,159**
Balance as of Jan 1st 2006	**5,319**	**2,330**	**5,278**	**549**	**5,095**	**0**	**2,994**	**21,565**
Allocation of profit				151	2,843		- 2,994	0
Share capital increase	1,064		10,966					12,030
Dividends					- 2,021			- 2,021
Stock option reserve						135		135
Result for the period							1,994	1,994
Balance as of June 30 2006	**6,383**	**2,330**	**16,244**	**700**	**5,917**	**135**	**1,994**	**33,703**

CASH FLOW STATEMENT

	30.06.2006	30.06.2005
Net profit of the period	**1,994**	**1,588**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortisation	757	864
Net change in TFR retirement allowance	155	332
Net change in provisions	109	84
Net change in deferred income taxes	- 865	- 24
Net change in investments in associated companies	0	0
Changes in operating assets and liabilities:		
Inventory	- 1,228	60
Trade accounts receivables	- 1,716	- 4,248
Other current assets	- 267	- 81
Trade accounts payables	5,380	1,075
Other current liabilities	598	799
Tax payables	1,138	700
Tax receivables	0	- 65
NET CASH PROVIDED BY OPERATING ACTIVITIES	**6,055**	**1,084**
Cash flow from investment activities:		
Net investments in tangible assets	- 2,043	- 3,123
Net investments in intangible assets	- 273	- 108
Net investments in holdings	- 252	- 368
NET CASH USED IN INVESTMENT ACTIVITIES	**- 2,568**	**- 3,599**
Cash flow from financing activities:		
New reimbursements and transfer of short term portion to current	- 1,057	-757
Dividends paid	- 2,021	- 1,064
Share capital increase	1,064	0
Other variations to shareholders' equity	11,101	0
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**9,087**	**-1,821**
EFFECT OF EXCHANGE RATES ON NET CASH AND EQUIVALENT	**0**	**0**
NET INCREASE (DECR.) IN NET CASH AND CASH EQUIVALENT	**12,574**	**- 4,336**
NET CASH AND EQUIVALENT AT START OF PERIOD	829	995
NET CASH AND EQUIVALENT AT END OF PERIOD	13,403	-3,341
NET CHANGE	12,574	- 4,336
ADDITIONAL INFORMATION:		
Interests paid	321	276
Income taxes paid	272	107

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Auditors' review report on the limited review of the the six months financial statements prepared in accordance with Article 81 of the Consob Regulation, adopted by the resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations

(Translation from the original Italian text)

To the Shareholders of
Bolzoni S.p.A.

1. We have performed a review of the consolidated management Report represented by the balance sheets, the statements of income, the statements of changes in shareholders' equity and the statement of cash flows (herinafter the "financial statements") and related explanatory Notes of Bolzoni Group as of and for the six months ended June 30, 2006. The Management Report is the responsibility of the Bolzoni S.p.A.'s management. Our responsibility is to prepare this review report based on our review. We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect of their discussions and analysis of the operations, solely for the purpose of evaluating its consistency with the above mentioned statements and related notes.

2. Our review was conducted in accordance with auditing standards governing the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. A review consists mainly of obtaining information with respect to the accounts included in the financial statements and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Management Report of Bolzoni S.p.A. as of and for the six months period ended June 30, 2006, as we do in connection with reporting on our full scope audits of the annual Consolidated Financial Statements of Bolzoni S.p.A..

3. With respect to the consolidated comparative data as of and for the year ended December 31, 2005 presented in the financial statements, reference should be made to our audit report issued on March 8, 2006. The comparative data as of and for the six months ended June 30, 2005, have not been reviewed.

Reconta Ernst & Young S.p.A.
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4. Based on our review, we did not become aware of any significant modifications that should be made to the Statements and related Notes of Bolzoni Group identified in paragraph 1. of this report, in order for them to be in conformity with the international accounting principle IAS 34 and the criteria for the presentation of the six months Management Report, as required by art. 81 of Consob regulations as approved in its resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Brescia, September 26, 2006

Reconta Ernst & Young S.p.A.
Signed by: Stefano Colpani, Partner

APPENDIX n°1

Parent company's transition to IAS/ IFRS principles

TRANSITION TO IFRS PRINCIPLES FOR THE BOLZONI S.P.A. FINANCIAL REPORT

Following the enactment of the European Decree n. 1606 dated July 19th 2002, as of the financial year 2006 companies issuing financial instruments and which have been admitted to trading on controlled markets must prepare the corporate financial report in accordance with the international accounting principles.

Consequently, as of the financial year 2006, Bolzoni s.p.a. , has adopted the international accounting principles (IAS/IFRS) and the date of transition is January 1st 2005.

The last financial report of Bolzoni S.p.A. prepared according to the Italian accounting principles is for the financial year ended December 31 2005. As required by IFRS 1 this appendix supplies:

- ✓ a description of the accounting principles adopted by the parent company Bolzoni S.p.A. as of January 1st 2006;
- ✓ reconciliation between net result and the Shareholders' equity according to the previous principles (Italian accounting principles) and between the net result and the Shareholders' equity according to IFRS for the previous periods presented for comparitive purposes.

The balance sheet and the income statement have been prepared solely for the purpose of IFRS transition process for the preparation of the first complete and separate financial report of Bolzoni S.p.A. as at 31.12.2006 according to IFRS as approved by the European Community and are therefore without the comparitive figures and the necessary explanatory notes which would be required for a complete representation of the financial situation, the balance sheet and the income statement of Bolzoni S.p.A. as established by the IFRS.

Accounting principles

Foreign currency translation

Monetary assets and liabilities, denominated in foreign currencies, are retranslated to the functional currency at the exchange rate ruling at the balance sheet date. All exchange rate differences are taken to profit or loss. Non monetary items in a foreign currency and measured in terms of historical cost, are translated using the exchange rates ruling at the dates of the initial transactions. Non monetary items in a foreign currency and measured at fair value are translated using the exchange rates at the date the fair value was determined.

Property, plant and equipment

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

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

Buildings and light constructions	3 %
Plants and equipment	from 10 to 15.5%
Industrial and commercial equipment	25%
Other assets	from 10% to 25%

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

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

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

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

Leases

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

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

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

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

Goodwill

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

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

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

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

Intangible assets

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

Intangible assets acquired separately are measured on initial recognition at cost, whereas those acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any

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

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

Research and development costs

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

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

Below is a summary of the policies applied by the Company to intangible assets:

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

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

Impairment of assets

The Company annually assesses, at each reporting date, whether there is an indication that an asset (intangible assets, property, plant and equipment owned and finance leased assets) may be impaired. In making this assessment of the assets, both internal and external sources of information are considered. With regards to the former (internal sources) the following are considered: obsolescence or the physical deterioration of the asset; if, during the financial year there have been significant changes in the use of

the asset; if the economic trend of the business appears to be worse than expected. With regards to external sources however the following are considered: if the market prices of the asset have significantly dropped; if there are particular technological, market or legislative issues capable of reducing the asset's value.

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

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

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

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

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

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

Investments

Investments in subsidiaries and associates are accounted for at the adjusted cost if there is any impairment. Should the Company's portion of the impairment loss exceed the carrying value of the investment, it is necessary to zero the value of the investment and the portion of further losses is accounted for as a provision in the liabilities in the event of the company being obliged to account for it.

Financial assets

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

Financial assets held for trading

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

Financial assets held to maturity

These are non-derivative financial assets with fixed or determinable payments, and a fixed maturity, for which the company has the firm intention and ability to hold until maturity. After initial recognition, these assets are measured at the amortised cost, using the real interest rate.

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

Inventories

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

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

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

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

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

Trade and other receivables

Trade receivables, which generally have a 30-120 day payment term, are recognised at the original invoice amount less an allowance for any uncollectable amounts. This provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Cash and cash equivalent

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

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

Interest-bearing loans and borrowings

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

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

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

Derecognition of financial assets and liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party;
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and benefits of the ownership of the assets, or (b) has neither transferred nor retained substantially all the risks and benefits of the asset but has transferred the control of the asset.

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

Financial liabilities

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

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

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

Financial assets carried at cost

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

Available for sale financial assets

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

Provision for contingencies and charges

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

Pensions and other post-employment benefits

TFR retirement allowance, calculated in compliance with the laws and current labour contracts, is determined separately for each company at the end of each financial period using the projected unit credit actuarial valuation method. The actuarial gains and losses are recognised in the income statement, either as labour costs or financial charges depending on the case.

Assets availabe for sale and liabilities associated with these assets

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

These assets are carried at:

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

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

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

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

Revenue recognition

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

Sale of goods

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

Rendering of services

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

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

Interest income

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

Dividends

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

Government grants

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

Financial charges

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

Income tax

Current tax

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

Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the same time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

Value added tax

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

Derivative financial instruments and hedging

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

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

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

At June 30th 2006, as for the previous periods, none of the derivative contracts was considered as being subject to hedging, and no technical or financial match was found between the characteristics of the contracts drawn up and those of one or more specific financial instruments present at the balance sheet date.

2. EFFECTS ON THE BOLZONI S.P.A. BALANCE SHEET AS AT JANUARY 1 2005 FOLLOWING THE ADOPTION OF THE IFRS

BALANCE SHEET AS AT JAN 1ST 2005 (thousands of euro)	*Notes*	Reclassified Italian Accounting Principles	Effects of transition to IFRS	IFRS principles
ASSETS				
Non current assets				
Property, plant and machinery	*1*	9,956	650	10,606
Goodwill		-	-	-
Intangible fixed assets	*2*	250	67	317
Investment in subsidiaries	*3*	18,811	21	18,832
Investment in associated companies		125	-	125
Credits and other financial assets		5,570	-	5,570
Financial assets held to maturity		-	-	-
Deferred tax assets	*4*	219	157	376
Total non-current assets		**34,931**	**895**	**35,805**
Current assets				
Inventory	*5*	8,416	32	8,448
Trade receivables		15,749	-	15,749
Tax receivables		81	-	81
Other receivables	*6*	402	- 69	333
Cash and cash equivalent		1,915	-	1,915
Total current assets		**26,563**	**- 37**	**26,526**
TOTAL ASSETS		**61,494**	**858**	**62,352**
NET EQUITY				
Share capital		5,319	-	5,319
Reserves		13,787	529	14,316
TOTAL NET EQUITY		**19,106**	**529**	**19,635**
LIABILITIES				
Non-current liabilities				
Long term loans	*7*	13,050	- 17	13,033
T.F.R. retirement allowance	*8*	2,843	- 41	2,802
Deferred tax liability	*9*	532	262	794
Contingency and charges provision	*3*	97	9	106
Total non-current liabilities		**16,522**	**213**	**16,735**
Current liabilities				
Trade payables		18,647	-	18,647
Payables to banks and current portion of long term loans	*7*	4,834	116	4,950
Other payables		1,701	-	1,701
Tax payables		429	-	429
Current portion of long term provisions		255	-	255
Total current liabilities		**25,866**	**116**	**25,982**
TOTAL LIABILITIES		**42,388**	**329**	**42,717**
TOTAL NET EQUITY AND LIABILITIES		**61,494**	**858**	**62,352**

Explanatory notes

1. Property, plant and machinery: this adjustment (650 thousand euro) is due to the carrying of the the lease contracts drawn up by the company, in accordance with IFRS principles.

   Being of a financial nature, these contracts must be accounted for in the Balance Sheet for the residual value of the goods

2. Intangible fixed assets: these adjustments (67 thousand euro) refer to the capitalisation of development costs for 169 thousand euro and the derecognition of long-term charges (29 thousand euro), charges on loans (29 thousand euro), expenses incurred for share capital increase and costs for research, for the remaining amount. The derecognised costs do not possess the requirements for capitalisation required by IAS 38.

3. Investments in subsidiary companies: the adjustments of 21 thousand euro and 9 thousand euro in the item Contingency and Charges provision derive from the adjustment of the book value of the investments in the subsidiary companies (Bolzoni Auramo Bv, Bolzoni Auramo Gmbh, Bolzoni Auramo Rental and Bolzoni Auramo Sa) to the impairment value, with respect to the cost booked accounted for in the balance sheet according to the Italian accounting principles.

4. Deferred tax assets: the booking of deferred tax assets in line with IFRS, determines an increae in assets as at January 1 2005 corresponding to 157 thousand euro and is produced by the IFRS adjustments listed in these notes.

5. Inventory: the assessment of the company's inventory according to the average cost, compared to the method applied to the balance sheet according to the Italian accounting principles (L.I.F.O.) has produced an adjustment of 32 thousand euro.

6. Other receivables: the entry of goods which are the object of lease contracts according to the IFRS principles has produced an adjustment of 69 thousand euro for prepaid income recorded in the balance sheet according to Italian accounting principles.

7. Long term loans (including the current portion classified in Current Liabilities) : these adjustments (17 thousand euro as minor Non-current Liabilities and 116 thousand as major Current Liabilities) reflect the application of the amortised cost method to medium and long term loans and payables to suppliers for the lease contracts (130 thousand euro).

8. T.F.R. provision: the Italian principles require the recognition of the T.F.R. liability on the basis of the nominal debt matured at the balance sheet date. IAS 19 classifies the T.F.R. retirement allowance under "post-employment benefits" as it is considered a defined benefit scheme. This means that the matured liability must be assessed with actuarial methods using the "Projected unit credit method" which establishes the projection of future expenditures on the basis of statistical analysis of the past, and the demographic curve and the financial discounting of these flows on the basis of market interest rate. Thus, the current value of the Company's T.F.R. provision as at 1 January 2005 is 41 thousand euro less, compared to the corresponding value determined under Italian Accounting Principles.

9. Deferred tax liability: this adjustment (262 thousand euro) reflects the negative tax effect on the adjustments mentioned in the previous points.

3. EFFECTS ON THE BOLZONI S.P.A. INCOME STATEMENT AS AT 31.12.2005 FOLLOWING THE ADOPTION OF THE IFRS

INCOME STATEMENT (Thousands of Euro)	Notes	Reclassified Italian Accounting Principles	Effects of conversion to IFRS	IFRS principles
Turnover		63,462	-	63,462
Other operating revenue	*1*	249	116	365
Total revenue		**63,711**	**116**	**63,827**
Costs for raw material and consumables	*2*	- 31,713	44	- 31,669
Costs for services	*3*	- 14,743	169	- 14,574
Labour costs	*4*	- 10,602	51	- 10,551
Other operating costs		- 189	-	- 189
Investment value adjustments	*5*	12	- 12	0
Gross operating result		**6,476**	**368**	**6,844**
Amortisation	*6*	- 1,362	- 273	- 1,635
Provisions and write-downs		- 107	-	- 107
Operating result		**5,007**	**95**	**5,102**
Financial income and charges	*7*	- 296	- 108	- 404
Exchange rate earnings and losses		823	-	823
Result before tax		**5,534**	**- 13**	**5,521**
Income tax	*8*	- 2,509	- 18	- 2,527
Result of the period		**3,025**	**- 31**	**2,994**

Explanatory notes

1. Other operating revenue: this adjustment amounting to 116 thousand euro, mainly refers to the capitalisation of development costs incurred during the period, and recognised according to the IFRS principles. The development costs incurred with regards to a particular project are capitalised when all of the following conditions are observed:
   - ✓ costs can be reliably determined;
   - ✓ the technical feasibility of the product can be demonstrated;
   - ✓ the expected quantities and prices indicate that the costs incurred during the development phase can generate future economic benefits;
   - ✓ adequate technical and financial resources are available in order to complete the development of the project.

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

2. Costs for raw material and consumables: the adjustment amounting to 44 thousand euro refers to the evaluation of inventory according to the average cost method compared to the L.I.F.O. method applied by the Italian accounting principles.

3. Costs for services: the adjustment of 169 thousand euro refers to the write off of costs for use of third party assets recorded in the balance sheet according to the Italian accounting principles and related to existing lease contracts.

4. Labour cost : the different accounting procedure of benefits to employees, on the basis of the recalculation of the TFR using actuarial methods, results in a 51 thousand euro decrease in labour costs.

5. Investment value adjustments : the adjustment of 12 thousand euro is determined by the adjustment of the book value of the investments in subsidiary companies (Bolzoni Auramo Bv, Bolzoni Auramo Gmbh, Bolzoni Auramo Rental and Bolzoni Auramo Sa) to the impairment value with respect to the cost recorded in the balance sheet according to Italian accounting principles.

6. Amortisation: this adjustment amounts to 273 thousand euro and is mainly made up of the amortisation deriving from the capitalisation of development costs (65 thousand euro) and amoritsation calculated on goods which are the object of lease contracts (equivalent to 266 thousand euro) after the write-off of the intangible fixed assets, which do not possess the requisites for capitalisation required by IAS 38.

7. Financial income and charges: this adjustment (108 thousand euro) mainly reflects the negative impact of 126 thousand euro following the discounting of the T.F.R. provision as at December 31 st 2005. The remaining part refers to the application of the amortised cost method to medium and long term loans.

8. Tax for the financial year: the adjustments which reflect the net tax effects on the operations previously illustrated on the whole do not have a significant impact.

4. EFFECTS ON THE BALANCE SHEET AS AT DECEMBER 31ST 2005 FOLLOWING THE ADOPTION OF IFRS

BALANCE SHEET AS AT DECEMBER 31ST 2005 (Thousands of Euro)	Notes	Reclassified Italian Accounting Principles	Effects of conversion to IAS/IFRS	IFRS principles
ASSETS				
Non current assets				
Property, plant and machinery	*1*	9,814	384	10,198
Goodwill		-	-	-
Intangible fixed assets	*2*	167	158	325
Investments in subsidiary companies		19,145	-	19,145
Investments in associated companies		46	-	46
Credits and other financial assets		5,727	-	5,727
Financial assets held until maturity		-	-	-
Deferred tax assets	*3*	200	123	323
Total non-current assets		**35,099**	**665**	**35,764**
Current assets				
Inventory	*4*	6,955	75	7,030
Trade receivables		19,664	-	19,664
Tax receivables		150	-	150
Other receivables	*5*	214	6	220
Cash and cash equivalents		1,831	-	1,831
Total current assets		**28,814**	**81**	**28,895**
TOTAL ASSETS		**63,913**	**746**	**64,659**
NET EQUITY				
Share capital		5,319	-	5,319
Reserves		12,723	529	13,252
Result of the period		3,025	- 31	2,994
TOTAL NET EQUITY		**21,067**	**498**	**21,565**
LIABILITIES				
Non current liabilities				
Long term loans	*6*	9,792	- 17	9,775
T.F.R. provision	*7*	3,041	34	3,075
Deferred tax liability	*8*	934	245	1,179
Contingency and charges provision		117	-	117
Total non current liabilities		**13,884**	**262**	**14,146**
Current liabilities				
Trade liabilities		17,470	-	17,470
Payables to banks and current portion of long term loans	*6*	8,260	- 14	8,246
Other payables		1,812	-	1,812
Tax payables		1,216	-	1,216
Current portion of long term provisions		204	-	204
Total current liabilities		**28,962**	**- 14**	**28,948**
TOTAL LIABILITIES		**42,846**	**248**	**43,094**
TOTAL NET EQUITY AND LIABILITIES		**63,913**	**746**	**64,659**

Explanatory notes

1. Property, plant and machinery: this adjustment (384 thousand euro) is due to the carrying of the the lease contracts drawn up by the company, in accordance with IFRS principles

   Being of a financial nature, these contacts must be accounted for in the Balance Sheet for the residual value of the goods.

2. Intangible fixed assets: these adjustments (158 thousand euro) refer to the capitalisation of developments costs for the amount of 220 thousand euro and the derecognition of long-term charges (25 thousand euro), charges on loans (37 thousand euro), expenses incurred for share capital increase and research costs, for the remaining amount. The derecognised costs do not possess the requirements for capitalisation established by IAS 38.

3. Deferred tax assets : the booking of deferred tax assets in line with IFRS, determines an increase in assets as at December 31st 2005 corresponding to 123 thousand euro and is determined by the IFRS adjustments listed in these notes.

4. Inventory: the assessment of the company's inventory according to the average cost compared to the method applied in accordance with the Italian accounting principles (L.I.F.O.) has produced an adjustment of 75 thousand euro.

5. Other receivables: the net adjustment of 6 thousand euro is mainly due to the fair value evaluation of derived contracts.

6 Long term loans (including the current portion classified under Current Liabilities): these adjustments (17 thousand euro as minor non-current liabilities and 14 thousand euro as minor current liabilities) reflect the application of the amortised cost method to medium and long term loans.

7 T.F.R. provision: the Italian principles require the recognition of the TFR liability on the basis of the nominal debt matured at the balance sheet date. IAS 19 classifes the T.F.R. retirement allowance under "post-employment benefits" as it is considered a defined benefit scheme. This means that the matured liability must be assessed with actuarial methods using the "Projected unit credit method" which establishes the projection of future expenditures on the basis of statistical analysis of the past and the demographic curve and the financial discounting of these flows on the basis of market interest rate. Thus, the current value of the Company's T.F.R. provision as at December 31st 2005 is 34 thousand euro higher compared to the corresponding value determined under Italian Accounting Principles.

8 Deferred tax liability: this adjustment (245 thousand euro) reflects the negative tax effect on the adjustments mentioned in the previous points.

5. EFFECTS OF THE ADOPTION OF IFRS ON THE BALANCE SHEET OF BOLZONI S.P.A. AT JANUARY 1ST AND DECEMBER 31ST 2005 AND ON THE INCOME STATEMENT OF BOLZONI S.P.A. ON THE FINANCIAL PERIOD 2005: summary

	Balance 01.01.2005	*Result 31.12.2005*	*Balance 31.12.2005*
Net equity ITA GAAP	**19,106**	**3,025**	**21,067**
Leases	450	- 98	352
Assessment of inventory according to average cost	32	43	75
Plant, extension and development costs	98	91	189
Benefits to employees	41	- 75	- 34
Evaluation of derivatives	0	38	38
Investment value adjustments	12	- 12	0
Tax effect	- 104	- 18	- 122
Net equity IAS GAAP	**19,635**	**2,994**	**21,565**

6. EFFECTS OF THE ADOPTION OF IFRS ON THE NET FINANCIAL POSITIONS AT JANUARY 1ST AND DECEMBER 31ST 2005: summary

	01.01.05	31.12.05
Net financial position according to Italian Accounting Principles	**(15,968)**	**(16,221)**
Adjustment deriving from the application of amortised cost to loans	31	31
Adjustment deriving from the application of IAS 17 on lease contracts	130	0
Net financial position according to International Accounting Principles	**(16,067)**	**(16,190)**

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Independent Auditor's Report
on the statements of reconciliation IFRS 1 (Parent Company stand alone reporting "not consolidated") with illustration of the effects of the transition to International Financial Reporting Standards ("IFRS")
(Translation from the original Italian text)

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

1. We have audited the accompanying statements of reconciliation to International Financial Reporting Standards ("IFRS") of Bolzoni S.p.A., consisting of the balance sheets as of January 1, 2005 and December 31, 2005 and the statement of income for the year ended December 31, 2005, the reconciliations of the shareholders' equity as of January 1, 2005 and December 31, 2005 and of the net income for the year ended December 31, 2005 and the related explanatory notes (hereinafter, the "IFRS Reconciliation Statements"), presented in accordance with the criteria required by the CONSOB (the Italian Stock Exchange Regulatory Agency) Communication no. 6064313 of July 28, 2006 under the Appendix "Transition to the IAS/IFRS of the Parent Company" to the Management Report as of and for the six months period ended June 30, 2006. These IFRS Reconciliation Statements are based on the financial statements of Bolzoni S.p.A. as of December 31, 2005, prepared in accordance with the Italian regulations governing the criteria for their preparation, which we have previously audited and on which we issued our auditor's report dated March 8, 2006. The IFRS Reconciliation Statements present the effects of the transition to the International Financial Reporting Standards as adopted by the European Commission. These IFRS Reconciliation Statements are the responsibility of the management of Bolzoni S.p.A.. Our responsibility is to express an opinion on these IFRS Reconciliation Statements based on our audit.

2. We conducted our audits in accordance with generally accepted auditing standards in Italy. In accordance with such standards, we planned and performed the audit to obtain reasonable assurance that the IFRS reconciliations are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS Reconciliation Statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audits provide a reasonable basis for our opinion.

3. In our opinion, the IFRS Reconciliation Statements identified in paragraph 1. above, taken as a whole, have been prepared in all material respects in accordance with the criteria and principles set out in the CONSOB Communication no. 6064313 of July 28, 2006.

4. As described in the introduction paragraph, since the IFRS Reconciliation Statements have been prepared in connection with the preparation of the first complete financial statements in accordance with IFRS as adopted by the European Commission, they do not include comparative information and the necessary explanatory notes which would be required for a true and fair view of the financial position, result of operations, of the Parent Company Bolzoni S.p.A. in conformity with IFRS.

Brescia, September 26, 2006

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

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