CONSOLIDATED BALANCE SHEET at 31 December 2013

BALANCE SHEET €/000	Notes	31/12/2013	31/12/2012 * restated
ASSETS			
Non-current assets			
Property, plant and equipment	4	29,270	29,535
Goodwill	5	10,618	10,618
Intangible fixed assets	6	3,605	3,139
Investments in associated companies	7	1,987	2,016
Financial receivables and other financial assets	8	179	211
Financial assets held to maturity	9	-	-
Deferred tax assets	10	3,334	2,662
Total non-current assets		**48,993**	**48,181**
Current assets			
Inventory	11	22,430	21,763
Trade receivables	12	24,538	24,430
- of which related to associated companies	*12*	*93*	*225*
Tax receivables	13	1,128	562
Other receivables	14	608	1,218
- of which related to associated companies	*35*	-	*411*
Financial assets available for sale	15	11	187
Cash and cash equivalent	16	11,039	3,513
- of which towards related parties (Intesa-Sanpaolo)	*18*	-	*477*
Total current assets		**59,754**	**51,673**
TOTAL ASSETS		**108,747**	**99,854**

(*) Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph “Accounting principles”.

CONSOLIDATED BALANCE SHEET at 31 December 2013

BALANCE SHEET €/000	Notes	31/12/2013	31/12/2012 * restated
GROUP EQUITY			
Share capital	17	6,498	6,498
Reserves	17	28,860	28,429
Net result of the year		123	1,948
TOTAL GROUP EQUITY		**35,481**	**36,875**
NON-CONTROLLING INTERESTS			
Capital, reserves and retained earnings		4,470	4,314
Net result of the year		(18)	(62)
TOTAL EQUITY		**39,933**	**41,127**
LIABILITIES			
Non-current liabilities			
Long term loans	18	13,900	12,889
- of which towards related parties (Intesa-Sanpaolo)	*18*	-	*1,483*
Employee benefits -T.F.R. retirement allowance	19	2,665	3,032
Deferred tax liability	10	1,187	1,224
Long-term provisions	20	180	190
Liabilities for derivatives	21	411	576
Other long-term liabilities		601	694
Total non-current liabilities		**18,944**	**18,605**
Current liabilities			
Trade payables	22	17,400	16,309
- of which towards related parties	*35*	*259*	*113*
Financial short-term liabilities and current portion of long term loans	18	25,519	16,689
- of which towards related parties (Intesa-Sanpaolo)	*18*	-	*4,721*
- of which related to associated companies	*35*	-	*401*
Other current payables	23	6,527	6,392
Payable for income taxes	24	123	384
Current provision	20	301	348
Total current liabilities		**49,870**	**40,122**
TOTAL LIABILITIES		**68,814**	**58,727**
TOTAL EQUITY AND LIABILITIES		**108,747**	**99,854**

(*) Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph “Accounting principles”.

CONSOLIDATED INCOME STATEMENT for fiscal year ended 31 December 2013

INCOME STATEMENT €/000	**Notes**	**2013**	**2012** *restated
Net sales	3	121,172	119,088
- of which related to associated and related companies	*35*	*2,867*	*1,199*
Other revenues	25	418	551
Total revenues		**121,590**	**119,639**
Costs for raw material and consumables	26	(55,781)	(54,133)
- of which related to associated companies		*(1,541)*	*(171)*
Costs of services	27	(22,367)	(22,383)
- of which towards related parties	*35*	*(309)*	*(216)*
Personnel costs	28	(34,476)	(32,721)
- of which non-recurring	28	*(472)*	-
Other operating expenses	29	(862)	(882)
Result of associated companies accounted for under equity method	7	43	142
Gross operating result		**8,147**	**9,662**
Depreciation and Amortization	4,6	(4,903)	(4,903)
Accruals and impairment losses	12,20	(486)	(560)
Operating result		**2,758**	**4,199**
Financial expenses	30	(1,529)	(1,780)
- of which related to Intesa -Sanpaolo	*35*	*-*	*(186)*
Financial income	30	187	227
- of which related to Intesa -Sanpaolo	*35*	*-*	*1*
Currency exchange gain and losses	30	(804)	25
Result before tax		**612**	**2,671**
Income tax	10	(507)	(785)
Result of continuing activities		**105**	**1,886**
Net Result of the year		**105**	**1,886**
Attributable to:			
- Group		123	1,948
- Non-controlling interests		(18)	(62)
Earnings per share	32		
- basic, for the year's profit attributable to ordinary shareholders of the parent		0.005	0.075
- diluted, for the year's profit attributable to ordinary shareholders of the parent		0,005	0.075

(*) Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph "Accounting principles".

BOLZONI The Material Handling Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for fiscal year ended 31 December 2013

STATEMENT OF COMPREHENSIVE INCOME €/000	31/12/2013	31/12/2012 * restated
Profit/Loss of the year (A)	**105**	**1,886**
Components which will subsequently be reclassified in the year result		
Loss on hedging instruments designated in cash flow hedge	59	(82)
Tax effect of cash flow hedge	(16)	23
Profit/loss from translation of foreign companies' financial statements	(484)	25
Components which will not subsequently be reclassified in the year result		
Actuarial gain /loss of defined benefit plans	204	(206)
Tax effect of defined benefit plans	(56)	56
Total Other comprehensive income (B)	**(293)**	**(184)**
Total comprehensive income (A + B)	**(188)**	**1,702**
Attributable to:		
Group	(94)	1,759
Non-controlling interests	(94)	(57)

(*) Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph "Accounting principles".

BOLZONI The Material Handling Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for years ended 31 December 2012 and 31 December 2013

	Capital	Share prem. reserve	Legal reserve	Other reserves	Retained earnings	Transl. differ.	Year result	Total NE for the Group	Minority interests	Min. result	Total Net Equity
Balances as at 31.12.2011	**6,498**	**17,544**	**1,305**	**(27)**	**10,434**	**(851)**	**1,592**	**36,495**	**3,170**	**45**	**39,710**
Year result							1,948	1,948		(62)	1,886
Other comprehensive income				(208)		24		(184)			(184)
Total comprehensive income				(208)		24	1,948	1,764		(62)	1,702
Profit allocation			73		1,519		(1,592)		45	(45)	-
Dividends					(1,040)			(1,040)	(79)		(1,119)
Other changes					(233)	(111)		(344)	1,178		834
Balances as at 31.12.2012 * restated	**6,498**	**17,544**	**1,378**	**(235)**	**10,680**	**(938)**	**1,948**	**36,875**	**4,314**	**(62)**	**41,127**
Year result							123	123		(18)	105
Other comprehensive income				191		(408)		(217)	(76)		(293)
Total comprehensive income				191		(408)	123	(94)	(76)	(18)	(188)
Profit allocation			84		1,864		(1,948)		(62)	62	
Dividends					(1,300)			(1,300)	(61)		(1,361)
Exchange rate variations											
Other changes									355		355
Balances as at 31.12.2013	**6,498**	**17,544**	**1,462**	**(44)**	**11,244**	**(1,346)**	**123**	**35,481**	**4,470**	**(18)**	**39,933**

(*) Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph “Accounting principles”.

CONSOLIDATED CASH FLOW STATEMENT for fiscal year closed 31 December 2013

The statement contains operations with related parties only when they are not directly inferable from other statements in this report. Items related to operations with related parties are described at note 35 of the Explanatory Notes.

€/000	Notes	2013	2012 *restated
Net profit of the year		**105**	**1,866**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:			
Depreciation and Amortization	3/4	4,903	4,903
Accrual to Employee benefits - T.F.R. retirement allowance and financial expenses	19	1,029	820
Services paid	19	(1,192)	(890)
Accrual of provision	20	276	316
Reversal of provision	20	(333)	(365)
Net change of other long term liabilities		(93)	(38)
Change in derivative value	21	(165)	393
Net change in deferred tax	10	(709)	(354)
Net change in investments accounted for under equity method.	7	29	(107)
Variations in operating assets and liabilities:			
(Increase) decrease in inventory	11	(667)	(1,764)
(Increase) decrease in trade receivables	12	(108)	56
(Increase) decrease in other receivables	14	610	786
Increase (decrease) in trade payables	22**	1,141	(1,241)
Increase (decrease) in other payables	23	135	(658)
Increase (decrease) in tax payables	24	(261)	(22)
(Increase) decrease in tax receivables	13	(566)	(436)
NET CASH FLOW FROM OPERATING ACTIVITIES:	a)	**4,134**	**3,285**
Cash flow absorbed by investment activity:			
Gross investments paid in tangible assets	4	(4,417)	(6,035)
Net disinvestment in tangible assets	4	839	396
Net investments paid in intangible assets	6	(1,576)	(655)
NET CASH FLOW FROM INVESTING ACTIVITIES	b)	**(5,154)**	**(6,294)**
Cash flows from financing activities:			
New loans (repayment) and transfer of short term portions to current liabi	18***	10,140	(1,030)
Net change of other financial assets/liabilities	8/165	208	79
Dividends paid	17	(1,361)	(1,119)
Monetary flows from share capital increase and stock options		-	-
Other variations to equity and non-controlling interests		(142)	800
CASH FLOW GENERATED (ABSORBED) BY FUNDING ACTIVITIES	c)	**8,845**	**(1,270)**
EFFECT OF EXCHANGE RATES ON CASH AND EQUIVALENTS			
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	a)+b)+c)	**7,825**	**(4,279)**
NET CASH AND EQUIVALENTS AT START OF THE YEAR	16	427	4,706
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR	16	8,252	427
CHANGE		7,825	(4,279)
ADDITIONAL INFORMATION:			
Interest paid		866	1,499
Income tax paid		1,359	1,918

* Following the application as of 1 January 2013 (retrospectively) of the amendment to IAS 19, the figures at 31 December 2013 presented for comparative purposes have been revised as established by IAS 1. For further details please see paragraph “Accounting principles”.

** Under net variation of trade payables, the cash flow statement also considers the 50 thousand euros variation in unpaid investments in tangible assets

*** Except variations in bank overdrafts and advance trade payments, included in net liquid funds.

ACCOUNTING PRINCIPLES AND EXPLANATORY NOTES

1. Corporate information

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

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

The consolidated financial statements of Bolzoni S.p.A. (the Company or the Parent) for the year ended 31 December 2013 were approved by the Board of Directors on 13th March 2014.

As at December 31, 2013 the majority of Bolzoni S.p.A.'s share capital is owned by Penta Holding S.p.A. with registered offices in Podenzano, Località I Casoni (Piacenza) which acts as a holding of industrial investments.

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

2.1 Preparation basis

The consolidated financial statements for 2013 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Commission.

The accounting principles used in this financial statements are those formally approved by the European Union and in force at 31 December 2013. Unless otherwise indicated, figures contained in the statements and notes are in thousands of euros.

We have included all the specific disclosure requirements established in CONSOB's resolution n° 15519 passed on July 27, 2006, CONSOB's resolution n° 155 20 passed on July 27 2006 and in Release n° DEM/6064293 dated 28.07.2006.

The financial statements as at 31 December 2013 have been drawn up on the basis of the historic cost, modified as required by the accounting standards of reference for the evaluation of certain financial instruments, if necessary.

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

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

The consolidated financial statements at 31 December 2013 have been prepared on the going concern assumption. Indeed the Group has assessed that, despite a difficult economic and financial context, no material uncertainties exist regarding its going concern, also considering the actions already taken in the previous financial years to adjust to the altered levels of demand, the Group's industrial and financial flexibility, the availability of lines of credit from banks, the growth in turnover volumes during the financial year 2013 with respect to 2012 and 2011, the cash flow generated by the operating activity, in addition to the economic and financial forecasts included in the multi-year business plan approved by the Board of Directors for the period 2014-2017.

IFRS accounting standards, amendments and interpretations applied from January 2013

- On May 12, 2011, the IASB issued IFRS 13 – Fair value measurement, clarifying the determination of the fair value for the purpose of the financial statements and applying to all situations in which IFRS permit or require a fair value measurement or the presentation of disclosures based on fair value, with some limited exceptions. In addition, this standard requires more detailed information to be disclosed on fair value measurement (fair value hierarchy) compared to IFRS 7 requirements. The standard has been effective prospectively since January 1, 2013. The adoption of this principle had no impact.
- On June 16, 2011, the IASB issued an amendment to IAS 19 – Employee benefits that eliminates the option to defer the recognition of gains and losses, known as the "corridor method", and requires all actuarial gains and losses to be booked to "Other comprehensive income" immediately, so that the full net amount of the provisions for the defined benefits (net of plan assets) is recognised in the consolidated financial position. The amendment further requires any changes in the defined benefit provision and plan assets over the previous period to be subdivided into three components: the cost components of work performed during the reporting period must be recognised in the Income Statement as service costs; net interest costs calculated by applying the appropriate discount rate to the opening net balance of defined benefit provision net of assets must be booked to Income Statement as net financial expenses and the actuarial gains and losses resulting from the re-measurement of assets and liabilities must be booked to "Other comprehensive income". In addition, the return on assets included in net interest costs must be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendment also introduces the requirement for supplementary disclosures to be provided in the notes. The amendment is applicable retrospectively from financial periods beginning on or after January 1, 2013.
  The effects of the adoption of the new principle on the financial statements is a positive effect on Net Income for Euro 150 thousand after tax (Euro 206 thousand pre-tax) due to actuarial losses booked in Income Statement 2012 that have been recognised in "Other comprehensive income".
- On June 16, 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements requiring entities to group all items presented in "Other comprehensive income" depending on whether they can be reclassified to the Income Statement. The amendment is applicable from financial periods beginning on or after July 1, 2012. The amendment implementation required a new layout of "Other comprehensive income".
- On December 16, 2011, IASB issued certain amendments to IFRS 7 – Financial instruments: Disclosures. The amendments require information about the effect or potential effect of offsetting financial assets and liabilities on an entity's financial position. These amendments are to be applied retrospectively for periods beginning on or after January 1, 2013. The required disclosures should be provided retrospectively. The adoption of these amendments has had no effect on these Group consolidated financial statements.
- On May 17, 2012 the IASB published document Annual Improvements to IFRSs: 2009-2011 Cycle, amending standards as part of the annual improvement process, which is designed to make necessary, but not urgent, amendments to IFRSs. Outlined below are those amendments that impact the presentation, recognition and measurement of the items of the financial statements. Those related to changes in new terminology having minimal accounting impacts, or those that concern standards or interpretations not applicable to the Group have been omitted.
  - IAS 1 Presentation of Financial Statements – Comparative information: Clarifies that any additional comparative information provided must be presented in accordance with IAS/IFRS. It also clarifies that when an entity changes an accounting principle or makes adjustments/restatements retrospectively, it must include an opening statement of financial position at the beginning of the comparative period ("third statements of financial position" in the financial statements); related disclosures are not required for such "third statements of financial position", except for the affected items, in the supporting notes.
  - IAS 16 Property, Plant and Equipment – Classification of servicing equipment: clarifies that servicing equipment must be classified under Property, plant and equipment if used during more than one accounting period. Otherwise, they must be classified as inventory.

- IAS 32 Financial Instruments: Presentation – Taxes relating to distributions to holders of an equity instrument and transaction costs on equity transaction: clarifies that such income taxes are accounted according to IAS 12.
- IAS 34 Interim Financial Reporting – Total assets for a reportable segment: clarifies that total assets must be disclosed only if such information is regularly provided to the chief operating decision maker of the entity and there has been a material change from the amounts disclosed in the last annual financial statements for the reportable segment.

The proposed amendments are effective for the years beginning on or after January 1, 2013. Early adoption is allowed. The adoption of these amendments has had no effect on measurements and had limited effect in terms of disclosures on the consolidated financial statements of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet applicable and not early adopted by the Group

- On May 12, 2011, IASB issued IFRS 10 – Consolidated Financial Statements that is to supersede SIC-12 Consolidation – Special Purpose Entities (Special Purpose Vehicles) and parts of IAS 27 – Consolidated and Separate Financial Statements, which will be renamed Group Consolidated financial statements and will establish how equity investments are to be accounted for in the Group consolidated financial statements. The key changes introduced by this new principle are as follows:
  - Under IFRS 10, all types of entities are to be consolidated according to a single basic principle, i.e. the principle of control. The changes introduced remove the perceived inconsistency between the former IAS 27 (based on control) and SIC 12 (based on the transfer of risk and benefits);
  - A more detailed definition of control has been introduced, based on three elements: (a) power over the investee; (b) exposure, or rights, to variable returns from the investor's involvement with the investee; (c) ability on the part of the investor to use its power over the investee to affect the amount of the investor’s returns;
  - for the purpose of determining whether an investor has control over an investee, IFRS 10 requires investor to focus on the activities that significantly affect the investee's return;
  - for the purpose of determining whether an investor has control over an investee, IFRS 10 requires that only substantive rights be considered, i.e. those rights that can be exercised when significant decisions need to be taken concerning the investee;
  - IFRS 10 provides application guidance on evaluating whether control exists in complex situations, such as *de facto* control, potential voting rights, situations in which it is necessary to assess whether the decision-maker is acting as a principal or an agent, etc.

Generally speaking, IFRS 10 application requires significant insight on a certain number of application issues.
This standard is to be applied retrospectively from January 1, 2014. The adoption of this new principle will have no impact on the scope of consolidation of the Group.

- On May 12, 2011, IASB issued IFRS 11 – Joint Arrangements that is to replace IAS 31 – Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. Without prejudice to the criteria for determining joint control, the new standard provides criteria for the accounting of joint arrangements that focus on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities in consolidated financial statements, the equity method. According to IFRS 11, the existence of a separate vehicle alone is not sufficient to classify a joint arrangement as a joint venture. This new standard is to be applied retrospectively from January 1, 2014. After this standard was issued, IAS 28 – Investments in Associates was amended to include interests in joint ventures in its scope of application, as of the effective date of the new standard. The adoption of this new principle will have no impact on consolidated financial statements of the Group.
- On May 12, 2011, IASB issued IFRS 12 – Disclosure of interests in other entities, a new standard that includes all of the disclosure requirements for subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated special purpose vehicles to be stated in the consolidated financial statements. This standard is to be applied retrospectively from January 1, 2014.
- On December 16, 2011, the IASB issued certain amendments to IAS 32 – Financial Instruments: Presentation to clarify the application of certain offsetting criteria for financial assets and financial liabilities in IAS 32. These amendments are to be applied retrospectively for periods beginning on or after January 1, 2014.

- On June 28, 2012, IASB published document *Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*. The purpose of this document is to clarify the transition rules in IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. These amendments are to be applied - along with the reference standards - for years beginning on January 1, 2014, unless adopted earlier.
- The amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" issued on October 31, 2012 introduce an exemption from the consolidation of subsidiaries for investment entities, unless the investees provide them with services related to their investment activities. Under these amendments, an investment entity must measure its investment in subsidiaries on a fair value basis. In order to qualify as investment entity, an entity must:
  - obtain funds from one or more investors for the purpose of providing them with professional investment management services;
  - commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
  - measure and evaluate the performance of substantially all of its investments on a fair value basis.

  These amendments are to be applied - along with the reference standards - for years beginning on January 1, 2014, unless adopted earlier. The adoption of this new principle will have no impact on consolidated financial statements of the Group.
- On May 29, 2013, the IASB issued some amendments to IAS 36 Impairment of Assets – Recoverable amount disclosures for non-financial assets. These amendments clarify that the additional disclosures on the recoverable amount of assets (including goodwill) or cash-generating units when such recoverable amount is based on fair value less costs of disposal, are only required for those assets for which an impairment loss was recognised or reversed during the reporting period. These amendments are to be applied retrospectively for financial periods beginning on January 1, 2014.
- On June 27, 2013, the IASB issued some amendments to IAS 39 "Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting". These amendments introduce certain exceptions to the hedge accounting requirements in IAS 39 applicable when an existing derivative is required to be replaced with a new derivative for laws or regulations mandate clearing, either directly or indirectly, through a central counterparty (CCP). These amendments are to be applied retrospectively for financial periods beginning on January 1, 2014. Early adoption is allowed.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union.

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

- On May 20, 2013, IFRIC interpretation 21 – Levies was issued. The interpretation clarifies when a liability for levies imposed by government agencies should be recognised, both for levies that are accounted for in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, and those for which the settlement timing and amount are certain.
- On November 12, 2009, the IASB issued IFRS 9 – Financial instruments: the same standard was amended on October 28, 2010. The standard, applicable retrospectively from January 1, 2015, represents the first part of a process in stages, the aim of which is to entirely replace IAS 39, and introduces new requirements for the classification and measurement of financial assets and financial liabilities. In particular, as regards financial assets, the new standard adopts a single approach based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial assets, in order to determine its valuation criteria and replacing the many different rules in IAS 39. The most significant effect of the standard regarding the financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. According to the new standard, these changes must be recognised in "Other Comprehensive Income" and will no longer be recognised in the Income Statement.
- On November 19, 2013, IASB published document "*IFRS 9 Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*" concerning the new hedge accounting model. The document aims at responding to some criticisms made to IAS 39 requirements for hedge accounting, which are often considered as too stringent and not suitable for reflecting the entities' risk management policies. The main new features are the following:

- o changes to the types of transactions eligible for hedge accounting, namely extending the risks for non-financial assets/liabilities eligible for hedge accounting;
- o change in the way forward contracts and options are recognised when they are included in a hedge accounting transaction in order to decrease Income Statement volatility;
- o changes to effectiveness test by replacing the current method based on 80-125% range with the principle of the "economic relationship" between hedged item and hedging instrument. Moreover, no retrospective effectiveness test of the hedging relationship is required any more;
- o the increased flexibility of the new accounting rules is offset by additional disclosure required on the company risk management activities.

- On December 12, 2013, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs 2010 - 2012 Cycle" and "Annual Improvements to IFRSs 2011 - 2013 Cycle"); set out below are those applicable to the Company that lead to changes in the presentation, recognition or measurement of financial statements items, excluding those that only regard changes in terminology having a limited accounting effect:
  - o IFRS 2 – *Share-based Payment*: the amendment clarifies the definition of 'vesting conditions' in IFRS 2 by separately defining a 'performance condition' and a 'service condition'.
  - o IFRS 3 – *Business Combinations*: the amendment clarifies that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income depending on the requirements of IAS 39 (or IFRS 9).
  - o IFRS 8 – *Operating Segments- Aggregation of operating segments*: the amendment requires entities to disclose judgements made by management for operating segments identification criteria, including a description of aggregated operating segments and economic indicators considered in determining if such operating segments have "similar economic characteristics".
  - o IFRS 8 - *Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets*. : the amendment requires that reconciliation of total of the reportable segments' assets and total of company assets have to be disclosed only if total of the reportable segment's assets are regularly reviewed by the chief operating decision maker.
  - o IFRS 13 – *Fair Value Measurement – Short-term receivables and payables.* Only Basis for conclusions have been modified, clarifying that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to account for current receivables and payables without discounted effects, when impact are not significant.
  - o IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.*: amendments have eliminated the inconsistencies in determining accumulated depreciation when *Property, plant and equipment* or *Intangible asset*s are revalued. New standards clarify that gross carrying amount was revaluated and the accumulated depreciation/amortization is calculated as the difference between the gross and the net carrying amounts.
  - o IAS 24 – *Related Party Disclosures*: the amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity.

The amendments above are effective for annual periods beginning on or after July 1, 2014, with early application permitted.

On December 12, 2013, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs 2011 - 2013 Cycle" amending standards as part of the annual process of improvement. The main amendments include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Meaning of "effective IFRS". It has been clarified that an IFRS first time adopter entity, as an alternative to the application of a principle currently in force on the date of the first IAS/IFRS financial statements, may opt for early adoption of a new standard intended to replace the principle in force. The option is allowed when the new standard permits early application. It also needs to be applied to the same version of the principle in all periods presented in the first IAS / IFRS financial statements.

- IFRS 3 – *Business Combinations- Scope exception for joint ventures*: the amendment clarifies that paragraph 2(a) of IFRS 3 excludes the formation of all types of joint arrangements as defined in IFRS 11 - Joint Arrangements from the scope of IFRS 3.

- IFRS 13 – *Fair Value*: this amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9 regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.

- IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. Amendments clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that an entity acquiring an investment property should consider whether it meets the definition of a business as defined in IFRS 3 or IAS 40, it needs to consider specific requirements of IFRS 3 or IAS 40.

The amendments above are effective for annual periods beginning on or after July 1, 2014, with early application permitted.

2.2 Consolidation principles and consolidation area

The consolidated financial statements comprise the financial statements of Bolzoni S.p.A. and its subsidiaries at 31 December of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The closing date of subsidiary financial statements is the same as that of the parent.

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

The accounting value of the investment in each of the subsidiaries is eliminated against the corresponding equity portion of each of the subsidiaries inclusive of possible adjustments to fair value of the related assets and liabilities, at the date of acquisition; any residual difference that may emerge is allocated to the goodwill caption. Investments in associated companies are accounted for using the equity method.

Below is the list of the group companies at 31 December 2013:

Name	Location	Share capital (thousands of currency)	% of direct ownership	% of indirect ownership
Bolzoni Auramo Incorporated	Homewood – Illinois - USA	US $ 500	100 %	
Bolzoni Limited	Warrington - UK	GBP 980	100 %	
Bolzoni Auramo Polska Sp Zoo	Lublin - Poland	PLN 350	60 %	
Bolzoni Auramo S.L.	Barcellona - Spain	€ 200	100 %	
Bolzoni Auramo Sud S.r.l.	Bisceglie - Bari Italy	€ 50	100 %	
Bolzoni S.A.R.L.	Forbach – France	€ 198	100 %	
Auramo Oy	Vantaa – Finland	€ 565	100 %	
Bolzoni Auramo BV	Helmond - Netherlands	€ 18	51 %	
Bolzoni Auramo Australia PTY Ltd	Dudley Park SA - Australia	AUD 3,264	100 %	
Eurolift Pty Ltd	Dudley Park SA – Australia	AUD 300		100%(***)
Bolzoni Auramo Ltd.	Dollard des Ormeaux - Canada	CAD $ 856	100 %	
Bolzoni Auramo GmbH	Korschenbroich – Germany	€ 1,000	100 %	
Bolzoni Italia S.r.l.	Prato - Italy	€ 50	100 %	
Bolzoni Auramo AB	Gavle - Sweden	SEK 100	100 %	
Bolzoni Auramo Shanghai	Minhang District - China	RMB 11,576	60 %	
Bolzoni Holding Hong Kong	Hong Kong	HK$ 112,608	80%	
Xin Huaxin China (*)	Longhua - China	RMB 43,750		20% (**)
Bolzoni Huaxin China	Longhua - China	RMB 30,000		60%(**)
Bolzoni Auramo Wuxi	Wuxi - China	RMB 62,883		100%(**)
Auramo South Africa (*)	Benoni – South Africa	ZAR 100		40 %(****)
Hans H. Meyer GmbH	Salzgitter – Germany	€ 1,023	100 %	
LLC "Hans H. Meyer OOO"	Moscow - Russia	RUB 1,025		80%

(*) = Associated companies assessed using the N.E. method
(**) = Percentage ownership by Bolzoni Holding Hong Kong
(***) = Percentage ownership by Bolzoni Auramo Australia PTY Ltd
(****) = Percentage ownership by Auramo OY

During financial year 2013 no variations into consolidation area have been recorded. It should only be noted that Meyer Sarl has merged by incorporation with Bolzoni Sarl (previously Bolzoni Auramo Sarl) and that the closing down of Meyer Ltd has been completed.

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

2.3 Significant accounting judgements and estimations

Untaxed reserves in the equity of the subsidiaries

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

Judgements and accounting estimations

In accordance with IAS/IFRS principles, the preparation of the financial statements requires estimates and assumptions on behalf of the management which have an effect on the value of assets and liabilities and on their disclosure at the date of the statement. The actual results could however differ from these estimates. The estimates are used for measuring depreciation, write-downs investments and inventory, benefits to employees, taxes and accrual to provisions for contingencies and risks.

Estimations of the Provision for Doubtful Debt are based on the losses expected by the Group. If the current economic and financial crisis were to protract or worsen this could possibly deteriorate the financial conditions of the Group's debtors more than has been estimated in these financial statements.

Estimates and assumptions are reviewed from time to time and the effects of each variation can be seen in the Income Statement in the period in which the review is performed.

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

Impairment of Goodwill

At least on an annual basis, goodwill is checked for any possible impairment; this requires an estimation of the value in use of the cash-generating units to which goodwill is allocated, in turn based on the estimation of the current value of the expected cash flows from the cash-generating unit and their discounting on the basis of a suitable discount rate. The carrying amount of goodwill at 31 December 2013 was 10.618 thousand euro (2013: 10.618 thousand euros). More details are given in Note 5.

Amortization and depreciation (for assets with definite useful life)

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

2.4 Summary of principal accounting policies

Foreign currency translation

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

The subsidiaries using an operating currency other than the euro are as follows:

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

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

Property, plant and equipment

Property, plant and equipment are stated at historic cost, net of accumulated depreciation and accumulated impairment. Such cost includes costs for replacing part of plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the expected useful life of the assets generally attributed to the various categories of assets.

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

Buildings and light constructions	3 %
Plants and equipment	from 10 to 15.5%
Industrial and commercial equipment	from 25% to 30%
Other assets	from 10% to 25%

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

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

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

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

Leases

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

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

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

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

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

Business combinations and goodwill

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

Goodwill accounted for in a business combination is represented by the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities and is classified as an intangible asset. The possible negative difference ("negative goodwill") is recognized in the income statement at the moment of acquisition. Following initial recognition, goodwill is decreased by any accumulated impairment losses. Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment procedure is approved by the Directors independently and prior to the approval of the financial reports. For further details regarding the criteria applied for impairment testing see note on "Impairment of non-financial fixed assets".

Intangible assets

Acquired intangible assets are recognized as assets, according to the contents of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.
Intangible assets acquired separately are measured on initial recognition at cost, whereas those acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangibles assets are assessed to be either definite or indefinite. Intangible assets with definite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization methods for an intangible asset with a definite useful life is reviewed at least at each year end or even more frequently if necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with definite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.
The Group has not recognized any intangible assets with indefinite lives in the balance sheet.

Research and development costs

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

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

Following is an overview of the policies applied by the Group to intangibles assets :

	Licences, Trademarks & Patents	*Development costs*
Useful lives	Definite	Definite
Method used	Licences amortized over 3/5 years Patents and trademarks amortized over 10 years	Amortized over 5 years, on a straight-line basis, corresponding to the period of expected future sales from the related project
Internally generated or acquired	Acquired	Internally generated
Impairment testing/tests on recoverable amounts	Annually and more frequently when an indication of impairment exists.	Annually or more frequently when an indication of impairment exists.

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

Investments in associates

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

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

The reporting dates of the associates and the Group are identical. The investment is assessed on the basis of the income and financial situation at 31 December. The accounting principles conform to those used by the Group.

Impairment of non-financial fixed assets

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

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

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

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

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

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

At each reporting date the Group also assesses whether there are any indications that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously written-off impairment loss, excluding goodwill, may only be reversed if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit and loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life. In no way the goodwill amount previously written-down can return to the original amount.

Financial assets

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

Financial assets held for trading

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

Financial assets held to maturity

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

Inventories

Inventories are measured at the lower of purchase or production cost and expected net realizable value. Costs incurred for bringing each product to its present location and storage are accounted for as follows:

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

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

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

Trade and other receivables

Trade receivables, which generally have a 30-120 days' payment terms, are recognized at the original invoice amount less an allowance for any non-collectable amounts in order to reflect their presumable realization value. This provision is made in the presence of objective elements indicating that the Group will not be able to collect the debts. Bad debts are written off when identified.

Cash and cash equivalent

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

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

Interest-bearing loans and borrowings

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

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

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

De-recognition of financial assets and liabilities

Financial assets

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

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

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

Financial liabilities

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

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

Impairment of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not

been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

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

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

Financial assets carried at cost

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

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

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

Provisions for contingencies and charges

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

Pensions and other post-employment benefits

TFR retirement allowance, calculated in compliance with the laws and current labour contracts, as it is considered a defined benefits plan in accordance with IAS 19, is determined separately for each company at the end of each financial period using the projected unit credit actuarial valuation method. The actuarial gains and losses are immediately recognized in the statement of the financial position by crediting or charging the retained earnings through the other components of the comprehensive income statement in the financial year in which they occurred. Some Group companies have operated defined contribution pension schemes; the payments related to defined contribution plans are recognized in income statement as costs when incurred.

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

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

These assets are carried at:

- the lower between the carrying amount and fair value net of sales costs, any impairment loss is taken to profit and loss, unless part of a business combination operation, otherwise
- at fair value net of sales costs (without the possibility of measuring write-downs during initial recognition) , if part of a business combination operation.

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

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

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

Revenue recognition

Revenue is recognised to the extent of the probability of the economic benefits coming to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

Services rendered

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

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

Interest income

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

Dividends

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

Government grants

Government grants are recognized where there is reasonable assurance that the grants will be received and all related conditions will be complied with. When the grants relate to expense items they are recognized as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate. On the other hand, when the grants are related to fixed assets (contribution in capital) they are recognized as components adjusting the book value of the assets to which they refer. Consequently, they are recognized as income during the useful life of the amortizable asset through the reduction of the amortization cost.

Financial charges

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

Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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

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

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

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

Value Added Tax

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

Derivative financial instruments and hedging

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

3. Segment information

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

The following tables provide figures for the financial years ended 31 December 2013 and 2012 according to geographic areas:

31 Dec 2013	Revenue	Group sales	Revenue in contr.	Gross Oper. Result	Oper. Result	Finan. Income/ Charges	Value adjust. on financ. assets	Comp. results at NE	Result before tax	Tax for the period
Europe	120,396	(32,252)	88,144	7,992	3,947	-	-	-	-	-
North America	24,253	(9,022)	15,231	348	(488)	-	-	-	-	-
Rest of World	23,459	(5,662)	17,797	(193)	(701)	-	-	-	-	-
Items not allocated or adjusted	-	-	-	-	-	(2,146)	-	43	612	507
Total	**168,108**	**(46,936)**	**121,172**	**8,147**	**2,758**	**(2,146)**	**-**	**43**	**612**	**507**

31 Dec 2012	Revenue	Group sales	Revenue in contr.	Gross Oper. Result	Oper. Result	Finan. Income/ Costs	Value adjust on financ assets	Comp. results at NE	Result before tax	Tax for the period
Europe	122,821	(31,968)	90,853	10,050	5,763	-	-	-	-	-
North America	21,842	(8,341)	13,501	98	(850)	-	-	-	-	-
Rest of World	18,613	(3,879)	14,734	(692)	(920)	-	-	-	-	-
Items not allocated or adjusted	-	-	-	-	-	(1,528)	-	-	2,465	785
Total	**163,276**	**(44,188)**	**119,088**	**9,456**	**3,993**	**(1,528)**	**-**	**-**	**2,465**	**785**

31 December 2013	Segment Assets	Invest. in Assoc.	Total assets	Amortiz.	Invest.tang. assets	Invest. Intang. assets
Europe	68,671	-	68,671	4,187	2,521	956
North America	7,963	-	7,963	209	607	-
Rest of the World	30,126	1,987	32,113	507	1,464	628
Total	**106,760**	**1,987**	**108,747**	**4,903**	**4,592**	**1,584**

31 December 2012	Segment assets	Invest. in Assoc.	Total assets	Amortiz.	Invest.tang. assets	Invest. Intang. assets
Europe	66,959	-	66,959	4,466	2,005	670
North America	7,029	-	7,029	235	128	-
Rest of the World	23,850	2,016	25,866	202	5,456	-
Total	**97,838**	**2,016**	**99,854**	**4,903**	**7,589**	**670**

4. Tangible fixed assets

	01.01.13	Addit.	Deprec.	Decr. (1)	Reclass.	Other var. (2)	31.12.13
Land	721	-	-	-	-	-	721
Buildings	17,800	177	-	(63)	3,349	(83)	21,180
Land lease right	902	-	-	-	-	(14)	888
Plant and machinery	35,776	2,049	-	(2,096)	1,495	(221)	37,003
Equipment	6,354	298	-	(163)	(313)	716	6,892
Other assets	14,052	1,462	-	(1,007)	-	(817)	13,690
Fixed assets in progress	3,856	606	-	-	(4,394)	(59)	9
Gross carrying amount of Property, plant and machinery	**79,461**	**4,592**	**-**	**(3,329)**	**137**	**(478)**	**80,383**
Land	-	-	-	-	-	-	-
Buildings	(7,177)	-	(598)	63	-	22	(7,690)
Land lease right	(20)	-	-	-	-	-	(20)
Plant and machinery	(26,702)	-	(2,102)	1,693	(137)	165	(27,083)
Equipment	(5,569)	-	(238)	131	-	(323)	(5,999)
Other assets	(10,458)	-	(855)	583	-	409	(10,321)
Fixed assets in progress	-	-	-	-	-	-	-
Accumulated Depreciation for property, plant and equipment	**(49,926)**	**-**	**3,793**	**2,470**	**(137)**	**273**	**(51,113)**
Land	721	-	-	-	-	-	721
Buildings	10,623	177	(598)	-	3,349	(61)	13,490
Land lease right	882	-	-	-	-	(14)	868
Plant and machinery	9,074	2,049	(2,102)	(403)	1,358	(56)	9,920
Equipment	785	298	(238)	(32)	(313)	393	893
Other assets	3,594	1,462	(855)	(424)	-	(408)	3,369
Fixed assets in progress	3,856	606	-	-	(4,394)	(59)	9
Net carrying amount of property, plant and machinery	**29,535**	**4,592**	**(3,793)**	**(859)**	**-**	**(205)**	**29,270**

(1): for sales
(2): exchange rate differences, reclassification or others

Investments in plant, machinery and other assets, made in 2013 refer to the purchase of goods necessary to maintain a continuous level of modernization as required for increasing productivity and efficiency.

The tangible fixed assets in progress regarding the construction of the production plant and related machinery of the China subsidiary Bolzoni Auramo Wuxi, which became ready for the use in the course of 2013, are included in the ‘Reclassification’ column

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

	31.12.2013		31.12.2012	
	Gross value	Net value	Gross value	Net value
Buildings	204	93	204	99
Plants and machinery	3,422	-	3,422	-
Equipment	45	-	45	-
Other goods	677	-	677	-
Total	**4,348**	**93**	**4,348**	**99**

5. Goodwill

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

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

	31.12.2012	*Addition*	*Sale*	*Exchange rate diff.*	*31.12.2013*
Auramo OY	8,150	-	-	-	8,150
Bolzoni Auramo GmbH	181	-	-	-	181
Hans H. Meyer GmbH	2,287	-	-	-	2,287
Total	**10,618**	**-**	**-**	**-**	**10,618**

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

The estimated recoverable amount of goodwill recorded in the financial statements has been calculated by four-year business plan and related discounted cash flows model approved by the Board of Directors, which, for the determination of the assets value in use, foresees the estimate of future cash flows and the application of an appropriate discounting rate.
With reference to the impairment tests it should be noted that to determine the value in use, the following assumptions have been considered:

- the Terminal Value has been determined on the basis of the estimated expected net operating income over a period of time equivalent to the estimated useful life of the activity of the company under evaluation, assuming a 'g' growth rate of 1%, less than the expected growth rate for the sector;
- discount rates (WACC) applied to projections of cash flows range from 6.53% and 6.62%. These rates, from which tax effects have been deducted, have been determined, in line with those used in the previous financial year. The variability of these rates between the different cash flow generating units mainly depends on the different risk premium related to the specific country and on the different tax effects in each country where the single units are situated.

The impairment tests performed on existing goodwill have highlighted that the values used are significantly above the book value.
A sensitivity analysis was performed on the possible recoverable value of goodwill assuming a variation in WACC of one percentage point and reducing the growth rate to 0% and no critical points emerged.

6. Intangible fixed assets

	01.01.13	Addition	Amorti-zation	Decr. (1)	Reclass.	Other variations (2)	31.12.12
Development costs	4,720	1,143	-	-	45	-	5,908
Trademarks and patent rights	3,477	-	-	-	93	(36)	3,534
Licences	6,331	414	-	-	(386)	(18)	6,341
Sundry	265	27	-	-	(78)	(34)	180
Gross carrying amount of Intangible Fixed Assets	**14,793**	**1,584**	**-**	**-**	**(326)**	**(88)**	**15,963**
Development costs	(3,472)	-	(384)	-	(35)	-	(3,891)
Trademarks and patent rights	(2,515)	-	(252)	-	(94)	37	(2,824)
Licences	(5,457)	-	(446)	-	384	9	(5,510)
Sundry	(210)	-	(28)	-	71	34	(133)
Accumulated amortization for Intangible Fixed Assets	**(11,654)**	**-**	**(1,110)**	**-**	**326**	**80**	**(12,358)**
Development costs	1,248	1,143	(384)	-	10	-	2,017
Trademarks and patent rights	962	-	(252)	-	(1)	1	710
Licences	874	414	(446)	-	(2)	(9)	831
Sundry	55	27	(28)	-	(7)	-	47
Net carrying amount of Intangible Fixed Assets	**3,139**	**1,584**	**(1,110)**	**-**	**-**	**(8)**	**3,605**

(1): for sales or variation in consolidation area
(2): exchange rate differences or others

The value of the intangible fixed assets generated internally and capitalized in 2013, entirely attributed to item "Development costs" amounts to 1.143 thousand euros (2012: 392 thousand euros) and consists of personnel costs. These projects refer in particular to the development of new technical solutions for existing products and involve the production plants in Italy, Germany and China. At 31 December 2013 development costs included 432 thousand euros related to running projects but whose amortization has not yet begun.

7. Investment in associates companies

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

	2013	2012
Auramo South Africa	374	513
Xin Huaxin China	1,613	1,503
Total	**1,987**	**2,016**

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

	2013	2012
Portion of the associate's equity:		
Current assets	80	319
Non-current assets	341	319
Current liabilities	(42)	(112)
Non-current liabilities	(5)	(13)
Net asset	374	513
Portion of the associate's revenue and result:		
Revenue	298	562
Earnings/(losses)	(20)	4

The following table provides the main financial information on Xin Huaxin:

	2013	2012
Portion of the associate's equity:		
Current assets	967	721
Non-current assets	816	772
Current liabilities	(253)	(140)
Non-current liabilities	-	-
Net asset	1,530	1,353
Portion of the associate's revenue and result:		
Revenue	3,218	3,156
Earnings/(losses)	105	180

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

Credits and other financial assets mainly refer, for Euro 82 thousand, to collection notices related to the appeal made by the Parent Company to *Commissione Tributaria Provinciale* (Tax Commission for the Province), described in Note 34.

9. Financial assets held to maturity

At 31 December 2013 there are no financial assets held to maturity.

10. Taxation

10.1 Deferred tax

The situation at 31 December 2013 and 2012 was the following:

	Consolidated balance sheet		Consolidated income statement	
	2013	2012	2013	2012
Deferred tax liability				
Capitalization of internal costs	(27)	(39)	12	15
Pensions	(4)	(4)	-	60
Variation in tax evaluation parent's inventory	(8)	(46)	38	17
Gains on sale of fixed assets split over 5 years	(6)	(6)	-	(2)
Fair value assessment as deemed cost of Meyer fixed assets	(609)	(632)	23	23
Fair value assessment as deemed cost of Meyer brand	(212)	(287)	75	75
Sundry	(321)	(210)	(111)	138
	(1,187)	**(1,224)**		
Deferred tax assets				
Fiscal losses carried forward on foreign subsidiaries	2,234	1,509	725	(163)
Obsolescence provision on parent's inventory	74	86	(12)	5
Offsetting infra-group's profit in stock	586	667	(81)	99
Non tax deductible provisions	80	70	10	(1)
Minor balances on subsidiaries	198	196	2	(2)
Exchange rate fluctuations	45	39	6	39
Sundry	117	95	22	51
	3,334	**2,662**		
Deferred tax income			**709**	**354**

Some Group subsidiaries have fiscal losses totalling 11.273 thousand euros (2012: 11.131 thousand euros) that are available indefinitely to offset future taxable profits of those same companies where the losses have been produced. Deferred tax assets related to those losses have been recognized according to expected earnings, established on the basis of the business plans drawn up for each company. In particular, a maximum time frame covering the next three financial years has been considered. The

deferred tax assets on these losses carried to the balanced sheet amount 2.234 thousand euros (2012: 1.509 thousand euros). The amount of available fiscal losses for which deferred tax assets at 31 December 2013 have been written down amounts to 6.614 thousand euros, corresponding to deferred tax amounting to approximately 2.083 thousand euros.

As for the previous year, at 31 December 2013 no deferred tax liability was recognized on the un-distributed earnings of some subsidiaries and associates as the Group has determined that these earnings will not be distributed in the foreseeable future.

10.2 Income tax

The main components of Income tax for the years ended 31 December 2013 and 2012 are the following:

Consolidated income statement	2013	2012
Current income tax		
Current income tax charge	1,216	1,082
Deferred income tax		
Related to recognition and reversal of temporary differences	(709)	(297)
Income tax expense reported in the consolidated income Statement	**507**	**785**

Reconciliation between effective tax charge and the theoretical tax charge, calculated as product of accounting profit multiplied by domestic tax rate for the years ended 31 December 2013 and 2012, is the following:

Income tax	2013		2012	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		27.50%		27.50%
Result before tax	612		2,671	
Theoretical tax charge	**168**		**735**	
Plus variations				
Tax free or non-taxable income	9		10	
Tax losses carried forward	582		127	
Exchange rate fluctuations	165		491	
Non-deductible costs	323		696	
Minus variations				
Other minus variations	(684)		(1,550)	
Taxable income	**1,007**		**2,445**	
INCOME TAX	**817**	**133.50%**	**672**	**25.20%**

IRAP	2013		2012	
	Amount	Rate	Amount	Rate
Applicable ordinary tax rate		3.90%		3.90%
Result before tax	612		2,671	
Theoretical tax charge	**24**		**104**	
Plus variations				
Personnel costs	12,340		11,701	
Other plus variations	1,684		1,881	
Minus variations				
Other minus variations	(4,410)		(5,750)	
Taxable amount	**10,226**		**10,503**	
IRAP INCOME TAX	**399**	**65.20%**	**410**	**15.30%**

11. Inventory

	2013	2012
Raw material	8,880	7,142
Obsolescence provision for raw material	(308)	(293)
Net raw materials	**8,572**	**6,849**
Semi-finished products	5,155	6,934
Obsolescence provision for semi-finished products	(363)	(282)
Net semi-finished products	**4,792**	**6,652**
Finished products	9,946	9,074
Obsolescence provision for finished products	(912)	(812)
Net finished products	**9,034**	**8,262**
Advance	**32**	**-**
Total inventory at lesser between cost and net realizable value	**22,430**	**21,763**

The higher inventory value is conditioned by the increase in net sales and by the inventory created in Bolzoni Auramo Wuxi.

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

	31.12.2012	Variation	31.12.2013
Obsolesc.prov. for raw material	293	15	308
Obsolesc.prov. for semi-finished prod.	282	81	363
Obsolesc.prov. for finished products	812	100	912
Total	**1,387**	**196**	**1,583**

The obsolescence provision is basically stable compared to the previous financial year thanks to a careful management of obsolescence, despite the increase in production volumes.

12. Trade receivables (current)

	2012	2012
Trade receivables	20,065	19,907
Bills subject to collection	4,834	4,744
Bad debt provision	(454)	(446)
Total minority receivables	**24,445**	**24,205**
Auramo South Africa	93	225
Total associate receivables	**93**	**225**
Total trade receivables	**24,538**	**24,430**

Trade receivables are stable compared to the previous financial year thanks to a careful management of working capital.

Below the trade receivables are divided according to due date:

	2013	2012
Receivables not yet due	18,045	17,622
Receivables 30 days overdue	4,419	4,212
Receivables 60 days overdue	839	1,069
Receivables 90 days overdue	322	423
Receivables more than 90 days overdue	913	1,104
Total trade receivables	**24,538**	**24,430**

Below are variations to the bad debt provision:

	2013	2012
Initial balance	446	360
Write-offs	198	158
Provisions	206	244
Final balance	**454**	**446**

For the terms and the conditions covering related party receivables, refer to note 35.
Trade receivables are non-interest bearing and generally have a due date of 30-120 days. We would like to point out that these amounts are covered by a credit insurance on 90% of the nominal value, therefore the overdue receivables do not represent a risk.

13. Tax receivables

	2013	2012
Tax receivables claimed by Meyer	-	61
IRES tax receivable claimed by Parent	561	413
Sundry	567	88
Total	**1,128**	**562**

The amount related to “IRES tax receivable claimed by Parent” refers to a receivable following the request for a refund made by the Parent in relation to the acknowledged right to IRAP deduction for years 2007-2011 and to the credit in 20132 for the advance payments made in excess with respect to the calculated taxes. The item also includes the balance of the advance tax payments made by some of the group companies, beyond the tax payable pertaining to the financial year.

14. Other receivables

	2013	2012
VAT receivables	238	821
Sundry	370	397
Total	**608**	**1,218**

15. Financial Assets available for sale

	2013	2012
Sundry	11	187
Total	**11**	**187**

The amount of 11 thousand euros includes investments in government bonds made by the subsidiary Bolzoni Auramo Pty.

16. Cash and cash equivalents

	2013	2012
Cash in hand and bank deposits	11,039	3,513
Total	**11,039**	**3,513**

Bank deposits have a variable interest rate.
Increase in cash is due to the medium-term loans obtained in the course of the financial year and not yet used.

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

	2013	2012
Cash in hand and bank deposits	11,039	3,513
Bank overdrafts (note 18)	(10)	(54)
Advance on notes to be collected (note 18)	(2,777)	(3,032)
Total	**8,252**	**427**

17. Share capital and reserves

	2013	2012
Ordinary shares at 0.25 euros each	25,993,915	25,993,915

During year 2013 there have been no variations to share capital.

Details of other reserves:

	Currency Transl. Diff.	IFRS transl. reserve	Consolid. reserve	Total
Balance at 31.12.2012	**(938)**	**1,344**	**28,023**	**28,429**
Profit allocation	-	-	1,948	1,948
Payment of dividends	-	-	(1,300)	(1,300)
Other changes	(408)	-	191	(216)
Balance at 31.12.2013	**(1,346)**	**1,344**	**28,862**	**28,860**

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

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

Consolidation reserve
The consolidation reserve includes the Parent's reserves (made up of the revaluation reserve pursuant to Law 342/2000, the statutory reserve and the retained earnings resulting from the distribution of profits resolved by the Assembly of Bolzoni S.p.A. Shareholders) and highlights the effects on net equity normally resulting from consolidation operations required for standardizing the items in the financial statements of the consolidated companies to the Group's criteria, from write-offs of infra-group non-realizable profits and from the off-setting of investments against their net equity.

18. Interest bearing loans and borrowings

		Actual interest rate %	Maturity	2013	2012
Short term					
Bank overdrafts			On request	10	54
Trade advances			30-90 days	2,277	2,632
Advance on foreign business				500	400
Subsidiary loans				7,670	8,403
€ 1,500,000 unsecured bank loan	(1)	Euribor +0.25	2014	-	94
€10,000,000 unsecured bank loan	(2)	Euribor +1.30	2014	2,492	2,461
€ 6,000,000 mortgage loan	(3)	Euribor +1.50	2014	664	652
€ 5,000,000 unsecured bank loan	(10)	Euribor +1.50	2014	1,633	-
€ 2,000,000 unsecured bank loan	(4)	Euribor +1.60	2014	670	1,330
€ 2,000,000 unsecured bank loan	(5)	Euribor + 2.30	2014	691	663
€ 9,000,000 unsecured bank loan	(6)	Euribor + 2.50	2014	8,912	-
				25,519	**16,689**
Medium/short term					
€ 2,000,000 unsecured bank loan	(7)	Euribor +1.50	2013	-	2,000
€ 2,000,000 unsecured bank loan	(2)	Euribor +1.30	2014	-	499
€ 2,000,000 unsecured loan loan	(5)	Euribor +2.30	2014	-	691
€ 2,000,000 unsecured loan loan	(4)	Euribor +1.60	2014	-	670
€ 2,000,000 unsecured loan loan	(2)	Euribor +1.30	2015	250	749
€ 6,000,000 unsecured bank loan	(2)	Euribor +1.30	2016	2,299	3,793
€ 810,000 unsecured bank loan	(8)	Euribor + 7.00	2016	810	-
€ 5,000,000 unsecured bank loan	(10)	Euribor + 1.50	2016	3,084	-
€ 6,000,000 unsecured bank loan	(9)	Euribor +2.00	2017	1,986	-
€ 6,000,000 mortgage loan	(4)	Euribor +1.50	2019	3,205	3,870
Other minor loans				2,266	617
				13,900	**12,889**

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

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

Subsidiary loans

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

- 0.5 million € loan obtained by the subsidiary Bolzoni Auramo Inc.;
- 0.4 million € loan obtained by the subsidiary Bolzoni Auramo GmbH;
- 1.2 million € loan obtained by the subsidiary Auramo OY;
- 0.9 million € loan obtained by the subsidiary Bolzoni Auramo Wuxi;
- 1.2 million € loan obtained by the subsidiary Bolzoni Huaxin;
- 3.5 million € loan obtained by the subsidiary Hans H Meyer GmbH,

These are unsecured bank loans.

1,500,000 euro unsecured bank loan (1)

The loan is unsecured and has been entirely repaid.

10,000,000 euro unsecured bank loan (2)

These loans are unsecured and repayable in half yearly instalments.

6,000,000 euro mortgage loans (3)

These loans, secured by a mortgage on the property in Podenzano, are repayable in half yearly instalments.

2,000,000 euro unsecured bank loan (4)

The loan is unsecured and is repayable in quarterly instalments.

2,000,000 euro unsecured bank loan (5)

The loan is unsecured and is repayable in quarterly instalments.

9,000,000 euro unsecured bank loan (6)

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

2,000,000 euro unsecured bank loan (7)

The loan is unsecured and has been entirely repaid.

810,000 euro unsecured bank loan (8)

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

6,000,000 euro unsecured bank loan (9)

The loan, of which 2,000,000 euros have been disbursed at 31.12.2013, is unsecured and repayable in half-yearly instalments.

5,000,000 euro unsecured bank loans (10)

The loans are unsecured and repayable in quarterly instalments.

Other loans

Other loans consist of:

- 2.0 million € loan obtained by the subsidiary Hans H Meyer GmbH,
- 0.3 million € loans obtained by other Group companies.

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

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

Loan	Covenants	2013	Limit
19.000 €/000	Net financial debts/Net equity	0.81	1.50
19.000 €/000	Net financial debts/Gross operating margin	3.53	3.50

As indicated in the above table one of the two covenants has not been observed. As a consequence, a 9 million loan has been reclassified as short term. On March 10, 2014 the Bank issued a letter authorizing the overrunning of the convents for the year 20132, without requiring any contractual modifications or the early repayment.

The non-observance of both covenants would give the other party the right to forfeit the company's benefit to the term and would therefore result in the possible early repayment of the loan (residual debt of 5.9 million of which 2.7 million due in 2014 and therefore already included in the short term loans).

Net financial position	31.12.2013	31.12.2012	Variation
A. Cash on hand	11	13	(2)
B. Current bank deposits	11,028	3,500	7,528
- *of which related to Intesa Sanpaolo*	-	*477*	*(477)*
D. CASH AND CASH EQUIVALENTS	**11,039**	**3,513**	**7,526**
E. Financial receivables	11	187	(176)
F. Current bank debts	(10,342)	(11,729)	1,387
- *of which related to Intesa Sanpaolo*	-	*(3,014)*	*3,014*
G. Current part of non-current debt	(15,177)	(4,960)	(10,217)
- *of which related to Intesa Sanpaolo*	-	*(1,707)*	*1,707*
I. CURRENT FINANCIAL DEBTS	**(25,508)**	**(16,502)**	**(9,006)**
J. CURRENT NET FINANCIAL POSITION	**(14,469)**	**(12,989)**	**(1,480)**
Financial Assets held until maturity	-	-	-
K. NON-CURRENT FINANCIAL DEBTS	(14,311)	(13,465)	(846)
- *of which related to Intesa Sanpaolo*	-	*(1,483)*	*1,483*
N. NON-CURRENT NET FINANCIAL POSITION	**(14,311)**	**(13,465)**	**(846)**
NET FINANCIAL POSITION (NET FINANCIAL DEBTS)	**(28,780)**	**(26,454)**	***(2,326)***
- of which related to Intesa Sanpaolo	**-**	***(5,727)***	***5,727***

Net financial position has passed from approximately 26.5 million euros in 2012 to approximately 28.8 million euros in 2013, mainly due to the investments paid amounting to 5.1 million euros of which 2.1 million euros related to the China production plants.

19. Employee benefits - T.F.R. retirement allowance

Variations to this fund are given below:

	2013	2012
T.F.R. fund at 01.01	**3,032**	**2,953**
Current service cost	971	741
Interest cost	58	79
Actuarial gains/losses	(204)	205
Benefits paid/transfer of funds	(1,192)	(946)
T.F.R. fund at 31.12	**2,665**	**3,032**

This fund is part of those plans with defined benefits.
Liabilities have been determined using the Projected Unit Credit Cost method which can be broken down into the following phases:

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

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

Demographic assumptions	Executives	Non Executives
Probability of death	Mortality rate tables (named RG 48) for the Italian population as measured by General State Accounting Office	Mortality rate tables (named RG48) for the Italian population as measured by General State Accounting Office.
Probability of disablement	Tables, divided according to sex, adopted in the INPS model for projections up to 2014	Tables, divided according to sex, adopted in the INPS model for projections up to 2014
Probability of resignation	7.5% in each year	7.5% in each year
Probability of retirement	Achievement of the first of the pension requirements valid for Mandatory General Insurance	Achievement of the first of the pension requirements valid for Mandatory General Insurance
Probability for an employee of: -receiving advance payment of 70% of the accrued retirement allowance at the start of the year	3.0% in each year	3.0% in each year

Financial assumptions	Executives	Non Executives
Increase in the cost of life	2.00% per annum	2.00% per annum
Discounting rate	3.15% per annum	3.15% per annum
Increase in TFR retirement allowance	3.00% per annum	3.00% per annum

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

20. Provision for contingencies and charges

	31.12.12	*Incr.*	*Decr.*	*31.12.13*	*Within 12 mths*	*After 12 mths*
Agents' termination indemnities provision	180	-	-	180	-	180
Product warranty provision	284	272	(284)	272	272	-
Other provisions	74	4	(49)	29	29	-
Total	**538**	**276**	**(333)**	**481**	**301**	**180**

Agents' termination benefit provision

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

Product warranty provision

This provision has been accrued to meet charges in connection with product warranties sold during the financial year and which are expected to be incurred the following year. The determination of the necessary provision is based on past figures regarding staff costs and costs for materials used for warranty servicing indicating the average impact of these incurred costs incurred with respect to the pertinent turnover.

21. Liabilities related to derivate instruments

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

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

		31.12.2013			31.12.2012		
	Maturity	Notional	Positive Fair value	Negative Fair value	Notional	Positive Fair value	Negative Fair value
IRS accounted for according to cash flow hedging	2016	2,600	-	75	3,196	-	120
IRS which do not reflect the requirements established by IAS 39 IAS 39 to be qualified as hedging	2016	8,000	-	314	8,000	-	456
IRS accounted for according to cash flow hedging	2017	9,000	13	-	-	-	-
IRS which do not reflect the requirements established by IAS 39 to be qualified as hedging	2017	3,000	-	35	-	-	-
Total derivatives for hedging against interest rate risk		**22,600**	**13**	**424**	**11,196**	**-**	**576**

22. Trade payables

	2013	2012
Advance from customers	29	14
Domestic suppliers	12,708	10,821
Foreign suppliers	4,663	5,474
	17,400	**16,309**

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

For terms and conditions concerning related parties, see note 35.

Domestic supplier payables at 31 December 2013 include 153 thousand euros for investments in tangible fixed assets made during the second half of the period (Note 4). The increase in trade payables is due to the increased volumes and inventory.

23. Other payables

	2013	2012
Payables to employees for wages	1,614	1,124
Payables to employees for matured but unused holidays	648	734
Tax collection for employees pay	355	355
Other accrued expenses	849	868
VAT	107	80
Other liabilities	1,849	2,146
Social security payables	1,105	1,085
	6,527	**6,392**

24. Payables for income taxes

	2013	2012
Debt for income tax	123	384
	123	**384**
Within the financial period	*123*	*384*
After the financial period	-	-

INCOME STATEMENT

Revenue

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

25. Other revenue

	2013	2012
Sundry income	278	514
Gains on disposal	140	37
	418	**551**

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

26. Costs for raw material and consumable supplies

	2013	2012
Raw material	26,085	24,887
Commercial goods	2,184	2,388
Semi-finished products	18,075	19,827
Other purchases for production	3,200	2,916
Sundry purchases	1,867	1,818
Accessory expenses	622	634
Finished products	3,748	1,663
	55,781	**54,133**

The higher costs for raw materials and consumable supplies is linked to the increase in sales volumes.

27. Service costs

	2013	2012
Industrial services	10,370	9,892
Commercial services	3,644	3,408
General services	6,088	6,867
Costs related to use of third party assets	2,265	2,216
	22,367	**22,383**

Service costs have basically remained stable compared to the previous financial year and therefore their percentage impact on income has decreased.

28. Personnel costs

	2013	2012
Wages and salaries	25,961	25,314
Social security	6,332	5,665
TFR retirement allowance (note 19)	971	535
Sundry costs	1,212	1,207
	34,476	**32,721**

Following the review of accounting standard IAS 19 – *Employee benefits* which has brought some modifications to the accounting of actuarial gains and losses relating to define benefit plans, as of January 1, 2013 the actuarial components relating to these plans are no longer accounted for in the income statement but in the comprehensive income statement, with resulting recognition in the Group's net equity.

During the financial year 2013 non-recurring costs amounting to 472 thousand euros have been recorded following the reorganisation of the European sales network.

Average number of Group employees at 31 December:

	31.12.2013	31.12.2012	Variation
Top Managers	40	28	12
First-line managers	6	7	(1)
White collar	321	353	(32)
Blue collar	385	347	38
Total	**752**	**735**	**17**

29. Other operating costs

	2013	2012
Tax and duty	465	406
Bad debt	6	17
Losses on sale of fixed assets	74	121
Sundry	317	338
	862	**882**

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

30. Financial income and charges

	2013	2012
Financial expenses	(1,529)	(1,780)
Financial income	187	227
Gains and (Losses) on exchange rates	(804)	25
Net financial income (expenses)	**(2,146)**	**(1,528)**

Compared to the previous year, financial expenses have decreased, mainly due to the control of interest rates applied by banks despite the greater financial exposure with regards to banks.

Exchange rate differences are mainly due to the devaluation in the Australian dollar with regards to the Euro.

30.1 Financial expenses

	2013	2012
Interest on short term payables (overdrafts and credit disinvestments)	192	287
Interest on medium/long term loan payables	916	920
Fair value evaluation on derivatives	102	191
Charges other than above (lease contracts and sundry)	319	382
	1,529	**1,780**

30.2 Financial income

	2013	2012
Interest income from customers	134	212
Income other than above	53	15
	187	**227**

30.3 Exchange rate gains and losses

	2013	2012
Exchange rate gains	637	646
Exchange rate differences following translation	(358)	(401)
Exchange rate losses	(1,083)	(220)
	(804)	**25**

31. Stock option plan

At the date of the consolidated financial statements the Group does not have any stock option plans running.
At the balance sheet date, Bolzoni S.p.A. has not issued any convertible bonds.

32. Earnings per share

Basic earnings per share are calculated by dividing the year's net profit attributable to the ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Below are details on earnings and information on the shares used to calculate basic and diluted earnings per share:

Earnings/ (losses) per share	*2013*	*2012*
Net group profit attributable to ordinary shareholders	123	1,948
Average number of ordinary shares (n°/000)	25,994	25,994
Basic earnings per ordinary share	0,005	0.075

33. Dividends

During the financial year 2013 dividends were approved and paid out for the amount of € 1.361 thousand (2012: €1.119 thousand). The proposal to the Shareholders' meeting regarding dividends (not recognised as liabilities at 31 December) amounts to € 909,787.03 (2012: €1,299,695.75). The proposed resolution regarding profits, if approved, will result in the payment of 0.035 euros per share (2012: €0.05).

34. Commitments and contingencies

Capital commitments

At December 31, 2013 and at December 31, 2012 the value of the Group's commitments was not material.

Legal litigations

In the course of financial year 2008 the Tax Police made an inspection on financial years 2006 and subsequent. The notification report dated 3.7.2008 did not evidence any irregularities of a certain importance.

On December 14, 2010 the Tax authority of Piacenza prepared the assessment notice n°97036 concerning the observations by the Tax Police regarding financial year 2005. On February 11, 2011 the Parent prepared an appeal to the Provincial Tax Commission requesting the cancellation of the observations.

On June 9, 2011 the Tax Authorities of Piacenza prepared assessment report n° 46881 concerning observations made by the Tax Police regarding financial year 2006 and assessment report n° 44746 concerning observations made by the Tax Police regarding financial year 2007. On September 20, 2011 the Parent prepared two appeals to the Provincial Tax Commission requesting the cancellation of the majority of the observations.

In relation to the tax assessment report n°46881 a nd 44746, a tax collection notice was received at the end of December 2011, paid at the end of February 2012 and booked under non-current receivables for the amount of 164 thousand euros.

On January 30, 2014 the Company and the Tax Authorities signed a conciliation document covering all the assessment notices regarding the Tax Police reports. The economic-equity effects, of modest entity, have already been included in the financial statements.

Guarantees granted

At 31 December 2013 the Bolzoni Group has the following guarantees in progress:

- it has destined some land and buildings as guarantee against two mortgage loans (see note 18);
- it has granted comfort letters to a bank on a loan given to the subsidiary Bolzoni Auramo Inc. for the amount of US$ 910,000 (2012: US $ 910,000);
- it has granted a surety to a bank for the amount of € 800,000 (2012: € 800,000) in favour of the subsidiary Bolzoni Auramo GmbH;
- it has granted a surety to a bank for the amount of € 1,600,000 (2012: € 1,600,000) in favour of the subsidiary Bolzoni Auramo S.l.;
- it has granted a surety to a bank for the amount of € 1,500,000 (2012: € 1,500,000) in favour of the subsidiary Hans H. Meyer GmbH;
- it has granted a surety to a bank for the amount of € 650,000 (2012: € 650,000) in favour of the subsidiary Bolzoni Italia Srl;
- it has granted a surety to a bank for the amount of € 2,700,000 (2012: € 2,000,000) in favour of the subsidiary Auramo OY;
- it has granted a surety to a bank for the amount of € 630,000 (2012: € 630,000) in favour of the subsidiary Bolzoni Auramo S.a.r.l.;
- it has granted a surety to a bank for the amount of € 304,898 (2012: € 304,898) in favour of the subsidiary Bolzoni Auramo S.a.r.l.;
- it has granted a surety to a supplier for the amount of € 100,000 (2012: € 100,000) in favour of the subsidiary Bolzoni Auramo Shanghai;
- it has granted a surety to a bank for the amount of € 950,000 (2012: € 950,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2012: € 1,800,000) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 1,800,000 (2012: € 1,800,000) in favour of the subsidiary Hans H. Meyer GmbH;
- it has granted a surety to a bank for the amount of € 500,000 (2012: € 500,000) in favour of the subsidiary Hans H. Meyer GmbH.;

- it has granted a surety to a bank for the amount of € 2,000,000 (2012: € 0) in favour of the subsidiary Hans H. Meyer GmbH.;
- it has granted a surety to a bank for the amount of € 225,000 (2012: € 225,000) in favour of the subsidiary Bolzoni Italia Srl;
- it has granted a surety to a bank for the amount of € 1,100,000 (2012: € 0) in favour of the subsidiary Bolzoni Auramo Wuxi; and
- it has granted a surety to a supplier for the amount of € 500,000 (2012: € 500,000) in favour of another supplier.

35. Disclosure on related parties

The following table indicates the total amount of transactions with related parties for the relevant financial year (further information on open balances at the end of the year can be found in notes 12 and 22).

Related parties		*Revenue with related parties*	*Costs with related parties*	*Related parties receivables*	*Related parties payables*
Associates:					
Auramo South Africa	*2013*	503	-	93	-
	2012	980	-	225	-
Longxin Precise Forging	*2013*	-	*333*	-	*198*
	2012	-	*171*	-	*113*
Hebei Jing County Huaxin	*2013*	-	-	-	-
	2012	-	-	-	401
Jing County Xin Huaxin	*2013*	2.364	1.208	-	61
	2012	219	-	411	-
Other related companies:	*2013*	-	-	-	-
Intesa-Sanpaolo Group	*2012*	1	186	477	6.204
Other related companies:	*2013*	-	309	-	-
	2012	-	216	-	-
Total associated and related companies:	*2013*	2.867	1.850	93	259
	2012	1.200	573	1.113	6.718

Transactions with other related parties

Other related parties

During the first half of 2013 the Intesa-Sanpaolo Group reduced its stake in the Parent's share capital to under 2% and consequently, is no longer considered a related party (2012: below 5%). A manager of Intesa-Sanpaolo Group (Davide Turco) is a member of the parent's Board of Directors.

Auramo OY, entirely controlled group company, rents the property situated in Vantaa (Finland) where its offices and production plant are located, from Kiinteisko OY Auran Pihti, a company controlled by Mr Karl-Peter Otto Staack, a member of the board of directors. The contract establishes the payment of an annual rent of approximately 309 thousand euros (2012: approx. 216 thousand euros) .

Terms and conditions of transactions between related parties

Transactions between related parties are performed at normal market prices and conditions. Outstanding balances at year end are unsecured, interest free and are settled in cash. No guarantees have been provided or received for any related party receivables or payables. For the year ended 31 December 2013 the Group, as in previous years, has not made any provision for doubtful debts referring to amounts owed by related parties.

36. Financial risk management: objectives and policies

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

The main risks arising from the Group's financial instruments are those in connection with interest rates, liquidity, exchange rates and receivables. The Board of Directors reviews and agrees on the policies for handling each of these risks and they are summarised below. The Group's accounting principles in relation to derivatives are set out in note 2.4.

The Group has also entered into derivative transactions, mainly including forward currency contracts. The purpose is to hedge against the interest rate and currency risks arising from the Group's operations and its sources of finance. At 31.12.2013 there are no forward contracts open on foreign currencies.

The Group's policy is that no trading in financial instruments shall be undertaken for speculative purposes. For the financial year under examination only two IRS contracts (see Note 21) do not appear to follow the hedging parameters established by IFRS.

Interest rate risk

With a part of its loans in euro at a floating interest rate, the Group believes it is exposed to the risk that a possible increase in rates could increase future financial charges. Below are shown the effects that could derive from a 0.25 BPS variation in interest rates.

	Variations in presumptions	*Effect on gross profit before tax*
2013	0.25 BPS	(40)
	-0.25 BPS	40
2012	0.25 BPS	(44)
	-0.25 BPS	44

As at 31 December 2013 loans hedged against interest rate risk amounted to 22.6 million euros.

The Group has four Interest Rate Swap contracts running which foresee the exchange of the difference between variable and one or more fixed rate interest amounts, calculated by reference to an agreed notional principal amount. Two IRS contracts do not appear to observe the requisites established by the international accounting standards for qualification as a hedging instrument (see note 21).

Foreign currency risk

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

As described in the section dedicated to the consolidation principles the financial reports of the subsidiaries prepared in currencies other than Euro, are translated using the exchange rates published in the web site of the Italian Exchange Rate Office.

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

	Currency	Increase/ Decrease	Effect on Net Equity*	Variation on Turnover	Variation on profit before tax
2013	*USD*	+ 5% / -5%	- 4 / + 5	- 622 / + 687	- 5 / + 5
	SEK	+ 5% / -5%	- 10 / +12	- 193 / + 213	- 14 / + 15
	GBP	+ 5% / -5%	- 1 / +1	- 240 / + 265	- 1 / + 2
	$ AUS	+ 5% / -5%	+ 34 / -38	- 178 / + 197	+ 34 / - 38
	RMB	+ 5% / -5%	+ 31 / -35	- 417 / + 461	+ 31 / - 35
	SLOTY	+ 5% / -5%	- 3 / +4	+ 98 / + 109	- 4 / + 5
	$ CAN	+ 5% / -5%	+ 1 / -1	- 97 / + 107	+ 1 / - 1
2012	*USD*	+ 5% / -5%	+ 10 / - 12	- 540 / + 597	+ 10 / - 12
	SEK	+ 5% / -5%	- 7 / + 8	- 213 / + 235	- 12 / + 13
	GBP	+ 5% / -5%	- 5 / + 5	- 282 / + 311	- 5 / + 5
	$ AUS	+ 5% / -5%	+ 9 / - 10	- 138 / + 152	+ 9 / - 10
	RMB	+ 5% / -5%	+ 8 / - 9	- 148 / + 164	+ 8 / - 9
	SLOTY	+ 5% / -5%	- 3 / + 4	- 93 / + 103	- 4 / + 4
	$ CAN	+ 5% / -5%	- 4 / + 4	- 100 / + 110	- 6 / + 6

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

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

As these derivative contracts are generally drawn up after the invoicing of sales or of the purchases generating the related cash flows and so it is not possible to identify a close correlation between the maturity of the derivative contracts and the dates of the underlying financial cash flows, the contracts under examination can therefore be classified as net hedging operations on trade receivables/ payables in foreign currency. Consequently, they have been recognized as financial assets held for trading and are therefore accounted for and assessed at fair value. The fair value variations are charged to income statement under financial income and charges. At 31 December 2013 there are no derivative contracts running of this nature.

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

Risk of variations in price of raw material

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

Credit risk

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

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

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

Liquidity risk

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

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

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

Fair value

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

	Carrying amount		*Fair value*	
	2013	*2012*	*2013*	*2012*
Financial assets				
Cash in hand	11,039	3,513	11,039	3,513
Other financial assets (long term)	-	-	-	-
Financial assets available for sale	11	187	11	187
Financial liabilities				
Bank overdrafts and advance on notes to be collected	(2,787)	(3,085)	(2,787)	(3,085)
Loans:				
At variable rates	(36,223)	(27,069)	(36,233)	(27,069)
At fixed rates	(810)	-	(810)	-
Forward currency contracts *	-	-	-	-
Swap Interest Rates *	-	-	-	-

* accounted for in the financial statements at fair value.

Fair value

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

Interest rate risk

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

Fixed rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 Yrs	Total
Simest loan	-	-	(810)	-	-	-	(810)

Variable rate	<1 year	>1<2 yrs	>2<3 yrs	>3<4 yrs	>4<5 yrs	> 5 Yrs	Total
Liquid funds	11,039	-	-	-	-	-	11,039
Financial receivables	11	-	-	-	-	-	11
Derivative liabilities	-	(411)	-	-	-	-	(411)
Overdrafts on bank accounts	(10)	-	-	-	-	-	(10)
Advance on collectable bills subject to final payment	(2,277)	-	-	-	-	-	(2,277)
Advance on foreign business	(500)	-	-	-	-	-	(500)
Subsidiary loans	(7,670)	(2,265)	-	-	-	-	(9,935)
Carisbo loan	(500)	-	-	-	-	-	(500)
Carisbo loan	(500)	(250)	-	-	-	-	(750)
Banca di Piacenza loan	(249)	(256)	(132)	-	-	-	(637)
Banca di Piacenza mortgage loan	(222)	(221)	(223)	(223)	(223)	(216)	(1,328)
Banca di Piacenza loan	(642)	(658)	(686)	-	-	-	(1,986)
Unicredit Bank loan	(746)	(769)	(393)	-	-	-	(1,908)
Unicredit Bank loan	(8,912)	-	-	-	-	-	(8,912)
Cariparma Bank loan	(691)	-	-	-	-	-	(691)
Cariparma mortgage loan	(442)	(446)	(461)	(470)	(479)	(243)	(2,541)
GE Capital loan	(498)	(498)	(250)	-	-	-	(1,246)
B.ca Nazionale Lavoro loan	(670)	-	-	-	-	-	(670)
Banco Popolare loan	-	-	(500)	(1,487)	-	-	(1,987)
Deutsche Bank loan	(992)	(991)	(750)	-	-	-	(2,733)

37. Remuneration of Directors and Statutory Auditors

The following table shows the remuneration during year 2013 for the Directors and Statutory Auditors of the parent and subsidiary companies:

Name	Amount paid by Parent	Amount paid by Group companies	Description
Emilio Bolzoni	230	33	Director
Roberto Scotti	290	33	Director
Luigi Pisani	28	-	Director
Franco Bolzoni	28	-	Director
Pierluigi Magnelli	28	-	Director
Davide Turco	28	-	Director
Karl Peter Otto Staack	28	-	Director
Raimondo Cinti	28	-	Director
Giovanni Salsi	28	-	Director
Paolo Mazzoni	28	-	Director
Claudio Berretti	28	-	Director
Total	**772**	**66**	
Giorgio Picone	25	-	Auditor
Carlo Baldi	14	-	Auditor
Maria Gabriella Anelli	14	-	Auditor
Total	**53**	**-**	

38. Other information

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

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

a) by the audit company for auditing services;

b) by the audit company, for services other than above;

c) by companies belonging to the audit company's network, for services divided according to type.

		Partial consideration	Total consideration
Audit	Parent's Auditor	80	
	Other companies of Deloitte & Touche network	88	168
Tax assistance services	Other companies of the Deloitte & Touche network	17	
	Parent's Auditor	7	24
Other services	Other companies of the Deloitte & Touche network Parent's auditor	1	1
Total			**193**

39. Events after the balance sheet date

No significant events have occurred since the balance sheet date.