



PRESS RELEASE

2006 FIRST NINE MONTHS RESULTS

Net sales of 281.7 million euro for the first nine months (+14.5%)

**EBITDA totalled 63.3 million euro (+21.8%),
representing 22.5% of sales**

EBIT recorded 56.7 million euro (+27.7%), equal to 20.1% of sales

Consolidated net earnings were 28.3 million euro (+31%)

2006 THIRD QUARTER RESULTS

Net sales: 85.2 million euro (+4.4%)

EBITDA: 19.5 million euro (+11.0%)

EBIT: 17.4 million euro (+17.1%)

Consolidated net earnings were 9 million euro (+21.6%)

Sant'Ilario d'Enza (RE), 14 November 2006 – The Board of Directors of the Interpump Group has approved the Quarterly Report as at 30 September 2006.

2006 FIRST NINE MONTHS CONSOLIDATED RESULTS

Net sales in the first nine months of 2006 reached **281.7 million euro, up 14.5%** as compared to the 246.0 million recorded in the first nine months of 2005. Sales from continuing operations also include sales of the Hammelmann Group for nine months in 2006 and six months in 2005, since the acquisition date. Considering an equal consolidation area the increase was 8.5%.

In particular, details of turnover are illustrated by business sector. The **Hydraulic Sector grew by 14.5%** to 132.0 million euro. Sales of the US subsidiary Muncie, with significant growth recorded also in 2004 and 2005, increased by 13.6% in dollar-on-dollar terms. The **Industrial Sector growth was 17.2%** reaching 120.9 million euro (+2.8% considering an equal consolidation area). The growth, considering an equal consolidation area, is influenced by the fall in sales of cleaning equipment (-31.4%) following the non-competition agreements with the purchasers in the Cleaning sector. The **Electric Motors sector** recorded sales of 27.0 million euro (+6.7% as compared to the first nine months of 2005).

The following table gives a breakdown of sales by business area:

	30/9/2006	%	30/9/2005	%	Increase/ Decrease
	(nine months)		(nine months)		
	€/000		€/000		
Hydraulic Sector	131,954	47	115,147	47	+14.5%
Industrial Sector	120,852	43	103,092	42	+17.2%
Electric Motors Sector	28,818	10	27,001	11	+6.7%
Other Revenues Sector	53	-	764	-	n.s.
Total	<u>281,677</u>	<u>100</u>	<u>246,004</u>	<u>100</u>	+14.5%



EBITDA was **63.3 million euro**, totalling **22.5% of sales**, against 52.0 million euro in the first nine months of 2005 (21.1% of sales), with a **21.8% increase** (+12.3% considering an equal consolidation area).

The following table illustrates EBITDA by business area:

	30/09/2006 (nine months) €/000	% on total sales	30/09/2005 (nine months) €/000	% on total sales	Increase/ Decrease
Hydraulic Sector	29,239	22.2%	24,657	21.4%	+18.6%
Industrial Sector	35,265	29.1%	27,513	26.7%	+28.2%
Electric Motors Sector	43	0.1%	380	1.4%	-88.7%
Other Revenues Sector	<u>(1,218)</u>	n.s.	<u>(564)</u>	n.s.	n.s.
Total	<u>63,329</u>	22.5%	<u>51,986</u>	21.1%	+21.8%

EBIT was **56.7 million euro (20.1% of sales)**, against the 44.4 million euro recorded for the first nine months of 2005 (18.1% of sales), therefore **increasing by 27.7%** (+17.6% considering an equal consolidation area).

Consolidated net profit for the period was **28.3 million euro**, an **increase of 31%** as compared to the 21.6 million euro of continuing operations in the first nine months of 2005.

Basic earnings per share on continuing operations were **0.364 euro** (0.287 euro in the first nine months of 2005 in reference to continuing operations), showing an **increase of 26.8%**.

ROCE for the first nine months was **18.5%**, against 19.4% at 30 September in 2005.

For the same period, **ROE** reached **18.8%**, against 12.9% for the first nine months of 2005.

CONSOLIDATED RESULTS – THIRD QUARTER 2006

Net sales in the third quarter of 2006 reached **85.2 million euro (+4.4%** as compared to 81.6 million euro recorded in Q3 2005).

The **Hydraulic Sector** grew by **7.5%**, reaching 40.6 million euro, both through Muncie – operating in North America and which grew by 5.2% in local currency terms – and from a 14% increase in sales by European companies as compared to the same period of the previous year. The **Industrial Sector** generated a turnover of **38.5 million euro**, reflecting **growth of 2.2%**, influenced by the fall in sales of cleaning equipment (-44.3%) following the non-competition agreements with the purchasers in the Cleaning sector. Sales in the **Electric Motors sector** totalled **6.1 million euro**, essentially in line with Q3 2005.

The following table provides details by business area:



	2006 3rd quarter €/000	%	2005 3rd quarter €/000	%	Increase/ Decrease
Hydraulic Sector	40,581	48	37,746	46	+7.5%
Industrial Sector	38,475	45	37,631	46	+2.2%
Electric Motors Sector	6,135	7	6,178	8	-0.7%
Other Revenues Sector	<u>8</u>	<u>-</u>	<u>50</u>	<u>-</u>	n.s.
Total	<u>85,199</u>	<u>100</u>	<u>81,605</u>	<u>100</u>	+4.4%

EBITDA totalled **19.5 million euro (22.9% of sales)** compared to the 17.6 million euro of the third quarter of 2005 (21.5% of sales), reflecting an **increase of 11%**. The following table illustrates EBITDA by business area:

	2006 3rd quarter €/000	% on total sales	2005 3rd quarter €/000	% on total sales	Increase/ Decrease
Hydraulic Sector	8,569	21.1%	7,877	20.9%	+8.8%
Industrial Sector	11,282	29.2%	9,952	26.4%	+13.4%
Electric Motors Sector	(137)	-2.1%	9	0.1%	n.s.
Other Revenues Sector	<u>(211)</u>	n.s.	<u>(275)</u>	n.s.	n.s.
Total	<u>19,503</u>	22.9%	<u>17,563</u>	21.5%	+11.0%

In geographic terms, a sustained growth was recorded in the Pacific area, especially in **China**, where turnover more than doubled, and in **India** where sales increased by 39.6%.

EBIT was **17.4 million euro (20.4% of sales)**, an **increase of 17.1%** as compared to the 14.9 million euro in Q3 2005 (18.2% of sales).

Consolidated net profit for the quarter was **9.0 million euro**, an **increase of 21.6%** as compared to the 7.4 million euro recorded in Q3 2005.

Basic earnings per share were **0.118 euro** (0.095 euro in the third quarter of 2005 in reference to continuing operations), with an **increase of 24.2%**.

NET FINANCIAL DEBT

Net financial debt increased from 127.7 million euro as at 31 December 2005 to 157.7 million euro at 30 September 2006 due to the purchase of Muncie minority interest shares for 17.8 million euro as required under contract, the purchase of 20.8 million euro of own shares and the distribution of 11.9 million euro in dividends.

Free cash flow was **23.5 million euro** as compared to 18.5 million euro in the first nine months of 2005 (+29.0%). Considering an equal consolidation area, free cash flow increased by 25.6%.

For information:

Moccagatta Associati

Tel. +39 02.86451695 Fax +39 02.86452082

segreteria@moccagatta.it

Financial statements

Consolidated balance sheets

	30/09/2006	30/06/2006	31/12/2005
	€/000	€/000	€/000
ASSETS			
Current assets			
Cash and cash equivalents	37,721	47,426	56,078
Trade receivables	70,583	83,689	70,974
Inventories	80,285	84,770	85,239
Tax receivables	1,198	4,550	5,229
Derivative financial instruments	13	307	359
Assets available for sale	24,099	2,454	2,454
Other current assets	2,984	3,445	2,150
Total current assets	216,883	226,641	222,483
Non-current assets			
Property, plant and equipment	50,441	51,199	51,165
Goodwill	131,582	132,679	133,885
Other intangible assets	15,718	15,763	15,598
Investments in associated companies	4,905	4,905	5,390
Other financial assets	15,351	14,855	14,361
Tax receivables	44	371	371
Deferred tax assets	10,531	11,234	11,926
Other non current assets	608	628	210
Total non current assets	229,180	231,634	232,906
Total assets	446,063	458,275	455,389

	30/09/2006	30/06/2006	31/12/2005
	€/000	€/000	€/000
LIABILITIES			
Current liabilities			
Trade payables	37,817	52,179	43,874
Payables to banks	9,692	10,846	11,591
Interest bearing financial payables (current portion)	38,225	37,573	50,673
Derivative financial instruments	247	418	1,023
Taxes payable	11,786	8,126	6,267
Liabilities related to assets held for sale	10,114	-	-
Other current liabilities	11,683	14,054	33,960
Provisions for risks and charges	1,652	1,647	1,589
Total current liabilities	121,216	124,843	148,977
Non-current liabilities			
Interest bearing financial payables	148,760	153,674	121,515
Liabilities for employee benefits	10,007	11,451	10,982
Taxes payables	44	44	-
Deferred tax liabilities	13,301	14,099	14,493
Other non-current liabilities	184	179	229
Provisions for risks and charges	2,659	2,658	2,514
Total non current liabilities	174,955	182,105	149,733
Total liabilities	296,171	306,948	298,710
SHAREHOLDERS' EQUITY			
Share Capital	41,559	41,559	41,559
Legal reserve	8,747	8,747	8,747
Share premium reserve	17,421	17,253	16,739
Reserve for valuation of hedging derivatives at fair value	(146)	(192)	(558)
Translation reserve	(7,900)	(8,126)	(4,664)
Other reserves	83,129	85,091	87,801
Shareholders' equity for the Group	142,810	144,332	149,624
Minority interests	7,082	6,995	7,055
Total shareholders' equity	149,892	151,327	156,679
Total shareholders' equity and liabilities	446,063	458,275	455,389

Consolidated income statements (nine months)

(€000)	<u>2006</u>	<u>2005</u>		<i>Total</i>
		<i>Continuing operations</i>	<i>Discontinued operations</i>	
Net sales	281,677	246,004	119,894	365,898
Cost of sales	(176,475)	(155,192)	(84,776)	(239,968)
Gross industrial margin	105,202	90,812	35,118	125,930
Other net revenues	5,007	3,162	394	3,556
Distribution costs	(20,518)	(18,342)	(15,469)	(33,811)
General and administrative expenses	(32,372)	(30,720)	(8,542)	(39,262)
Other operating costs	(570)	(471)	(210)	(681)
Ordinary profit before financial charges	56,749	44,441	11,291	55,732
Financial income	2,376	3,617	1,452	5,069
Financial charges	(7,988)	(7,967)	(4,051)	(12,018)
Adjustment of investments according to the equity method	(560)	(12)	103	91
Profit for the period before taxes	50,577	40,079	8,795	48,874
Income taxes	(22,324)	(18,505)	(4,600)	(23,105)
Profit for the period after taxes and before the capital gain on discontinued operation	28,253	21,574	4,195	25,769
Gains from discontinued operations	-	-	50,230	50,230
Consolidated profit for the period	28,253	21,574	54,425	75,999
Due to:				
Parent company shareholders	27,648	21,056	53,778	74,834
Subsidiaries' minority shareholders	605	518	647	1,165
Consolidated profit for the period	28,253	21,574	54,425	75,999
Basic earnings per share (euro)	0.364	0.287		1.019
Diluted earnings per share (euro)	0.362	0.280		0.992

Included in continuing operations are the Industrial Sector, the Hydraulic Sector and the other activities which remain in the Interpump Group. The Hammelmann Group is included in the Industrial Sector for nine months in 2006 and only for six months in 2005. Discontinued operations include the operations of the IP Cleaning Group for the first five months of 2005, up to its disposal.

Consolidated income statements for the third quarter

(€000)	<u>2006</u>	<u>2005</u>
Net sales	85,199	81,605
Cost of sales	(52,519)	(50,507)
Gross industrial margin	32,680	31,098
Other net revenues	1,199	494
Distribution costs	(6,356)	(6,256)
General and administrative expenses	(9,988)	(10,388)
Other operating costs	(118)	(71)
Ordinary profit before financial charges	17,417	14,877
Financial income	738	852
Financial charges	(2,253)	(2,111)
Adjustment of investments according to the equity method	(74)	11
Profit for the period before taxes	15,828	13,629
Income taxes	(6,825)	(6,227)
Consolidated profit for the period	9,003	7,402
Due to:		
Parent company shareholders	8,870	7,312
Subsidiaries' minority shareholders	133	90
Consolidated profit for the period	9,003	7,402
Basic earnings per share (euro)	0.118	0.095
Diluted earnings per share (euro)	0.118	0.093

Consolidated cash flow statements as at September 30th (nine months)

(€000)	2006	2005		<i>Total</i>
		Continuing operations	Non-continuing operations	
Cash flow from operating activities				
Profit before taxes and gains from discontinued operations	50,577	40,079	8,795	48,874
Adjustments for non-cash items:				
Losses (capital gains) from the sale of fixed assets	(3)	(1,305)	(21)	(1,326)
Gains from disposals of investments	(947)	(142)	-	(142)
Depreciation and amortisation	6,192	6,876	3,130	10,006
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	682	768	-	768
(Profits) losses from investments	560	12	(103)	(91)
Net change of risk funds and allocations to liabilities for benefits for employees	990	985	828	1,813
Net financial charges	5,612	4,350	2,599	6,949
Other	-	(17)	-	(17)
	63,663	51,606	15,228	66,834
(Increase) decrease in trade receivables and other current assets	(7,536)	(6,664)	(10,290)	(16,954)
(Increase) decrease in inventories	(3,445)	(8,748)	4,903	(3,845)
Increase (decrease) in trade payables and other current liabilities	(3,027)	(497)	17,253	16,756
Interest paid	(4,866)	(3,988)	(1,597)	(5,585)
Currency exchange gains	(208)	348	(151)	197
Taxes paid	(13,224)	(11,578)	-	(11,578)
Net liquidity generated by operating activities	31,357	20,479	25,346	45,825
Cash flow from investing activities				
Purchase of Hammelmann, net of cash received	(1,000)	(87,152)	-	(87,152)
Proceeds from the sale of IP Cleaning S.p.A.	(1,171)	-	75,067	75,067
Bank overdrafts (cash) transferred relating to the IP Cleaning Group	-	-	10,671	10,671
Additional costs relating to the assignment of Cleaning recorded as a reduction in surplus revenue	-	-	(1,800)	(1,800)
Investment in X Equity	-	-	(12,500)	(12,500)
Purchase of minority interests of subsidiaries	(17,921)	-	(1,408)	(1,408)
Increase of share capital in subsidiaries	(592)	-	-	-
Proceeds from the sale of associated companies	500	1,557	-	1,557
Payment for purchase of treasury stock	(20,825)	(2,301)	-	(2,301)
Proceeds from the sale of treasury stock to the holders of stock options	15	2,092	-	2,092

(€000)	2006	2005		
		<i>Continuing operations</i>	<i>Discontinue d operations</i>	<i>Total</i>
Investment in property, plant and equipment	(6,408)	(3,792)	(1,328)	(5,120)
Proceeds from the sale of tangible fixed assets	210	2,984	105	3,089
Increase in intangible assets	(1,443)	(1,154)	(339)	(1,493)
Financial income collected	544	700	146	846
Other	306	605	(23)	582
Net liquidity utilised in investing activities	(47,785)	(86,461)	68,591	(17,870)
Cash flow of financing activities				
Loan granted to X Equity	-	-	(10,000)	(10,000)
Proceeds from (repayments of) loans	14,048	22,478	58,680	81,158
Repayment of shareholders' loan	-	-	(54)	(54)
Loan granted to non consolidated subsidiary	(901)	-	-	-
Payment of financial leasing instalments (principal)	(160)	(166)	(1,120)	(1,286)
Dividends paid	(11,929)	(10,180)	(893)	(11,073)
Net cash from (used in) financing activities	1,058	12,132	46,613	58,745
Net increase (decrease) in cash and cash equivalents	(15,370)	(53,850)	140,550	86,700
Exchange differences on conversion of the liquidity of companies in areas outside the EU	181			(157)
To rectify: available cash and cash equivalents at the start of the period of assets held for sale	879			-
To rectify: increase (decrease) of available cash and equivalent means of assets held for sale	(2,148)			-
Cash and cash equivalents at the beginning of the period	44,487			(25,750)
Cash and cash equivalents at the end of the period	28,029			60,793

Discontinuous operations are included for 5 months in 2005.

Cash and cash equivalents can be broken down as follows:

	30/09/2006	01/01/2006	30/09/2005	01/01/2005
	€000	€000	€000	€000
Cash and cash equivalents from balance sheet	37,721	56,078	71,528	22,391
Payables to banks (for overdrafts and advances subject to collection)	<u>(9,692)</u>	<u>(11,591)</u>	<u>(10,735)</u>	<u>(48,141)</u>
Cash and cash equivalents from cash flow statement	<u>28,029</u>	<u>44,487</u>	<u>60,793</u>	<u>(25,750)</u>

Changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for the fair value of hedging derivatives	Reserve for valuation of investments at fair value	Translation reserve	Other reserves	Shareholders' equity for the Group	Minority interests	Total
<i>Balances as at 1 January 2005</i>	43,694	8,747	15,094	(695)	-	(11,828)	66,817	121,829	13,802	135,631
Cancellation of treasury stock	(2,135)	-	-	-	-	-	2,135	-	-	-
Distribution of dividends	-	-	-	-	-	-	(9,900)	(9,900)	(1,184)	(11,084)
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	-	3,729	-	3,729	85	3,814
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	-	2,272	-	2,272	-	2,272
Minority interests purchased by the Group	-	-	-	-	-	-	-	-	(307)	(307)
Proceed of minority interests	-	-	-	-	-	-	-	-	(6,561)	(6,561)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	768	-	-	-	-	768	-	768
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(1,032)	-	-	-	(1,032)	-	(1,032)
Change in the reserve for the measurement at fair value of the derivatives used as hedging instruments as a result of the sale of the IP Cleaning Group	-	-	-	717	-	-	-	717	-	717
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2005 and at 30/9/2005	-	-	-	386	-	-	-	386	-	386
Acquisition of treasury stock	-	-	-	-	-	-	(2,301)	(2,301)	-	(2,301)
Proceeds from the sale of treasury stock to the holders of stock options	-	-	-	-	-	-	2,092	2,092	-	2,092
Net profit for the period	-	-	-	-	-	-	74,834	74,834	1,165	75,999
<i>Balances as at 30 September 2005</i>	<i>41,559</i>	<i>8,747</i>	<i>15,862</i>	<i>(624)</i>	<i>-</i>	<i>(5,827)</i>	<i>133,677</i>	<i>193,394</i>	<i>7,000</i>	<i>200,394</i>

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for the fair value of hedging derivatives</i>	<i>Reserve for valuation of investments at fair value</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Shareholders' equity for the Group</i>	<i>Minority interests</i>	<i>Total</i>
<i>Balances as at 30 September 2005</i>	41,559	8,747	15,862	(624)	-	(5,827)	133,677	193,394	7,000	200,394
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	-	1,324	-	1,324	38	1,362
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	-	(161)	-	(161)	-	(161)
Distribution of special dividend	-	-	-	-	-	-	(53,426)	(53,426)	-	(53,426)
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(58)	-	-	-	(58)	-	(58)
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/10/2005 and at 31/12/2005	-	-	-	124	-	-	-	124	-	124
Recognition in income of the fair value of stock options granted and exercisable	-	-	877	-	-	-	-	877	-	877
Purchase of treasury stock	-	-	-	-	-	-	(6,528)	(6,528)	-	(6,528)
Sale of treasury stock on the exercising of stock options	-	-	-	-	-	-	10,847	10,847	-	10,847
Net profit of the fourth quarter	-	-	-	-	-	-	3,231	3,231	17	3,248
<i>Balance at 31 December 2005</i>	41,559	8,747	16,739	(558)	-	(4,664)	87,801	149,624	7,055	156,679
Exchange differences on the conversion of the financial statements for companies outside the EU	-	-	-	-	-	(2,097)	-	(2,097)	(86)	(2,183)
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	-	(1,139)	-	(1,139)	-	(1,139)
Distribution of dividends	-	-	-	-	-	-	(11,510)	(11,510)	(495)	(12,005)
Minority shares sold by the Group	-	-	-	-	-	-	-	-	3	3
Purchase of treasury stock	-	-	-	-	-	-	(20,825)	(20,825)	-	(20,825)
Sales of treasury stock for the exercise of stock options	-	-	-	-	-	-	15	15	-	15
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	682	-	-	-	-	682	-	682
Recording under shareholders' equity of the change in the fair value of investments in other companies	-	-	-	-	918	-	-	918	-	918
Recording in the income statement of the reserve for fair value of the investments for the sale of Metalprint	-	-	-	-	(918)	-	-	(918)	-	(918)
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2006 and at 30/9/2006	-	-	-	394	-	-	-	394	-	394
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	18	-	-	-	18	-	18
Net profit for the period	-	-	-	-	-	-	27,648	27,648	605	28,253
<i>Balances as at 30 September 2006</i>	41,559	8,747	17,421	(146)	-	(7,900)	83,129	142,810	7,082	149,892

Balance sheets for the parent company Interpump Group S.p.A.

	30/09/2006	31/12/2005
	€/000	€/000
ASSETS		
Current assets		
Cash and cash equivalents	12,173	34,938
Trade receivables	11,381	10,610
Inventories	14,504	13,653
Receivables from subsidiaries for dividend	8,500	-
Tax receivables	149	320
Derivative financial instruments	8	-
Land and buildings for sale	12,483	3,500
Other current assets	1,319	336
Total current assets	60,517	63,357
Non-current assets		
Property, plant and equipment	12,944	12,169
Goodwill	32,506	32,506
Other intangible assets	3,160	2,609
Investments in subsidiaries	81,815	90,798
Investments in associated companies	9,306	9,306
Other financial assets	44,535	44,362
Tax receivables	17	17
Deferred tax assets	3,840	4,576
Other non current assets	500	17
Total non current assets	188,623	196,360
Total assets	249,140	259,717

	<i>30/09/2006</i>	<i>31/12/2005</i>
	<i>€/000</i>	<i>€/000</i>
LIABILITIES		
Current liabilities		
Trade payables	11,553	9,801
Payables to banks	982	526
Interest bearing financial payables (current portion)	31,666	41,666
Derivative financial instruments	242	907
Taxes payable	794	2,668
Other current liabilities	3,997	5,228
Provisions for risks and charges	835	901
Total current liabilities	50,069	61,697
Non-current liabilities		
Interest bearing financial payables	94,761	79,677
Liabilities for employee benefits	4,978	4,710
Deferred tax liabilities	1,999	2,156
Provisions for risks and charges	1,000	1,000
Total non current liabilities	102,738	87,543
Total liabilities	152,807	149,240
SHAREHOLDERS' EQUITY		
Share Capital	41,559	41,559
Legal reserve	8,747	8,747
Share premium reserve	17,177	16,596
Reserve for valuation of hedging derivatives at fair value	(148)	(558)
Other reserves	28,998	44,133
Total shareholders' equity	96,333	110,477
Total shareholders' equity and liabilities	249,140	259,717

**First nine months income statements for the parent company
Interpump Group S.p.A.**

(€000)	<u>2006</u>	<u>2005</u>
Net sales	53,965	49,796
Cost of sales	(33,425)	(28,641)
Gross industrial margin	20,540	21,155
Other net revenues	2,432	2,569
Distribution costs	(2,105)	(1,811)
General and administrative expenses	(8,075)	(8,425)
Write-down of investments	(884)	(6,249)
Other operating costs	-	(1)
Ordinary profit before financial charges	11,908	7,238
Dividends	12,772	8,082
Financial income	2,224	635
Financial charges	(4,711)	(3,641)
Profit for the period before taxes	22,193	12,314
Income taxes	(5,008)	(5,006)
Profit for the period after taxes and before the capital gain on discontinued operation	17,185	7,308
Gains from discontinued operations	-	28,716
Consolidated profit for the period	17,185	36,024
Basic earnings per share	0.226	0.491
Diluted earnings per share	0.225	0.477

First nine months cash flow statements for the parent company Interpump Group S.p.A.

(€000)	<u>2006</u>	<u>2005</u>
Cash flow from operating activities		
Profit before taxes and gains from discontinued operations	22,193	12,314
Adjustments for non-monetary items:		
Gains from disposals of fixed assets	-	(1,294)
Gains from disposals of investments	(947)	-
Depreciation and amortisation	1,469	1,925
Expenses recognised in the income statement relating to stock options which do not result in cash outflows for the Group	581	719
Write-down of investments	884	6,249
Net change in provisions and accruals for employee benefits	269	202
Net financial charges	(10,285)	(5,076)
	<u>14,164</u>	<u>15,039</u>
(Increase) decrease in trade receivables and other current assets	(439)	405
(Increase) decrease in inventories	(851)	(1,058)
Increase (decrease) in trade payables and other current liabilities	330	1,802
Income taxes paid	(4,709)	(4,202)
Interest paid	(3,852)	(3,157)
Realised exchange differences	(30)	28
Net cash from operating activities	<u>4,613</u>	<u>8,857</u>
Cash flows from investing activities		
Proceeds from the sale of IP Cleaning S.p.A.	(1,171)	81,579
Coverage of losses of subsidiaries	-	(579)
Acquisition of investments	(96)	(73,749)
Proceeds from the sale of investments	503	-
Purchase of treasury stock	(20,825)	(2,301)
Proceeds from the sale of treasury stock to the holders of stock options	15	2,092
Investments in property, plant and equipment	(1,971)	(1,063)
Proceeds from the sale of tangible fixed assets	41	2,708
Increase in intangible fixed assets	(938)	(838)
Financial income received	863	537
Other items	(2)	221
Net cash used in investing activities	<u>(23,581)</u>	<u>8,607</u>
Cash flows from financing activities		
Dividends paid	(11,510)	(9,900)
Dividends received	4,272	5,162
Loan granted to Hammelmann	-	(48,500)
Repayment of IP Cleaning S.p.A. loan	-	56,000
Loan granted to X Equity	-	(10,000)
Variation in intercompany loans	(1,608)	(7,200)
Proceeds from (repayments of) loans	4,593	39,346
Net liquidity obtained through (utilised in) financing activities	<u>(4,253)</u>	<u>24,908</u>
Net (increase) decrease of cash and cash equivalents	<u>(23,221)</u>	<u>42,372</u>
Cash and cash equivalents at the beginning of the period	<u>34,412</u>	<u>7,898</u>
Cash and cash equivalents at the end of the period	<u>11,191</u>	<u>50,270</u>

Cash and cash equivalents can be broken down as follows:

	30/09/2006	31/12/2005	30/09/2005	01/01//2005
		€000	€000	€000
Cash and cash equivalents from the balance sheet	12,173	34,938	50,734	8,322
Payables to banks (for current account overdrafts and advances subject to collection)	<u>(982)</u>	<u>(526)</u>	<u>(464)</u>	<u>(424)</u>
Cash and cash equivalents as from the cash flow statement	<u>11,191</u>	<u>34,412</u>	<u>50,270</u>	<u>7,898</u>