



INTERPUMP GROUP

PRESS RELEASE

PRELIMINARY RESULTS FOR THE 2006 FINANCIAL YEAR

Net sales: 364.9 million euro (+10,0% compared to 2005)
Consolidated net profit of 41.6 million euro (+53.6% compared to the 27.1 million for continuing operations in 2005)

EBITDA: +16.4% at 79.1 million euro (21.7% of sales)
EBIT: +21.5 % at 69.7 million euro (19.1% of sales)
ROCE: 23.8% compared to 20.2% of 2005
ROE: 26.7% compared to 17.3% of 2005

2006 FOURTH QUARTER RESULTS

Net sales: 83.2 million euro (-2.8% compared to the same period in 2005)
Consolidated net profit of 13.3 million euro (5.5 million consolidated net profit for continuing operations in the fourth quarter of 2005)

EBITDA: 15.8 million euro (19% of sales)
EBIT: 13 million euro (15.6% of sales)

Milan, 14 February 2007 – The Interpump Group S.p.A. has disclosed the **preliminary data** relative to the **financial year 2006** and the **results of the fourth quarter of 2006**, approved by the Board of Directors at today's meeting.

2006 financial year preliminary data

According to the preliminary data of Interpump Group for the year 2006, the **consolidated net figures show an increase in sales of 10.0%, equal to 364.9 million euro** (compared to 331.6 million euro in 2005). Sales for continuing operations include those of the Hammelmann Group for the whole of 2006 and for 9 months of 2005, since the acquisition date. On an equal consolidation area (including Hammelmann for the whole of 2005), net sales of continuing operations were up by 6.3% (+21.7 million euro).

The **Hydraulic Sector** grew by **11.9%** to **173.2 million euro**. Sales of the American subsidiary Muncie grew by 11.0% in dollars (+10.0% after the conversion to euro), after the already strong growth registered in 2004 and 2005. Sales of the European companies grew by 13.5% on the 2005 figures. The **Industrial Sector** increased by **10.2%**, reaching sales of **155.5 million euro**.

Electric Motor sales amounted to **36.1 million euro (+5.1%** on 2005).

In geographic terms, there has been strong growth in the Asian-Pacific area, mainly due to **China**, where sales practically doubled, while growth in the rest of the world is principally due to business in **India**, which increased by 72%. There has been a drop in North America (-2.8%), due to the sale of the cleaning division of General Pump.

EBITDA was **79.1 million euro** or 21.7% of sales, compared to the 68.0 million euro in 2005, representing 20.5% of sales (+16.4% and +9.2% on an equal consolidation basis).

The following table gives a breakdown of EBITDA according to area of business.

	2006 (twelve months) €/000	% on total sales*	2005 (twelve months) €/000	% on total sales*	Increase/ Decrease
Hydraulic Sector	37,868	21.9%	32,433	21.0%	+16.8%
Industrial Sector	43,608	28.0%	36,325	25.7%	+18.9%
Electric Motors Sector	(1,079)	n.s.	(308)	n.s.	n.s.
Other Revenues Sector	(1,253)	n.s.	(465)	n.s.	n.s.
Total	<u>79,144</u>	21.7%	<u>67,985</u>	20.5%	+16.4%

* = Total sales also include those with other companies included in the area of continuing operations, while the sales analysed previously are exclusively external to the Group. Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales indicated earlier.

The increased EBITDA in the Industrial Sector, on an equal consolidation basis (including Hammelmann for the whole of 2005) was 10.2%.

In 2006, the investments in the associated company X-Equity was sold, resulting in a capital gain of 7.6 million euro. There was also a loss in value of 1.2 million euro (4.0 million euro in 2005), for the write-down in the Electric Motor goodwill value.

EBIT was **69.7 million euro** or 19.1% of sales, compared to the 57.4 million euro for 2005 (17.3% of sales), **reflecting growth of 21.5%**. On an equal consolidation area the increase was 13.7%.

The year 2006 closed with a **net profit of 41.6 million euro** (net profit from continuing operations in 2005 was 27.1 million euro) showing **growth of 53.6%**.

The capital employed went from 284.4 million euro at 31 December 2005 to 293.4 million euro at 31 December 2006.

For 2006, **ROCE** was **23.8%** (20.2% in 2005).

The **ROE** for 2006 was **26.7%** (17.3% in 2005).

Net profit per share amounted to **0.542 euro**, with a **growth of 49.3%** compared to the 0.363 euro for continuing operations in 2005.

The **net financial debt** went from 127.7 million euro at 31 December 2005 to 137.5 million euro at 31/12/2006, due to the purchase of a minority stake in Muncie, which will cost, pursuant to contract, 25.7 million euro of our own shares for the purchase and 12.9 million euro for the distribution of dividends. However, 23.4 million euro was collected from the sale of the investment in X-Equity and the reimbursement of the Vendor Loan, including interest of 0.9 million euro. Net cash generated by the operating activities after

the change in working capital, amounted to 37.9 million euro, compared to 31.7 million euro for continuing operations in 2005, with an increase of 19.5%.

2006 fourth quarter consolidated results

Net sales in the fourth quarter of 2006 totalled **83.2 million euro**: 2.8% lower than the equivalent period in 2005, when net sales were recorded at 85.6 million euro.

The following table shows the breakdown of sales in the fourth quarter according to business area:

	2006 4 th quarter €/000	%	2005 4 th quarter €/000	%	Increase/ Decrease
Hydraulic Sector	41,304	50	39,635	46	+4.2%
Industrial Sector	34,608	42	37,940	44	-8.8%
Electric Motors Sector	7,278	8	7,346	9	-0.9%
Other Revenues Sector	<u>9</u>	<u>-</u>	<u>683</u>	<u>1</u>	n.s.
Total	<u>83,199</u>	<u>100</u>	<u>85,604</u>	<u>100</u>	-2.8%

The **Hydraulic Sector** grew by 4.2%. Sales of the subsidiary Muncie increased by 2.9%. Sales of our European companies rose by 11.9% compared to the same period of the previous year.

The **Industrial Sector** registered sales for 34.6 million euro, (-8.8% compared to last year) due to the lack of sales of cleaning equipment in North America and to the decreased sales, for the time being, of sales of very high pressure systems. Sales of high pressure pumps increased by 13%.

Electric Motor sales amounted to 7.3 million euro, a figure substantially in line with that of the fourth quarter of 2005.

EBITDA was 15.8 million euro or 19.0% of sales, compared to the 16.0 million euro of the fourth quarter of 2005, representing 18.7% of sales.

The following table gives a breakdown of EBITDA according to area of business.

	2006 4 th quarter €/000	% on total sales*	2005 4 th quarter €/000	% on total sales*	Increase/ Decrease
Hydraulic Sector	8,629	20.9%	7,776	19.6%	+11.0%
Industrial Sector	8,343	24.0%	8,812	23.2%	-9.9%
Electric Motors Sector	(1,122)	n.s.	(688)	n.s.	n.s.
Other Revenues Sector	<u>(35)</u>	n.s.	<u>99</u>	n.s.	n.s.
Total	<u>15,815</u>	<u>19.0%</u>	<u>15,999</u>	<u>18.7%</u>	-1.2%

* = Total sales also include those with other companies included in the area of continuing operations, while the sales analysed previously are exclusively external to the Group. Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales indicated earlier.

The operating profit (**EBIT**) amounted to 13.0 million euro or 15.6% of sales compared to the 12.9 million euro for the fourth quarter of 2005 (15.1% of sales).

The fourth quarter closed with a **consolidated net profit** of 13.3 million euro (5.5 million in the fourth quarter of 2005, before registration of the figures of the discontinued operations).

Results of the Parent Company Interpump Group S.p.A.

Net sales of Interpump Group S.p.A. in 2006 were equal to 72.5 million euro, against 65.2 million euro in 2005 (+11.1%). The **net profit** of the Parent Company in 2006 was 19.7 million euro, compared to 29.7 million euro in 2005. The fall is essentially due to extraordinary operations only partly compensated by the different amount of dividends.

Interpump Group adheres to the **Code of Corporate Governance** released under the patronage of Borsa Italiana on March 14, 2006.

During the first months of 2007, measures necessary for the application of the Code recommendations that have not yet been fully implemented by Interpump Group S.p.A., will be completed.

Information on these actions will be given in the corporate governance report relative to the financial year 2006.

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Financial statements

Consolidated balance sheets

	31/12/2006	30/09/2006	31/12/2005
	€/000	€/000	€/000
ASSETS			
Current assets			
Cash and cash equivalents	58,386	37,721	56,078
Trade receivables	66,211	70,583	70,974
Inventories	83,323	80,285	85,239
Tax receivables	1,088	1,198	5,229
Derivative financial instruments	184	13	359
Assets available for sale	21,669	24,099	2,454
Other current assets	2,416	2,984	2,150
Total current assets	233,277	216,883	222,483
Non-current assets			
Property, plant and equipment	51,793	50,441	51,165
Goodwill	130,930	131,582	133,885
Other intangible assets	15,717	15,718	15,598
Investments in associated companies	-	4,905	5,390
Other financial assets	4,844	15,351	14,361
Tax receivables	511	44	371
Deferred tax assets	11,245	10,531	11,926
Other non current assets	641	608	210
Total non current assets	215,681	229,180	232,906
Total assets	448,958	446,063	455,389

	31/12/2006	30/09/2006	31/12/2005
	€/000	€/000	€/000
LIABILITIES			
Current liabilities			
Trade payables	40,724	37,817	43,874
Payables to banks	9,739	9,692	11,591
Interest bearing financial payables (current portion)	50,114	38,225	50,673
Derivative financial instruments	249	247	1,023
Taxes payable	6,476	11,786	6,267
Liabilities related to assets held for sale	12,782	10,114	-
Other current liabilities	11,013	11,683	33,960
Provisions for risks and charges	1,679	1,652	1,589
Total current liabilities	132,776	121,216	148,977
Non-current liabilities			
Interest bearing financial payables	134,509	148,760	121,515
Liabilities for employee benefits	9,539	10,007	10,982
Taxes payables	44	44	-
Deferred tax liabilities	13,697	13,301	14,493
Other non-current liabilities	190	184	229
Provisions for risks and charges	2,315	2,659	2,514
Total non current liabilities	160,294	174,955	149,733
Total liabilities	293,070	296,171	298,710
SHAREHOLDERS' EQUITY			
Share Capital	41,559	41,559	41,559
Legal reserve	8,747	8,747	8,747
Share premium reserve	17,587	17,421	16,739
Reserve for valuation of hedging derivatives at fair value	(105)	(146)	(558)
Reserve for valuation of investments at fair value	94	-	-
Translation reserve	(9,759)	(7,900)	(4,664)
Other reserves	91,619	83,129	87,801
Shareholders' equity for the Group	149,742	142,810	149,624
Minority interests	6,146	7,082	7,055
Total shareholders' equity	155,888	149,892	156,679
Total shareholders' equity and liabilities	448,958	446,063	455,389

Consolidated income statements (twelve months)

(€000)	2006	2005		Total
		<i>Continuing operations</i>	<i>Discontinued operations</i>	
Net sales	364,876	331,608	119,894	451,502
Cost of sales	(229,712)	(209,386)	(84,776)	(294,162)
Gross industrial margin	135,164	122,222	35,118	157,340
Other net revenues	6,411	4,319	394	4,713
Distribution costs	(27,782)	(25,460)	(15,469)	(40,929)
General and administrative expenses	(43,145)	(43,039)	(8,542)	(51,581)
Other operating costs	(933)	(658)	(210)	(868)
Gains from disposals of investments in associated companies	7,595			
Goodwill impairment loss	(1,167)	(4,011)	-	(4,011)
Ordinary profit before financial charges	76,143	53,373	11,291	64,664
Financial income	3,884	4,673	1,452	6,125
Financial charges	(12,486)	(10,636)	(4,051)	(14,687)
Adjustment of investments according to the equity method	(780)	(42)	103	61
Profit for the period before taxes	66,761	47,368	8,795	56,163
Income taxes	(25,169)	(20,294)	(4,600)	(24,894)
Profit for the period after taxes and before the capital gain on discontinued operation	41,592	27,074	4,195	31,269
Gains from discontinued operations	-	-	47,978	47,978
Consolidated profit for the period	41,592	27,074	52,173	79,247
Due to:				
Parent company shareholders	40,980	26,539	51,526	78,065
Subsidiaries' minority shareholders	612	535	647	1,182
Consolidated profit for the period	41,592	27,074	52,173	79,247
Basic earnings per share (euro)	0.542	0.363		1.067
Diluted earnings per share (euro)	0.539	0.363		1.067

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 the whole 2006 and only for nine 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 fourth quarter

(€000)	<u>2006</u>	<u>2005</u>
Net sales	83,199	85,604
Cost of sales	(53,237)	(54,194)
Gross industrial margin	29,962	31,410
Other net revenues	1,404	1,157
Distribution costs	(7,264)	(7,118)
General and administrative expenses	(10,773)	(12,319)
Other operating costs	(363)	(187)
Gains from disposals of investments in associated companies	7,595	-
Goodwill impairment losses	(1,167)	(4,011)
Ordinary profit before financial charges	19,394	8,932
Financial income	1,573	1,056
Financial charges	(4,563)	(2,669)
Adjustment of investments according to the equity method	(220)	(30)
Profit for the period before taxes	16,184	7,289
Income taxes	(2,845)	(1,789)
Profit for the period after taxes and before the capital gain on discontinued operations	13,332	5,500
Adjustments of capital gain on discontinued operations	7	(2,252)
Consolidated profit for the period	13,339	3,248
Due to:		
Parent company shareholders	13,257	3,231
Subsidiaries' minority shareholders	82	17
Consolidated profit for the period	13,339	3,248
Basic earnings per share (euro)	0.180	0.074
Diluted earnings per share (euro)	0.179	0.074

Consolidated cash flow statements as at December 31st (twelve months)

(€000)	2006	2005		<i>Total</i>
		Continuing operations	Discontinued operations	
Cash flow from operating activities				
Profit before taxes and gains from discontinued operations	66,761	47,368	8,795	56,163
Adjustments for non-cash items:				
Losses (capital gains) from the sale of fixed assets	(9)	(1,343)	(21)	(1,364)
Gains from disposals of investments	(8,542)	(366)	-	(366)
Depreciation and amortisation	8,527	9,521	3,130	12,651
Impairment of assets	1,167	4,011	-	4,011
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	848	1,645	-	1,645
(Profits) losses from investments	780	42	(103)	(61)
Net change of risk funds and allocations to liabilities for benefits for employees	652	1,966	828	2,794
Net financial charges	8,602	5,963	2,599	8,562
Other	5	(18)	-	(18)
	78,791	68,789	15,228	84,017
(Increase) decrease in trade receivables and other current assets	(3,834)	(2,786)	(10,290)	(13,076)
(Increase) decrease in inventories	(7,197)	(8,663)	4,903	(3,760)
Increase (decrease) in trade payables and other current liabilities	1,994	1,069	17,253	18,322
Interest paid	(7,089)	(5,899)	(1,597)	(7,496)
Currency exchange gains	(493)	416	(151)	265
Taxes paid	(24,296)	(21,221)	-	(21,221)
Net liquidity generated by operating activities	37,876	31,705	25,346	57,051
Cash flow from investing activities				
Purchase of Hammelmann, net of cash received	(1,000)	(87,163)	-	(87,163)
Proceeds from the sale of IP Cleaning S.p.A.	(1,471)	-	75,233	75,233
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	-	-	(1,881)	(1,881)
(Investment) Disposal in (of) X-Equity	12,500	-	(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 and other companies	500	1,557	-	1,557
Payment for purchase of treasury stock	(25,667)	(8,829)	-	(8,829)
Proceeds from the sale of treasury stock to the holders of stock options	15	12,939	-	12,939

(€000)	2006	2005		
		<i>Continuing operations</i>	<i>Discontinued operations</i>	
Investment in property, plant and equipment	(10,164)	(5,743)	(1,328)	(7,071)
Proceeds from the sale of tangible fixed assets	562	3,099	105	3,204
Increase in intangible assets	(2,104)	(1,859)	(339)	(2,198)
Financial income collected	1,911	1,064	146	1,210
Other	291	14	(23)	(9)
				(16,245)
Net liquidity utilised in investing activities	(43,140)	(84,921)	68,676)
Cash flow of financing activities				
Loan (granted) collected (from) to X Equity	10,000	-	(10,000)	(10,000)
Proceeds from (repayments of) loans	11,151	46,919	58,680	105,599
Repayment of shareholders' loan	128	-	(54)	(54)
Loan granted to non consolidated subsidiary	(489)	-	-	-
Payment of financial leasing instalments (principal)	(210)	(219)	(1,120)	(1,339)
Dividends paid	(12,929)	(63,725)	(893)	(64,618)
Net cash from (used in) financing activities	7,651	(17,025)	46,613	29,588
Net increase (decrease) in cash and cash equivalents	2,387	(70,241)	140,635	70,394
Exchange differences on conversion of the liquidity of companies in areas outside the EU	285			(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	609			-
Cash and cash equivalents at the beginning of the period	44,487			(25,750)
Cash and cash equivalents at the end of the period	48,647			44,487

Discontinuous operations are included for 5 months in 2005.

Cash and cash equivalents can be broken down as follows:

	31/12/2006	31/12/2005	01/01/2005
	€000	€000	€000
Cash and cash equivalents from balance sheet	58,386	56,078	22,391
Payables to banks (for overdrafts and advances subject to collection)	<u>(9,739)</u>	<u>(11,591)</u>	<u>(48,141)</u>
Cash and cash equivalents from cash flow statement	<u>48,647</u>	<u>44,487</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	-	-	-	-	-	5,053	-	5,053	123	5,176
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	-	2,111	-	2,111	-	2,111
Minority interests purchased by the Group	-	-	-	-	-	-	-	-	(307)	(307)
Minority interests sold by the Group	-	-	-	-	-	-	-	-	(6,561)	(6,561)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	1,645	-	-	-	-	1,645	-	1,645
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(1,090)	-	-	-	(1,090)	-	(1,090)
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 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 31/12/2005	-	-	-	510	-	-	-	510	-	510
Distribution of special dividend	-	-	-	-	-	-	(53,426)	(53,426)	-	(53,426)
Acquisition of treasury stock	-	-	-	-	-	-	(8,829)	(8,829)	-	(8,829)
Proceeds from the sale of treasury stock to the holders of stock options	-	-	-	-	-	-	12,939	12,939	-	12,939
Net profit for the period	-	-	-	-	-	-	78,065	78,065	1,182	79,247
<i>Balances as at 31 December 2005</i>	<i>41,559</i>	<i>8,747</i>	<i>16,739</i>	<i>(558)</i>	<i>-</i>	<i>(4,664)</i>	<i>87,801</i>	<i>149,624</i>	<i>7,055</i>	<i>156,679</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 1 January 2006</i>	41,559	8,747	16,739	(558)	-	(4,664)	87,801	149,624	7,055	156,679
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	-	(3,304)	-	(3,304)	(105)	(3,409)
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	-	(1,791)	-	(1,791)	-	(1,791)
Distribution of dividends	-	-	-	-	-	-	(11,510)	(11,510)	(1,419)	(12,929)
Minority interests sold by the Group	-	-	-	-	-	-	-	-	3	3
Purchase of treasury stock	-	-	-	-	-	-	(25,667)	(25,667)	-	(25,667)
Sale of treasury stock on the exercising of stock options	-	-	-	-	-	-	15	15	-	15
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	848	-	-	-	-	848	-	848
Recording under shareholders' equity of the change in the fair value of investments in other companies	-	-	-	-	1,012	-	-	1,012	-	1,012
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 31/12/2006	-	-	-	435	-	-	-	435	-	435
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	18	-	-	-	18	-	18
Net profit for the period	-	-	-	-	-	-	40,980	40,980	612	41,592
<i>Balances as at 31 December 2006</i>	<i>41,559</i>	<i>8,747</i>	<i>17,587</i>	<i>(105)</i>	<i>94</i>	<i>(9,759)</i>	<i>91,619</i>	<i>149,742</i>	<i>6,146</i>	<i>155,888</i>

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

	31/12/2006	31/12/2005
	€/000	€/000
ASSETS		
Current assets		
Cash and cash equivalents	37,405	34,938
Trade receivables	11,946	10,610
Inventories	14,286	13,653
Tax receivables	293	320
Derivative financial instruments	139	-
Assets held for sale	7,951	3,500
Other current assets	890	336
Total current assets	72,910	63,357
Non-current assets		
Property, plant and equipment	13,224	12,169
Goodwill	32,506	32,506
Other intangible assets	2,704	2,609
Investments in subsidiaries	83,498	90,798
Investments in associated companies	-	9,306
Other financial assets	26,050	44,362
Tax receivables	17	17
Deferred tax assets	3,856	4,576
Other non current assets	501	17
Total non current assets	162,356	196,360
Total assets	235,266	259,717

	<i>31/12/2006</i>	<i>31/12/2005</i>
	<i>€/000</i>	<i>€/000</i>
LIABILITIES		
Current liabilities		
Trade payables	12,059	9,801
Payables to banks	1,126	526
Interest bearing financial payables (current portion)	35,000	41,666
Derivative financial instruments	234	907
Taxes payable	1,258	2,668
Other current liabilities	3,948	5,228
Provisions for risks and charges	310	901
Total current liabilities	53,935	61,697
Non-current liabilities		
Interest bearing financial payables	79,788	79,677
Liabilities for employee benefits	4,730	4,710
Deferred tax liabilities	2,287	2,156
Provisions for risks and charges	301	1,000
Total non current liabilities	87,106	87,543
Total liabilities	141,041	149,240
SHAREHOLDERS' EQUITY		
Share Capital	41,559	41,559
Legal reserve	8,747	8,747
Share premium reserve	17,318	16,596
Reserve for valuation of hedging derivatives at fair value	(110)	(558)
Other reserves	26,711	44,133
Total shareholders' equity	94,225	110,477
Total shareholders' equity and liabilities	235,266	259,717

Income statements for the parent company Interpump Group S.p.A.

(€000)	2006	2005
Net sales	72,506	65,234
Cost of sales	(45,815)	(38,506)
Gross industrial margin	26,691	26,728
Other net revenues	3,421	3,088
Distribution costs	(2,965)	(2,629)
General and administrative expenses	(11,068)	(11,653)
Capital gain on disposal of associated companies	3,194	-
Reversal of a previous impairment loss	1,129	-
Impairment loss	(5,861)	(13,032)
Other operating costs	(250)	(52)
Dividends	14,928	8,082
Ordinary profit before financial charges	29,219	10,532
Financial income	3,060	984
Financial charges	(6,703)	(5,158)
Profit for the period before taxes	25,576	6,358
Income taxes	(5,836)	(3,749)
Profit for the period after taxes and before the capital gain on discontinued operation	19,740	2,609
Gains from discontinued operations	-	26,464
Consolidated profit for the period	19,740	29,073
Basic earnings per share	0.262	0.397
Diluted earnings per share	0.260	0.397

Cash flow statements for the parent company Interpump Group S.p.A.

(€000)	2006	2005
Cash flow from operating activities		
Profit before taxes and gains from discontinued operations	25,576	6,358
Adjustments for non-monetary items:		
Gains from disposals of fixed assets	(5)	(1,293)
Gains from disposals of investments	(4,141)	-
Depreciation and amortisation	2,244	2,604
Other write down of fixed assets	-	1,586
Expenses recognised in the income statement relating to stock options which do not result in cash outflows for the Group	722	1,584
Write down (reversal of write down) of assets	4,732	11,446
Net change in provisions and accruals for employee benefits	(102)	752
Dividends	(14,928)	(8,082)
Net financial charges	3,643	4,174
	<u>17,741</u>	<u>19,129</u>
(Increase) decrease in trade receivables and other current assets	(1,516)	2,438
(Increase) decrease in inventories	(1,919)	(1,353)
Increase (decrease) in trade payables and other current liabilities	7,328	5,627
Income taxes paid	(11,311)	(8,986)
Interest paid	(5,360)	(4,844)
Realised exchange differences	(56)	28
Net cash from operating activities	<u>4,907</u>	<u>12,039</u>
Cash flows from investing activities		
Proceeds (balance) from the sale of IP Cleaning S.p.A.	(1,471)	81,498
Coverage of losses of subsidiaries	-	(579)
Acquisition of investments	(104)	(73,760)
Proceeds from the sale of investments	13,003	-
Purchase of treasury stock	(25,667)	(8,829)
Proceeds from the sale of treasury stock to the holders of stock options	15	12,939
Investments in property, plant and equipment	(2,452)	(1516)
Proceeds from the sale of tangible fixed assets	47	2,708
Increase in intangible fixed assets	(1,293)	(1,082)
Financial income received	2,005	912
Other items	(10)	217
Net cash generated (used) in investing activities	<u>(15,927)</u>	<u>12,508</u>
Cash flows from financing activities		
Dividends paid	(11,510)	(63,326)
Dividends received	14,928	13,162
Loan granted to Hammelmann	-	(48,500)
Repayment of IP Cleaning S.p.A. loan	-	56,000
Vendor loan granted to X Equity	10,000	(10,000)
Variation in intercompany loans	6,818	16,741
Proceeds from (repayments of) loans	(7,349)	37,890
Net liquidity obtained through (utilised in) financing activities	<u>12,887</u>	<u>1,967</u>
Net (increase) decrease of cash and cash equivalents	<u>1,867</u>	<u>26,514</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>36,279</u>	<u>34,412</u>

Cash and cash equivalents can be broken down as follows:

	31/12/2006	31/12/2005	01/01/2005
		€000	€000
Cash and cash equivalents from the balance sheet	37,405	34,938	8,322
Payables to banks (for current account overdrafts and advances subject to collection)	<u>(1,126)</u>	<u>(526)</u>	<u>(424)</u>
Cash and cash equivalents as from the cash flow statement	<u>(36,279)</u>	<u>34,412</u>	<u>7,898</u>

Changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of derivatives at fair value	Reserve for valuation of investments at fair value	Other reserves	Total
<i>Balances as at 1 January 2005</i>	43,694	8,747	15,012	(928)	-	72,142	138,667
Cancellation of treasury stock	(2,135)	-	-	-	-	2,135	-
Recording under shareholders' equity of the change in the fair value of derivative hedging instruments existing at 1/1/2005	-	-	-	370	-	-	370
Purchase of treasury stock	-	-	-	-	-	(8,830)	(8,830)
Sale of treasury stock to the holders of stock options	-	-	-	-	-	12,939	12,939
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	1,584	-	-	-	1,584
Distribution of ordinary dividend	-	-	-	-	-	(9,900)	(9,900)
Distribution of special dividend	-	-	-	-	-	(53,426)	(53,426)
Net profit for the period	-	-	-	-	-	29,073	29,073
<i>Balances as at 31 December 2005</i>	<i>41,559</i>	<i>8,747</i>	<i>16,596</i>	<i>(558)</i>	<i>-</i>	<i>44,133</i>	<i>110,477</i>
Purchase of treasury stock	-	-	-	-	-	(25,667)	(25,667)
Sale of treasury stock to the holders of stock options	-	-	-	-	-	15	15
Distribution of dividends	-	-	-	-	-	(11,510)	(11,510)
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 31/12/2006	-	-	-	430	-	-	430
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	18	-	-	18
Recording under shareholders' equity of the change in the fair value of investments in other companies	-	-	-	-	918	-	918
Change in fair value of a divested investment	-	-	-	-	(918)	-	(918)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	722	-	-	-	722
Net profit for the period	-	-	-	-	-	19,740	19,740
<i>Balances as at 31 December 2006</i>	<i>41,559</i>	<i>8,747</i>	<i>17,318</i>	<i>(110)</i>	<i>-</i>	<i>26,711</i>	<i>94,225</i>