



## PRESS RELEASE

### BOARD OF DIRECTORS APPROVES THE RESULTS FOR THE FINANCIAL YEAR 2006

#### Proposal of dividend of 18 cents (up 20.0%)

**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**

*Milan, 15 March 2007* – The Board of Directors of Interpump Group S.p.A. met today in Milan to approve the 2006 results. The Board of Directors also proposed to the Shareholders' Meeting – due to be convened on 16 April in first call and 18 April 2007 in second call at Interpump Group's registered office in Sant'Ilario d'Enza – the distribution of a **dividend equal to 18 cents** (up 20.0% against 0.15 euro paid in the previous year). The dividend, if approved, will be paid out on 14 June 2007, with a coupon detachment date of 11 June 2007.

#### Results for the financial year 2006

At 31 December 2006 Interpump Group registered 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<br>(twelve<br>months)<br>€/000 | % on<br>total<br>sales* | 2005<br>(twelve<br>months)<br>€/000 | % on<br>total<br>sales* | Increase/<br>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  | <u>(1,253)</u>                      | n.s.                    | <u>(465)</u>                        | n.s.                    | n.s.                  |
| <b>Total</b>           | <b><u>79,144</u></b>                | <b>21.7%</b>            | <b><u>67,985</u></b>                | <b>20.5%</b>            | <b>+16.4%</b>         |

\* = 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 an impairment loss 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 treasury 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%.

### **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.

The ordinary Shareholders' Meeting is due to be convened on April 16 in first call and on 18 April 2007 in second call at Interpump Group's registered office in Sant'Ilario d'Enza.

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## Financial statements

### Consolidated balance sheets

|                                     | 31/12/2006     | 30/09/2006     | 31/12/2005     |
|-------------------------------------|----------------|----------------|----------------|
|                                     | €/000          | €/000          | €/000          |
| <b>ASSETS</b>                       |                |                |                |
| <b>Current assets</b>               |                |                |                |
| 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          |
| <b>Total current assets</b>         | <b>233,277</b> | <b>216,883</b> | <b>222,483</b> |
| <b>Non-current assets</b>           |                |                |                |
| 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            |
| <b>Total non current assets</b>     | <b>215,681</b> | <b>229,180</b> | <b>232,906</b> |
| <b>Total assets</b>                 | <b>448,958</b> | <b>446,063</b> | <b>455,389</b> |

|  | 31/12/2006     | 30/09/2006     | 31/12/2005     |
|--|----------------|----------------|----------------|
|  | €000           | €000           | €000           |
| <b>LIABILITIES</b>   |                |                |                |
| <b>Current liabilities</b>                                 |                |                |                |
| 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          |
| <b>Total current liabilities</b>                           | <b>132,776</b> | <b>121,216</b> | <b>148,977</b> |
| <b>Non-current liabilities</b>                             |                |                |                |
| 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          |
| <b>Total non current liabilities</b>                       | <b>160,294</b> | <b>174,955</b> | <b>149,733</b> |
| <b>Total liabilities</b>                                   | <b>293,070</b> | <b>296,171</b> | <b>298,710</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                |                |                |                |
| 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         |
| <b>Shareholders' equity for the Group</b>                  | <b>149,742</b> | <b>142,810</b> | <b>149,624</b> |
| Minority interests   | 6,146          | 7,082          | 7,055          |
| <b>Total shareholders' equity</b>                          | <b>155,888</b> | <b>149,892</b> | <b>156,679</b> |
| <b>Total shareholders' equity and liabilities</b>          | <b>448,958</b> | <b>446,063</b> | <b>455,389</b> |

## Consolidated income statements

| (€000)   | <u>2006</u>    | <u>2005</u>                      |                                    | <i>Total</i>   |
|--|----------------|----------------------------------|------------------------------------|----------------|
|  |                | <i>Continuing<br/>operations</i> | <i>Discontinued<br/>operations</i> |                |
| <b>Net sales</b>   | <b>364,876</b> | <b>331,608</b>                   | <b>119,894</b>                     | <b>451,502</b> |
| Cost of sales  | (229,712)      | (209,386)                        | (84,776)                           | (294,162)      |
| <b>Gross industrial margin</b>   | <b>135,164</b> | <b>122,222</b>                   | <b>35,118</b>                      | <b>157,340</b> |
| 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<br>associated companies   | 7,595          |                                  |                                    |                |
| Goodwill impairment loss   | (1,167)        | (4,011)                          | -                                  | (4,011)        |
| <b>Ordinary profit before financial charges</b>  | <b>76,143</b>  | <b>53,373</b>                    | <b>11,291</b>                      | <b>64,664</b>  |
| Financial income   | 3,884          | <b>4,673</b>                     | 1,452                              | 6,125          |
| Financial charges  | (12,486)       | (10,636)                         | (4,051)                            | (14,687)       |
| Adjustment of investments<br>according to the equity method  | (780)          | (42)                             | 103                                | 61             |
| <b>Profit for the period before taxes</b>  | <b>66,761</b>  | <b>47,368</b>                    | <b>8,795</b>                       | <b>56,163</b>  |
| Income taxes   | (25,169)       | (20,294)                         | (4,600)                            | (24,894)       |
| <b>Profit for the period after taxes<br/>and before the capital gain<br/>on discontinued operation</b> | <b>41,592</b>  | <b>27,074</b>                    | <b>4,195</b>                       | <b>31,269</b>  |
| Gains from discontinued operations   | -              | -                                | 47,978                             | 47,978         |
| <b>Consolidated profit for the period</b>  | <b>41,592</b>  | <b>27,074</b>                    | <b>52,173</b>                      | <b>79,247</b>  |
| <b>Due to:</b>   |                |                                  |                                    |                |
| Parent company shareholders  | 40,980         | 26,539                           | 51,526                             | 78,065         |
| Subsidiaries' minority shareholders  | 612            | 535                              | 647                                | 1,182          |
| <b>Consolidated profit for the period</b>  | <b>41,592</b>  | <b>27,074</b>                    | <b>52,173</b>                      | <b>79,247</b>  |
| 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 cash flow statements as at December 31<sup>st</sup>

| (€000)   | 2006          | 2005                  |                         | <i>Total</i>  |
|--|---------------|-----------------------|-------------------------|---------------|
|  |               | Continuing operations | Discontinued operations |               |
| <b>Cash flow from operating activities</b>   |               |                       |                         |               |
| 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)      |
| <b>Net liquidity generated by operating activities</b>   | <b>37,876</b> | <b>31,705</b>         | <b>25,346</b>           | <b>57,051</b> |
| <b>Cash flow from investing activities</b>   |               |                       |                         |               |
| 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<br/>operations</i> | <i>Discontinued<br/>operations</i> | <i>Total</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)             |
| <b>Net liquidity utilised in investing activities</b>  | <b>(43,140)</b> | <b>(84,921)</b>                  | <b>68,676</b>                      | <b>(16,245)</b> |
| <b>Cash flow of financing activities</b>   |                 |                                  |                                    |                 |
| 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)        |
| <b>Net cash from (used in) financing activities</b>  | <b>7,651</b>    | <b>(17,025)</b>                  | <b>46,613</b>                      | <b>29,588</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>2,387</b>    | <b>(70,241)</b>                  | <b>140,635</b>                     | <b>70,394</b>   |
| 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   | <b>44,487</b>   |                                  |                                    | <b>(25,750)</b> |
| Cash and cash equivalents at the end of the period   | <b>48,647</b>   |                                  |                                    | <b>44,487</b>   |

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<br>(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          |
| <b>ASSETS</b>                       |                |                |
| <b>Current assets</b>               |                |                |
| 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            |
| <b>Total current assets</b>         | <b>72,910</b>  | <b>63,357</b>  |
| <b>Non-current assets</b>           |                |                |
| 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             |
| <b>Total non current assets</b>     | <b>162,356</b> | <b>196,360</b> |
| <b>Total assets</b>                 | <b>235,266</b> | <b>259,717</b> |

|  | <i>31/12/2006</i> | <i>31/12/2005</i> |
|--|-------------------|-------------------|
|  | <i>€/000</i>      | <i>€/000</i>      |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>                                 |                   |                   |
| Trade payables   | 12,059            | 9,801             |
| Payables to banks  | 1,126             | 526               |
| Interest bearing financial payables<br>(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               |
| <b>Total current liabilities</b>                           | <b>53,935</b>     | <b>61,697</b>     |
| <b>Non-current liabilities</b>                             |                   |                   |
| 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             |
| <b>Total non current liabilities</b>                       | <b>87,106</b>     | <b>87,543</b>     |
| <b>Total liabilities</b>                                   | <b>141,041</b>    | <b>149,240</b>    |
| <b>SHAREHOLDERS' EQUITY</b>                                |                   |                   |
| 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            |
| <b>Total shareholders' equity</b>                          | <b>94,225</b>     | <b>110,477</b>    |
| <b>Total shareholders' equity and liabilities</b>          | <b>235,266</b>    | <b>259,717</b>    |

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

| (€000)   | 2006          | 2005          |
|--|---------------|---------------|
| <b>Net sales</b>   | <b>72,506</b> | <b>65,234</b> |
| Cost of sales  | (45,815)      | (38,506)      |
| <b>Gross industrial margin</b>   | <b>26,691</b> | <b>26,728</b> |
| 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         |
| <b>Ordinary profit before financial charges</b>  | <b>29,219</b> | <b>10,532</b> |
| Financial income   | 3,060         | 984           |
| Financial charges  | (6,703)       | (5,158)       |
| <b>Profit for the period before taxes</b>  | <b>25,576</b> | <b>6,358</b>  |
| Income taxes   | (5,836)       | (3,749)       |
| <b>Profit for the period after taxes and before the capital gain on discontinued operation</b> | <b>19,740</b> | <b>2,609</b>  |
| Gains from discontinued operations   | -             | 26,464        |
| <b>Consolidated profit for the period</b>  | <b>19,740</b> | <b>29,073</b> |
| 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                 |
|---|------------------------|----------------------|
| <b>Cash flow from operating activities</b>  |                        |                      |
| 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<br>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                   |
| <b>Net cash from operating activities</b>   | <b><u>4,907</u></b>    | <b><u>12,039</u></b> |
| <b>Cash flows from investing activities</b>   |                        |                      |
| 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                  |
| <b>Net cash generated (used) in investing activities</b>  | <b><u>(15,927)</u></b> | <b><u>12,508</u></b> |
| <b>Cash flows from financing activities</b>   |                        |                      |
| 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               |
| <b>Net liquidity obtained through (utilised in) financing activities</b>  | <b><u>12,887</u></b>   | <b><u>1,967</u></b>  |
| <b>Net (increase) decrease of cash and cash equivalents</b>   | <b><u>1,867</u></b>    | <b><u>26,514</u></b> |
| 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 hedging 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>  |