



PRESS RELEASE

THE BOARD OF DIRECTORS

APPROVES THE 2010 CONSOLIDATED FINANCIAL STATEMENTS

PROPOSED DIVIDEND OF 11 euro cents

Net sales: €424.9 million (€342.9 million in 2009): +23.9%

EBITDA: €74.1 million (17.4% of sales); €46.9 million in 2009: +58.1%

EBIT: €54.7 million (12.9% of sales); €29.2 million in 2009: +87.3%

Consolidated net profit: €27.4 million (6.4% of sales); €14.0 million in 2009: +95.9%

Net financial debt fell to €126.1 million from €185.5 million at 31 December 2009

Free cash flow: €57.0 million (€63.1 million in 2009)

Basic earnings per share: 0.284 euros (0.187 euros in 2009): +51.9%

Proposal to shareholders for the purchase of treasury shares

Milan, 15 March 2011 – The Board of Directors of Interpump Group S.p.A., meeting today in Milan, **approved the results for 2010**. At the same time the Board of Directors took the decision to make a proposal to shareholders in general meeting to approve the distribution of a **dividend of 11 euro cents**. If approved, the dividend will be put into payment on 12 May with detachment date 9 May.

CONSOLIDATED RESULTS FOR 2010

Interpump Group achieved **consolidated net sales of 424.9 million euros** in 2010 (compared to 342.9 million euros in 2009; +21.4% on a like for like basis).

Net sales may be analysed as follows:

By business sector

	<i>2010</i>	<i>%</i>	<i>2009</i>	<i>%</i>	<i>Increase</i>
	<u>€/000</u>		<u>€/000</u>		
Hydraulic Sector	190,313	45	149,698	44	+27.1%
Industrial Sector	209,831	49	172,409	50	+21.7%
Electric Motors Sector	<u>24,781</u>	<u>6</u>	<u>20,817</u>	<u>6</u>	+19.0%
Total	<u>424,925</u>	<u>100</u>	<u>342,924</u>	<u>100</u>	+23.9%

Sales in the **Hydraulic Sector** increased by 27.1% (+21.5% on a like for like basis). Excluding the Cylinder Hub, sales of the European companies (75.9 million euros) increased by 21.0% compared to the previous year. Sales of the subsidiary Muncie rose by 13.9% in dollar terms; translated into euros there was an increase of



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19.9%. Sales of the companies of the Cylinder Hub (62.1 million euros) increased by 43.4% compared with 2009.

The **Industrial Sector** achieved a turnover of 209.8 million euros representing an increase of 21.7%. The following table sets out the sales of the Industrial Sector by product type.

	<i>2010</i>	<i>2009</i>	<i>Increase</i>
	<u>€/000</u>	<u>€/000</u>	
High pressure pumps	75,429	60,274	+25.1%
Very high pressure systems	122,366	101,703	+20.3%
Sheet metal drawing, blanking and pressing	3,188	2,623	+21.5%
Cleaning machinery	<u>8,848</u>	<u>7,809</u>	+13.3%
Total	<u>209,831</u>	<u>172,409</u>	+21.7%

Sales in the Industrial and Hydraulic Sectors made outside of Europe and North America reached 90.6 million euros, a rise of 43.6%, and represent 21.7% of consolidated turnover (18.4% in 2009), showing the increasing emphasis placed on these emerging markets.

EBIT (operating profit) rose to 54.7 million euros (12.9% of sales), representing an increase of 87.3% (89.7% on a like for like basis) compared with 29.2 million euros in 2009.

EBITDA (gross operating profit) rose to 74.1 million euros (17.4% of sales) against 46.9 million euros in 2009 (13.7% of sales) with a rise of 58.1%. The following table sets out EBITDA by business sector:

	<i>2010</i>	<i>% of</i>	<i>2009</i>	<i>% of</i>	<i>Increase</i>
	<u>€/000</u>	<i>total</i>	<u>€/000</u>	<i>total</i>	
		<i>sales*</i>		<i>sales*</i>	
Hydraulic Sector	23,607	12.4%	14,992	10.0%	+57.5%
Industrial Sector	50,347	23.9%	32,867	19.0%	+53.2%
Electric Motors Sector	162	0.6%	(1,070)	-4.9%	n.s.
Other Activities Sector	<u>(16)</u>	n.s.	<u>67</u>	n.s.	n.s.
Total	<u>74,100</u>	17.4%	<u>46,856</u>	13.7%	+58.1%

* = Total sales also include those to other Group companies, while the sales analysed earlier consist solely of those made outside the Group. As a result, for consistency the percentage is calculated on total sales rather than on sales as stated earlier.

The year 2010 closed with a **net profit of 27.4 million euros** (6.4% of sales) against 14.0 million euros in 2009 (4.1% of sales), representing an increase of 95.9%. Basic earnings per share amounted to 0.284 euros (0.187 euros in 2009), an increase of 51.9%.

Invested capital fell from 444.6 million euros at 31 December 2009 to 439.2 million euros at 31 December 2010.

ROCE amounted to 12.5% (6.6% in 2009).



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ROE amounted to 9.4% (5.8% in 2009).

Net cash from operating activities totalled 64.8 million euros (69.6 million euros in 2009).

Free cash flow amounted to 57.0 million euros (63.1 million euros in 2009). Despite a period of significant growth, the Group succeeded in containing the increase in trading working capital, producing a free cash flow only slightly less than that generated in 2009, when the significant fall in volumes encouraged a significant decrease in working capital. **Free cash flow per share** amounted to 0.611 euros.

Net financial debt fell from 185.5 million euros at 31 December 2009 to 126.1 million euros at 31 December 2010 due to the significant generation of cash. The amount excludes commitments of 21.6 million euros (16.4 at 31 December 2009) for the purchase of investments (put options) in companies already controlled

The Group has achieved consolidated turnover of 76.3 million euros in the first two months of 2011 representing a rise of 28.9 over the first two months of 2010, which was still significantly affected by the crisis affecting the economy in 2009.

RESULTS OF THE PARENT INTERPUMP GROUP S.p.A.

Interpump Group S.p.A. achieved net revenues of 67.7 million euros (54.0 million euros in 2009) representing a rise of 25.5%.

EBIT (operating profit) rose to 9.5 million euros (14% of sales) against 6.3 million euros in 2009 (11.7% of sales), a rise of 50.7%.

EBITDA (gross operating profit) rose to 12.4 million euros (18.3% of sales) against 8.9 million euros in 2009 (16.5% of sales) with a rise of 39.5%.

The year ended 31 December 2010 ended with a **net profit of 18.7 million euros** (14.4 million euros in 2009)

Free cash flow reached 9.2 million euros (6.2 million euros in 2009) representing a rise of 50.1%.



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SHAREHOLDERS' MEETING

The Board of Directors has called a shareholders' meeting for 26 April 2011 (in first call) and **28 April 2011** (in second call) at the head office of Interpump Group at Sant'Ilario d'Enza to approve the annual financial statements for 2010.

Shareholders will additionally be called to adopt a resolution regarding the appointment of a new Board of Directors and a new Board of Statutory Auditors and the determination of their respective emoluments for 2011, the renewal of the authorisation for the purchase and disposal of treasury shares and amendments to the regulations for shareholders' meetings as a consequence of changes in prevailing legislation.

The Board of Directors has additionally called an extraordinary general shareholders' meeting for 26 April 2011 (in first call), 27 April 2011 (in second call) and **28 April 2011** (in third call) to make certain changes to the Company's bylaws following the introduction of Legislative Decree no. 27/2010 implementing Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies and following the issue by CONSOB of the Related Parties Regulation, and to make any other changes which may be required.

RENEWAL OF THE AUTHORISATION FOR THE PURCHASE AND DISPOSAL OF TREASURY SHARES

A proposal will be made to extend the term for the authorisation for the purchase and disposal of treasury shares to October 2012. At 31 December 2010 the Company had n. 3,059,972 treasury shares. No subsequent purchases or disposal took place until today.

APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND MEMBERS OF THE BOARD OF STATUTORY AUDITORS

The terms of the Board of Directors and the Board of Statutory Auditors come to an end on the approval of the financial statements for the year ended 31 December 2010. As a consequence, shareholders will be required to elect new members of these bodies. All documentation in this respect will be published within the terms and by the means provided by prevailing laws and regulations.

Lists of candidates must be lodged, failing which they will be null and void, by shareholders who at the date of lodging a list are the holders, on their own or together with others, of shares with voting rights representing in total at least 2.5% of the subscribed and paid-up capital entitled to vote at ordinary shareholders' meetings to elect members of corporate bodies. The requisites of the lists will be reported in the notice calling the shareholders' meeting. The company will provide immediate notification if only one list has been lodged by 1 April 2011 for the election of the members of the Board of Statutory Auditors, and shareholders will be able to lodge lists for the position as statutory auditor until 4 April 2011. In that case the minimum holding required for lodging a list will be 1.25% of the subscribed and paid-up capital entitled to vote at ordinary shareholders' meetings to elect members of corporate bodies.



**INTERPUMP
GROUP**

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to article 123-*bis* of the Consolidated Finance Law (TUF) it is hereby stated that the Company has published the Report on Corporate Governance and Ownership Structure relating to 2010 on its website at www.interpumpgroup.it. This report has also been lodged with Borsa Italiana S.p.A..

Milan, 15 March 2011

On behalf of the Board of Directors
The Chairman
Giovanni Cavallini

The manager responsible for drafting company accounting documents, Carlo Banci, declares pursuant to the terms of section 2, article 154(2) of the Financial Services Act that the accounting disclosures in the present release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Milan, 15 March 2011

Manager responsible for drafting
company accounting documents
Carlo Banci

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Financial statements

Consolidated balance sheet

<i>ASSETS</i>	<u>31/12/2010</u>	<u>31/12/2009</u>
(€000)		
Current assets		
Cash and cash equivalents	138,721	85,361
Trade receivables	88,536	76,731
Inventories	108,004	100,784
Tax receivables	5,277	5,541
Derivative financial instruments	375	102
Assets available for sale	4,556	4,556
Other current assets	3,835	3,999
Total current assets	<u>349,304</u>	<u>277,074</u>
Non current assets		
Property, plant and equipment	103,121	107,055
Goodwill	209,655	195,969
Other intangible assets	23,895	25,640
Other financial assets	3,399	2,873
Tax receivables	1,021	3,270
Deferred tax assets	14,161	14,153
Other non current assets	414	425
Total non current assets	<u>355,666</u>	<u>349,385</u>
Total assets	<u>704,970</u>	<u>626,459</u>

(€000)	<u>31/12/2010</u>	<u>31/12/2009</u>
LIABILITIES		
Current liabilities		
Trade payables	61,732	41,475
Payables to banks	7,751	9,569
Interest bearing financial payables (current portion)	125,374	169,373
Derivative financial instruments	2,651	1,623
Taxes payable	8,125	5,329
Other current liabilities	19,805	19,869
Provisions for risks and charges	2,243	2,563
Total current liabilities	<u>227,681</u>	<u>249,801</u>
Non-current liabilities		
Interest bearing financial payables	131,718	91,892
Liabilities for employee benefits	10,225	9,955
Taxes payables	-	91
Deferred tax liabilities	18,856	18,269
Other non-current liabilities	23,175	11,872
Provisions for risks and charges	1,856	1,783
Total non current liabilities	<u>185,830</u>	<u>133,862</u>
Total liabilities	<u>413,511</u>	<u>383,663</u>
 SHAREHOLDERS' EQUITY		
Share Capital	49,193	48,414
Legal reserve	10,064	8,747
Share premium reserve	74,427	65,548
Reserve for valuation of hedging derivatives at fair value	(1,730)	(1,122)
Translation reserve	(8,196)	(20,171)
Other reserves	160,524	135,332
Shareholders' equity for the Group	<u>284,282</u>	<u>236,748</u>
Minority interests	7,177	6,048
Total shareholders' equity	<u>291,459</u>	<u>242,796</u>
Total shareholders' equity and liabilities	<u>704,970</u>	<u>626,459</u>

Consolidated income statements

(€000)	<u>2010</u>	<u>2009</u>
Net sales	424,925	342,924
Cost of sales	(272,636)	(230,181)
Gross industrial margin	152,289	112,743
Other net revenues	6,948	6,324
Distribution costs	(41,340)	(35,383)
General and administrative expenses	(61,778)	(53,174)
Other operating costs	(1,430)	(1,316)
Ordinary profit before financial charges	54,689	29,194
Financial income	5,656	2,986
Financial charges	(14,852)	(12,019)
Adjustment of investments according to the equity method	147	(53)
Profit for the period before taxes	45,640	20,108
Income taxes	(18,259)	(6,128)
Consolidated profit for the period	<u>27,381</u>	<u>13,980</u>
Due to:		
Parent company shareholders	26,509	13,903
Subsidiaries' minority shareholders	872	77
Consolidated profit for the period	<u>27,381</u>	<u>13,980</u>
Basic earnings per share (euro)	0.284	0.187
Diluted earnings per share (euro)	0.284	0.185

Statements of consolidated comprehensive income

(€000)	<u>2010</u>	<u>2009</u>
Consolidated profit (A)	27,381	13,980
<i>Cash flow hedge accounting for derivatives hedging interest rate risk:</i>		
- Gains (losses) on derivatives for the period	-	(1,525)
- Less: Adjustment for gains (losses) reclassified to the income statement	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>(926)</u>	<u>-</u>
<i>Total</i>	<i>(926)</i>	<i>(1,525)</i>
<i>Cash flow hedge accounting for derivatives hedging currency risk</i>		
- Gains (losses) on derivatives for the period	67	(24)
- Less: Adjustment for gains (losses) reclassified to the income statement	24	(221)
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>-</u>	<u>-</u>
<i>Total</i>	<i>91</i>	<i>(245)</i>
<i>Ancillary charges to the capital increase</i>	-	(563)
<i>Gain (losses) on translating the financial statements of foreign entities</i>	12,338	(3,005)
<i>Gain (losses) from companies accounted for under the equity method</i>	40	(39)
<i>Related taxation</i>	<u>228</u>	<u>677</u>
Gains (losses) recognized directly in equity (B)	<u>11,771</u>	<u>(4,700)</u>
Consolidated comprehensive income for the period (A) + (B)	<u>39,152</u>	<u>9,280</u>
Attributable to:		
Owners of the parent	37,876	9,072
Non-controlling interests of subsidiaries	<u>1,276</u>	<u>208</u>
Consolidated comprehensive income for the period	<u>39,152</u>	<u>9,280</u>

Consolidated cash flow statements

(€000)	<u>2010</u>	<u>2009</u>
Cash flow from operating activities		
Profit before taxes	45,640	20,108
<i>Adjustments for non-cash items:</i>		
Losses (capital gains) from the sale of fixed assets	(539)	(1,522)
Losses (capital gains) from disposals of investments	(33)	-
Depreciation and amortisation of tangible and intangible assets	18,893	17,024
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	2,280	853
(Profit) loss from investments	(147)	53
Net change of risk funds and allocations to liabilities for benefits for employees	(353)	(1,176)
Payments for tangible fixed assets intended to be hired out	(2,225)	(2,367)
Encashments from tangible fixed assets hired out	1,426	2,089
Net financial charges	9,196	9,033
Other	(8)	(17)
	<u>74,130</u>	<u>44,078</u>
(Increase) decrease in trade receivables and other current assets	(12,106)	32,717
(Increase) decrease in inventories	(3,321)	36,336
Increase (decrease) in trade payables and other current liabilities	25,556	(24,703)
Interest paid	(8,956)	(10,004)
Currency exchange gains	590	349
Taxes paid	(11,144)	(9,179)
Net liquidity generated by operating activities	<u>64,749</u>	<u>69,594</u>
Cash flow from investing activities		
Payment for the acquisition of 13.3% of NLB	(3,350)	-
Payment in cash for the acquisition of further holdings in Hydroven S.r.l.	(210)	(3,730)
Payment for acquisition of Cylinder Pole companies net of the cash settlement received and gross of the transferred treasury stock	(3,464)	(71,247)
Other payments for minor investments	(93)	(140)
Proceeds from the sale of equity interests	43	-
Portion of the share capital increase of a subsidiary paid by the minority shareholder	300	-
Investment in property, plant and equipment, net of those intended to be hired out	(6,808)	(9,974)
Proceeds from the sale of tangible fixed assets, net of those intended to be hired out	360	3,020
Increase in intangible assets	(2,300)	(1,996)
Financial income collected	1,089	650
Other	(102)	701
Net liquidity utilised in investing activities	<u>(14,535)</u>	<u>(82,716)</u>

(€000)	<u>2010</u>	<u>2009</u>
Cash flow of financing activities		
Payment for purchase of treasury stock	-	(6,679)
Sale of treasury stock as part of the acquisition of Cylinder Pole companies	3,344	13,553
Capital increase excluding accessory costs and including rights sold	3,526	49,964
Disbursal (repayment) of shareholder loans	(2,165)	(4,015)
Disbursal (repayment) of loans granted to non-consolidated subsidiary	-	(200)
Payment of financial leasing instalments (principal)	(2,201)	(1,724)
Dividends paid	(147)	(195)
Net cash from (used in) financing activities	<u>2,357</u>	<u>50,704</u>
Net increase (decrease) in cash and cash equivalents	<u>52,571</u>	<u>37,582</u>
Exchange differences on conversion of the liquidity of companies in areas outside the EU	2,607	(251)
Cash and cash equivalents of companies consolidated for the first time	-	281
Cash and cash equivalents at the start of the period	<u>75,792</u>	<u>38,180</u>
Payment of financial leasing instalments (principal)	<u>130,970</u>	<u>75,792</u>

Cash and cash equivalents are made up as follows:

	31/12/2010	31/12/2009
	<u>€000</u>	<u>€000</u>
Cash and cash equivalents as per balance sheet	138,721	85,361
Bank payables (for overdrafts and advances on bills)	<u>(7,751)</u>	<u>(9,569)</u>
Cash and cash equivalents as per cash flow statement	<u>130,970</u>	<u>75,792</u>

Changes in shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for valuations at fair value of hedging derivatives</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 2009</i>	37,417	8,747	19,364	230	(17,002)	121,176	169,932	8,019	177,951
Acquisition of treasury stock	(1,125)	-	(5,554)	-	-	-	(6,679)	-	(6,679)
Transfer of treasury shares as part of the purchase of Oleodinamica Panni S.r.l. and Cover S.r.l.	1,742	-	11,648	-	-	-	13,390	-	13,390
Transfer of treasury shares as part of the extinguishment of a third party shareholder loan of a subsidiary	25	-	138	-	-	-	163	-	163
Purchase of minority interests (Hydroven and Oleodinamica Panni)	-	-	-	-	-	-	-	(3,854)	(3,854)
Minority interests in the investments acquired	-	-	-	-	-	-	-	1,872	1,872
Distribution of dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	(197)	(197)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	853	-	-	-	853	-	853
Capital increase inclusive of unopted rights sold and gross of accessory costs attributed in the total profit	10,355	-	39,662	-	-	-	50,017	-	50,017
Comprehensive profit (loss) for the year 2009	-	-	(563)	(1,352)	(3,169)	14,156	9,072	208	9,280
<i>Balances as at 31 December 2009</i>	<i>48,414</i>	<i>8,747</i>	<i>65,548</i>	<i>(1,122)</i>	<i>(20,171)</i>	<i>135,332</i>	<i>236,748</i>	<i>6,048</i>	<i>242,796</i>
Allocation of 2009 profit	-	1,317	-	-	-	(1,317)	-	-	-
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	2,280	-	-	-	2,280	-	2,280
Dividends to shareholders of subsidiaries as resolved	-	-	-	-	-	-	-	(147)	(147)
Capital increase following the exercising of warrants	466	-	3,568	-	-	-	4,034	-	4,034
Transfer of treasury shares as payment of the residual debt for the purchase of HS Penta S.p.A.	313	-	3,031	-	-	-	3,344	-	3,344
Comprehensive profit (loss) for the year 2010	-	-	-	(608)	11,975	26,509	37,876	1,276	39,152
<i>Balances as at 31 December 2010</i>	<i>49,193</i>	<i>10,064</i>	<i>74,427</i>	<i>(1,730)</i>	<i>(8,196)</i>	<i>160,524</i>	<i>284,282</i>	<i>7,177</i>	<i>291,459</i>

Financial statements of the parent company Interpump Group S.p.A.

Consolidated balance sheet

Euro	<u>31/12//2010</u>	<u>31/12/2009</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	89,281,789	38,649,315
Trade receivables	10,171,546	9,517,361
Inventories	11,588,194	10,452,925
Tax receivables	466,341	1,257,000
Derivative financial instruments	368,326	98,925
Assets available for sale	5,715,877	5,304,084
Other current assets	433,565	12,253,975
Total current assets	<u>118,025,638</u>	<u>77,533,585</u>
<i>Non current assets</i>		
Property, plant and equipment	13,015,839	13,223,692
Goodwill	32,505,900	32,505,900
Other intangible assets	3,859,068	3,774,661
Investments in subsidiaries	195,784,687	192,261,657
Other financial assets	24,510,000	32,710,000
Tax receivables	385,902	2,634,773
Deferred tax assets	2,108,731	2,120,054
Other non current assets	15,022	26,900
Total non current assets	<u>272,185,149</u>	<u>279,257,637</u>
Total assets	<u>390,210,787</u>	<u>356,791,222</u>

Euro	<u>31/12/2010</u>	<u>31/12/2009</u>
LIABILITIES		
Current liabilities		
Trade payables	11,675,749	11,254,369
Payables to banks	602,448	302,166
Interest bearing financial payables (current portion)	75,453,333	98,489,707
Derivative financial instruments	2,523,440	1,571,630
Taxes payable	1,704,097	554,930
Other current liabilities	5,633,917	5,878,575
Total current liabilities	<u>97,592,984</u>	<u>118,051,377</u>
Non-current liabilities		
Interest bearing financial payables	92,777,735	66,604,082
Liabilities for employee benefits	3,236,711	3,160,552
Deferred tax liabilities	1,050,720	1,256,888
Provisions for risks and charges	463,331	462,210
Total non current liabilities	<u>97,528,497</u>	<u>71,483,732</u>
Total liabilities	<u>195,121,481</u>	<u>189,535,109</u>
 SHAREHOLDERS' EQUITY		
Share Capital	49,193,258	48,414,748
Legal reserve	10,063,665	8,746,400
Share premium reserve	73,622,769	64,866,195
Reserve for valuation of hedging derivatives at fair value	(1,181,841)	(769,060)
Other reserves	63,391,455	45,997,830
Total shareholders' equity	<u>195,089,306</u>	<u>167,256,113</u>
Total shareholders' equity and liabilities	<u>390,210,787</u>	<u>356,791,222</u>

Income statements

Euro	<u>2010</u>	<u>2009</u>
Net sales	67,723,157	53,984,943
Cost of sales	(44,361,118)	(36,323,106)
Gross industrial margin	23,362,039	17,661,837
Other net revenues	2,610,147	1,837,543
Distribution costs	(3,626,910)	(2,913,725)
General and administrative expenses	(12,517,455)	(10,072,573)
Impairment of assets	(327,893)	(754,716)
Reversal of impairment loss	411,793	-
Other operating costs	(47,980)	(41,127)
Dividends	17,600,909	15,000,000
Ordinary profit before financial charges	27,464,650	20,717,239
Financial income	3,893,436	1,772,447
Financial charges	(9,279,699)	(6,946,470)
Profit for the period before taxes	22,078,387	15,543,216
Income taxes	(3,367,497)	(1,113,734)
Net profit for the period	18,710,890	14,429,482
Basic earnings per share	0.201	0.194
Diluted earnings per share	0.200	0.192

Statement of comprehensive income

(€000)	<u>2010</u>	<u>2009</u>
Net profit (A)	18,711	14,429
<i>Cash flow hedge accounting for derivatives hedging interest rate risk:</i>		
- Gains (losses) on derivatives for the period	-	(1,042)
- Less: Adjustment for gains (losses) reclassified to the income statement	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous period	(707)	-
<i>Total</i>	(707)	(1,042)
<i>Cash flow hedge accounting for derivatives hedging currency risk</i>		
- Gains (losses) on derivatives for the period	126	(20)
- Less: Adjustment for gains (losses) reclassified to the income statement	20	(238)
- Less: Adjustment for the recognition of fair value in equity in the previous period	-	-
<i>Total</i>	146	(258)
<i>Ancillary charges to the capital increase</i>	-	(563)
<i>Related taxation</i>	148	545
Gains (losses) recognized directly in equity (B)	<u>(413)</u>	<u>(1,318)</u>
Comprehensive net profit (A) + (B)	<u>18,298</u>	<u>13,111</u>

Cash flow statements

(€000)

	<u>2010</u>	<u>2009</u>
Cash flow from operating activities		
Profit before taxes	22,078	15,543
<i>Adjustments for non-cash items:</i>		
Gains from disposals of assets	(1)	-
Depreciation and amortisation of tangible and intangible assets	2,885	2,518
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	1,894	700
Impairment (restoration of value) of assets	(364)	587
Net change of risk funds and allocations to liabilities for benefits for employees	56	(419)
Dividends to the profit and loss account	(17,601)	(15,000)
Net financial charges	5,386	5,174
	<u>14,333</u>	<u>9,103</u>
(Increase) decrease in trade receivables and other current assets	(1,777)	3,115
(Increase) decrease in inventories	(1,135)	4,029
Increase (decrease) in trade payables and other current liabilities	5,393	(1,868)
Taxes paid	(260)	(539)
Interest paid	(6,684)	(6,377)
Currency exchange gains	489	44
Net liquidity generated by operating activities	<u>10,359</u>	<u>7,507</u>
Cash flow from investing activities		
Purchase of NLB holdings	(3,350)	-
Payments to Interpump Hydraulics S.p.A in capital account	(3,344)	(56,553)
Payment for formation of Hammelmann Bombas e Sistemas Ltda	(13)	-
Payments for the acquisition of treasury stock	-	(6,679)
Treasury stock transfer as part of the acquisition transaction of the Cylinder Pole companies	3,344	13,553
Investment in property, plant and equipment	(1,346)	(2,664)
Increase in intangible assets	(1,282)	(1,041)
Financial income collected	1,252	1,465
Other	1	22
Net liquidity generated (utilised in) by investing activities	<u>(4,738)</u>	<u>(51,897)</u>

(€000)	<u>2010</u>	<u>2009</u>
Cash flow of financing activities		
Dividends cashed	29,601	3,000
(Disbursal) repayment of intergroup loans	8,200	(6,660)
Capital increase	3,526	49,964
Disbursal (repayment) of loans	3,385	12,139
Net cash from (used in) financing activities	<u>44,712</u>	<u>58,443</u>
Net increase (decrease) in cash and cash equivalents	<u>50,333</u>	<u>14,053</u>
Cash and cash equivalents at the start of the period	<u>38,347</u>	<u>24,294</u>
Cash and cash equivalents at the end of the period	<u>88,680</u>	<u>38,347</u>

Cash and cash equivalents can be broken down as follows:

	31/12/2010	31/12/2009
	<u>€000</u>	<u>€000</u>
Cash and cash equivalents from balance sheet	89,282	38,649
Payables to banks (for overdrafts and advances subject to collection and accrued liabilities for interest payable)	<u>(602)</u>	<u>(302)</u>
Cash and cash equivalents from cash flow statement	<u>88,680</u>	<u>38,347</u>

Changes in shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for valuations at fair value of hedging derivatives</i>	<i>Other reserves</i>	<i>Total shareholder's equity</i>
<i>Balances as at 31 December 2008</i>	37,417	8,746	18,835	238	31,318	96,554
Acquisition of treasury stock	(1,125)	-	(5,554)	-	-	(6,679)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	700	-	-	700
Treasury stock transfer for purchase of investments	1,767	-	11,786	-	-	13,553
Capital increase inclusive of the unopted rights sold and gross of their accessory costs	10,355	-	39,662	-	-	50,017
Comprehensive net profit for the year	-	-	(563)	(1,007)	14,681	13,111
<i>Balances as at 31 December 2009</i>	48,414	8,746	64,866	(769)	45,999	167,256
Allocation of 2009	-	1,318	-	-	(1,318)	-
Recognition in the income statement of the fair value of the stock options granted to employees of Interpump Group S.p.A. and exercisable by them	-	-	1,894	-	-	1,894
Recognition at fair value of the stock options granted to employees of subsidiaries and exercisable by them	-	-	263	-	-	263
Capital increase following the exercising of warrants	466	-	3,568	-	-	4,034
Treasury stock transfer for purchase of investments	313	-	3,031	-	-	3,344
Comprehensive net profit for the year	-	-	-	(413)	18,711	18,298
<i>Balances as at 31 December 2010</i>	49,193	1,064	73,622	(1,182)	63,392	195,089