



INTERPUMP GROUP

RESULTS | 2008

Corporate Bodies

Letter to the Shareholders

Group's Structure

Financial highlights

Balance sheets

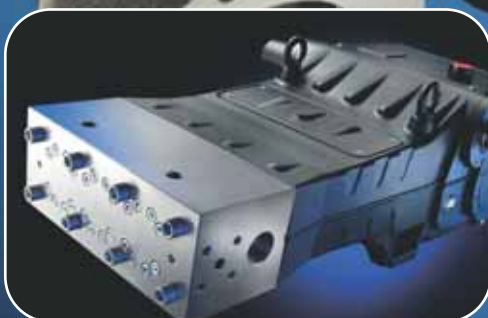
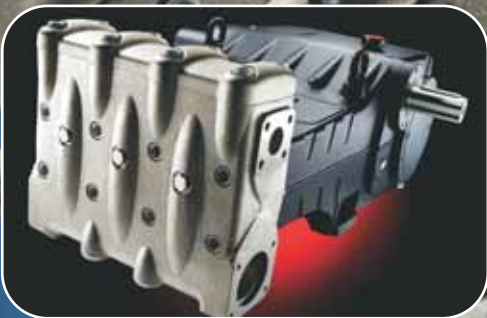
Income statements

Cash flow statements

*Changes in
shareholders' equity*

Directors' remarks

Companies in the Group





RESULTS 2008



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Board of Directors

Chairman	Giovanni Cavallini
Deputy Chairman and Executive Director	Fulvio Montipò
Executive Director	Paolo Marinsek
Independent Director	Salvatore Bragantini
Independent Director	Franco Cattaneo (a), (b)
Non-executive Director	Sergio Erede
Non-executive Director	Giuseppe Ferrero
Non-executive Director	Giancarlo Mocchi (a)
Independent Director	Marco Reboa (a), (b)
Non-executive Director	Giovanni Tamburi (b)

Board of Statutory Auditors

Chairman	Enrico Cervellera
Statutory Auditor	Achille Delmonte
Statutory Auditor	Alfredo Malguzzi

Independent Auditors

PricewaterhouseCoopers S.p.A.

(a) Member of the Audit Committee

(b) Member of the Remuneration Committee

Interpump Group S.p.A.
Head Office: 42049 Sant'Ilario d'Enza (RE) - Via E. Fermi, 25
Share Capital: Euro 39,962,438.88 wholly paid up
Court of Reggio Emilia - Companies Register
Tax Code 11666900151 - Vat Number 01682900350

RESULTS 2008

Dear Shareholder,

The first half of 2008 was very positive in terms of growth and profitability and the second half characterised by clear signs of a slowdown in all the world's economies and, with reference to the fourth quarter, by a phase of recession on a scale hitherto never experienced in the modern economic world. The crisis, which first emerged in the financial sector in the summer of 2007 with the widely publicised defaulting of subprime mortgages, worsened significantly in 2008 to the point of bankruptcy of several top US banks and severe problems for a large number of US and European financial institutions, which have thus far been rescued only by substantial bail-outs by state authorities.

The situation started to affect the real economy as from the summer of 2008 due to the lack of liquidity in the banking industry which automatically led to a reluctance to grant loans to businesses. In this context, enterprises have responded by reducing investments and have started to find it increasingly difficult to finance their working capital. The situation worsened still further during the autumn, to the point at which the economy was at a virtual standstill by the end of the year. The crisis affected all areas of the economy and all business sectors, starting from the building construction industry, this being one of the most important outlet markets for our Hydraulic Sector.

Against this wider economic backdrop, Interpump Group achieved the following results:

- net revenues totalled € 424.5 million (-1.8% with respect to 2007);
- EBITDA was € 87.0 million or 20.5% of sales (-7.7% with respect to 2007);
- EBIT was € 75.7 million, or 17.8% of sales (-8.0% with respect to 2007);
- net earnings totalled € 40.2 million (9.4% of sales), compared to the € 42.9 million realised in 2007.

Performance by sector

Sales in the Hydraulic Sector were down by 2.1% (-5.8% on an equal consolidation basis). The new Cylinders Division, illustrated here below, contributed in the measure of only € 6.5 million due to the short period of consolidation of the new companies. The downturn of the Hydraulic Sector reflects the shrinkage of sales of industrial vehicles both in the US, where the decrease had already occurred in 2007, and in Europe, where the decrease occurred in the second half of 2008. Sales of European companies, excluding those of the new Cylinders Division, were down by 1.8% with respect to 2007. Sales by US subsidiary Muncie fell by 6.4% in dollar-on-dollar terms (-12.8% following conversion into euro). Overall, the Hydraulic Sector grew by 0.2% net of exchange differences.

Hydraulic Sector EBITDA was € 33.4 million (19.4% of sales), 13% lower with respect to 2007 when this parameter totalled € 38.5 million (21.8% of sales) due to the shrinkage in volumes and weakening of the dollar with respect to the euro.

Turnover for the Industrial Sector totalled € 216.4 million, up by 1.8% (+0.2% on an equal consolidation basis; +3.1% also net of exchange differences). The following table gives a breakdown of Industrial Sector sales by product type:

	2008 €/000	2007 €/000	Growth/ Contraction
High-pressure pumps	74,200	78,545	-5.5%
Very high-pressure systems	127,086	117,811	+7.9%
Sheet metal drawing, blanking, and pressing	3,656	4,080	-10.4%
Cleaning machinery	11,411	12,094	-5.6%
Total	216,353	212,530	+1.8%

The decrease in sales of high-pressure pumps totalled 3.0% net of exchange differences.

The growth of very high pressure systems manufactured by Hammelmann and NLB was recorded at 7.9%. On an equal consolidation basis, the increase was 4.9%. NLB sales in dollars for the year were 10.3% higher than in 2007 (+2.6% after conversion to euro). Hammelmann's turnover was up by 6.0%.

EBITDA of the Hydraulic Sector was € 53.2 million (24.6% of sales), 0.7% lower with respect to 2007 when this parameter totalled € 53.6 million (25.2% of sales).

Sales of electric motors were recorded at € 35.5 million (-18.0% compared to 2007, when electric motor sales totalled € 43.2 million). This fall is partly due to the decision of our main Italian customer - a pressure washer manufacturer - to make a significant proportion of its finished products in the Far East rather than internally. EBITDA totalled € 0.3 million (€ 2.2 million in 2007).

Cylinders Division

In 2008 Interpump Group decided to implement a new business segment constituted by hydraulic cylinders - highly synergic with Group activities in the Hydraulic Sector - with the aim of creating an industrial pole of international importance using the same strategic approach as that which allowed the Group to reach a position of world leadership in the other segments in which we operate. In particular, Interpump Hydraulics International, a subholding of Interpump Group, acquired the **Oleodinamica Modenflex S.p.A.** line of business, 51% of **Contarini Leopoldo S.r.l.**, 51% of **Cover S.r.l.** and 59% of **Oleodinamica Panni S.r.l.** (for the latter two companies the acquisition was carried out on 9 January 2009). On 19 December 2008 Interpump Group announced the acquisition of **HS Penta S.p.A.**, one of the foremost Italian and European companies in the manufacture and sale of front-end cylinders and underbody cylinders. The acquisition transaction will be closed in 2009. In 2008 the newly-acquired companies recorded pro-forma sales of € 124 million, with pro-forma EBITDA of € 22 million.

2. Letter to the Shareholders

Financial management

On 8 August 2008 Interpump Group S.p.A. signed an agreement with a pool of premium banks coordinated and arranged by BNP Paribas and Intesa Sanpaolo, to obtain a € 120 million syndicated loan.

The syndicated loan can be repaid starting from month seventeen up to month seventy-one after the time of granting. Said loan was granted without collateral and is destined to finance future equity acquisitions and refinancing existing debt. The interest rate is 3-6 month Euribor, with a spread that varies in accordance with the Net financial indebtedness/EBITDA ratio. In 2008 the spread was 90 basis points.

Net debt increased from € 175 million recorded at 31 December 2007 to € 206.4 million at 31 December 2008, primarily because of the payment of the extraordinary dividend, the acquisition of a further stake in NLB and the acquisition of several companies of the Cylinders Division. After the change in working capital and net investments, free cash flow was € 22.1 million, as compared to the € 32.0 million recorded in 2007. This reduction was mainly caused by higher taxes paid in Germany in the amount of € 5.7 million, the delayed demand by the tax authorities for payment of tax dues relating to 2006 and 2007, and the expenditure for purchase of the Muncie building, in the amount of € 2.3 million. Net of the two events described above, free cash flow would have been € 30.1 million.

The Group also has contractual commitments for the purchase of residual shareholdings in subsidiaries totalling € 21.9 million (€ 11.2 million at 31 December 2007), to be exercised from 2012.

Because of the exceptional nature and uncertainties around the current economic situation, and, more importantly, the significant opportunities for external growth at highly favourable conditions that the Group believes will emerge on the market over the next few months, the Board of Directors has resolved to propose to the Shareholders' Meeting that the entirety of profits be allocated to reserves, and therefore not to distribute dividends.

Treasury stock

The Shareholders' Meeting of 20 December 2007 resolved the cancellation of 3,069,416 treasury shares. The operation results in an overall nominal reduction in share capital of € 1,596,096.32 and the release of non-distributable reserves for treasury stock in the same amount. The cancellation was filed on 30 April 2008.

During the year Interpump Group continued its buy back campaign, acquiring treasury stock for a total of € 8.4 million. On the other hand, in 2008 1,537,017 treasury shares were sold as a partial matching entry for the acquisition of 51% of Contarini Leopoldo S.r.l.'s shareholdings.

At 31/12/2008 the residual treasury shares in the portfolio, totalling 4,895,783, corresponded to 6.37% of share capital, allocated to serving stock option plans or available for trading for the acquisition of equity investments.

On 9 January 2009 a further 3,350,000 treasury shares were divested to pay for a portion of the stakes acquired in Oleodinamica Panni and Cover.

Strategy for 2009 and coming years

Forecasts for 2009 are extremely uncertain: several analysts have predicted a recovery in the second half of 2009, while others have more cautiously indicated 2010 as the most likely time. We can be sure, however, that 2009 will be an extremely difficult year, mainly in the first half, in which order portfolios and sales show a significant decline. The aim of Interpump Group in this world economic recession is to maintain or, wherever possible, improve its competitive positions and to restrict costs and invested capital as far as possible. The Group is confident that it has managed to maintain, and in some instances actually increase, its market shares over the past few months.

With regard to the limitation of costs, the Group will work both through recourse to "social shock absorbers", and through the careful examination of other costs in order to retain only indispensable spending, while with regard to invested capital, the strategy will be to optimise financial management through careful control of working capital, with the aim of achieving a significant reduction and curbing expenditure by limiting it to only that which is strictly necessary.

For future years the Interpump Group considers that is well placed to resume its path of growth, as far as compatible with a process of recovery of world markets. Future development will be underpinned by Interpump Group's strongly competitive positions in the hydraulic sector and in the field of high- and very high-pressure pumps, which support significant cash generation that can be used to finance new acquisitions and remunerate shareholders through dividends and continued pursuit of the plan for the purchase of treasury shares.

Of equal importance is the unwavering commitment of the management team and all our staff to achieve even greater improvements in the already excellent levels of operating efficiency of the Group, especially in relation to the difficult economic climate and the challenges related to the integration in the Group of the newly acquired companies in the Cylinders Division.

I would like to thank you for the trust you have placed in Interpump Group, and confirm the efforts of all our personnel and my personal commitment to ensure the Group continues to release further resources for growth and increase Group value for our Shareholders.

Sant'Ilario d'Enza (RE), 12 March 2009

Yours sincerely

Giovanni Cavallini
Chairman

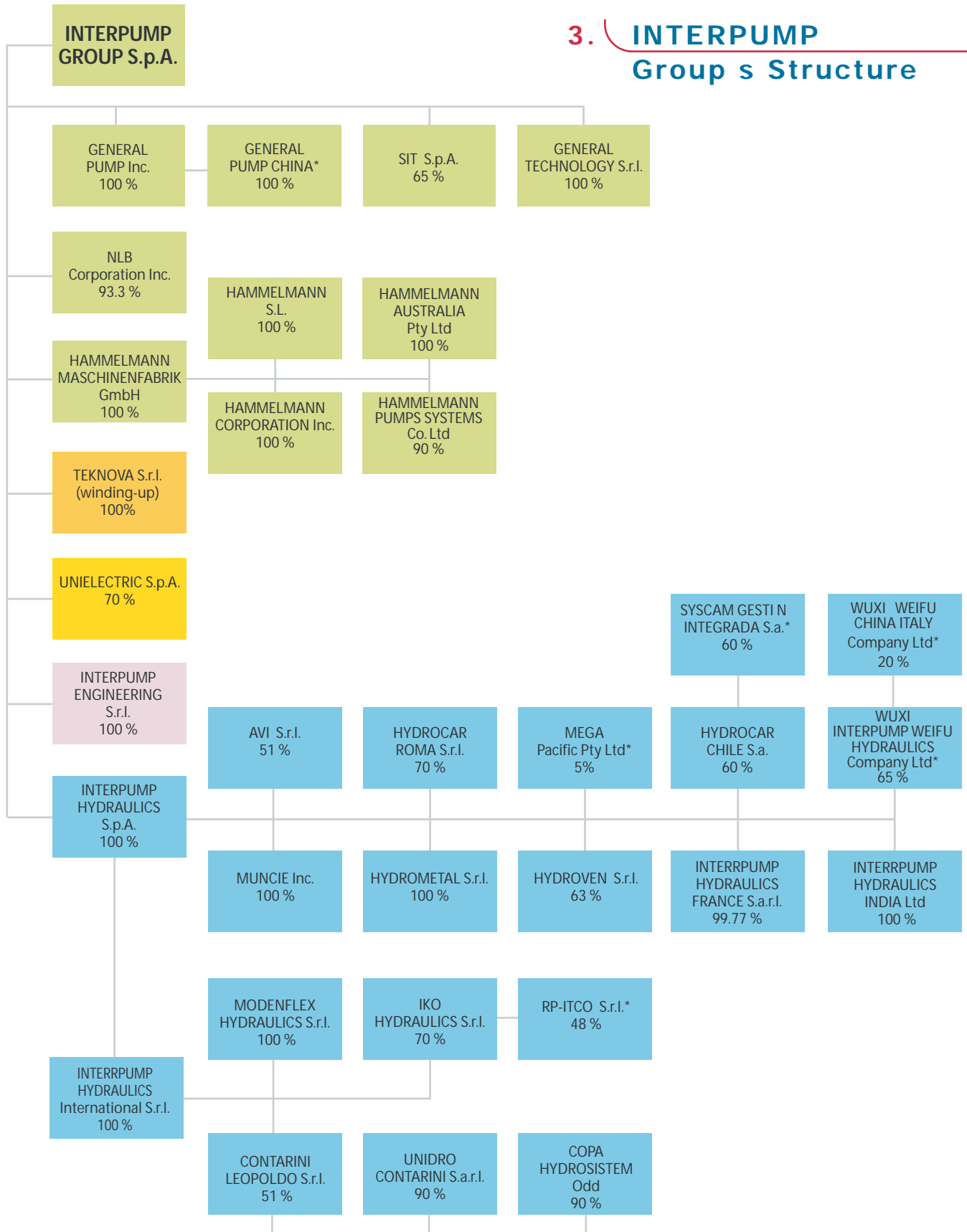
The manager responsible for drafting company accounting documents Carlo Banci, declares, pursuant to the terms of section 2 article 154(2) of the Financial Services Act, that the accounting disclosures in the present document correspond to the contents of documents, the account books and the accounting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

Sant'Ilario d'Enza (RE), 12 March 2009

Carlo Banci
Manager responsible for drafting
company accounting documents



3. INTERPUMP Group s Structure



* non consolidated companies





4. Financial highlights of the Interpump Group

Main events of the year

The second half of 2008 was characterised by clear signs of a slowdown in all the world's economies and, with reference to the fourth quarter, by a phase of recession on a scale hitherto never experienced in the modern economic world. The crisis, which first emerged in the financial sector in the summer of 2007 with the widely publicised defaulting of subprime mortgages, worsened significantly in 2008 to the point of bankruptcy of several top US banks and severe problems for a large number of US and European financial institutions, which have thus far been rescued only by substantial bail-outs by state authorities.

The situation started to affect the real economy as from the summer of 2008 due to the lack of liquidity in the banking industry which automatically led to a reluctance to grant loans to businesses, which responded by reducing investments and which started to find it increasingly difficult to finance their working capital. Against this background, last summer Interpump Group managed to obtain a loan of € 120 million at the Euribor rate with a spread of 0.90 percentage points, destined to finance future acquisitions and refinance the existing debt, as described in greater detail below. The situation worsened still further during the autumn, to the point at which the economy was at a virtual standstill by the end of the year. The crisis affected all areas of the economy and all business sectors, starting from the building construction industry, this being one of the most important outlet markets for our Hydraulic Sector.

Forecasts for 2009 are extremely uncertain: several analysts have predicted a recovery in the second half of 2009, while others have more cautiously indicated 2010 as the most likely time. We can be sure, however, that 2009 will be an extremely difficult year, mainly in the first half, in which order portfolios reflect significant decreases.

Against this alarming wider economic backdrop, Interpump Group achieved the following results:

- net revenues totalled € 424.5 million (-1.8% with respect to 2007);
- EBITDA was € 87.0 million, equivalent to 20.5% of sales (-7.7% with respect to 2007);
- EBIT stood at € 75.7 million, or 17.8% of sales (-8.0% compared to 2007);
- net profit totalled € 40.2 million, compared to the € 42.9 million of 2007;

In 2008 Interpump Group has decided to implement a new business segment constituted by hydraulic cylinders and components - highly synergic with Group activities in the Hydraulic Sector - with the aim of creating an industrial pole of international importance using the same strategic approach as that which allowed the Group to reach a position of world leadership in the other segments in which we operate.

On 31 July 2008 Interpump Hydraulics International S.r.l. purchased the **Oleodinamica Modenflex S.p.A. line of business** through the subsidiary Modenflex Hydraulics S.r.l. for € 2.7 million paid in cash.

Oleodinamica Modenflex S.p.A., based in Modena, occupies a position of leadership in the micro-niche market of hydraulic cylinders for refuse compacting equipment. 2008 turnover was € 6.6 million with adjusted EBITDA of € 1.2 million.

In September 2008 Interpump Hydraulics International S.r.l. signed a contract for the acquisition of a 51% interest in **Contarini Leopoldo S.r.l.** at a price calculated in relation to 2008 EBITDA. An advance, composed of part cash and part Interpump Group shares (1,537,017) was paid on 30 October 2008, when the transaction was closed. The contract also envisages a pledge and right to purchase the remaining 49% within the first half of 2009 by means of a share swap with shares of the cylinders division subholding (Interpump Hydraulics International S.r.l.). Contarini Leopoldo S.r.l. based in Lugo (RA), with facilities located also in Bulgaria and France, is a long established manufacturer of a very extensive range of hydraulic cylinders. Consolidated sales in 2008 totalled € 31.9 million, with EBITDA of € 5.1 million.

On 8 October Interpump Group announced the acquisition of the Gazzo Veronese (VR) based **Cover S.r.l.**, the manufacturer of a wide range of hydraulic cylinders. This company recorded sales of € 14.8 million in 2008, with EBITDA of € 3.4 million. The transaction was closed on 9 January 2009 with the acquisition of 51% of the company's stocks, at a price calculated in relation to 2008 EBITDA. On the closing date an advance of € 6.1 million was paid, composed of part cash and part Interpump Group shares (250,000). The remaining 49% will be acquired within the first half of 2009 by means of a share swap with the cylinders division subholding (Interpump Hydraulics International S.r.l.).

On 23 October Interpump Group announced the acquisition of **Oleodinamica Panni S.r.l.** This company, which is based in Tezze sul Brenta (VI), manufactures a wide range of hydraulic cylinders. Sales totalled € 26.1 million in 2008. 2008 EBITDA totalled € 6.0 million. The transaction was closed on 9 January 2009 with the acquisition of 59% of the stock of Oleodinamica Panni S.p.A., including 37% of the stock of Hydoven S.p.A., in which Interpump Hydraulics S.p.A. already had a controlling stake of 63%, for the total price of € 29.9 million. The payment will be made partly in cash and partly with Interpump Group shares (3,100,000). A further 25% of Oleodinamica Panni will be acquired within the first half of 2009 by means of a share swap with shares of the cylinders division subholding (Interpump Hydraulics International S.r.l.) on the basis of 2008 results.

On 12 November 2008, Interpump Group purchased the **ITCO S.r.l. line of business** through subsidiary IKO Hydraulics S.r.l. The Forl -based ITCO is a manufacturer of front-end cylinders and a competitor of HS Penta, which is described below. The operation should be considered in the framework of the Penta acquisition, forming part of the drive to optimise the distribution and production of front-end and underbody cylinders. Sales in 2008 totalled € 2.7 million. 2008 EBITDA was negative in the amount of € 0.6 million.

On 19 December 2008 Interpump Group announced the acquisition of **HS Penta S.p.A.** based in Faenza (RA). HS Penta S.p.A. is one of the foremost Italian and European companies in the manufacture and sale of front-end cylinders and underbody cylinders.

Sales in 2008 totalled around € 43.3 million, while preliminary EBITDA was recorded at € 6.6 million. The Group will acquire 70% of HS Penta S.p.A.'s shares for a price established in compliance with 2008 results (about € 12.6 million on a preliminary basis) to be paid in cash at the closing date in April, after auditing and approval of the financial statements. The net financial indebtedness of HS Penta as at 31 December 2008 totalled € 33.1 million. The remaining 30% of HS Penta will be acquired within the first half of 2009 by means of a share swap with shares of Interpump Hydraulics International S.r.l. on the basis of 2008 results.

On 8 August 2008 Interpump Group S.p.A. signed an agreement with a pool of premium banks coordinated and arranged by BNP Paribas and Intesa Sanpaolo, to obtain a € 120 million syndicated loan.

The syndicated loan can be repaid starting from month seventeen up to month seventy-one after the time of granting. This loan is not backed by collateral and will be used to finance future equity acquisitions.

For its entire duration the loan must fulfil the following financial ratios calculated on the basis of Interpump Group's consolidated figures:

- 1) net financial indebtedness/EBITDA ratio;
- 2) EBITDA/net financial charges ratio.

The interest rate is 3-6 month Euribor, with a spread that varies in accordance with the Net financial indebtedness/EBITDA ratio. On the basis of current data the spread is 90 basis points.

On 11 July 2008 the investment in Refin S.r.l. was sold, generating a pretax capital gain of € 1.2 million in the Parent company's financial statements (€ 0.9 million in consolidated figures). Refin S.r.l. is a real estate company that owned the building in which Unielectric S.p.A. conducted its business activities. (Electric Motors Sector). With the sale of the equity investment the Group's net financial position improved by € 3.8 million.

Consolidated net revenues
Foreign sales
EBITDA (Earnings before interest, tax, depreciation and amortization)
EBITDA %
Consolidated operating profit
Operating profit %
Consolidated net profit
Cash flow from operations
Net debt
Consolidated shareholders' equity
Debt/Equity ratio
Net expenditure for the year in tangible and intangible fixed assets
Average number of employees
ROE
ROCE
EPS - €
Dividend per share - €

The results illustrated in the table above are based on the consolidated accounts prepared in accordance with international accounting standards (IFRS) for the years ending 31/12/2004 up to 31/12/2008, whilst figures for the other years are based on consolidated accounts prepared according to Italian accounting standards.

4. Financial highlights of the Interpump Group

31/12/2008 €/000	31/12/2007 €/000	31/12/2006 €/000	31/12/2005 €/000 Continuing operations	31/12/2004 €/000	31/12/2003 €/000	31/12/2002 €/000	31/12/2001 €/000	31/12/2000 €/000	31/12/1999 €/000
424,513	432,195	364,876	331,608	531,745	501,721	492,939	426,075	411,673	319,256
80%	79%	76%	74%	76%	79%	76%	72%	72%	69%
86,986	94,255	79,144	67,985	77,329	75,267	84,524	81,314	79,811	64,878
20.5%	21.8%	21.7%	20.5%	14.5%	15.0%	17.1%	19.1%	19.4%	20.3%
75,666	82,231	69,715	57,384	60,488	59,181	69,208	67,552	67,156	55,062
17.8 %	19.0%	19.1%	17.3%	11.4%	11.8%	14.0%	15.9%	16.3%	17.2%
40,161	42,913	41,592	27,074	19,726	14,253	21,085	21,433	19,016	22,152
38,921	44,698	37,876	31,705	17,493	35,474	51,563	43,639	59,289	36,484
(a) 228,264	(a) 186,173	137,464	127,701	211,633	205,616	175,408	176,429	177,087	160,171
177,951	147,131	155,888	156,679	179,855	173,797	193,362	182,782	162,007	177,105
1.28	1.38	0.88	0.82	1.18	1.18	0.91	0.97	1.09	0.90
18,793	13,831	13,066	8,100	18,008	19,527	34,359	24,280	18,714	11,371
2,036	1,882	1,617	1,589	2,360	2,363	2,468	2,213	2,198	2,105
(b) 24.0%	(b) 29.2%	26.6%	17.3%	11.0%	15.7%	18.4%	20.0%	20.4%	18.4%
(b) 19.7%	(b) 23.6%	23.8%	20.2%	15.4%	17.1%	20.4%	20.3%	21.3%	17.4%
0.545	0.567	0.542	0.363	0.322	0.315	0.398	0.401	0.366	0.389
- ****	0.430	0.180	*** 0.84	0.130	0.120	** 0.310	0.100	0.087	* 0.516

ROE: (Net profit + amortisation, depreciation and write-downs of goodwill + minority interests) / Consolidated net equity. Adjustments to net profit were made to statements prepared in accordance with Italian accounting standards only. For ROE measurement purposes, the net profit value for 2005 is net of capital gains on discontinued operations.

ROCE: Operating profit / (Consolidated shareholder's equity + Financial indebtedness - Treasury stock). In 2007 the denominators also included the payment of an extraordinary dividend for €/000 16,594. Adjustments of treasury stock were only made to financial statements prepared in accordance with Italian accounting standards.

EPS: (Earnings per share adjusted for the amortization and write-down of goodwill). Adjustments to amortization, depreciation and write-downs of goodwill were only made to financial statements prepared in accordance with Italian accounting standards.

Dividends refer to the year of formation of the distributed profit.

* 0.439 of which extraordinary

** 0.200 of which extraordinary

*** 0.690 of which extraordinary

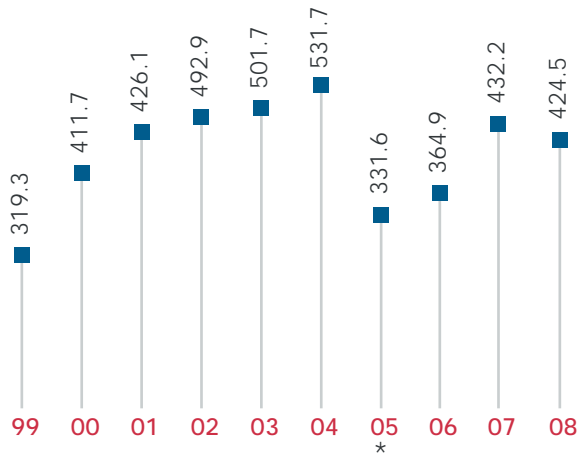
**** 0.230 of which extraordinary.

(a) Including the debt for the acquisition of equity investments for 21.9 million in 2008 (11.2 million in 2007) - see note on page 28

(b) Pro-forma data see "Group Balance Sheet" Note in the "Directors' remarks on performance of the Group in 2008"

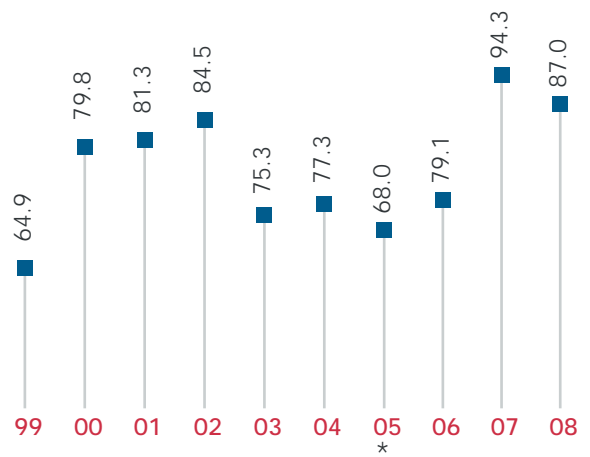
RESULTS 2008

Net revenues (Euro/millions)



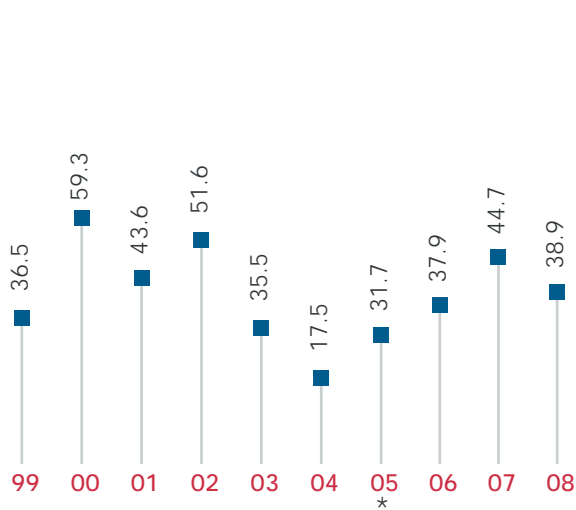
* Continuing operations

EBITDA (Euro /millions)



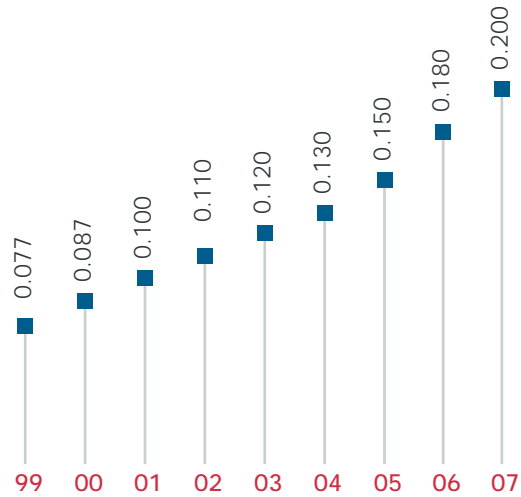
* Continuing operations

Cash Flow from operations (Euro /millions)



* Continuing operations

Dividends (Euro)

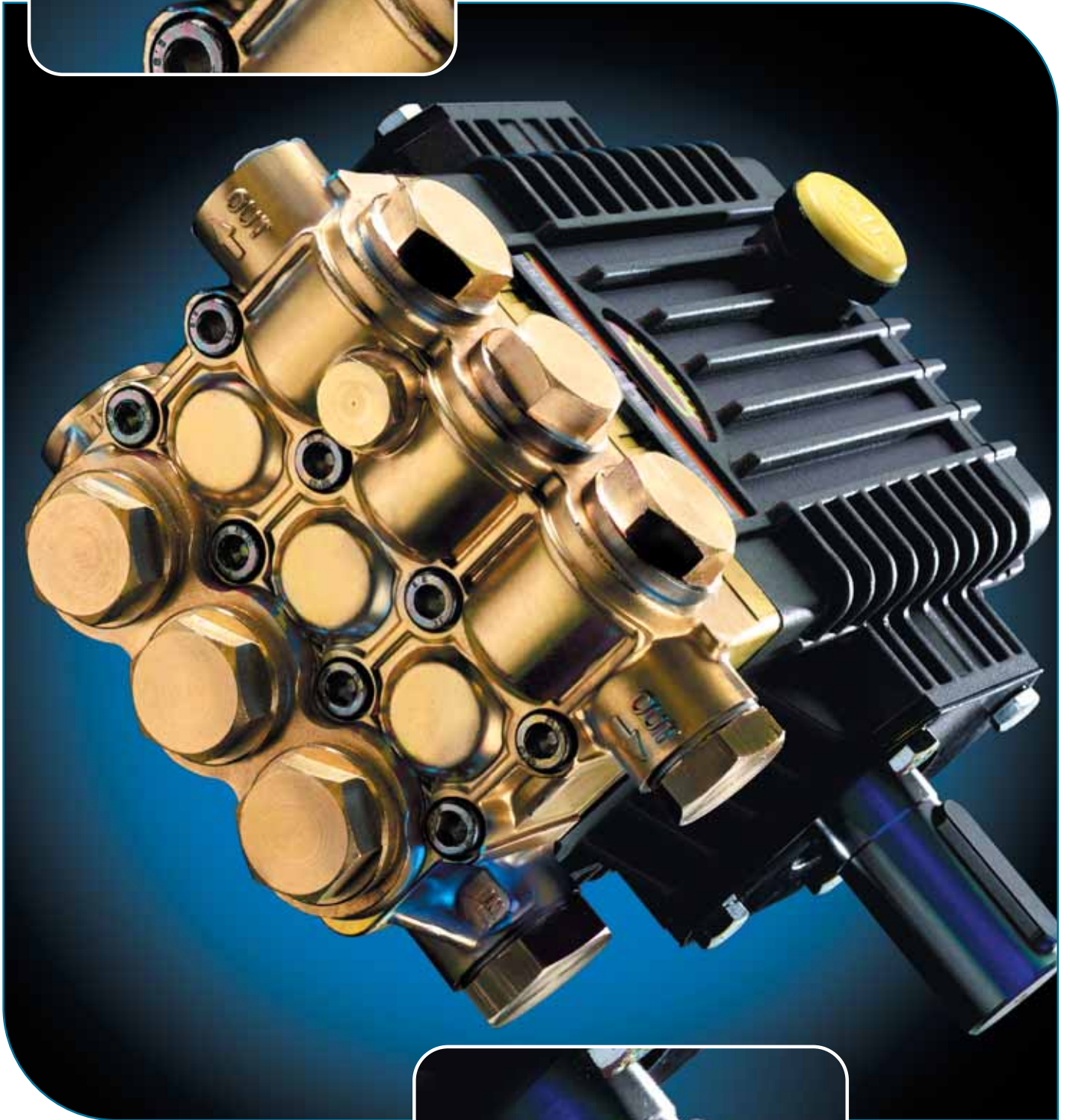


The graphic shows only the ordinary dividends. In addition the company has distributed special dividends: 0.439 Euro in 1999, 0.200 Euro in 2002, 0.690 Euro in 2005 and 0.230 Euro in 2007.

5. Consolidated balance sheets

(€/000)

ASSETS	31/12/2008	31/12/2007
Current assets		
Cash and cash equivalents	49,727	70,695
Trade receivables	84,353	84,470
Inventories	120,031	103,925
Tax receivables	8,279	4,476
Derivative financial instruments	371	353
Assets held for sale	4,556	7,796
Other current assets	4,117	2,364
Total current assets	271,434	274,079
Non-current assets		
Property, plant and equipment	72,491	58,575
Goodwill	174,613	156,407
Other intangible assets	24,402	22,120
Other financial assets	3,584	3,428
Tax receivables	585	623
Deferred tax assets	10,039	10,339
Other non-current assets	420	392
Total non-current assets	286,134	251,884
Total assets	557,568	525,963
LIABILITIES		
Current liabilities		
Trade payables	54,234	54,120
Payables to banks	11,547	8,410
Interest-bearing financial payables (current portion)	93,891	64,617
Derivative financial instruments	384	167
Taxes payable	4,433	8,419
Other current liabilities	18,898	39,734
Provisions for risks and charges	2,028	1,816
Total current liabilities	185,415	177,283
Non-current liabilities		
Interest-bearing financial payables	150,654	172,624
Liabilities for employee benefits	9,094	8,221
Taxes payable	273	30
Deferred tax liabilities	13,524	13,667
Other non-current liabilities	19,101	4,784
Provisions for risks and charges	1,556	2,223
Total non-current liabilities	194,202	201,549
Total liabilities	379,617	378,832
SHAREHOLDERS' EQUITY		
Share Capital	37,417	37,518
Legal reserve	8,747	8,747
Share premium reserve	19,364	14,766
Reserve for valuation of hedging derivatives at fair value	230	53
Translation provision	(17,002)	(22,889)
Other reserves	121,176	101,728
Shareholders' equity for the Group	169,932	139,923
Minority interests	8,019	7,208
Total shareholders' equity	177,951	147,131
Total shareholders' equity and liabilities	557,568	525,963



6. Consolidated income statements

(€/000)	2008	2007
Net sales	424,513	432,195
Cost of sales	(265,957)	(271,599)
Gross industrial margin	158,556	160,596
Other net revenues	6,025	8,049
Distribution costs	(38,292)	(37,394)
General and administrative expenses	(49,445)	(47,327)
Other operating costs	(1,178)	(783)
Impairment of assets	(1,692)	(910)
Ordinary profit before financial charges	73,974	82,231
Financial income	7,117	5,268
Financial charges	(20,307)	(16,083)
Adjustment of value of investments carried at equity	8	146
Profit for the period before taxes	60,792	71,562
Income taxes	(20,631)	(28,649)
Consolidated profit for the period	40,161	42,913
Due to:		
Parent company shareholders	39,228	41,287
Subsidiaries' minority shareholders	933	1,626
Consolidated profit for the period	40,161	42,913
Basic earnings per share (euro)	0.545	0.567
Diluted earnings per share (euro)	0.545	0.561

(€/000)	2008	2007
Cash flow from operating activities		
Pre-tax profit	60,792	71,562
Adjustments for non-cash items:		
Capital losses (Capital gains) from the sale of fixed assets	(121)	(66)
Capital gains from sales of investments	(947)	-
Depreciation and amortization	10,942	10,344
Impairment of assets	1,692	910
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	806	708
(Profit) losses from investments	(8)	(146)
Net change in risk funds and allocations for employee benefits	(1,156)	(2,751)
Net financial charges	13,190	10,815
Other	82	(37)
	85,272	91,339
(Increase) decrease in trade receivables and other current assets	7,575	(6,568)
(Increase) decrease in inventories	(5,959)	(8,305)
Increase (decrease) in trade payables and other current liabilities	(5,367)	5,636
Interest paid	(12,727)	(10,942)
Currency exchange differences realised	(211)	(633)
Income taxes paid	(29,662)	(25,829)
Net liquidity generated by operating activities	38,921	44,698
Cash flows from investment activities		
Outlay for the acquisition of NLB, net of received cash	(9,232)	(49,117)
Outlay in cash for the acquisition of 12% in Hydroven S.r.l.	(300)	-
Incorporation of the associated company Wuxi Weifu China-Italy Company Ltd	(282)	-
Subscriptions of subsidiaries' share capital	-	(421)
Outlays for the purchase of Interpump Hydraulics International S.r.l.	(20)	-
Outlays for the purchase of line of business by Modenflex Hydraulics S.r.l. inclusive of bank debts received	(3,071)	-
Outlays for the purchase of line of business by IKO Hydraulics S.r.l. inclusive of bank debts received	(1,499)	-
Outlay for the acquisition of the Contarini Group, net of cash received	(8,480)	-
Proceeds from the sale of investments	1,225	960
Portion of the capital increase paid by the subsidiary minority shareholder	147	-
Capital expenditure in property, plant and equipment	(15,952)	(11,865)

7. Consolidated cash flow statements

(€/000)	2008	2007
Proceeds from sales of tangible fixed assets	1,221	2,067
Increase in intangible fixed assets	(2,679)	(2,146)
Received financial income	1,617	1,454
Other	767	(790)
Net liquidity generated (used) by investing activities	(36,538)	(59,858)
Cash flow of financing activities		
Outlays for purchase of treasury stock	(8,371)	(11,231)
Proceeds from sale of treasury stock to beneficiaries of stock options	-	2,170
Disposal of treasury stock to support the acquisition of equity investments in Contarini	6,715	-
Disbursal (Repayment) of loans	6,511	51,602
Disbursal (repayment) of shareholder loans	(155)	(122)
Loans granted/repaid to/by non-consolidated subsidiary	(158)	-
Payment of financial leasing instalments (principal portion)	(296)	(217)
Dividends paid	(31,408)	(13,742)
Net liquidity obtained through (utilised in) financing activities	(27,162)	28,460
Net increase (decrease) of cash and cash equivalents	(24,779)	13,300
Exchange differences from the translation of the liquidity of companies in areas outside the EU	418	1,098
Cash and cash equivalents of companies consolidated for the first time in the period	256	728
Cash and cash equivalents at the beginning of the period	62,285	48,647
Opening net payables to banks of assets and liabilities classified as held for sale in 2006	-	(1,488)
Cash and cash equivalents at the end of the period	38,180	62,285

(€/000)

Balances at 31 December 2006

Reclassification of nominal value of treasury stock at 1/1/2007
Exchange differences on the translation of financial statements of companies in areas outside the EU
Exchange differences on the translation of goodwill of companies in areas outside the EU
Distribution of the ordinary dividend
Purchase of treasury stock
Sale of treasury stock to the beneficiaries of stock options
Recording in the income statement of the fair value of stock options assigned and exercisable
Reclassification of the reserve for valuation at fair value of investments following their consolidation
Taxes for the period recorded directly in equity
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 1/1/2007 and 31/12/2007
Special dividend approved
Recording in the income statement of the fair value of derivative hedging instruments
Net profit for the period

Balances at 31 December 2007

Exchange differences on the translation of financial statements of companies in areas outside the EU
Exchange differences on the translation of goodwill of companies in areas outside the EU
Distribution of the ordinary dividend
Purchase of treasury stock
Disposal of treasury stock to support the acquisition of Contarini Leopoldo S.r.l.
Recording in the income statement of the fair value of stock options assigned and exercisable
Taxes for the period recorded directly in equity
Shares relative to companies consolidated for the first time
Purchase of an additional 12% of Hydroven S.r.l.
Disposal of investment in REFIN S.r.l.
Capital increase in subsidiary
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 1/1/2008 and 31/12/2008
Recording in the income statement of the fair value of derivative hedging instruments
Net profit for the period

Balances at 31 December 2008

8. 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	Translation provision	Other reserves	Shareholders' equity for the Group	Minority interests	Total
41,559	8,747	17,587	(105)	94	(9,759)	91,619	149,742	6,146	155,888
(3,429)	-	-	-	-	-	3,429	-	-	-
-	-	-	-	-	(7,675)	-	(7,675)	(29)	(7,704)
-	-	-	-	-	(5,391)	-	(5,391)	-	(5,391)
-	-	-	-	-	-	(13,207)	(13,207)	(535)	(13,742)
(783)	-	(3,529)	-	-	-	(6,919)	(11,231)	-	(11,231)
171	-	-	-	-	-	1,999	2,170	-	2,170
-	-	708	-	-	-	-	708	-	708
-	-	-	-	(94)	(64)	158	-	-	-
-	-	-	-	-	-	(44)	(44)	-	(44)
-	-	-	206	-	-	-	206	-	206
-	-	-	-	-	-	(16,594)	(16,594)	-	(16,594)
-	-	-	(48)	-	-	-	(48)	-	(48)
-	-	-	-	-	-	41,287	41,287	1,626	42,913
37,518	8,747	14,766	53	-	(22,889)	101,728	139,923	7,208	147,131
-	-	-	-	-	5,016	-	5,016	(76)	4,940
-	-	-	-	-	871	-	871	-	871
-	-	-	-	-	-	(14,381)	(14,381)	(433)	(14,814)
(900)	-	(2,124)	-	-	-	(5,347)	(8,371)	-	(8,371)
799	-	5,916	-	-	-	-	6,715	-	6,715
-	-	806	-	-	-	-	806	-	806
-	-	-	-	-	-	(52)	(52)	-	(52)
-	-	-	-	-	-	-	-	685	685
-	-	-	-	-	-	-	-	(596)	(596)
-	-	-	-	-	-	-	-	(119)	(119)
-	-	-	-	-	-	-	-	423	423
-	-	-	230	-	-	-	230	(6)	224
-	-	-	(53)	-	-	-	(53)	-	(53)
-	-	-	-	-	-	39,228	39,228	933	40,161
37,417	8,747	19,364	230	-	(17,002)	121,176	169,932	8,019	177,951



9. Directors remarks on performance in 2008

To assist understanding of the comparison between the two periods, we draw your attention to the fact that in 2008 Modenflex Hydraulics S.r.l. was consolidated for 5 months, having been acquired on 31 July 2008, the Contarini Group was consolidated for just 2 months, having been acquired on 30 October 2008, and Iko Hydraulics S.r.l. was consolidated as from 12 November 2008. Moreover, in 2007 NLB was consolidated for 11 months, having been acquired on 31 January 2007, while the company was consolidated for the full twelve months of 2008.

NET SALES

2008 net sales totalled € 424.5 million, down by 1.8% from the figure of € 432.2 million in 2007. On an equal consolidation basis net sales amounted to € 414.5 million, reflecting a drop of 4.1%.

The breakdown of sales by business sector and geographical area is as follows:

	Italy	Rest of Europe	North America	Pacific Area	Rest of the World	Total
2008						
Hydraulic Sector	40,908	47,453	50,134	3,751	30,453	172,699
Industrial Sector	25,266	75,602	75,599	24,148	15,738	216,353
Electric Motors Sector	18,745	12,198	-	4,459	59	35,461
Total	84,919	135,253	125,733	32,358	46,250	424,513

2007						
Hydraulic Sector	40,550	44,609	57,067	4,102	30,095	176,423
Industrial Sector	26,480	71,079	74,753	25,302	14,916	212,530
Electric Motors Sector	24,595	13,069	-	5,569	9	43,242
Total	91,625	128,757	131,820	34,973	45,020	432,195

Percentage change 2008/2007

Hydraulic Sector	+0.9%	+6.4%	-12.1%	-8.6%	+1.2%	-2.1%
Industrial Sector	-4.6%	+6.4%	+1.1%	-4.6%	+5.5%	+1.8%
Electric Motors Sector	-23.8%	-6.7%	-	-19.9%	n.s.	-18.0%
Total	-7.3%	+5.0%	-4.6%	-7.5%	+2.7%	-1.8%

The Hydraulic Sector was down by 2.1% (-5.8% on an equal consolidation basis). The contribution of the new Cylinders Division amounted to € 6.5 million. The downturn of the Hydraulic sector reflects the business contraction in the US construction sector, where investments started to dwindle already during 2007, and in Europe where the contraction occurred in the second half of 2008. Sales by European companies, excluding those of the new Cylinders Division, were down by 1.8% with respect to 2007. Sales by our US subsidiary Muncie fell by 6.4% in dollar-on-dollar terms (-12.8% following conversion into euro). Overall, the Hydraulic Sector grew by 0.2% net of exchange differences.

Turnover for the Industrial Sector totalled € 216.4 million, up by 1.8% (+0.2% on an equal consolidation basis, and 3.1% also net of exchange differences). The following table gives a breakdown of Industrial Sector sales by product type:

	2008 €/000	2007 €/000	Growth/ Contraction
High-pressure pumps	74,200	78,545	-5.5%
Very high-pressure systems	127,086	117,811	+7.9%
Sheet metal drawing, blanking, and pressing	3,656	4,080	-10.4%
Cleaning machinery	11,411	12,094	-5.6%
Total	216,353	212,530	+1.8%

The decrease in sales of high-pressure pumps totalled 3.0% considering an identical rate of exchange.

The growth of very high pressure systems manufactured by Hammelmann and NLB was recorded at 7.9%. On an equal consolidation basis, the increase was 4.9%. NLB sales in dollars for the year were 10.3%, higher than in 2007 (+2.6% after conversion to euro). Hammelmann's turnover was up by 6.0%.

Sales of electric motors were recorded at € 35.5 million (-18.0% compared to 2007, when electric motor sales totalled € 43.2 million). This fall is due partly to the decision of our main Italian customer - a pressure washer manufacturer - to produce a significant proportion of its finished products in the Far East rather than internally (- € 5.2 million - contraction of 12 percentage points) and partly to the reduction of sales to Chinese customers (- € 1.1 million - contraction of 2.6 percentage points). Sales to our remaining customers dropped off slightly with respect to 2007 (hence the remaining 3.4 percentage points of the contraction).

The breakdown of sales by geographical area shows that the downturn in sales in Italy is mainly due to the Electric Motors Sector, while sales grew by 5.0% (+1.8% on an equal consolidation basis) in the Rest of Europe. The downturn on the North American market is due to weakening of the dollar; on an equal consolidation and exchange rate basis, turnover in North America grew by 0.7%.

PROFITABILITY

The cost of sales accounted for 62.6% of turnover (62.8% in 2007). Production costs, which totalled € 83.3 million (€ 80.7 million in 2007, when Modenflex and Contarini were not present and NLB was present for 11 months), accounted for 19.6% of sales (18.7% in 2007); the incidence remained at 19.6% on an equal consolidation basis. The purchase costs of raw materials and components including change in inventories totalled € 182.7 million (€ 190.9 million in 2007, in accordance with the different scope of consolidation described above). The incidence of production costs increased by 0.9 percentage points (+0.9 percentage points on an equal consolidation basis), while the incidence of purchase costs (43.0%) was 1.2 percentage points lower (-1.3 points on an equal consolidation basis), due to the decreases in the price of all the raw materials utilized by the Group: brass, copper, aluminium and steel.

On an equal consolidation basis distribution costs decreased by 0.9% with respect to 2007, although the incidence of this parameter on sales rose by 0.2 percentage points.

General and administrative expenses were up by 1.9% with respect to 2007 on an equal consolidation basis, while the relative incidence on sales grew by 0.6 percentage points.

The cost of labour was € 87.4 million (€ 82.7 million in 2007) for an average of 2,036 employees. Personnel expenses, on an equal consolidation basis, were € 85.0 million, up by 2.8% due both to an increase of 104 in the average number of employees (+5.6%) and a reduction in the average per capita cost, which fell by 2.6%. The increase in the average number of employees is due, in the number of 50 employees, to the Chinese joint venture, incorporated in 2007 and operative in 2008. The decrease of the average pro-capita cost of personnel is due to the euro's ascendancy over the dollar; this explains why the per-capita cost of US companies grew by 1.4% in dollars when considered on an equal consolidation basis, although the cost fell by 5.3% after conversion into euro; the per-capita cost of European companies, including Italian companies, increased by 1.2% on average. The Group deemed it necessary to make use of the redundancy fund (CIG) in the main Italian companies, in the light of the drop in the number of orders in the final part of the year. In November and December company employees were required to take their residual holidays, after which the company made use of the CIG redundancy fund for a total of 53,516 hours; this led to a saving in payroll costs of € /000 741.

9. Directors remarks on performance in 2008

EBIT stood at € 75.7 million or 17.8% of sales compared to the € 82.2 million of 2007 (19.0% of sales) with a decrease of 8%. On an equal consolidation basis the decrease was 8.7%. We draw your attention to the fact that in 2008 the € 0.9 million gain relative to the disposal of the investment in Refin S.r.l. was recorded under other revenues, while the effect of new legislation on the severance indemnity provision, amounting to € 2.1 million, was recognised under other revenues in 2007. Net of these two non-recurring events, EBIT was 6.8% lower (-7.5% on an equal consolidation basis).

EBITDA stood at € 87.0 million or 20.5% of sales, compared to the € 94.3 million of 2007 which accounted for 21.8% of sales (- 7.7% and -8.8% on an equal consolidation basis). Net of the two non-recurring events described above the contraction was 6.6% (-7.8% on an equal consolidation basis). The following table shows EBITDA for each business sector:

	2008 €/000	% On total sales*	2007 €/000	% On total sales*	Growth/ Contraction
Hydraulic Sector	33,436	19.4%	38,453	21.8%	-13.0%
Industrial Sector	53,226	24.6%	53,607	25.2%	-0.7%
Electric Motors Sector	262	0.7%	2,188	4.9%	-88.0%
Other Revenues Sector	62	n.s.	7	n.s.	n.s.
Total	86,986	20.5%	94,255	21.8%	-7.7%

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

EBITDA of the Hydraulic Sector, on an equal consolidation basis, totalled € 32.9 million (19.8% of sales), down by 14.3% with respect to 2007. EBITDA of the Industrial Sector, on an equal consolidation basis, was € 52.7 million (24.7% of sales), down by 1.7% with respect to 2007.

Net of the two non-recurring events described above (write-back of severance indemnities and capital gain from divestment of an equity investment), EBITDA for the Hydraulic Sector would have been 11.0% lower with respect to 2007 (-12.4% on an equal consolidation basis), the same parameter for the Industrial sector would have been down by 1.2% (-2.2% on an equal consolidation basis).

The tax rate was 33.9% (40.0% in 2007). The 2008 fiscal burden benefited from a € 1.5 million tax saving due to the release of several prior deductions applied exclusively in the statement of income and another € 0.4 million tax saving due to taxes of previous years, recovered during 2008.

2008 closes with net profit of € /000 40,161 (€ /000 42,913 in 2007). Basic earnings per share were € 0.545 (€ 0.567 in 2007) reflecting a 3.9% decrease.

GROUP SITUATION OF ASSETS AND LIABILITIES

The following is a reclassified balance sheet in relation to cash flows obtained/used:

	31/12/2008 €/000	%	31/12/2007 €/000	%
Trade receivables	84,353		84,470	
Net inventories	120,031		103,925	
Other current assets	17,323		14,989	
Accounts payable to suppliers	(54,234)		(54,120)	
Short-term tax payables	(4,433)		(8,419)	
Short-term portion for provisions for risks and charges	(2,028)		(1,816)	
Other short-term liabilities	(15,277)		(15,622)	
Net working capital	145,735	35.9	123,407	35.3
Net intangible and tangible fixed assets	96,893		80,695	
Goodwill	174,613		156,407	
Other financial fixed assets	3,584		3,428	
Other non-current assets	11,044		11,354	
Liabilities for employee benefits	(9,094)		(8,221)	
Medium/long-term portion for provisions for risks and charges	(1,556)		(2,223)	
Other medium/long-term liabilities	(15,004)		(14,949)	
Total net fixed assets	260,480	64.1	226,491	64.7
Total capital employed	406,215	100.0	349,898	100.0
<i>Financed by:</i>				
Shareholders' equity for the Group	169,932		139,923	
Minority interests	8,019		7,208	
Total shareholders' equity	177,951	43.8	147,131	42.1
Cash and cash equivalents	(49,727)		(70,695)	
Payables to banks	11,547		8,410	
Short-term interest-bearing financial payables	93,891		64,617	
Short-term payable for purchase of investments	4,005		7,685	
Payable for payment of special dividend	-		16,594	
Total short-term financial payables	59,716	14.7	26,611	7.6
Medium/long-term interest-bearing financial payables	150,654		172,624	
Medium/long-term payable for purchase of investments	17,894		3,532	
Total medium/long-term financial payables	168,548	41.5	176,156	50.3
Total sources of financing	406,215	100.0	349,898	100.0

The equity structure of Interpump Group is balanced with a leverage index, which measures the degree of Group indebtedness, amounting to 1.28 (1.38 as at 31 December 2007). The leverage index is calculated as the ratio between the short/medium/long-term financial payables and shareholders' equity inclusive of third party interest.

Capital employed increased from € 349.9 million at 31 December 2007 to € 406.2 million at 31 December 2008. 2008 ROCE was 18.6% (23.5% in 2007). 2008 ROCE reflects the fact that the new companies were consolidated for a short period. Using pro-forma EBIT in order to consider newly acquired companies EBIT for 12 months, adjusted ROCE was 19.7% (23.6% in 2007). ROE was 22.6% (29.2% in 2007). 2008 adjusted ROE, which, like ROCE, was calculated on a pro forma basis to take account of the 12 months contribution of newly acquired companies, totals 24.0%.

9. Directors remarks on performance in 2008

CASH FLOW

The change in net debt can be analysed as follows:

	2008 €/000	2007 €/000
Opening net financial position	(174,956)	(137,464)
Net opening financial position of newly consolidated companies	388	690
	(174,568)	(136,774)
Net liquidity generated by operating activities	38,921	44,698
Capital expenditure in tangible fixed assets	(15,952)	(11,865)
Proceeds from sales of tangible fixed assets	1,221	2,067
Capital expenditure in development costs and increase of other intangible fixed assets	(2,679)	(2,146)
Received financial income	1,617	1,454
Other Revenues	(996)	(2,257)
Free cash flow	22,132	31,951
Acquisition of NLB net of cash received	(9,232)	(49,117)
Outlay in cash for the acquisition of 12% in Hydroven S.r.l.	(300)	-
Incorporation of an associated company	(282)	-
Outlays for the purchase of Interpump Hydraulics International S.r.l.	(20)	-
Outlays for the purchase of line of business by Modenflex Hydraulics S.r.l. inclusive of net debt received	(3,597)	-
Outlays for the purchase of line of business by IKO Hydraulics S.r.l. inclusive of net debt received	(2,252)	-
Outlays for the purchase of the Contarini Group inclusive of net debt received and net of treasury stock assigned	(2,419)	-
Proceeds from the disposal of the investment in Refin including transferred loans	3,833	960
Subscription of subsidiaries' share capital	-	(421)
Portion of the capital increase paid by the subsidiary minority shareholder	147	-
Loans granted/repaid to/by non-consolidated subsidiaries	(158)	-
Outlays for purchase of treasury stock	(8,371)	(11,231)
Proceeds from sale of treasury stock to beneficiaries of stock options	-	2,170
Dividends paid	(31,408)	(13,742)
Cash flow generated (used)	(31,927)	(39,430)
Exchange rate differences	130	1,248
Net financial position at end of period	(206,365)	(174,956)

The net cash position is composed as follows:

	31/12/2008 €/000	31/12/2007 €/000	01/01/2007 €/000
Cash and cash equivalents	49,727	70,695	58,386
Payables to banks	(11,547)	(8,410)	(9,739)
Interest-bearing financial payables (current portion)	(93,904)	(64,617)	(50,114)
Interest-bearing, non-current financial payables	(150,641)	(172,624)	(134,509)
Group net financial position of assets and liabilities classified as held for sale	-	-	(1,488)
Total	(206,365)	(174,956)	(137,464)

Net debt increased from € 175.0 million at 31 December 2007 to € 206.4 million at 31 December 2008, primarily because of the payment of the extraordinary dividend, the acquisition of a further stake in NLB and the acquisition of the Contarini Group, Modenflex Hydraulics S.r.l. and IKO Hydraulics S.r.l.. After the change in working capital and net investments, free cash flow was € 22.1 million, compared to the € 32.0 million recorded in 2007. This reduction was mainly caused by higher taxes paid in Germany in the amount of € 5.7 million, the delayed demand by the tax authorities for payment of tax dues relating to 2006 and 2007, and the expenditure for purchase of the Muncie building, in the amount of € 2.3 million. Net of the two events described above, free cash flow would have been € 30.1 million.

The Group also has contractual commitments for the purchase of residual shareholdings in subsidiaries totalling € 21.9 million (€ 11.2 million at 31 December 2007). It is the Group strategy in the processes of acquisition of target companies, to purchase majority packages, signing purchase commitments for the residual stocks, the price of which is set in accordance with the results that the company is able to achieve in the subsequent years, thus guaranteeing on the one hand the continuation in the company of the historic management and on the other hand maximising the goal of increasing profitability. The situation was as follows on 31 December:

	31/12/2008 € /000	31/12/2007 € /000
Commitment for the acquisition of the residual stake in NLB	4,217	11,217
Commitment for the acquisition of the residual stake in Hydroven S.r.l.	774	-
Commitment for the balance on the purchase of the Contarini Group	3,795	-
Commitment to exercise the option to sell on the stake in Interpump Hydraulics International S.r.l. (after the share swap)	13,113	-
Total	21,899	11,217

The commitment for the acquisition of the residual stake in NLB decreased in 2008 due to the further acquisition of the 13.3%. The residual debt will be paid within the first half of 2010.

During 2008 the acquisition was subscribed of an additional 12% in Hydroven S.r.l., to be paid partly in cash and partly in fixed instalments. The final portion will be paid in 2012.

The debt for the acquisition of the Contarini Group refers to the price balance that will be paid in the first months of 2009. The debt for the purchase of investments in Interpump Hydraulics International S.r.l. refers to the value of the put option awarded to Contarini shareholders. The contract also envisages that Contarini Leopoldo S.r.l. shareholders transfer 49% of the company to Interpump Hydraulics International S.r.l. in 2009, receiving shares of the company in exchange. From April 2012 the new shareholders of Interpump Hydraulics International S.r.l. will be permitted to sell their shares to Interpump Hydraulics S.p.A. for a price established in accordance with the results of the two previous years. We therefore proceeded to assess this commitment on the basis of a business plan, and assess the hypothetical stake that ex Contarini shareholders will have in Interpump Hydraulics International S.r.l.

Debts for the acquisition of investments were discounted to current value taking into account the temporal factor.

In compliance with the joint document issued by Banca d'Italia, Consob and ISVAP dated 6 February 2009 we point out that despite the severe worldwide economic crisis the business continuity of the Interpump Group is guaranteed by its strong competitive positions on the markets in which it operates, which support a significant level of cash generation, the capital soundness of the Group, and by the ample bank loans obtained, currently not yet utilised in the amount of € 220 million.

9. Directors remarks on performance in 2008

CAPITAL EXPENDITURE

Capital expenditure in property, plant and equipment stood at € 16.2 million (€ 11.6 million in 2007) and refers mainly to the normal renewal and modernisation of plant, machinery and equipment. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

Increases in intangible fixed assets totalled € 2.6 million (€ 2.2 million in 2007) and are mainly related to expenditure for the development of new products. Here too, the difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

RESEARCH AND DEVELOPMENT

The Research Centre (Interpump Engineering S.r.l.), set up to centralise design and development of new products in the high pressure and hydraulic pumps division, completed three new versions of pumps and new accessories in 2008. A number of projects are currently underway to design new very high pressure pumps.

Furthermore, Interpump Hydraulics carried out research and development in the Hydraulic Sector, Hammelmann and NLB conducted research into very high pressure pumps and systems, while in the electric motors sector research and development activities were carried out by Unielectric.

Group strategy over the next few years will be focused on continuing with significant levels of investment in research and development in order to assure renewed impetus to well structured growth. Research costs have been capitalized in accordance with their multi-annual usefulness. The development costs capitalised in 2008 amount to € /000 2,018 (€ /000 1,709 at 31/12/2007), while costs ascribed to the income statement amount to € /000 6,171 (€ /000 5,675 at 31/12/2007).

Milan, 12 March 2009

For the Board of Directors
Mr. Giovanni Cavallini
Chairman

At 31 December 2008 the Interpump Group was composed of a structure headed by Interpump Group S.p.A., which has direct and indirect controlling stakes in the capital of 32 companies operating in the three business sectors (Hydraulic, Industrial and Electric Motors).

The Parent company, with registered offices in Sant'Ilario d'Enza, produces high and very-high-pressure plunger pumps for water and high-pressure washers, both of which are classified in the Industrial Sector.

The main data of the consolidated subsidiaries is presented in the table below, whereas for the Parent Company this can be taken from the financial statements.

Relations with subsidiaries are conducted on arm's length terms and are described in detail above; likewise for relations with related parties, which are described in the notes to the consolidated financial statements.

Fully consolidated companies

	Share Capital €/000	Percent stake	Registered Office
Interpump Hydraulics S.p.A.	2,632	100%	Nonantola (MO)
Muncie Power Products Inc.	784	100%	Muncie - USA
Hammelmann Maschinenfabrik GmbH	25	100%	Oelde - Germany
Unielectric S.p.A.	1,456	70%	Sant Ilario d Enza (RE)
NLB Corporation Inc.	12	93.3%	Detroit - USA
General Pump Companies Inc.	1,854	100%	Minneapolis - USA
Hydroven S.r.l.	200	63%	Tezze sul Brenta (VI)
Hydrometal S.r.l.	130	100%	Sorbara di Bomporto (MO)
Hammelmann Australia Pty Ltd	472	100%	Melbourne - Australia
A.V.I. S.r.l.	10	51%	Varedo (MI)
Hammelmann Corporation Inc.	39	100%	Dayton - USA
General Technology S.r.l.	100	100%	Reggio Emilia
Hydrocar Chile S.A.	37	60%	Santiago - Chile
Sit S.p.A.	105	65%	Sant Ilario d Enza (RE)
Wuxi Interpump Weifu Hydraulics Company Limited**	2,095	65%	Wuxi - China
Interpump Hydraulics India Private Ltd	34	100%	Hosur - India
Interpump Hydraulics France S.a.r.l.***	76	99.77%	Peltre-Metz - France
Hammelmann S.L.	1,038	100%	Zaragoza - Spain
Interpump Hydraulics International S.r.l.	10	100%	Nonantola - (MO)
Contarini Leopoldo S.r.l.	46.8	51%	Lugo - (RA)
Hydrocar Roma S.r.l.	10	70%	Modena
Interpump Engineering S.r.l.	76	100%	Reggio Emilia
Hammelmann Pump System Co.Ltd	871	90%	Tianjin - China
Unidro S.a.r.l.	8	45.9%	Barby - France
Copa Hydrosystem Odd	2.5	45.9%	Trojan - Bulgaria
Modenflex Hydraulics S.r.l.	10	100%	Modena
IKO Hydraulics S.r.l.	10	70%	Forl
Teknova S.r.l. (winding up)	362	100%	Reggio Emilia

* = revenues for eleven months in 2007 - purchased on 31/01/2007 - ** = not consolidated in 2007 - *** = from the merger of Hydrocar France and PZB France

Companies not fully consolidated

General Pump China	111	100%	Ningbo - China
RP ITCO S.r.l.	100	33.6%	Forl
Syscam Gestion Integrada S.A.	27	36%	Conchal - Chile
Wuxi Weifu China-Italy Company Ltd	1,409	13%	Wuxi - China

10. Companies in the Group

Main activity	Sales €millions 31/12/2008	Sales €millions 31/12/2007	Average number of employees 2008	Average number of employees 2007
Power take-offs and hydraulic pumps (Hydraulic Sector)	73.0	76.7	308	291
Power take-offs and hydraulic pumps (Hydraulic Sector)	56.1	64.2	288	292
Very high pressure systems and pumps (Industrial Sector)	69.7	64.2	281	271
Windings and electric motors (Electric Motor Sector)	37.3	44.9	152	152
Very high pressure systems and pumps (Industrial Sector)	48.2	43.4**	192	185
Distributor of high pressure pumps (Industrial Sector)	27.1	30.6	65	69
Sales of complementary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	12.3	12.0	40	36
Sales of complementary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	10.6	10.3	26	27
Sale of high pressure systems and pumps (Industrial Sector)	7.4	9.1	11	12
Sales of complementary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	8.2	8.9	18	18
Sale of very high pressure systems and pumps (Industrial Sector)	7.9	8.0	23	22
Accessories for high-pressure pumps and high-pressure washers (Industrial Sector)	5.4	5.5	25	26
Sales of hydraulic pumps and power takeoffs (Hydraulic Sector)	7.3	5.1	32	22
Sheet metal drawing, blanking, and pressing (Industrial Sector)	4.1	4.5	29	28
Sales of hydraulic pumps and power takeoffs and valves (Hydraulic Sector)	6.5	-	51	-
Production and sales of power take offs and hydraulic pumps (Hydraulic Sector)	3.2	4.0	14	10
Sales of hydraulic pumps and power takeoffs (Hydraulic Sector)	7.1	7.4	27	27
Sale of very high pressure systems and pumps (Industrial Sector)	2.3	3.0	6	5
Cylinders Division Holdings (Hydraulic Sector)	-	-	-	-
Production and sale of hydraulic cylinders (Hydraulic Sector)	****3.7	-	118	-
Sales of hydraulic pumps and power takeoffs (Hydraulic Sector)	2.2	2.5	3	3
Research and Development (Other Revenues Sector)	2.7	2.4	16	15
Sale of very high pressure systems and pumps (Industrial Sector)	1.3	1.4	13	15
Production and sale of hydraulic cylinders (Hydraulic Sector)	****0.4	-	9	-
Production and sale of hydraulic cylinders (Hydraulic Sector)	****0.3	-	44	-
Production and sale of hydraulic cylinders (Hydraulic Sector)	*****2.4	-	32	-
Production and sale of hydraulic cylinders (Hydraulic Sector)	*****0.1	-	13	-
Dormant (Other Revenues Sector)	-	-	-	-
Sales and purchases of components (Industrial Sector)	-	-	-	-
Production of hydraulic cylinders (Hydraulic Sector)	-	-	-	-
Sale of hydraulic pumps and power takeoffs (Hydraulic Sector)	-	-	-	-
Production of gears for hydraulic pumps and power take-offs (Hydraulic Sector)	-	-	-	-

**** = two months turnover - purchased on 30/10/2008 - ***** = five months turnover - purchased on 31/07/2008 - ***** = one and a half months turnover - purchased on 12/11/2008



11. Business sector information

The business sectors are identified as "primary sectors", while the geographical sectors are defined as "secondary". Information on business sectors reflects the Group internal reporting structure.

The value of components and products transferred between sectors is generally the effective sales price between Group companies and corresponds to the best customer sale prices.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates.

Business Sectors - Primary

The Group is composed of the following business sectors:

Hydraulic Sector

Includes the production and sale of power take-offs and other hydraulic components. Power take-offs are devices designed to transmit the engine power of an industrial vehicle to other hydraulic components, and are installed on the vehicles' gearbox. Other hydraulic products comprise various components designed to allow the execution of special functions, such as lifting tipping bodies, moving truck-mounted cranes, operating mixer truck drums, etc. The other hydraulic components are mainly composed of hydraulic pumps, hydraulic power units, cylinders and valves.

Industrial Sector

Mainly composed of high and very high-pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High-pressure plunger pumps are the main component of professional high-pressure washers. These pumps are also utilised for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for water desalination plants. Very high-pressure pumps and systems are used for cleaning surfaces, ships, various types of pipes, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. Marginally, this sector also includes operations of drawing, shearing and pressing sheet metal and the manufacture and sale of cleaning machinery.

Electric Motors Sector

Composed of the manufacture and sale of electric motors and windings mainly used as components of high-pressure washers, compressors, and by the building industry for gate openers.

Interpump Group business sector information
(amounts shown in € /000)

	Hydraulic		Industrial	
	2008	2007	2008	2007
Net sales external to the Group	172,699	176,423	216,353	212,530
Sales between sectors	-	27	392	455
Total net sales	172,699	176,450	216,745	212,985
Cost of sales	(106,323)	(107,508)	(127,388)	(125,709)
Gross industrial margin	66,376	68,942	89,357	87,276
<i>% on net sales</i>	38.4%	39.1%	41.2%	41.0%
Other net revenues	1,978	2,630	4,072	4,786
Distribution costs	(16,141)	(15,948)	(21,208)	(20,396)
General and administrative expenses	(22,434)	(20,784)	(25,012)	(24,192)
Impairment losses on assets	(1,079)	-	(613)	(910)
Other operating costs	(636)	(473)	(492)	(248)
Ordinary profit before financial charges	28,064	34,367	46,104	46,316
<i>% on net sales</i>	16.3%	19.5%	21.3%	21.7%
Financial income				
Financial charges				
Adjustment of investments carried at equity	47	160	(39)	(14)
Profit by sector	28,111	34,527	46,065	46,302
Profit for the period before taxes				
Income taxes				
Consolidated profit for the period				
Due to:				
Parent company shareholders				
Subsidiaries minority shareholders				
Consolidated profit for the period				

See note under "Profitability" in the "Directors' remarks on performance in 2008" concerning non-recurring events. In 2008 other non-recurring revenues amount to € /000 947 and refer entirely to the Industrial Sector. The breakdown by sector of non-recurring revenues for 2007 is as follows: Hydraulic Sector € /000 871, Industrial Sector € /000 701 and Electric Motors Sector € /000 521, for a total of € /000 2,093.

Balance sheet as at 31 December
(amounts shown in € /000)

	Hydraulic		Industrial	
	2008	2007	2008	2007
Assets by sector	202,694	151,877	293,221	278,295
Assets held for sale	-	-	2,123	2,123
Subtotal of assets of the sector (A)	202,694	151,877	295,344	280,418
Cash and cash equivalents				
Total assets				
Liabilities of the sector (B)	57,134	45,521	44,782	49,663
Payables for payment of extraordinary dividend				
Payables for payment of investments				
Payables to banks				
Interest-bearing financial payables				
Total liabilities				
Total assets of the sectors, net (A-B)	145,560	106,356	250,562	230,755

11. Business sector information

Electric Motors		Other Revenues		Elimination entries		Interpump Group	
2008	2007	2008	2007	2008	2007	2008	2007
35,461	43,242	-	-	-	-	-	-
1,879	1,657	2,685	2,362	(4,956)	(4,501)	-	-
37,340	44,899	2,685	2,362	(4,956)	(4,501)	424,513	432,195
(34,579)	(40,627)	(1,778)	(1,593)	4,111	3,838	(265,957)	(271,599)
2,761	4,272	907	769	(845)	(663)	158,556	160,596
7.4%	9.5%	n.s.	n.s.	-	-	37.4%	37.2%
293	1,000	25	77	(343)	(444)	6,025	8,049
(943)	(1,050)	-	-	-	-	(38,292)	(37,394)
(2,289)	(2,587)	(898)	(871)	1,188	1,107	(49,445)	(47,327)
-	-	-	-	-	-	(1,692)	(910)
(50)	(62)	-	-	-	-	(1,178)	(783)
(228)	1,573	34	(25)	-	-	73,974	82,231
n.s.%	3.5%	n.s.	n.s.	-	-	17.4%	19.0%
-	-	-	-	-	-	7,117	5,268
-	-	-	-	-	-	(20,307)	(16,083)
-	-	-	-	-	-	8	146
(228)	1,573	34	(25)	-	-	60,792	71,562
-	-	-	-	-	-	(20,631)	(28,649)
-	-	-	-	-	-	40,161	42,913
-	-	-	-	-	-	39,228	41,287
-	-	-	-	-	-	933	1,626
-	-	-	-	-	-	40,161	42,913

Electric Motors		Other Revenues		Elimination entries		Interpump Group	
2008	2007	2008	2007	2008	2007	2008	2007
18,546	21,214	1,350	870	(12,526)	(4,784)	503,285	447,472
-	3,240	2,433	2,433	-	-	4,556	7,796
18,546	24,454	3,783	3,303	(12,526)	(4,784)	507,841	455,268
-	-	-	-	-	-	49,727	70,695
-	-	-	-	-	-	557,568	525,963
10,869	13,962	1,367	1,008	(12,526)	(4,784)	101,626	105,370
-	-	-	-	-	-	-	16,594
-	-	-	-	-	-	21,899	11,217
-	-	-	-	-	-	11,547	8,410
-	-	-	-	-	-	244,545	237,241
-	-	-	-	-	-	379,617	378,832
7,677	10,492	2,416	2,295	-	-	406,215	349,898



11. Business sector information

Cash flows by business sector are as follows:

Cash flows from:	Hydraulic Sector		Industrial Sector		Electric Motors Sector		Other Revenues Sector		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Operating activities	17,860	20,050	20,614	22,996	519	1,373	(72)	279	38,921	44,698
Investing activities	(22,506)	(6,161)	(13,450)	(62,584)	(547)	(227)	(35)	53	(36,538)	(68,919)
Financing activities	7,421	(20,835)	(34,338)	58,611	(245)	(239)	-	(16)	(27,162)	37,521
Total	2,775	(6,946)	(27,174)	19,023	(273)	907	(107)	316	(24,779)	13,300

The cash flows deriving from Industrial Sector investing activities in 2008 include expenditure of € /000 9,213 for the acquisition of the further stake in NLB (€ /000 49,117 in 2007) and the collection of € /000 1,225 for the disposal of the investment in Refin S.r.l. (in 2007 collection of € /000 480 for remaining receivable following the disposal of Metalprint S.r.l.). Cash flows deriving from investing activities in the Hydraulic Sector in 2008 include the outlay for the acquisition of a line of business by Modenflex Hydraulics S.r.l. for € /000 3,071, the outlay for the acquisition of a line of business by IKO Hydraulics S.r.l. and the outlay for the acquisition of the Contarini Group for € /000 8,480. The outlays are inclusive of bank debts received. Moreover, cash flows of the Industrial Sector in 2008 also include outlays for the purchase of treasury stock by the Parent Company, which operates in this sector, in the amount of € /000 1,656 (€ /000 9,061 in 2007) and distribution of the special dividend for € /000 16,594 in addition to the ordinary dividend for € /000 14,381 (€ /000 13,207 in 2007).



11. Business sector information

Geographical sectors - Secondary

The Group's sector-based operations are divided into five geographical areas, even though management is conducted on a global level.

A breakdown of sales by geographical area is provided below:

	2008 €/000	%	2007 €/000	%	Growth/ Contraction
Italy	84,919	20	91,625	21	-7.3%
Rest of Europe	135,253	32	128,757	30	+5.0%
North America	125,733	30	131,820	30	-4.6%
Pacific Area	32,358	8	34,973	8	-7.5%
Rest of the World	46,250	10	45,020	11	+2.7%
Total	424,513	100	432,195	100	-1.8%

Data by geographical sectors on the basis of the location of activities are as follows:

	Assets		Increases during the period in tangible and intangible fixed assets	
	31/12/2008 €/000	31/12/2007 €/000	2008 €/000	2007 €/000
Italy	327,582	316,902	9,107	6,961
Rest of Europe	94,609	98,991	1,953	1,446
North America	121,282	102,378	6,995	5,288
Pacific Area	9,329	4,361	475	41
Rest of the World	4,766	3,331	263	95
Total	557,568	525,963	18,793	13,831

The geographical areas to which operations are assigned depend on the nationality of the company performing transaction in question. No companies have operations in more than one area.



Attestation of the consolidated financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 (which refers to art. 154-(2) para. 5, TUF - Financial Services Act) of 14 May 1999 and subsequent amendments

1. The undersigned Paolo Marinsek and Carlo Banci, respectively Executive Director and Manager responsible for the drafting of company accounting documents of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), paras. 3 and 4 of decree D.Lgs 24 February 1998 no. 58, attest to:
 - the adequacy in relation to the characteristics of the business and
 - the effective applicationof the administrative and accounting procedures for the formation of the consolidated financial statements during 2008.

2. In addition, it is confirmed that consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the year ended 31 December 2008, which show consolidated total assets of € 557,568 thousand, consolidated net profit of € 40,161 thousand and consolidated shareholder's equity of € 177,951 thousand:
 - a) correspond to the results of the company books and accounting entries;
 - b) the consolidated financial statements are drafted in compliance with international accounting standards (IFRS) and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the company and the group of companies included in the scope of consolidation;
 - c) the Board of Directors' report contains a reliable analysis of performance and results and the situation of the issuer and the companies included in the consolidation together with a description of the main risks and uncertainties to which they are exposed.

Milan, 12 March 2009

Paolo Marinsek
Executive Director

Carlo Banci
Manager responsible for drafting
company accounting documents

13. Independent Auditor's report

The information herein reported
have been extracted from the
Annual Report which can be
downloaded from the website
www.interpumpgroup.it
or requested to

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