Management Report

Consolidated Financial Statement of Arkimedica Group at 31st December 2006

Here is a short abstract, translated in English, containing the most significant data of Arkimedica's Consolidated Management Report and Consolidated Statement, as filed with Borsa Italiana and Consob[1].

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[1] Translator's note: Consob = National Commission for Listed Companies and the Stock Exchange

Introduction

The consolidated financial statement for the year ended 31 December 2006 was prepared in conformity to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as to measures issued for purposes of implementing Art. 9 of Legislative Decree 38/2005.
IFRS include all revised international accounting standards ("IAS") and all interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").

The European Regulation (EC) n°1606/2002 of 19th July 2002 has introduced the obligation, starting from financial year 2005, to comply with the International Financial Reporting Standards ("IFRS"), set forth by the International Accounting Standards Board ("IASB") and acknowledged by the European Commission, relating to the drawing up of consolidated balance sheets for companies having capital securities and/or certificates of indebtedness listed on any of the European Community's regulated markets. Following the above European Regulation, on 20th February 2005, Legislative Decree no. 38 has been issued, thus regulating the said IFRS-related obligation within the Italian regulatory system and extending it over the drawing up of the relevant companies' balance sheets starting from financial year 2006. Following the admission to listing, dated 1st August 2006, on the Expandi market, the Group's has therefore adopted the International Accounting Standards ("IFRS"), issued by the International Accounting Standards Board and applicable to the drawing-up of Consolidated balance sheets.

Consequently, pursuant to IFRS 1, the date of adoption of the IFRSs is 1st January 2005.

Wherever not otherwise specified, the amounts are stated in terms of thousands euros.

Letter from the Chairman

Dear Shareholders,

2006 was an exciting year for your Company, thanks especially to the following significant events:

1) Three Extraordinary Meetings from late 2005 to early 2006 for the contribution of investments in Cla, Deltamed, Icos and Sogespa;
2) Two Extraordinary Meetings in April and June for share capital increases;
3) The Extraordinary Meeting of 21 April 2006 for changes to the by-laws and the request for admission to trading on the Expandi Market managed by Borsa Italiana Spa.

On the economic-financial level, your Company built a Group that far surpassed the strategic form and economic size it had in 2005.

The Company's efforts prior to admission to trading on 1 August were followed by an equally demanding commitment to conform its structures to rules issued by Borsa Italiana and by the Supervisory Authority applicable to listed companies (internal control, quarterly and semi-annual data reporting system, adequate organisational structure, Leg. Decree 231, etc.), as well as implementation of the investment plan for which investors underwrote the capital increase for creation of the shares to be traded.

While the first half of the year saw the contribution of Sogespa, Deltamed, and Icos, and the acquisition of Aricar and Dirra, there was a series of new acquisitions after the listing (Sangro Gestioni, ISAFF, Pensionato San Giuseppe, RSA Scarlino, RSA di Savona, to mention just the largest), for which a large part of the revenue deriving from the listing was utilised.

The above description gives an idea of the commitment that the Company's bodies (Board of Directors, Board of Auditors, Parent Company employees, directors and auditors of subsidiaries at various levels, employees and collaborators of all subsidiaries and affiliates) made to achieve the results presented in the 2006 Financial Statement. As the Group's C.E.O., I congratulate all of them for their splendid work in an exciting and highly satisfactory year.

Not only is this year's Financial Statement significantly better than last year's, it also exceeds the expectations of foreign investors (expectations on which pre-listing assessment was based) with respect to principal indicators.

Lastly, it is important to emphasise (even if credit is to be given not to the Board but to the market) that the value of Arkimedica's shares was never lower than placement value, proof of balanced market demand at the time of the Public Offer for Subscription and of successful management of relations with scores of new investors that has progressively increased the Company's prestige.

I wish to offer special thanks to the employees and collaborators of the main office, and to their coordinator, Vice President Torquato Bonilauri: almost a year ago, they accepted the challenge of participating in an unfamiliar corporate and economic-financial situation, with results that are clear to everyone.

Simone Cimino

Corporate boards

Board of Directors

Cimino Simone	Chairman & Managing director
Bonilauri Torquato	Vice Chairman & Managing director
Barazzoni Cinzio	Managing director
Prampolini Paolo	Managing director
Iuculano Carlo	Managing director
Iuculano Antonino	Director
Lazzaro Vittorino	Director
De Vecchi Guido Arturo	Director
Campanella Giuseppe	Director
Bertolin Adriano	Director
Burani Giovanni*	Director
Gatti Matteo	Director
Capolino Perlingieri Ugo*	Director
Pagliai Renzo**	Director

* Indipendent director
** Co-opted on 26 feb 2007

Board of Statutory Auditors

Valsecchi Simona	Chairman of the Board of Statutory Auditors
Bertolani Mauro	Statutory Auditor
Furian Simone	Statutory Auditor
Marcozzi Attilio	Alternate Auditor
Righetto Alfredo Gianpaolo	Alternate Auditor

Member of the Executive Committee

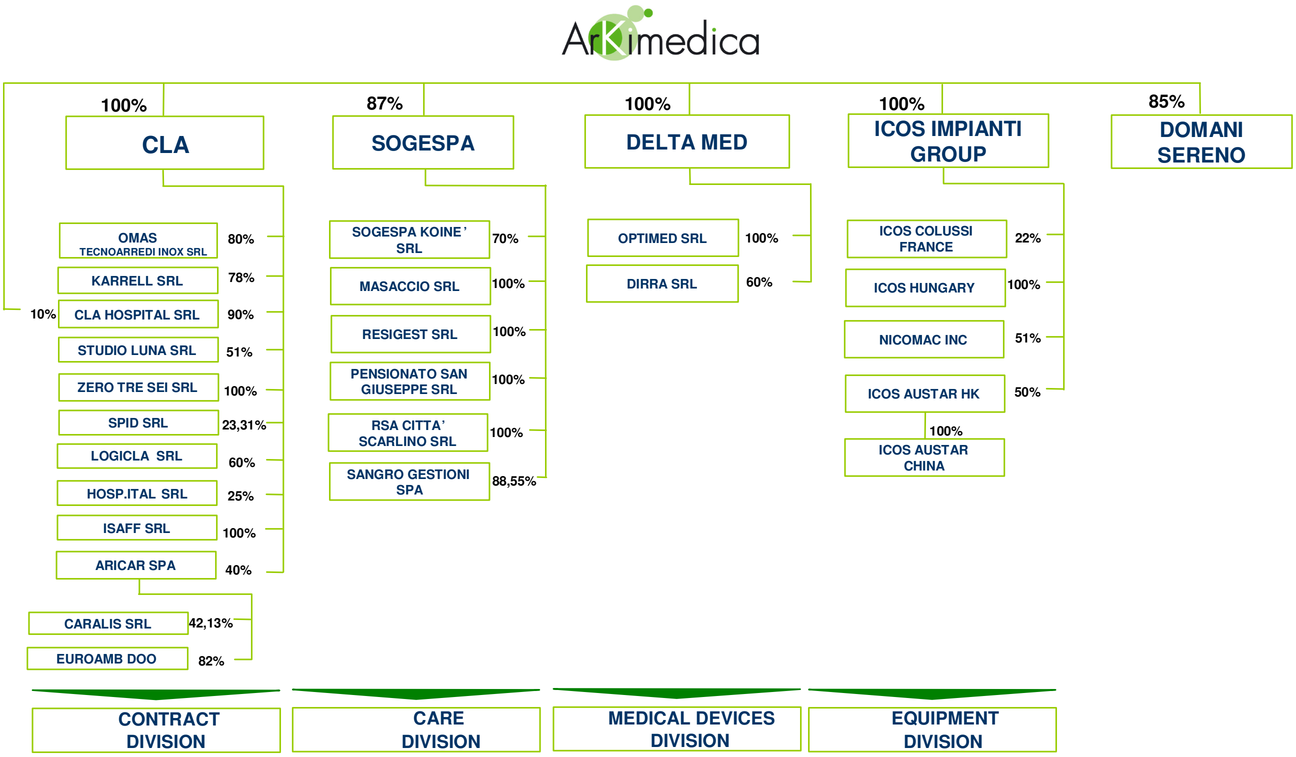
Cimino Simone
Iuculano Carlo
Barazzoni Cinzio

External Audit Firm

Deloitte & Touche S.p.A.

Group Structure and Description of Division Business Areas

The following graph outlines the Arkimedica Group's structures at 31 December 2006:



At the end of 2008, Delta Med S.r.l.'s put & call option will mature for the purchase of the remaining 40% of Dirra S.r.l. The parties have already agreed to the criteria for determining the purchase price. The company will be 100% consolidated after the exercise of such option, as described in the supplemental notes.

The Group operates by means of the following divisions:

- ***CONTRACT:*** design, production and turn-key supply of furniture and carts for hospitals, rest homes, primary schools and communities in general, construction of operating theatres, fitting of ambulances and special vehicles, supply of consumable goods to communities, automated management of medication;
- ***CARE:*** management of senior citizen residences;
- ***MEDICAL DEVICES:*** production and supply of infusion therapy products, unwoven fabrics, and other custom products for the pharmaceutical and dental sectors;
- ***EQUIPMENT:*** design, production and supply of sterilisation and washing equipment for the pharmaceutical and hospital sectors, and cooking equipment for communities.

In addition to holding equity investments in industrial companies, the parent company (up to 28 February 2006) conducted corporate activities, including the supply of accounting, tax and administrative management, business secretary services, etc. for C.L.a. S.p.A. and some of its subsidiaries. The parent company currently conducts management and coordination activities via its management structure, while the majority of employees continues to perform administrative and secretarial activities at a number of Group companies.
The Supplemental Notes identify and describe significant equity investments (direct and indirect) as well as the consolidation area.

Performance trends of Group companies

Please note than the Management Report does not include alternative performance measurements other than net financial standing, and therefore it is not necessary to provide any information with reference to CESR Recommendation 05/178b on alternative performance indicators (see the Supplemental Notes for a description of the structure of net financial standing). In addition, as described below, for better understanding of Group company performance trends in 2006, the Management Report provides pro-forma economic data that are not subject to audit.

In compliance with the requirements of Consob Notice DEM/6064293 of 28 July 2006, the profit and loss account schedules shown in this Report do not differ from those shown in the financial statement, whereas the balance sheet schedules present a few changes that are immediately reconciled with the financial statement schedules.

ECONOMIC DATA

	31/12/2006	31/12/2005
Revenues from sales of goods and services	**97,094**	**32,612**
Change in inventories of finished products and of work-in-progress	(1,587)	588
Increase in internal works capitalized	337	
Other revenues	1,465	138
Value of production	**97,309**	**33,338**
Raw materials	(42,527)	(17,799)
Services and leases/rentals	(25,198)	(9,626)
Personnel	(17,500)	(2,889)
Change in row materials	232	280
Provisions	(472)	(208)
Other operating expenses	(857)	(282)
Costs of production	**(86,322)**	**(30,524)**
Ebitda	**10,987**	**2,814**
Amortization and depreciation and write-downs	(3,400)	(461)
Profits deriving from lower price paid for shareholdings	1,990	
Ebit	**9,577**	**2,353**
Financial income (expenses)	(1,600)	(586)
Profits (losses) from invested companies	(488)	(86)
Pre-tax result	**7,489**	**1,681**
Taxes	(3,523)	(994)
Profit (loss) for year	**3,966**	**687**
Third-party profit (loss)	**233**	**146**
Group profit (loss) for year	**3,733**	**541**

The only comparative statement with 2005 data is insignificant, while still complying with a specific regulatory requirement.

2005 data represent only the then-current situation of "ALCHI SRL" (later transformed into ARKIMEDICA SPA), the company that controlled what is now essentially the Contract Division, but with a different consolidation area (in fact, no economic data for Aricar S.p.A. and I.S.A.F.F. S.r.l. were included in this division at 31 December 2005 because the acquisitions were concluded at a later date).

Moreover, the 2006 Consolidated Profit and Loss Account shown above, identical to the one included in the Consolidated Financial Statement, may not be sufficiently representative, although the only correct one with respect to application of reference accounting standards, for purposes of presenting the actual economic trends of the Group from a business point of view, due to the fact that the economic data of Aricar S.p.A. and Dirra S.r.l., companies with excellent economic performance, was necessarily consolidated starting on 1 April 2006 (the date on which a controlling stake was acquired); in addition, some acquisitions by the CARE Division were concluded after 30 June 2006. Therefore, for informational purposes only, and for better comparison with the 2005 Pro-forma Profit and Loss Account inserted in Chapter 20.3 of the Prospectus presented for the parent company's Listing Process, it is considered opportune to draft and present a 2006 Profit and Loss Account hereby defined as "management pro forma," which includes, in addition to the Profit and Loss Account for the 2006 consolidated financial statement, the following economic data:

- the Profit and Loss Account for the first quarter of 2006 of ARICAR S.p.A. and DIRRA S.r.l., part of the CONTRACT and MEDICAL DEVICES divisions, respectively, control of which was acquired in April 2006, with effect as at 1 April 2006 for consolidation purposes, as described above. Note that the "management pro forma" Profit and Loss Account does not include data regarding the other company acquired by the CONTRACT Division in 2006 (I.S.A.F.F. Srl) for the period preceding the start of consolidation (9 September 2006) in that such data are insignificant in terms of absolute values, and especially because they refer to a management that was completely different and replaced after the acquisition;
- the Profit and Loss Account for the period 1 January 2006 – 3 August 2006 of SANGRO GESTIONI SPA, part of the CARE division, control of which was acquired in late August 2006. Data for the period preceding the start of consolidation of the other companies acquired in 2006 with reference to the CARE division (Pensionato San Giuseppe srl and RSA Citta' di Scarlino srl) in that such data are insignificant.

In other words, we want to represent what would have been the result of the 2006 Profit and Loss Account if the data for the above-mentioned companies had been consolidated as at 1 January 2006, as if control of such companies had been acquired as at such date, in order to provide more information and to explain economic trends over a 12-month period.
In addition, to ensure better understanding of the Group's economic data, we wish to emphasise that parent company Arkimedica S.p.A. incurred significant costs for the listing process (approx. Euro 3,100 thousand), of which Euro 527 thousand is charged directly to the Profit and Loss Account and is obviously classified as a Non-recurrent cost. The "management pro forma" Profit and Loss Account does not include such expenses.
The 2006 "management pro forma" Profit and Loss Account is compared with the 2005 pro forma account contained in the Prospectus (chapter 20.3) prepared for the IPO (Initial Public Offering), keeping in mind that the consolidation area for the 2005 pro forma Profit and Loss Account did not include SANGRO GESTIONI SPA.

The following summary data are presented with the stipulation that the difference between the Profit and Loss Account derived from the 2006 consolidated financial statement and the

2006 management pro forma is described below with reference to the individual divisions, where data for the "pro forma" companies is presented. Data for the 2006 management pro forma Profit and Loss Account are provided for informational purposes only in order to better explain business trends. They have not been audited by the Auditing Company and do not correspond to the logics defined by the reference accounting standards.

	2005 **Pro-forma (*)**	**2006** **Consolidated statement**	**2006** **Management pro-forma (**)**
Revenues from sales and services	**82,393**	**97,094**	**107,159**
Change in inventories of finished products and work-in-progress	345	(1,587)	(307)
Increase in internal works capitalized	6	337	337
Other revenues	438	1,465	1,620
Value of production	**83,182**	**97,309**	**108,809**
Raw materials	(37,485)	(42,527)	(47,118)
Services and leases/rentals	(20,911)	(25,198)	(26,377)
Personnel	(13,808)	(17,500)	(20,443)
Change in row materials	910	232	16
Provisions	(342)	(472)	(472)
Other operating expenses	(565)	(857)	(1,235)
Costs of production	**(72,201)**	**(86,322)**	**(95,629)**
Ebitda	**10,981**	**10,987**	**13,180**
Amortizaion and depreciation and write-downs	(2,939)	(3,400)	(3,832)
Profits deriving from lower price paid for shareholdings		1,990	1,990
Ebit	**8,042**	**9,577**	**11,338**
Financial income (expenses)	(1,682)	(1,600)	(1,976)
Profits (losses) from invested companies	(152)	(488)	(488)
Pre-tax result	**6,208**	**7,489**	**8,874**
Taxes	(3,531)	(3,523)	(4,132)
Profit (loss) for year (including minority shareholders)	**2,677**	**3,966**	**4,742**

(*) Included in the Prospectus (chapter 20.3) prepared for the Listing procedure.

(**) Data not subject to audit and prepared only to provide better understanding of performance trends.

The following information may be derived from examination and comparison of the above data :

- the revenue trend increased primarily as a result of enlargement of the consolidation area;
- costs are in line with the revenue trend;
- margin decreased by about one percent.

BALANCE SHEET

	31.12.05 *IFRS restated* (*)	31.12.05 Pro-forma (**)	31.12.06 Consolidated statement (*)
Tangible and intangible assets	8,037	26,095	34,500
Goodwill	657	23,179	34,939
Financial assets	259	751	1,568
Other fixed assets	335	1,329	1,534
Total fixed assets	**9,288**	**51,354**	**72,541**
Inventories	5,065	13,693	14,801
Trade	24,942	45,787	62,761
Suppliers	(11,629)	(22,566)	(32,562)
Tax credits and payables	(1,963)	(2,988)	(4,043)
Current Liabilities net of other current assets	(2,727)	(5,290)	(8,081)
Total net working capital	**13,688**	**28,636**	**32,876**
Deferred tax provision	(324)	(3,027)	(2,597)
Provisions for employee leaving indemnity and other funds	(603)	(3,294)	(5,571)
Total net invested capital	**22,049**	**73,669**	**97,249**
Capital and reserves	9,301	28,154	55,019
Consolidation/pro-forma reserves	-	2,012	-
Net profit (loss)	541	2,281	3,733
Group shareholders' equity	**9,842**	**32,447**	**58,752**
Shareholders' equity - minority interest	343	3,075	4,767
Net financial debt	11,864	38,147	33,730
Total sources	**22,049**	**73,669**	**97,249**

(*) data from consolidated financial statement
(**) data from Prospectus (chapter 20.3)

For equity data, the pro forma situation at 31 December 2005 derived from the Prospectus (chapter 20.3) is presented for purposes of comparison. In reality, and for the same reasons given in the note on economic data, comparison with accounting data derived from the IFRS restated consolidated balance sheet at 31 December 2005 is insignificant because the numerous important changes in the consolidation area that took place after such date prevent meaningful comparisons.

It should once again be noted that comparison of the Balance Sheet taken from the consolidated financial statement at 31 December 2006 with the pro forma Balance Sheet at

31 December 2005 taken from the Prospectus is made only to more clearly present the trend of asset accounts, even if the two schedules are not perfectly comparable due to differences in the consolidation area and to their different origin.

The principal changes may be described as follows:

- the increase in Total Fixed Assets is attributable mainly to Tangible and Intangible Assets and to Goodwill, and derives almost entirely from changes in the consolidation area. Specifically:
    - *Tangible and Intangible Assets:*
        - Contract Division: Euro 227 thousand for the acquisition of ISAFF srl and Euro 337 thousand for investments in research and development costs incurred by subsidiary Aricar Spa for the launching of new product models to be marketed in 2007;
    - *Goodwill:*
        - CONTRACT Division: Euro 1,709 thousand for the acquisition of ISAFF srl;
        - CARE Division: Euro 10,134 thousand for the acquisition of SANGRO GESTIONI, PENS. S. GIUSEPPE and RSA CITTA' DI SCARLINO.
- The increase in Total Net Working Capital also derives primarily from the change in the consolidation area. The reduction in the value of Inventories was attributable mainly to the CONTRACT Division (Euro 1,972 thousand). The other significant changes (Trade and Suppliers) derive to a lesser extent from increased turnover and mainly from expansion of the consolidation area.
- The decrease in net financial borrowing is the result of the algebraic sum of expenses deriving from acquisitions made in 2006 after the IPO and income deriving from net receipt of revenues from the IPO.

As mentioned previously, the balance sheet scheme shown above has a different structure than the consolidated schedules in the Consolidated Financial Statement, but these two schemes may be immediately reconciled because the names of individual items have not been changed.

FINANCIAL POSITION

Reference is made to the accounting schedule for examination of the Financial Statement.

Details of Net Financial Position are shown below, conforming to data in the Supplemental Notes and prepared in accordance with CESR recommendations.

	31-Dec 2006	31-Dec 2005
Securities	0	0
Cash and cash equivalents	13,937	969
Short-term financial assets (A)	**13,937**	**969**
Short-term Bank payables	(10,529)	(1,252)
Short-term share of medium/long-term debt	(8,476)	(2,164)
Short-term other lenders payables	(965)	(1,153)
Short-term financial debt (B)	**(19,970)**	**(4,569)**
Medium/long-term Bank payables	(20,235)	(3,745)
Medium/long-term other lenders payables	(6,956)	(4,519)
Bonds Issued	(506)	0
Medium/long-term debt	**(27,697)**	**(8,264)**
Net financial debt	**(33,730)**	**(11,864)**
Short-term net financial debt (A+B)	**(6,033)**	**(3,600)**

Likewise, the comparison of Net Financial Position data at 31 December 2006 with data at 31 December 2005 is insignificant for the reasons stated above. We will therefore limit 31 December 2006, having already briefly described the trend for financial standing in the comment on the balance sheet.

The incidence of short-term debt compared to total borrowing is about 42%, dropping to 19% if current assets are considered.

Specifically:

Short-term debt consists of:

- Banks: almost exclusively for unblocking of trade receivables, typically advances on invoices, portfolio under reserve, etc.;
- Short-term share of medium/long-term borrowing: instalments due within the next 12 months on medium/long-term loans and financings in general;
- Other lenders: instalments due within the next 12 months on financial leasing transactions.

Medium/long-term debt consists of:

- Banks: instalments due beyond 12 months on medium/long-term loans and financings in general;

- Other lenders: instalments due beyond 12 months on financial leasing transactions;
- Bonds Issued: payables due beyond 12 months on non-convertible loan stock.

Summary data for Group Divisions.

2006 was Arkimedica Group's first year of operations in its current form. Examination of the individual divisions is only a starting point, in that there are no disaggregated data for 2005 prepared by single companies in the context of consolidation operations.

Nevertheless, since there are disaggregated data for 2005 prepared for compilation of the Prospectus for the IPO, it is deemed opportune to compare 2006 data for individual divisions with the 2005 data presented in the Prospectus (pages 238 and 239), specifying that the 2005 data were prepared in accordance with IFRS/IAS standards.

Parent company: Arkimedica.

Only 2006 data is presented for the parent company because 2005 data (insignificant) were entered in the Prospectus with data for the Contract Division, which at the time were the only companies controlled by Arkimedica (then called Alchi).

	31 Dec 05	31 Dec 06 Consolidated statement	31 Dec 06 Management pro forma (*)
Value of Production	NA	0	0
Ebitda	NA	(1,523)(**)	(996)
Ebit (**)	NA	435 (**)	962

(*) Data not subject to audit and prepared only for purposes of better understanding of performance trends.

(**) Data differing from data on consolidated statement (Ebitda Euro –1,945 thousand, Ebit Euro 13 thousand) in that inclusive of costs charged to Cla relative to personnel transferred to Cla (Euro 371 thousand) and positive consolidation differences (Euro 51 thousand).

Value of production is zero because all of the parent company's revenues were cancelled when the consolidated statement was drafted, in that such revenues refer exclusively to companies included in the consolidation area.

Ebit includes *Profits deriving from lower price paid for purchase of investments,* as described in paragraph 14 of the supplemental notes.

As mentioned above, the column 2006 Management pro forma is included for the sole purpose of presenting the parent company's operating result, characterised Governance costs, without consideration of non-recurrent costs deriving from the listing for the part directly attributed to Profit and Loss Account (Euro 527 thousand).
For better interpretation of the results, the following table presents the service costs incurred by the parent company in 2006 and charged to the Profit and Loss Account (with exclusion of listing costs).

	Amounts in thousands of Euros
Employees (excluding transferred staff)	139
Corporate bodies	337
Valuation of IFRS stock option	188
Certification, consulting	184
Publications, advertising, transfers, meetings, etc	121
Headquarters	18
Other	60
Total	**1,047**

Contract Division.

Economic data may be summarised as follows :

	31-Dec-05 pro-forma (*)	**31-Dec-06 Consolidated statement**	**31 March 2006 (***) Aricar + Caralis (**)**	**31-Dec-06 (***) Management pro-forma**
		(A)	(B)	(A) + (B)
Value of Production	48,733	57,594	5,461	63,055
Ebitda	4,036	5,274 (****)	410	5,684
Ebit	3,340	4,265 (****)	343	4,608

(*) Data recalculated from sum of columns "Arkimedica SpA and subsidiaries" and "Aricar S.p.A." – Prospectus (page 238).
(**) Management economic data for 1st quarter 2006.
(***) Data not subject to audit.
(****) Data differing from data on consolidated statement (Ebitda Euro 5,645 thousand, Ebit Euro 4,636 thousand) in that net of costs for transferred staff charged by parent company (Euro 371 thousand).

The Division achieved results that were significantly better than those of the previous year and better than the 2006 Budget, thanks especially to excellent performance by Cla Spa and

Karrel srl. Cla Spa obtained an important contract to furnish an entire hospital; Karrel srl initially leased and then acquired a business branch that generates large foreign sales.

Medical Devices.

Economic data may be summarised as follows:

	31-Dec-05 pro-forma (*)	31-Dec-06 Consolidated statement (A)	31 March 2006 (***) Dirra (**) (B)	31-Dec-06 (***) Management pro-forma (A) + (B)
Value of Production	13,713	15,266	1,357	16,623
Ebitda	4,013	4,639	361	5,000
Ebit	2,538	3,079	349	3,428

(*) Data taken from column "Dirra Srl" – Prospectus (page 238).

(**) Management economic data for 1st quarter 2006.

(***) Data not subject to audit.

The Division achieved a sizeable increase in turnover and a more than proportional increase in EBITDA (performance greatly superior to Budget) thanks especially to excellent sales of new devices by Deltamed.

Equipment Division.

Economic data may be summarised as follows:

	31-Dec-05 pro-forma (*)	31-Dec-06 Consolidated statement
Value of Production	12,402	12,093
Ebitda	2,116	1,146
Ebit	1,637	788

(*) Data from column "Icos" – Prospectus (page 238).

The Equipment Division's results were below those of the previous year and below Budget.
The drop in revenues derives mainly from the postponement of some contracts for pharmaceutical sterilisation plants, in addition to a decidedly negative trend affecting catering facilities.

In the second half of the year, the Division substantially reversed the trend thanks to sales efforts and a major reorganisation of its internal resources.

So, while reduced turnover in the first half prevented the Division from reaching the break-even point, the second half produced more satisfactory results in terms of revenues and margins thanks to the combined effect of renewal of the above-mentioned orders, a sales mix balanced toward pharmaceutical sterilisation plants (characterised by good profitability), and actions aimed at organisational rationalisation, in addition to capital gains realised on the sale of assets.

Care Division.

The Care Division was radically changed in 2006 due to the acquisitions of SANGRO GESTIONI SPA, RSA CITTA' DI SCARLINO SRL and PENSIONATO SAN GIUSEPPE SRL in the second half of the year. As a result, the number of beds managed increased from 288 at the beginning of the year to 1018 at the end.

The acquisition of SANGRO significantly increased the Company's size in terms of beds as well as economic results.

The following table attempts to explain Sangro's actual contribution to the Division's Profit and Loss Account by also showing the company's results for the period not included in the consolidation area (1 January – 4 August 2006).

As stated above, the data for the other two companies (RSA Citta' di Scarlino and Pens. San Giuseppe) are not considered for the period excluded from consolidation because such data are insignificant.

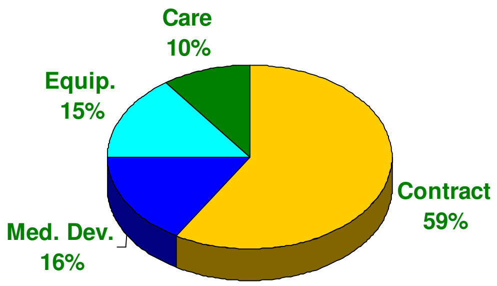
	31-Dec-05 pro-forma (*)	**31-Dec-06** Consolidated statement (A)	**1/1- 4/8/2006 (***)** Sangro (**) (B)	**31-Dec-06 (***)** Management pro-forma (A) + (B)
Value of Production	8,334	12,355	4,682	17,037
Ebitda	816	1,502	844	2,346
Ebit	527	1,061	490	1,551

(*) Data from column "Sogespa" – Prospectus (page 238).

(**) Management data for period indicated.

(***)Data not subject to audit.

2005 PRO-FORMA TURNOVER



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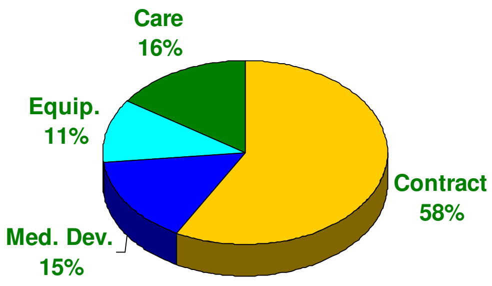
2006 PRO-FORMA TURNOVER



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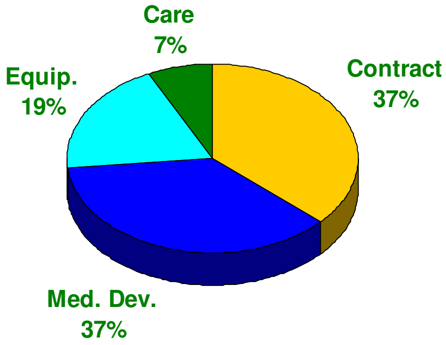
2005 EBITDA PRO-FORMA



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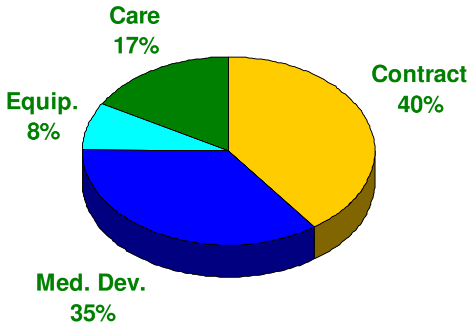
2006 EBITDA PRO-FORMA



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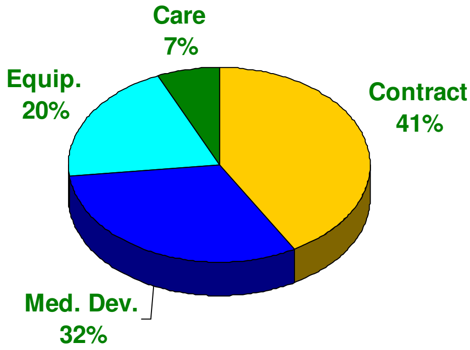
2005 EBIT PRO-FORMA



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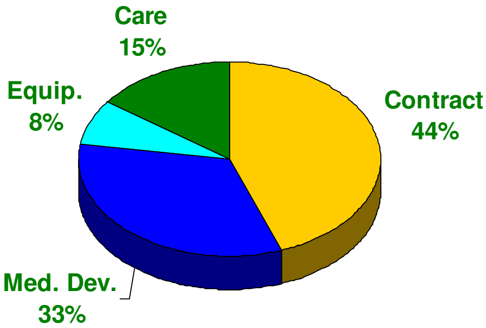
2006 EBIT PRO-FORMA



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Investments

As stated in the Supplemental Notes to the Consolidated Accounting Schedules, in 2006 investments in tangible assets were made primarily to maintain structure, obviously without consideration of the significance of changes in the consolidation area.

See the Supplemental Notes for a description of the principal changes. Movements and amounts of lands and buildings were particularly significant, and are broken down by Division in the following table:

CONTRACT DIVISION

	At 31 December 2005	Change in Consolidation area	Increases	Movements in 2006 Disposals/ Write-downs/ Reclassifications	Other movements	Depreciation	At 31 December 2006
Land and buildings							
Historical cost	6,919	5,271	249				12,439
Depreciation provision	286	788				273	1,347
Net value	**6,633**	**4,483**	**249**	**0**	**0**	**(273)**	**11,092**

EQUIPMENT DIVISION

	At 31 December 2005	Change in consolidation area	Increases	Movements in 2006 Disposals/ Write-downs/ Reclassifications	Other movements	Depreciation	At 31 December 2006
Land and buildings							
Historical cost		5,225	1				5,226
Depreciation provision		271				193	464
Net value	**0**	**4,954**	**1**	**0**	**0**	**(193)**	**4,762**

CARE DIVISION

	At 31 December 2005	Change in consolidation area	Increases	Movements in 2006 Disposals/ Write-downs/ Reclassifications	Other movements	Depreciation	At 31 December 2006
Land and buildings							
Historical cost		8,210					8,210
Depreciation provision		899				126	1,025
Net value	**0**	**7,311**	**0**	**0**	**0**	**(126)**	**7,185**

MEDICAL DEVICES DIVISION

	At 31 December 2005	Movements in 2006 Change in consolidation area	Increases	Disposals/ Write-downs/ Reclassifications	Other movements	Depreciation	At 31 December 2006
Land and buildings							
Historical cost		400					400
Depreciation provision		206				36	242
Net value	**0**	**194**	**0**	**0**	**0**	**(36)**	**158**

DIVISION TOTALS

	At 31 December 2005	Movements in 2006 Change in consolidation area	Increases	Disposals/ Write-downs/ Reclassifications	Other movements	Depreciation	At 31 December 2006
Land and buildings							
Historical cost	6,919	19,106	250	0	0	0	26,275
Depreciation provision	286	2,164	0	0	0	628	3,078
Net value	**6,633**	**16,942**	**250**	**0**	**0**	**(628)**	**23,197**

The CARE Division's assets are part of structures (nursing homes or equivalents) acquired during the year, for which forms of sale and lease-back are already being studied.

There are also plans to sell property of the EQUIPMENT Division; the first sale was conducted in March 2007, as described in a specific chapter.

As for the CONTRACT Division, it is expected that at least one of the Cla properties will be sold at the end of the financial leasing agreement in January 2009.

Assumption, Management and Coverage of Risk.

The information required for purposes of Art. 2428 no. 6.bis) are presented in the Supplemental Notes.

Statement comparing annual result and shareholders' equity of Group to similar values of Parent Company

In compliance with the requirements of Communication no. DEM/6064293 of 28 July 2006, we present the following comparative statement, identical to the statement in the Supplemental Notes:

(in thousands of Euros)	Shareholders' Equity	Profit/(loss) for year
Amounts in financial statement of Arkimedica S.p.A.	**53.402**	**53**
Difference between book value of wholly-consolidated subsidiaries and shareholders' equity and annual results, net of third-party interest	5.471	3.744
Valutation with net equity method of non-consolidated investments	(121)	(64)
Net effect of consolidation adjustments	**5.350**	**3.680**
Group shareholders' equity and result	**58.752**	**3.733**
Third-party interests	**4.767**	**233**
Consolidated shareholders' equtiy and result at 31 December 2006	**63.519**	**3.966**

Note : Effects deriving from items subject to IAS 17 are already included in the equity and results of consolidated subsidiaries.

Research & Development

The following information is provided for purposes of Art. 2428 paragraph II number 1.
During 2006, in addition to normal production and marketing of their products and services, the Group's principal companies conducted research and development in order to update and improve their current products and services as well as to perfect new and innovative devices intended for future industrial and commercial development. Details are provided below.

Contract Division.
Subsidiary Aricar conducted work regarding the study, design, and launch of fittings for new lines of Mercedes, Volkswagen, Renault, and (especially) Fiat vehicles.
Cla prepared a series of projects to rationalise the production process with the use of semi-finished goods imported from China.

Karrel, through the acquisition of the company branch Aurion, expanded its product range with an industrial plan to integrate production by amalgamating a number of elements shared by the two lines.

CARE Division.

Major projects were developed in collaboration with several institutions where Division activities are performed (universities, Local Health Corp., hospitals, etc.). Among the most important are:

- Study of new management methods for cognitive rehabilitation for elderly patients with behavioural disorders;
- System to measure lack of self-sufficiency for purposes of determining social service work loads;
- Monitoring of entrance flows and identification of pathologies at nursing homes;
- Special projects for management of post-acute illnesses for purposes of reducing hospitalisations.

Medical Devices and Equipment Division.

Research and development is conducted in order to update and improve current products and to perfect new and innovative devices intended for future industrial and commercial development. The Medical Devices Division has continued to develop new and updated production technologies for in-house production of automatic machines to improve quality, increase production, and reduce costs.

Human resources.

Reference is made to the Supplemental Notes for a detailed description of the employee situation at the various Divisions.

Significant events after year-end

Among the significant events occurring after year-end was an additional investment in the CARE sector concerning the following companies:

- 100% of "Gioiosa s.r.l.”;
- 90.93% of "Casa di cura della riviera s.r.l.”

These companies manage a 58-bed rest home in Savona.

The agreed price, which includes the buildings in which the business is conducted, was Euro 3,700,000, while total negative net financial standing was approximately Euro 600,000.
In March 2007, subsidiary Icos Impianti Group spa sold an industrial building and simultaneously took over use of same by means of a lease-back agreement. The transaction was conducted as part of a plan for industrial and financial reorganisation of the company.

Performance forecast

The Group is expected to continue focusing its activities on development of the CARE Division by acquiring new companies. Negotiations with several such companies are currently under way.
Nevertheless, it is not excluded that the other Divisions may also make additional investments. In particular, negotiations are under way to allow Icos Impianti Spa to acquire control of affiliate Icos Colussi France, based on Lyons, which distributes the Italian parent company’s products in France.
In addition, the development of subsidiary Domani Sereno Spa’s business by launching a series of services to be offered to affiliated structures, may be especially important in 2007.

Disclosure statement

The disclosure statement required by IFRS and by the Consob is provided in the Supplemental Notes.

Relations with related parties

With regard to transactions with related parties, Arkimedica Group intends to guarantee the complete substantive and procedural transparency and honesty of transactions with related parties, including by means of recourse to independent experts regarding the type, value, and characteristics of the transaction.
The Company has adopted a periodic monitoring procedure for all transactions with related parties for purposes of increasing the awareness of such parties with regard to the transparency and honesty of such transactions.

Relations with related parties, as defined in IAS 24, regard normal economic-financial relations determined via formal agreements and stipulated under normal market conditions or, in the case of individuals, conditions equivalent to those usually granted to employees.
As required by the Consob Communication of 28 July 2006, information on relations with related parties is presented in the Supplemental Notes.
As described above, after 31 December 2006, Icos Impianti Group Spa sold an industrial building to a company in which some of the Company's directors have investments. The price of Euro 950 thousand (compared to a book value of Euro 925 thousand) was determined on the basis of a sworn report by an outside expert and was paid in full at the time of transfer. Likewise, the lease stipulated simultaneously was based on average rentals charged for similar properties in the area.

Treasury shares

The parent company owns no treasury shares and did not trade any treasury shares in 2006.

Atypical and/or unusual transactions

In compliance with Consob Communication DEM/6064293 of 28 July 2006, it is hereby confirmed that the Company conducted no atypical and/or unusual transactions (as defined in the Supplemental Notes) in 2006.

Consob Resolution no. 11971 of 14 May 1999

In compliance with the requirements of Consob Resolution no 11971 of 14 May 1999, the following schedule shows the investments held by directors, auditors, and managing directors in Arkimedica S.p.A. and in its subsidiaries:

Schedule 2 - INVESTMENTS BY DIRECTORS, AUDITORS, AND MANAGING DIRECTORS AT 31/12/06

Last name, First name	**Company invested in**	**No. Shares held at 31/12/06**	**Means of ownership**	**Title**
Simone Cimino	Arkimedica Spa	356.115	direct	ownership
		37.173	indirect through affiliate[(a)]	ownership
Torquato Bonilauri	Arkimedica Spa	957.517	direct	ownership
		768.378	through family members	ownership
	Aricar Spa	8.891	indirect through Encofin	ownership
		1.111	through family members	ownership
Cinzio Barazzoni	Arkimedica Spa	1.536.758	direct	ownership
		685.416	through family members	ownership
Paolo Prampolini	Arkimedica Spa	1.536.758	direct	ownership
		1.052.086	through family members	ownership
Giudo De Vecchi	Arkimedica Spa	11.278	direct	ownership
Ugo Capolino Perlingeri	Arkimedica Spa	22.556	direct	ownership
Carlo Iuculano	Arkimedica Spa	1.565.296	indirect through affiliate[(b)]	ownership
		97.138	indirect through affiliate[(c)]	ownership
	Sogespa Gestioni Spa	50.050	indirect through affiliate[(b)]	ownership
Antonino Iuculano	Arkimedica Spa	1.565.296	indirect through affiliate[(b)]	ownership
		97.138	indirect through affiliate[(c)]	ownership
	Sogespa Gestioni Spa	50.050	indirect through affiliate[(b)]	ownership
Lazzaro Vittorino	Arkimedica Spa	1.069.903	indirect through affiliate[(d)]	ownership
Adriano Bertolin	Arkimedica Spa	35.250	indirect through affiliate[(e)]	ownership
Franco Petrali[(f)]	Arkimedica Spa	1.623.642	direct	ownership
Emanuela Trezzi[(f)]	Arkimedica Spa	3.759	direct	ownership
Valter Montepietra[(f)]	Arkimedica Spa	591.059	direct	ownership
Mario Montepietra[(f)]	Arkimedica Spa	591.059	direct	ownership

(a) Investment held through Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s., which owns 2,136,387 shares of Arkimedica Spa. Simone Cimino owns 1.74% of Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s.; therefore, 1.74% of 2,136,387 shares equals 37,173 shares of Arkimedica.

(b) Investment held through Arkigest Srl, which owns 8,131,409 shares of Arkimedica Spa. Arkigest Srl is 100% owned by Sogespa Immobiliare Spa, which in turn is held 50% by Toscofina di Carlo Iuculano e C. S.a.s., of which Carlo and Antonino Iuculano own 38.5% each.

(c) Investment held through Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s. which owns 2,136,387 shares of Arkimedica Spa. Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s. is owned 23.62% by Arkigest Srl, which is 100% owned by Sogespa Immobiliare Spa, which in turn is held 50% by Toscofina di Carlo Iuculano e C. S.a.s., of which Carlo and Antonino Iuculano own 38.5% each.

(d) Investment held through Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s., which owns 2,136,387 shares of Arkimedica Spa. Lazzaro Vittorino owns 50.08% of Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s.; therefore 50.08% of 2,136,387 shares equals 1,069,903 shares of Arkimedica.

(e) Investment held through Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s. which owns 2,136,387 shares of Arkimedica Spa. Adriano Bertolin owns 1.65% of Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s.; therefore, 1.65% of 2,136,387 shares equals 35,250 shares of Arkimedica.

(f) Held offices in Arkimedica Spa in 2006; no longer in office.

CNPEF and Fondamenta granted repurchase options to directors Torquato Bonilauri (for 1,001,054 shares), Cinzio Barazzoni (for 1,001,054 shares), Paolo Prampolini (for 1,001,054 shares), Carlo Iuculano (for 1,022,190 shares) and Franco Petrali (for 351,161 shares), which will be exercised if certain profitability goals for CNPEF and Fondamenta are met within three years of the start of trading of the Company’s shares on the Expandi Market.

On 21 April 2006, the Extraordinary Shareholders' Meeting of Arkimedica Spa approved the Stock Option Plan, resolving to increase the Company's capital by payment of up to a maximum of nominal Euro 600,000 by issuing up to a maximum of 1,500,000 ordinary shares of the Issuer to be offered in subscription to the plan's beneficiaries. The beneficiaries of the Stock Option Plan are the Issuer's directors, Cinzio Barazzoni, Carlo Iuculano, and Paolo Prampolini, in equal parts.

Note: there are no persons other than directors who may be identified as Key Managers as defined in the IFRS.

Other Information

Legislative Decree no. 231 of 8 June 2001

In 2006, Arkimedica launched a plan to implement organisation, management, and control models aimed at preventing administrative liability at the expense of the Company and of Group companies for the offences specified in Legislative Decree no. 231 of 8 June 2001.

For each Group company, the plan calls for assessment of the current structure, implementation of a model consisting of a set of rules of conduct and procedures aimed at preventing commission of the offences specified in the Decree, formation of an oversight committee, and strengthening of the current internal control system.

Arkimedica's Board of Directors has already approved the organisational model for adoption; models for the other Group companies are still under examination.

Cavriago, 29 March 2007

Simone Cimino

Chairman of the Board

ARKIMEDICA
CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

Ref.	*(Thousands euros)*	31st Dec 2006	31st Dec 2005
	Assets		
	Non-current assets:		
1.a	Goodwill	34.939	657
1.a	Intangible assets	1.132	313
1.b	Tangible fixed assets	33.368	7.724
1.c	Equity investments	1.568	259
1.d	Deferred tax assets	-	279
1.e	Other non-current assets	1.534	56
	Total non-current assets	**72.541**	**9.288**
	Current assets:		
2.a	Inventories	14.801	5.065
2.b	Trade receivables	62.761	24.942
2.c	Tax receivables	1.937	184
2.d	Other curent assets	2.586	498
2.e	Cash and cash equivalents	13.937	969
	Total current assets	**96.022**	**31.658**
	Total assets	**168.563**	**40.946**
	Liabilities and shareholders' equity		
3	**Shareholders' equity:**		
	Share Capital	10.800	78
	Reserves	44.219	9.223
	Group net profit (loss) for the year	3.733	541
	Group shareholders' equity	**58.752**	**9.842**
	Minority interest capital and reserves	4.534	197
	Profit (loss) for year - minority interest	233	146
	Shareholders' equity - minority interest	**4.767**	**343**
	Total shareholders' equity	**63.519**	**10.185**
	Non-current liabilities:		
4.a	Provisions for risk and charges	700	219
4.b	Deferred taxes libilities	2.597	324
4.c	Provisions for employee and other lenders	4.871	384
4.d	Payables to banks and other lenders	27.697	8.264
	Other non-current liabilities	-	-
	Total non-current liabilities	**35.865**	**9.191**
	Current liabilities		
5.a	Trade payables	32.562	11.629
5.b	Tax payables	5.980	2.147
4.c	Payables to banks and other lenders	19.970	4.569
5.c	Other current liabilities	10.667	3.225
	Total current liabilities	**69.179**	**21.570**
	Total liabilities and shareholders' equity	**168.563**	**40.946**

Consolidated Profit and Loss Account

Ref.	*(Thousands euros)*	31st Dec 2006	31st Dec 2005
6.	**Value of production**		
	Revenues from sales of goods and services	97.094	32.612
	Change in inventories of finished products and work-in-progress	(1.587)	588
	Increase of internal works capitalized	337	-
7.	Other revenues	1.465	138
	Total value of production	**97.309**	**33.338**
	Costs of production:		
8.	Raw material costs	(42.527)	(17.799)
9.	Service costs and rents, leases and similar costs	(25.198)	(9.626)
	of which costs for not recurrent services	*(527)*	-
10.	Personnel costs	(17.500)	(2.889)
	Changes in row materials, ancillary and consumables	232	280
11.	Provisions	(472)	(208)
12.	Other operating expenses	(857)	(282)
	Total costs of production	**(86.322)**	**(30.524)**
	Ebitda	**10.987**	**2.814**
13.	Amortization, depreciation and write-downs	(3.400)	(461)
14.	Profits resulting from lower price paid for shareholdings	1.990	-
	Ebit	**9.577**	**2.353**
15.	Financial income and charges	(1.600)	(586)
16.	Share of income (loss) from associates	(488)	(86)
	Profit before taxes	**7.489**	**1.681**
17.	Income taxes	(3.523)	(994)
	Net Profit / (loss) for the year	**3.966**	**687**
	Profit / (loss) for the year - minority interests	**233**	**146**
	Group net profit / (loss) for the year	**3.733**	**541**
18.	**Basic earning and earning per share (euros)**	**0**	**N.A.**

Consolidated Cash Flow Statement

(thousands euros)		**31st December 2006**	**31st December 2005**
A- OPERATING ACTIVITY			
Net profit / (loss) for the year		3,966	687
Amortization and depreciation		3,400	461
Deferred (Pre-paid) tax assets		(298)	24
Net changes in the employee leaving indemnity provision		267	86
Net changes in other provisions		(63)	(15)
Profits resulting from the lower price paid for acquisitions of subsidiaries		(1,990)	-
Cash flow (absorbed) from operating activity before the changes in working capital		**5,282**	**1,243**
(Increase) / Decrease in trade receivables		(9,014)	(4,720)
(Increase) / Decrease in inventories		1,245	(1,506)
Increase / (Decrease) in trade payables		5,025	2,860
Net changes in other current assets / liabilities		2,554	1,850
Cash flow (absorbed) from operating activity for changes in working capital		**(190)**	**(1,516)**
Total (A) cash flow from operating activity		**5,092**	**(273)**
B – INVESTMENT ACTIVITY			
Net investments in tangible fixed assets		(2,470)	(779)
Net investment in goodwill and intangible assets		(1,006)	(5,208)
Net long-term financial assets		(392)	(95)
Acquisition of companies/firms, gross of the short-term Net Financial Debt (*)		**(56,605)**	
Tangible fixed assets	(26,124)		
Goodwill	(33,934)		
Intangible assets	(435)		
Equity investments	(279)		
Pre-paid taxes and other non-current assets	(1,234)		
Provision for employee leaving indemnity and other provisions	6,861		
Trade receivables	(28,805)		
Inventory	(10,981)		
Trade payables	15,908		
Payables to banks and other medium/long term loans	16,087		
Other current assets and liabilities	4,341		
Lower price paid for acquisitions	1,990		
TOTAL (B) cash flow (absorbed) from investment activity		**(60,473)**	**(6,082)**
C- FINANCIAL ACTIVITY			
Increase in share capital		19,904	6,300
Increase in share capital post IPO (net of the relative costs)		25,080	
Dividends distributed		-	-
Other net equity changes		4,384	(434)
Purchase of Own Shares		-	-
Net changes in loans		3,346	6,447
Net changes in other non-current assets/liabilities		234	170
Total (C) cash flow (absorbed) resulting from financial activity		**52,948**	**12,483**

Net short-term financial availability (debt) at financial period's beginning	**(3,600)**	**(9,728)**
Net changes in short-term Net Financial Position (debt) (A+B+C)	(2,433)	6,128
Short-term net financial availability (debt) at financial period's end	**(6,033)**	**(3,600)**

Additional information:		
Interest paid	(2,196)	(586)
Income taxes paid	(3,821)	(970)

Statement of Changes in Consolidated Shareholders' Equity

	Share capital	Share-premium reserve	Legal reserve	Other reserves	Profit (loss) for the period	Group shareholders' equity	Minority interest capital and reserves	Profit (loss) for the period – minority interests	Shareholders' equity – minority interests	Total shareholders' equity
Balance at 1st January 2005 according to Italian Accounting Standards (GAAP)	**40**	**771**	**8**	**1,842**	**741**	**3,402**	**593**	**38**	**631**	**4,033**
Effects resulting from the adoption of IFRS	-	-	-	341	(741)	**(400)**	-	-	-	(400)
Balance at 1st January 2005 according to the International Accounting Standards (IFRS)	**40**	**771**	**8**	**2,183**	**0**	**3,002**	**593**	**38**	**631**	**3,633**
Capital contributions	38	6,262	-	-	-	**6,300**	38	(38)	-	6,300
Changes in consolidation scope	-	-	-	-	-	**-**	(434)	-	(434)	(434)
Profit for the period	-	-	-	-	540	**540**	-	146	146	686
Balance at 31st December 2005	**78**	**7,033**	**8**	**2,183**	**540**	**9,842**	**197**	**146**	**343**	**10,185**
Allocation of profit for the year as reserve	-	-	1	539	(540)	-	146	(146)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Evaluation of the Stock Option Plan	-	-	-	188	-	188	-	-	-	188
Changes in consolidation scope	-	-	-	-	-	-	4,191	-	4,191	4,191
Capital contributions	7,922	10,733	-	1,249	-	19,904	-	-	-	19,904
Increase Capital for IPO	2,800	24,080	-	-	-	26,880	-	-	-	26,880
Accounting IPO costs (net of the relative fiscal effect)	-	(1,798)	-	-	-	(1,798)	-	-	-	(1,798)
Other movements	-	-	-	3	-	3	-	-	-	3
Year profit	-	-	-	-	3,733	3,733	-	233	233	3,966
Balance at 31st December 2006	**10,800**	**40,048**	**9**	**4,162**	**3,733**	**58,752**	**4,534**	**233**	**4,767**	**63,519**