



PRESS RELEASE

Results for the third quarter 2005

Net sales: +30.7% at 81.6 million euro
EBITDA (Gross operating profit): +54.4% at 17.6 million euro
EBIT (Operating profit): +62.8% at 14.9 million euro

CONSOLIDATED NET PROFIT: +66.5% AT 7.4 MILLION EURO

Results for the first nine months 2005

Net sales from continuing* operations: 246.0 million euro: +18.4%
EBITDA from continuing operations: 52.0 million euro: +32.9%
Consolidated net profit from continuing operations: 21.6 million euro: +30.1%
TOTAL CONSOLIDATED NET PROFIT: 76.0 MILLION EURO
ROCE for the first nine months from continuing operations: 15.5%
vs. 8.2% in the first nine months of 2004

Net financial indebtedness down to 87.2 million euro vs. 211.5 million euro at 31 December 2004

“The third quarter of 2005 has featured a strong increase in sales and all income indicators. The growth comes from high pressure pump sales and the Hydraulics Sector,” the Chairman Mr. Giovanni Cavallini stated. “The recent acquisition of Hammelmann has further contributed to the excellent results achieved. The business focus on the higher-level technological sectors and the strong growth recorded have also produced a boost in profits. The high profit margins, together with the capital gain from the Cleaning sale, allows the distribution of a special dividend of 0.69 euro without compromising the Group’s strategy of growth both organic and through acquisitions.”

Milan, 14 November 2005 – Today, Interpump Group has communicated the figures related to the third quarter and to the first nine months of 2005.

*Continuing operations are so defined by the international accounting standards in as much as they are ongoing operations, unlike the discontinued operations that will cease; these are relative to the Cleaning Sector that has been sold off and consolidated for the first five months of 2005 until the date of the sale, and for all the nine months of 2004.

Consolidated results for the third quarter of 2005

Net sales for the third quarter of 2005 reached 81.6 million euro (+30.7% compared to the 62.4 million euro registered from continuing operations in the third quarter of 2004). Considering the same consolidation area, without Hammelmann, sales grew by 7.8% to 67.3 million euro.

The Hydraulic Sector increased by 15.5%, reaching 37.7 million euro, both through the subsidiary Muncie that operates mainly in North America, and which shows an increase of 23.8% in local currency, and on other markets (+8.6%). **The Industrial Sector reached sales of 37.6 million euro, with growth of 74.2%** (+7.9% for the same consolidation area). High-pressure pump sales increased by 16.1% (+8.1% in local currency on the North American market and +22.4% on the other markets). Details by sector of operations are set out in the following table:



	<i>3rd quarter</i> 2005 €/000	<i>%</i>	<i>3rd quarter</i> 2004 €/000	<i>%</i>	<i>Growth/</i> <i>Decrease</i>
Hydraulic Sector	37,746	46	32,679	52	+15.5%
Industrial Sector	37,625	46	21,596	35	+74.2%
Electric Motors Sector	6,178	8	7,822	13	-21.0%
Other	<u>56</u>	<u>-</u>	<u>336</u>	<u>-</u>	n.a.
Total	<u>81,605</u>	<u>100</u>	<u>62,433</u>	<u>100</u>	+30.7%

Gross operating profit (EBITDA) amounted to 17.6 million euro (21.5% of sales) compared to the 11.4 million euro (18.2% of sales) of the continuing operations recorded for the third quarter of 2004, with an increase of 54.4%. On a like-for-like consolidation basis, growth was 15.0%. Details of EBITDA by sector are set out in the following table:

	<i>3rd quarter</i> 2005 €/000	<i>% of</i> <i>total</i> <i>sales</i>	<i>3rd quarter</i> 2004 €/000	<i>% of</i> <i>total</i> <i>sales</i>	<i>Growth/</i> <i>Decrease</i>
Hydraulic Sector	8,522	22.6%	7,230	22.1%	+17.9%
Industrial Sector	9,201	24.4%	3,998	18.5%	+130.1%
Electric Motors Sector	113	1.7%	387	4.7%	-70.8%
Other	<u>(273)</u>	n.a.	<u>(240)</u>	n.a.	n.a.
Total	<u>17,563</u>	21.5%	<u>11,375</u>	18.2%	+54.4%

EBITDA of the Industrial Sector, on a like-for-like consolidation basis, grew by 18.0%.

Operating profit (EBIT) amounted to 14.9 million euro (18.2% of sales), 62.8% higher than the 9.1 million euro from continuing operations in the third quarter of 2004 (14.6% of sales). On a like-for-like consolidation basis, growth was 20.3%.

The consolidated net profit of the quarter reached 7.4 million euro, up by 66.5% on the 4.4 million euro registered from continuing operations in the same period of last year.

Net earnings per share were equal to 0.095 euro (0.053 euro in the third quarter of 2004, always referring to continuing operations): an upswing of 79.2%. Diluted net earnings per share, which take into account that stock option rights may be exercised in the future and the effect of this on the result, amounted to 0.093 euro (0.053 euro for the third quarter of last year, for continuing operations), showing growth of 75.5%.

Consolidated results of continuing operations over the first nine months of 2005

Net sales from continuing operations for the first nine months of 2005 reached 246.0 million euro, representing growth of 18.4% on the 207.7 million registered in the first nine months of 2004. On a like-for-like consolidation basis, growth was 8.4%.

The Hydraulic Sector increased by 13.2% to 115.1 million euro. Sales of the subsidiary Muncie increased by 21.4% in dollars; sales of the other companies showed growth of 9.7%. The Industrial Sector grew by 42.7%, reaching 103.1 million euro (+3.5% on a like-for-like consolidation basis). High pressure pump sales increased by 7.9% (+16.7% in North America in dollars and +3.6% in the other markets). Details of sales by sector of operations are set out in the following table:



	30/9/2005 (nine months) 2005 €/000	%	30/9/2004 (nine months) €000	%	Growth/ Decrease
Hydraulic Sector	115,147	47	101,749	49	+13.2%
Industrial Sector	103,092	42	72,258	35	+42.7%
Electric Motors Sector	27,001	11	31,993	15	-15.6%
Other	764	-	1,703	1	n.a.
Total	<u>246,004</u>	<u>100</u>	<u>207,703</u>	<u>100</u>	+18.4%

Gross operating profit (EBITDA) amounted to 52.0 million euro, equal to 21.1% of sales, while in the first nine months of 2004 the figure registered was 39.1 million euro (18.8% of sales) with an increase of 32.9% (+8.9% on a like-for-like consolidation basis). Details of EBITDA by sector are set out in the following table:

	30/9/2005 (nine months) €/000	% of total sales	30/9/2004 (nine months) €000	% of total sales	Growth/ Decrease
Hydraulic Sector	26,963	23.4%	22,025	21.7%	+22.4%
Industrial Sector	24,641	23.9%	15,406	21.3%	+59.9%
Electric Motors Sector	939	3.4%	2,057	6.2%	-54.4%
Other	(557)	n.a.	(374)	n.a.	n.a.
Total	<u>51,986</u>	21.1%	<u>39,114</u>	18.8%	+32.9%

Operating profit (EBIT) amounted to 44.4 million euro (18.1% of sales) compared to 32.5 million euro (15.7% of sales) in the first nine months of 2004 and therefore grew by 36.7% (up 16.3% on a like-for-like consolidation basis).

Consolidated net profit from continuing operations for the period amounted to 21.6 million euro with a growth of 30.1% compared to the 16.6 million euro for the first nine months of 2004.

Basic net earnings per share from continuing operations were 0.287 euro (0.199 euro in the first nine months of 2004), representing an **increase of 44.2%**, Diluted earnings per share, which take into account that stock option rights may be exercised in the future and the effect of this on the result, amounted to 0.280 euro (0.197 euro in the first nine months of 2004 for continuing operations), representing an increase of 42.1%.

The ROCE for the first nine months was 15.5%, whereas it amounted to 8.2% in the first nine months of 2004, a rise of almost 90%. **The ROE for the same period was 10.8% (8.8% in 2004), a rise of 22.7%.**

Net financial indebtedness and total consolidated net profit

Net financial indebtedness at 30 September 2005 fell to 87.2 million euro from 211.5 million euro at 31 December 2004. Free cash flow, after changes in working capital and investments, amounted to **42.1 million euro** (6.3 million euro in the first nine months of 2004). This reduction in debt was possible, despite the net payment of 89.4 million euro made for the acquisition of Hammelmann, as a result of the proceeds of 185.8 million euro received from the sale of the Cleaning Sector, including debt sold and net of reinvestment in X Equity. Moreover, dividends of 11.1 million euro were distributed (10.4 million euro in 2004).

In addition to net profit from continuing operations of 21.6 million euro, **total consolidated net profit of 76.0 million** also includes the **net gain of 50.2 million euro from the sale of the Cleaning Sector** and the



net profit of the Cleaning Sector for the first five months of 4.2 million euro. Total net profit for the first nine months of 2004 amounted to 24.7 million euro, of which 16.6 million euro related to continuing operations.

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

The balance sheet, the income statement and the cash flow statement of the Parent Company, prepared in accordance with Italian accounting principles, are attached to this release.

Revenues from the sale of goods and services amounted to 51.0 million euro (up 5.4% compared to the 48.4 million euro for the first nine months of 2004).

The difference between sales and other revenues and the cost of production amounted to 10.3 million euro (8.4 million euro in the same period of 2004), with an increase of 21.8%.

Net profit of the Parent Company for the first nine months of 2005 amounted to 37.6 million euro, of which 33.3 million euro consist of net extraordinary income relating to the net gain on the sale of the holding in IP Cleaning S.p.A. and of two industrial buildings no longer used. In addition, equity investments were written down by 6.2 million euro in the first nine months of 2005 due to permanent losses in value, principally connected with the sale of the investment in IP Cleaning S.p.A.. Net profit for the first nine months of 2004 amounted to 68.9 million euro, of which 54.0 million euro arose from extraordinary income relating to the sale and contribution of certain equity investments to IP Cleaning and the effect of the elimination of write-downs of investments made for fiscal purposes in prior years solely in order to obtain tax benefits.

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Financial statements

Consolidated balance sheet

	30/09/2005	30/09/2004	31/12/2004
	€/000	€/000	€/000
ASSETS			
Non-current assets			
Property, plant and equipment	51,073	110,755	109,928
Goodwill	135,433	138,239	130,329
Other intangible assets	15,439	7,424	7,597
Investments in associated companies	5,390	1,445	1,505
Treasury stock	-	27,957	27,957
Other financial assets	14,025	4,285	3,804
Tax receivables	369	657	864
Deferred tax assets	7,854	13,429	12,506
Other non current assets	247	3,968	3,915
Total non-current assets	229,830	308,159	298,405
Current assets			
Cash and cash equivalents	71,528	32,833	22,391
Trade receivables	70,823	93,769	96,200
Inventories	85,052	116,209	107,250
Tax receivables	8,522	9,341	11,940
Treasury stock	-	5,296	5,296
Derivative financial instruments	141	-	-
Other financial assets	-	-	265
Assets held for sale	2,454	-	-
Other current assets	2,695	12,746	4,057
Total current assets	241,215	270,194	247,399
Total assets	471,045	578,353	545,804
SHAREHOLDERS' EQUITY			
Share capital	41,559	43,694	43,694
Legal reserve	8,747	8,747	8,747
Share premium reserve	15,862	15,043	15,094
Reserve for the measurement at fair value of derivatives used as hedging instruments	(624)	-	-
Reserve for translation differences	(5,827)	(7,586)	(11,107)
Other reserves	133,677	111,630	106,182
Shareholders' equity attributable to the Group	193,394	171,528	162,610
Minority interests	7,000	17,144	17,245
Total shareholders' equity	200,394	188,672	179,855

	30/09/2005	30/09/2004	31/12/2004
	€/000	€/000	€/000
LIABILITIES			
Non-current liabilities			
Interest-bearing loans	98,314	139,140	123,854
Employee benefits	10,294	15,406	17,208
Deferred tax liabilities	14,176	14,059	15,133
Other non-current liabilities	667	352	417
Provisions for risks and charges	1,446	1,665	1,671
Total non-current liabilities	124,897	170,622	158,283
Current liabilities			
Trade payables	41,401	82,459	75,035
Amounts payable to banks	10,735	38,477	48,141
Interest bearing loans (current portion)	49,651	61,203	62,029
Derivative financial instruments	1,254	-	-
Tax payables	12,791	16,625	6,053
Other current liabilities	28,645	18,703	15,168
Provisions for risks and charges	1,277	1,592	1,240
Total current liabilities	145,754	219,059	207,666
Total liabilities	270,651	389,681	365,949
<i>Total shareholders' equity and liabilities</i>	<i>471,045</i>	<i>578,353</i>	<i>545,804</i>

Consolidated income statement as at 30 September (nine months)

(€/000)	2005			2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Gross sales	246,004	119,894	365,898	207,703	210,007	417,710
Cost of sales	(155,192)	(84,776)	(239,968)	(136,136)	(147,181)	(283,317)
Gross industrial margin	90,812	35,118	125,930	71,567	62,826	134,393
Other revenues	3,162	394	3,556	1,713	1,577	3,290
Selling expenses	(18,342)	(15,469)	(33,811)	(14,470)	(28,241)	(42,711)
General and administrative expenses	(30,720)	(8,542)	(39,262)	(25,970)	(16,355)	(42,325)
Other operating costs	(471)	(210)	(681)	(320)	(780)	(1,100)
Ordinary profit before financial charges	44,441	11,291	55,732	32,520	19,027	51,547
Financial income	3,617	1,452	5,069	735	887	1,622
Financial charges	(7,967)	(4,051)	(12,018)	(4,202)	(4,167)	(8,369)
Adjustments of investments to the equity method	(12)	103	91	314	10	324
Profit for the period before taxes	40,079	8,795	48,874	29,367	15,757	45,124
Income taxes	(18,505)	(4,600)	(23,105)	(12,785)	(7,610)	(20,395)
Profit for the period after taxes but before gains from discontinued operations	21,574	4,195	25,769	16,582	8,147	24,729
Gains from discontinued operations	-	50,230	50,230	-	-	-
Consolidated profit for the period	21,574	54,425	75,999	16,582	8,147	24,729
Attributable to:						
Shareholders of the Parent	21,056	53,778	74,834	15,322	6,941	22,263
Minority shareholders of subsidiaries	518	647	1,165	1,260	1,206	2,466
Consolidated profit for the period	21,574	54,425	75,999	16,582	8,147	24,729
Basic earnings per share (euro)	0.287		1.019	0.199		0.289
Diluted earnings per share (euro)	0.280		0.992	0.197		0.286

Included in continuing operations are the Industrial Sector, the Hydraulic Sector and the other activities which remain in the Interpump Group. The Hammelmann Group is included in the Industrial Sector only for the second and third quarter of 2005. Discontinued operations include the operations of the IP Cleaning Group for the first nine months of 2004 and for the first five months of 2005, up to its disposal.

Consolidated income statement for the third quarter 2005

€/000	2005	2004		Total
	<i>Continuing operations</i>	<i>Continuing operations</i>	<i>Discontinued operations</i>	
Gross sales	81,605	62,433	45,926	108,359
Cost of sales	(50,507)	(40,979)	(31,238)	(72,217)
Gross industrial margin	31,098	21,454	14,688	36,142
Other revenues	494	509	328	837
Selling expenses	(6,256)	(4,544)	(7,376)	(11,920)
General and administrative expenses	(10,388)	(8,212)	(4,648)	(12,860)
Other operating costs	(71)	(68)	(161)	(229)
Ordinary profit before financial charges	14,877	9,139	2,831	11,970
Financial income	852	220	343	563
Financial charges	(2,111)	(1,283)	(1,239)	(2,522)
Adjustments of investments to the equity method	11	42	(10)	32
Profit for the period before taxes	13,629	8,118	1,925	10,043
Income taxes	(6,227)	(3,673)	(937)	(4,610)
Consolidated profit for the period	7,402	4,445	988	5,433
Attributable to:				
Shareholders of the Parent	7,312	4,092	654	4,746
Minority shareholders of subsidiaries	90	353	334	687
Consolidated profit for the period	7,402	4,445	988	5,433
Basic earnings per share (euro)	0.095	0.053		0.062
Diluted earnings per share (euro)	0.093	0.053		0.061

Consolidated cash flow statement as at 30 September (nine months)

(€000)	2005			2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Cash flows from operating activities						
Profit before taxes and gains from discontinued operations	40,079	8,795	48,874	29,367	15,757	45,124
Adjustments for non-monetary items:						
Gains from disposals of fixed assets	(1,305)	(21)	(1,326)	(134)	(57)	(191)
Gains from disposals of investments	(142)	-	(142)	(191)	-	(191)
Depreciation and amortisation	6,876	3,130	10,006	6,358	5,381	11,739
Expenses recognised in the income statement relating to stock options which do not result in cash outflows for the Group	768	-	768	244	-	244
Profits from investments	12	(103)	(91)	(314)	(10)	(324)
Net change in provisions and accruals for employee benefits	985	828	1,813	505	458	963
Net financial charges	4,350	2,599	6,949	3,467	3,280	6,747
Other items	(17)	-	(17)	1	-	1
	51,606	15,228	66,834	39,303	24,809	64,112
(Increase) decrease in trade receivables and other current assets	(6,664)	(10,290)	(16,954)	(5,753)	(5,108)	(10,861)
(Increase) decrease in inventories	(8,748)	4,903	(3,845)	(5,871)	(9,189)	(15,060)
Increase (decrease) in trade payables and other current liabilities	(497)	17,253	16,756	2,792	(5,345)	(2,553)
Interest paid	(3,988)	(1,597)	(5,585)	(4,645)	(4,250)	(8,895)
Realised exchange differences	348	(151)	197	(9)	82	73
Income taxes paid	(11,578)	-	(11,578)	(7,039)	(1,811)	(8,850)
Net cash from operating activities	20,479	25,346	45,825	18,778	(812)	17,966
Cash flows from investing activities						
Purchase of Hammelmann, net of cash received	(87,152)	-	(87,152)	-	-	-
Proceeds from the sale of IP Cleaning S.p.A.	-	75,067	75,067	-	-	-
Ancillary expenses connected with the sale of IP Cleaning S.p.A.	-	(1,800)	(1,800)	-	-	-
Bank overdrafts (cash) transferred relating to the IP Cleaning Group	-	10,671	10,671	-	-	-
Investment in X Equity	-	(12,500)	(12,500)	-	-	-
Purchase of minority interests of subsidiaries	-	(1,408)	(1,408)	(166)	(1,092)	(1,258)
Proceeds from the sale of associated companies	1,557	-	1,557	5,000	-	5,000
Purchase of treasury stock	(2,301)	-	(2,301)	-	-	-
Proceeds from the sale of treasury stock to the holders of stock options	2,092	-	2,092	-	-	-

(€000)	2005			2004		
	Contin- uing operations	Discontin- ued operations	Total	Contin- uing operations	Discontin- ued operations	Total
Investments in property, plant and equipment	(3,792)	(1,328)	(5,120)	(3,808)	(6,811)	(10,619)
Proceeds from the sale of tangible fixed assets	2,984	105	3,089	423	395	818
Proceeds from the sale of intangible fixed assets	(1,154)	(339)	(1,493)	(1,054)	(944)	(1,998)
Financial income received	700	146	846	1,030	467	1,497
Dividends distributed by companies within the scope of discontinued operations and received by the Parent Company	-	-	-	1,340	(1,340)	-
Other items	605	(23)	582	79	(457)	(378)
Net cash used in investing activities	(86,461)	68,591	(17,870)	2,844	(9,782)	(6,938)
Cash flows from financing activities						
Loan granted to X Equity	-	(10,000)	(10,000)	-	-	-
Proceeds from increase in share capital	-	-	-	247	-	247
Proceeds from (repayments of) loans	22,478	58,680	81,158	(11,582)	(3,435)	(15,017)
Repayment of shareholders' loan	-	(54)	(54)	-	(54)	(54)
Payment of finance lease liabilities (capital portion)	(166)	(1,120)	(1,286)	(231)	(1,476)	(1,707)
Dividends paid	(10,180)	(893)	(11,073)	(9,436)	(987)	(10,423)
Net cash from (used in) financing activities	12,132	46,613	58,745	(21,002)	(5,952)	(26,954)
Net increase (decrease) in cash and cash equivalents	(53,850)	140,550	86,700	620	(16,546)	(15,926)
Net cash of companies consolidated for the first time			-			(830)
Conversion differences of cash held by non-EU companies			(157)			(30)
Cash and cash equivalents at beginning of period			<u>(25,750)</u>			<u>10,303</u>
Cash and cash equivalents at end of period			<u>60,793</u>			<u>(6,483)</u>

Discontinued operations include the operations of the IP Cleaning Group for the first nine months of 2004 and for the first five months of 2005, up to its disposal.

Cash and cash equivalent can be broken down as follows:

	30/09/2005	31/12/2004
	€000	€000
Cash and cash equivalents from the balance sheet	71,528	22,391
Payables to banks (for current account overdrafts and advances subject to collection)	<u>(10,735)</u>	<u>(48,141)</u>
Cash and cash equivalents from the cash flow statement	<u>60,793</u>	<u>(25,750)</u>

Changes in shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for the fair value of hedging derivatives</i>	<i>Reserve for translation differences</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Total</i>
<i>Balance at 1 January 2004</i>	43,447	8,747	14,799	-	(8,209)	98,477	157,261	16,221	173,482
Capital increase subscribed on 31/5/2004 for stock options	247	-	-	-	-	-	247	-	247
Distribution of dividends	-	-	-	-	-	(9,110)	(9,110)	(1,423)	(10,533)
Exchange differences on the conversion of the financial statements of foreign companies	-	-	-	-	438	-	438	29	467
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	185	-	185	-	185
Minority interests in the share capital and reserves of companies consolidated for the first time	-	-	-	-	-	-	-	5	5
Minority interests purchased by the Group	-	-	-	-	-	-	-	(154)	(154)
Recognition in income of the fair value of the stock options granted and exercisable	-	-	244	-	-	-	244	-	244
Net profit for the period	-	-	-	-	-	22,263	22,263	2,466	24,729
<i>Balance at 30 September 2004</i>	<i>43,694</i>	<i>8,747</i>	<i>15,043</i>	<i>-</i>	<i>(7,586)</i>	<i>111,630</i>	<i>171,528</i>	<i>17,144</i>	<i>188,672</i>
Recognition in income of the fair value of stock options granted and exercisable	-	-	51	-	-	-	51	-	51
Exchange differences on the conversion of the financial statements of foreign companies	-	-	-	-	(2,420)	-	(2,420)	(303)	(2,723)
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	(1,101)	-	(1,101)	-	(1,101)
Distribution of dividends	-	-	-	-	-	-	-	(41)	(41)
Profit (loss) for the fourth quarter	-	-	-	-	-	(5,448)	(5,448)	445	(5,003)
<i>Balance at 31 December 2004</i>	<i>43,694</i>	<i>8,747</i>	<i>15,094</i>	<i>-</i>	<i>(11,107)</i>	<i>106,182</i>	<i>162,610</i>	<i>17,245</i>	<i>179,855</i>

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for the fair value of hedging derivatives</i>	<i>Reserve for translation differences</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Minority interests</i>	<i>Total</i>
<i>Balance at 31 December 2004</i>	43,694	8,747	15,094	-	(11,107)	106,182	162,610	17,245	179,855
Recognition of the effects of IAS 32 and IAS 39:									
Derecognition of treasury stock from assets	-	-	-	-	-	(33,253)	(33,253)	-	(33,253)
Measurement at fair value of derivative financial instruments	-	-	-	(695)	303	(608)	(1,000)	-	(1,000)
Recognition in liabilities of commitments to purchase minority interests in subsidiaries	-	-	-	-	(1,024)	(5,515)	(6,539)	(3,443)	(9,982)
Different accounting treatment of accessory costs on loans	-	-	-	-	-	11	11	-	11
<i>Balance at 1 January 2005</i>	<u>43,694</u>	<u>8,747</u>	<u>15,094</u>	<u>(695)</u>	<u>(11,828)</u>	<u>66,817</u>	<u>121,829</u>	<u>13,802</u>	<u>135,631</u>
Cancellation of treasury stock	(2,135)	-	-	-	-	2,135	-	-	-
Exchange differences on the conversion of the financial statements of foreign companies	-	-	-	-	3,729	-	3,729	85	3,814
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	2,272	-	2,272	-	2,272
Distribution of dividends	-	-	-	-	-	(9,900)	(9,900)	(1,184)	(11,084)
Recognition in income of the fair value of derivative financial instruments used for hedging	-	-	-	(1,032)	-	-	(1,032)	-	(1,032)
Change in the reserve for the measurement at fair value of the derivatives used as hedging instruments as a result of the sale of the IP Cleaning Group	-	-	-	717	-	-	717	-	717
Recognition in equity of the fair value of hedging agreements for derivative financial instruments entered into during the period and change in fair value of those existing at 1/1/2005 and at 30/9/2005	-	-	-	386	-	-	386	-	386
Recognition in income of the fair value of stock options granted and exercisable	-	-	768	-	-	-	768	-	768
Purchase of treasury stock	-	-	-	-	-	(2,301)	(2,301)	-	(2,301)
Sale of treasury stock on the exercising of stock options	-	-	-	-	-	2,092	2,092	-	2,092
Minority interests purchased by the Group	-	-	-	-	-	-	-	(307)	(307)
Minority interests sold by the Group	-	-	-	-	-	-	-	(6,561)	(6,561)
Net profit for the period	-	-	-	-	-	74,834	74,834	1,165	75,999
<i>Balance at 30 September 2005</i>	<u>41,559</u>	<u>8,747</u>	<u>15,862</u>	<u>(624)</u>	<u>(5,827)</u>	<u>133,677</u>	<u>193,394</u>	<u>7,000</u>	<u>200,394</u>

Financial statements of the Parent Company Interpump Group S.p.A.
(prepared in accordance with Italian accounting principles)
BALANCE SHEET

ASSETS		
<i>(amounts expressed in thousands of euro)</i>	<i>30/09/2005</i>	<i>31/12/2004</i>
Fixed assets		
INTANGIBLE FIXED ASSETS		
Research, development and advertising costs	830	1,275
Industrial patents and intellectual property rights	23	-
Concessions, licences, trade marks and similar rights	88	118
Goodwill	27,981	29,920
Assets under construction and advances	1,661	1,146
Others	343	143
<i>Total</i>	<u>30,926</u>	<u>32,602</u>
Tangible fixed assets		
Land and buildings	11,470	12,973
Plant and machinery	3,729	4,765
Industrial and commercial equipment	965	1,034
Other fixed assets	418	321
Assets under construction and advances	438	338
<i>Total</i>	<u>17,020</u>	<u>19,431</u>
Financial fixed assets		
Investments in:		
Subsidiaries	95,713	89,606
Associated companies	12,500	-
Other companies	483	483
<i>Total investments</i>	<u>108,696</u>	<u>90,089</u>
Receivables:		
From subsidiaries		
Due within one year	8,320	57,100
Due after one year	49,500	1,140
From associated companies		
Due after one year	10,000	-
From others		
Due within one year	49	67
<i>Total financial receivables</i>	<u>67,869</u>	<u>58,307</u>
Treasury stock		
(for a total nominal value of €/000 775 in 2005)	6,361	27,957
<i>Total financial fixed assets</i>	<u>182,926</u>	<u>176,353</u>
<i>Total fixed assets</i>	<u>230,872</u>	<u>228,386</u>

BALANCE SHEET

<i>(amounts expressed in thousands of euro)</i>	30/09/2005	31/12/2004
Assets forming part of working capital		
<i>Inventories</i>		
Raw materials and supplies	6,562	5,578
Work in progress and semi-finished products	5,200	5,146
Finished products and goods	1,596	1,576
<i>Total</i>	13,358	12,300
<i>Receivables</i>		
Trade receivables		
Due within one year	8,502	5,000
From subsidiaries		
Due within one year	10,743	11,755
Tax receivables		
Due within one year	3,682	715
Due after one year	-	517
Deferred tax assets		
Due within one year	687	784
Due after one year	666	1,007
From others		
Due within one year	106	94
Due after one year	3	5
<i>Total</i>	24,389	19,877
<i>Financial assets other than fixed assets</i>		
Treasury stock (for a nominal value of €000 1,296 in 2005)	10,257	5,296
<i>Total uninvested financial assets</i>	10,257	5,296
<i>Cash</i>		
Bank and postal accounts	50,707	8,317
Cash	27	5
<i>Total</i>	50,734	8,322
<i>Total assets forming part of working capital</i>	98,738	45,795
<i>Accruals and deferrals</i>		
Other accruals and deferrals		
Due within one year	156	370
Due after one year	-	234
<i>Total</i>	156	604
<i>Total assets</i>	329,766	274,785

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(amounts expressed in thousands of euro)</i>	30/09/2005	31/12/2004
<i>Shareholders' equity</i>		
Share capital	41,559	43,694
Share premium reserve	14,757	14,757
Revaluation reserve	8,308	8,308
Legal reserve	8,747	8,747
Reserve for treasury stock held	16,618	33,253
Extraordinary reserve	53,616	646
Accelerated depreciation reserve	-	3,134
Profit (loss) for the period	37,592	57,810
<i>Total shareholders' equity</i>	<u>181,197</u>	<u>170,349</u>
<i>Provisions for risks and charges</i>		
Provisions for taxation including deferred taxes	5,705	1,427
Other	663	613
<i>Total</i>	<u>6,368</u>	<u>2,040</u>
<i>Staff severance indemnities</i>	<u>4,676</u>	<u>4,441</u>
<i>Payables</i>		
Amounts payable to banks		
Due within one year	31,666	11,667
Due after one year	91,667	71,667
Advances		
Due within one year	31	40
Accounts payable to suppliers		
Due within one year	7,554	7,695
Payable to subsidiaries		
Due within one year	2,674	1,090
Taxes payable		
Due within one year	191	1,673
Social security charges payable		
Due within one year	649	835
Other payables		
Due within one year	2,589	2,863
<i>Total</i>	<u>137,021</u>	<u>97,350</u>
<i>Accruals and deferrals</i>		
Other accruals and deferrals	504	425
<i>Total</i>	<u>504</u>	<u>425</u>
<i>Total liabilities</i>	<u>329,766</u>	<u>274,785</u>

MEMORANDUM ACCOUNTS

<i>(amounts expressed in thousands of euro)</i>	<i>30/09/2005</i>	<i>31/12/2004</i>
Memorandum accounts		
Sureties	<u>120</u>	<u>5,027</u>
<i>Total</i>	<u><u>120</u></u>	<u><u>5,027</u></u>

INCOME STATEMENT

<i>(amounts expressed in thousands of euro)</i>	<i>30/09/2005</i>	<i>30/09/2004</i>
Sales and other revenues		
Revenues from the sale of goods and services	50,982	48,385
Changes in inventories of work in progress, semi-finished and finished products	74	35
Increase on internal work capitalised under fixed assets	21	5
Other revenues and income	102	124
<i>Total</i>	<i>51,179</i>	<i>48,549</i>
Cost of production		
Raw materials, consumables and supplies	16,820	16,954
Services	9,552	9,039
Use of third party assets	33	27
Personnel:		
Wages and salaries	7,358	6,699
Social security charges	2,489	2,340
Staff severance indemnities	587	533
Amortisation, depreciation and write-downs:		
Amortisation of intangible fixed assets	2,513	2,635
Depreciation of tangible fixed assets	2,156	2,890
Changes in raw materials, consumables and supplies inventory	(984)	(1,311)
Sundry operating costs	357	293
<i>Total</i>	<i>40,883</i>	<i>40,099</i>
<i>Difference between sales and other revenues and the cost of production</i>	<i>10,296</i>	<i>8,450</i>
Financial income and expenses		
Income from investments:		
Dividends from subsidiaries	8,082	12,920
<i>Other financial income:</i>		
From receivables included under fixed assets:		
Subsidiaries	128	69
Associated companies	34	-
	<i>162</i>	<i>69</i>

INCOME STATEMENT

<i>(amounts expressed in thousands of euro)</i>	<i>30/09/2005</i>	<i>30/09/2004</i>
<i>Financial income other than the above:</i>		
Interest and fee expenses from other parties and other income	423	264
 <i>Interest and other financial charges:</i>		
Interest and fee expenses payable to others and financial charges	(3,726)	(3,370)
Foreign exchange gains (losses)	36	(2)
<i>Total financial income and charges</i>	4,977	9,881
 Adjustments made to financial asset values		
Write-downs:		
Of investments	(6,249)	-
 Extraordinary income and expenses		
Income	35,323	53,971
Expenses	(2,039)	-
<i>Total extraordinary items</i>	33,284	53,971
<i>Profit for the period before taxes</i>	42,308	72,302
 Income taxes for the period		
Current taxes	(4,563)	(3,241)
Deferred and prepaid taxes	(153)	(189)
<i>Total income taxes for the period</i>	(4,716)	(3,430)
<i>Net profit (loss) for the period</i>	37,592	68,872

CASH FLOW STATEMENT

<i>(amounts expressed in thousands of euro)</i>	<i>30/09/2005</i>	<i>30/09/2004</i>
Net profit for the period	37,592	68,872
Non cash income items:		
Amortisation and depreciation of intangible and tangible fixed assets	4,670	5,525
Changes in staff severance indemnities	234	131
Changes in the deferred tax provision net of change in deferred tax assets	153	190
Change in other provisions	-	(164)
Write-downs of investments	6,249	-
Write-back of equity investments due to neutralisation of fiscal interference	-	(30,304)
Capital (gains) from the sales of equity investments	(31,910)	(23,667)
Capital (gains) from the sales of fixed assets	(1,409)	-
Dividends from companies in which stakes are held	(8,082)	(12,920)
<i>Cash flow from operations</i>	<u>7,497</u>	<u>7,663</u>
Cash flow obtained (used) through (in) net working capital	1,265	(2,082)
<i>Operating cash flow generated (used)</i>	<u>8,762</u>	<u>5,581</u>
<i>Investing activities</i>		
Increase in tangible fixed assets	(1,063)	(1,212)
Increase in intangible fixed assets	(837)	(489)
Proceeds from sales of fixed assets	2,727	1
Acquisition of equity investments, net	(58,520)	(21)
Proceeds from sales of investments	68,151	5,000
Ancillary expenses connected with the sales of investments	(1,800)	-
Acquisition of treasury stock	(209)	-
Restructuring of a subsidiary's losses	(579)	-
Other changes	224	(859)
<i>Total cash flow used for investing activities</i>	<u>8,094</u>	<u>2,420</u>
<i>Financing activities</i>		
Increase in (repayment of) medium/long-term borrowings	40,000	(12,000)
Collection (increase) of (in) medium/long-term financial receivables	(46)	89
Financing reimbursed by (paid out to) subsidiaries	(9,700)	(5,673)
Increase in capital	-	247
Dividends received	5,162	7,840
Dividends paid	(9,900)	(9,110)
<i>Total cash flow obtained through (used in) financing activities</i>	<u>25,516</u>	<u>(18,607)</u>
Cash flow generated (used)	<u>42,372</u>	<u>(10,606)</u>

CASH FLOW STATEMENT

(amounts expressed in thousands of euro) 30/09/2005 30/09/2004

Net cash and cash equivalents at the beginning of the period	7,898	22,662
Cash flow generated (used)	42,372	(10,606)
<i>Net cash and cash equivalents at the end of the period</i>	<u>50,270</u>	<u>12,056</u>

Net cash can be broken down as follows:

Cash on hand	50,734	12,340
Accrued interest	(464)	(284)
<i>Net cash and cash equivalents</i>	<u>50,270</u>	<u>12,056</u>