



PRESS RELEASE

*The year is characterised by the sale of the Cleaning Sector
and the acquisition of Hammelmann in Germany*

PRELIMINARY RESULTS FOR 2005

TOTAL CONSOLIDATED PROFIT 79.2 MILLION EUROS

Net revenues from continuing operations*: up 22.5% to 331.6 million euros
Consolidated gross operating profit (EBITDA) from continuing operations:
up 40.1 to 68.0 million euros (20.5% of revenues)
Consolidated EBIT from continuing operations: up 44.6% to 57.4 million euros
Consolidated net profit from continuing operations: up 142.6% to 27.4 million euros

ROCE from continuing operations: 20.2% against 10.1% in 2004
ROE from continuing operations: 17.3% against 7.0% in 2004

RESULTS FOR THE FOURTH QUARTER OF 2005

Net sales from continuing operations: up 36.1% to 85.6 million euros
EBITDA from continuing operations: up 69.8% to 16.0 million euros
EBIT from continuing operations: up 80.9% to 12.9 million euros
Total consolidated profit from continuing operations: 5.5 million euros

*= Continuing operations are defined as such by International Financial Reporting Standards as they regard operations which will continue as opposed to those that will cease; in the Group's case these relate to the disposed Cleaning Sector, which was consolidated for the whole of 2004 and in 2005 has been consolidated for the first five months up to the date of its sale.

Milan, 14 February 2006 – The Interpump Group announces preliminary figures for 2005 and its results for the fourth quarter of the year as approved by the Board of Directors which met today. The year saw the application of International Financial Reporting Standards for the first time. Important extraordinary sale and purchase operations took place during the year which enabled the Interpump Group to position itself amongst the most competitive sectors and those with the highest added value. The German Hammelmann group was acquired on 4 April 2005, and on 30 May 2005 the Cleaning Sector was sold. Continuing operations consist of the Industrial Sector, the Hydraulic Sector and the other activities which remain in the Interpump Group (the Electric Motors Sector and others). The Hammelmann Group is included in the Industrial Sector for nine months of 2005. The results of the IP Cleaning Group have been consolidated for five months in 2005 and are included in discontinued operations; as a result any comparisons of discontinued operations and of the totals is not consistent.

Preliminary figures for continuing operations for 2005

On the basis of the preliminary results for 2005, the Interpump Group has achieved **an increase of 22.5% in consolidated net revenues from continuing operations which amount to 331.6 million euros** (compared to 270.6 million euros in 2004). Sales from continuing operations also include those of the Hammelmann Group from 1 April 2005, which total 44.4 million euros. On a like-for-like consolidation scope basis, net sales from consolidated operations grew by 6.1% (16.6 million euros).

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The following table sets out the trend in 2005 sales by sector.

	31/12/2005 (twelve months) €/000	%	31/12/2004 (twelve months) €/000	%	Increase/ decrease
<i>Continuing operations:</i>					
Hydraulic Sector	154,782	47	135,594	50	+14.2%
Industrial Sector	141,032	43	92,409	34	+52.6%
Electric Motors Sector	34,347	10	39,542	15	-13.1%
Other Sectors	<u>1,447</u>	-	<u>3,067</u>	<u>1</u>	-
Total	<u>331,608</u>	<u>100</u>	<u>270,612</u>	<u>100</u>	+22.5%

The **Hydraulic Sector** grew by **14.2%** to **154.8 million euros**. Sales of the American subsidiary Muncie grew by 21.0% both in dollars and when converted into euros, following the already strong growth recorded in 2004. Sales of European companies grew by 9.1% over the previous year.

The **Industrial Sector** grew by **52.6%** to **141.0 million euros**. On a like-by-like consolidation scope basis (excluding the Hammelmann Group) the Industrial Sector grew by 4.5%.

The turnover of high pressure pumps grew by 8.7%. Sales of high pressure pumps and accessories in the North American market, the most important for the Group, grew by 15.7%, reaching 41.3 million dollars. The sales of pumps in other markets reached 39.2 million dollars (up 3.5% over 2004).

Sales of electric motors reached 34.3 million euros (down 13.1% over 2004) mainly as a result of the reduced sales to the Cleaning Sector which was due to a decrease in the sales of that Sector itself. Sales of electric motors excluding those to the Cleaning Sector amounted to 27.3 million euros (27.7 million euros in 2004), a drop of 1.4%.

Consolidated gross operating profit (EBITDA) from continuing operations grew by 40.1% to 68.0 million euros in 2005, equivalent to 20.5% of net sales (48.5 million euros in 2004, equivalent to 17.9% of sales). The following table sets out EBITDA by operating sector:

	31/12/2005 (twelve months) €/000	% of total sales*	31/12/2004 (twelve months) €/000	% of total sales *	Increase/ Decrease
Hydraulic Sector	35,584	23.0%	28,718	21.2%	+23.9%
Industrial Sector	32,424	23.0%	17,849	19.3%	+81.7%
Electric Motors Sector	431	1.2%	2,204	5.4%	-80.4%
Other Sectors	<u>(454)</u>	-	<u>(236)</u>	-	-
Total	<u>67,985</u>	20.5%	<u>48,535</u>	17.9%	+40.1%

* = Total sales also include those to other companies included in continuing operations, while those sales analysed previously consist solely of those outside the Group. As a result, for reasons of consistency, this percentage is calculated on total sales, rather than on those reported above.

There was an increase of 9.2% in EBITDA for the Industrial sector, based on a like-by-like consolidation scope basis (excluding Hammelmann). The decrease in EBITDA for the Electric Motor Sector is due to a large extent to the contraction in sales volumes and the increase in the price of raw materials.



Consolidated operating profit (EBIT) from continuing operations amounted to 57.4 million euros (17.3% of sales), showing a growth of **44.6%** over the figure of 39.7 million euros for 2004 (equal to 14.7% of sales).

Continuing operations for 2005 result in a net profit of 27.1 million euros (12.6 million euros in 2004).

Net earnings per share from continuing operations amounted to **0.363 euros** with a growth of 66.5% compared to the figure of 0.218 euros in 2004.

ROCE reached 20.2%; in 2004 the corresponding figure was 10.1%. **ROE was 17.3%**, compared to 7.0% in 2004.

Net financial indebtedness and total consolidated profit

Net financial indebtedness at 31 December 2004 of 211.5 million euros fell to 127.7 million euros at 31 December 2005, due not only to **57.0 million euros of operating cash flows** but also to the proceeds of 75.2 million euros from the sale of the Cleaning Sector, to which must be added 133.2 million euros of transferred net debt. The major outflows regarded the purchase of the Hammelman Group for 89.4 million euros, net of the cash and debt received, and the investment in and financing of X Equity for a total of 22.5 million euros.

In order to optimise the Interpump Group's financial and equity structure, **an extraordinary dividend of 0.69 euros per share** was distributed and made available for payment from 22 December, with the share going ex-dividend on 19 December, leading to a total payment of 53.4 million euros.

Total consolidated net profit amounted to 79.2 million euros (19.7 million euros in 2004), inclusive of a gain of 48 million euros linked to the sale of the Cleaning Sector and of 4.2 million euros relating to profits from discontinued operations which will not recur in future years.

Net sales in the fourth quarter from continuing operations

Net sales of the Interpump Group in the fourth quarter of 2005 **amounted to 85.6 million euros, with an increase of 36.1%** over the fourth quarter of 2004 when they totalled 62.9 million euros. Sales from continuing operations also include sales of 16.1 million euros made by the Hammelmann Group. On a like-by-like consolidation scope basis, net sales from continuing operations increased by 10.4% or 6.6 million euros.

The following table sets out sales for the fourth quarter by operating sector:

	Fourth quarter 2005 €000	%	Fourth quarter 2004 €000	%	Increase/Decrease
Hydraulic Sector	39,635	46	33,845	54	+17.1%
Industrial Sector	37,940	44	20,151	32	+88.3%
Electric Motors Sector	7,346	9	7,549	12	-2.7%
Other Sectors	683	1	1,364	2	-
Total	85,604	100	62,909	100	+36.1%

The Hydraulic Sector grew by 17.1%. The sales of the subsidiary Muncie grew in dollars by 20.0% following the strong growth achieved in the previous quarters; translated into euros this growth amounted to 31.4%. Sales of the European companies grew by 7.7% compared to the same period in 2004. **Turnover of the Industrial Sector reached 37.9 million euros. The turnover of high pressure pumps grew by 11.7%.** In the North



American market, the most important for the Group, sales of high pressure pumps and accessories grew by 11.0% in local currency, reaching 11.3 million dollars (up 23.6% if translated into euros). Sales of pumps in the other markets amounted to 6.8 million euros (down 1.7% compared to the fourth quarter for 2004). Sales of electric motors were 7.3 million euros (down 2.7% compared to the fourth quarter for 2004).

Gross operating profit (EBITDA) from continuing operations for the fourth quarter grew by 18.7% to 16.0 million euros, equivalent to 18.7% of sales, compared to 9.4 million euros in the fourth quarter of 2004 which represented 15.0% of sales (up 69.8% and 16.0% on a like-for like consolidation scope basis). The following table sets out EBITDA by operating sector:

	<i>Fourth quarter 2005 €/000</i>	<i>% of total sales*</i>	<i>Fourth quarter 2004 €/000</i>	<i>% of total sales*</i>	<i>Increase/ Decrease</i>
Hydraulic Sector	8,621	21.8%	6,693	19.8 %	+28.8%
Industrial Sector	7,783	20.5%	2,443	12.1%	+218.6%
Electric Motors Sector	(508)	-6.4%	147	1.9%	-
Other Sectors	<u>103</u>	=	<u>138</u>	=	-
Total	<u>15,999</u>	18.7%	<u>9,421</u>	+15.0%	+69.8%

* = Total sales also include those to other companies included in continuing operations, while those sales analysed previously consist solely of those outside the Group. As a result, for reasons of consistency, this percentage is calculated on total sales, rather than on those reported above.

Operating profit (EBIT) amounted to 12.9 million euros, equivalent to 15.1% of sales, compared to 7.2 million euros in the fourth quarter of 2004 (11.4% of sales), **with a growth of 80.9%**. On a like-for-like consolidation scope basis growth amounted to 18.7%.

Consolidated net profit for the fourth quarter of 2005 was 5.5 million euros, stated after the write down of goodwill of 4.0 million euros as a consequence of the appliance of the impairment test required by the International Accounting Standards. There was a consolidated loss of 3.9 million euros in the fourth quarter of 2004, stated after a write-down of goodwill of 6.8 million euros.

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

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

Revenues from the sale of goods and from services amounted to 66.9 million euros (up 5.0% compared to the figure of 63.7 million euros for 2004).

The difference between this and the cost of production was 8.8 million euros (9.8 million euros in 2004). The decrease over the previous year may be explained by the write-down of fixed assets of 1.5 million euros. Excluding this write-down there was a growth of 4.7%.

The net profit of the Parent Company was 27.8 million euros, of which 31.1 million euros relates to net extraordinary income from the net gains realised on the sale of the investment in IP Cleaning S.p.A. and of two



factories no longer being used. In addition, there was a write-down of investments in 2005 by 11.4 million euros for permanent losses in value, mostly linked to the sale of the investment in IP Cleaning S.p.A., and a write-down of tangible fixed assets as described. Net profit for 2004 amounted to 57.8 million euros, of which 54.0 million euros related to extraordinary income from the sale and contribution of certain investments to IP Cleaning and to the effect of a fiscal neutralisation exercise connected with the write-down of investments in prior years made solely to obtain fiscal benefits. Write-downs of investments of 10.7 million euros were also recognised.

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Financial statements
Consolidated balance sheet

	<i>31/12/2005</i>	<i>30/09/2005</i>	<i>31/12/2004</i>
	<i>€/000</i>	<i>€/000</i>	<i>€/000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	51,165	51,073	109,928
Goodwill	133,885	135,433	130,329
Other intangible assets	15,598	15,439	7,597
Investments in associated companies	5,390	5,390	1,505
Treasury stock	-	-	27,957
Other financial assets	14,361	14,025	3,804
Tax receivables	371	369	864
Deferred tax assets	11,926	7,854	12,506
Other non current assets	210	247	3,915
<i>Total non-current assets</i>	<i>232,906</i>	<i>229,830</i>	<i>298,405</i>
<i>Current assets</i>			
Cash and cash equivalents	56,078	71,528	22,391
Trade receivables	70,974	70,823	96,200
Inventories	85,239	85,052	107,250
Tax receivables	5,229	8,522	11,940
Treasury stock	-	-	5,296
Derivative financial instruments	359	141	-
Other financial assets	-	-	265
Assets held for sale	2,454	2,454	-
Other current assets	2,150	2,695	4,057
<i>Total current assets</i>	<i>222,483</i>	<i>241,215</i>	<i>247,399</i>
<i>Total assets</i>	<i>455,389</i>	<i>471,045</i>	<i>545,804</i>
SHAREHOLDERS' EQUITY			
Share capital	41,559	41,559	43,694
Legal reserve	8,747	8,747	8,747
Share premium reserve	16,739	15,862	15,094
Reserve for the measurement at fair value of derivatives used as hedging instruments	(558)	(624)	-
Reserve for translation differences	(4,664)	(5,827)	(11,107)
Other reserves	87,801	133,677	106,182
Shareholders' equity attributable to the Group	149,624	193,394	162,610
Minority interests	7,055	7,000	17,245
<i>Total shareholders' equity</i>	<i>156,679</i>	<i>200,394</i>	<i>179,855</i>

	<i>31/12/2005</i>	<i>30/09/2005</i>	<i>31/12/2004</i>
	<i>€/000</i>	<i>€/000</i>	<i>€/000</i>
LIABILITIES			
Non-current liabilities			
Interest-bearing loans	121,515	98,314	123,854
Employee benefits	10,982	10,294	17,208
Deferred tax liabilities	14,493	14,176	15,133
Other non-current liabilities	229	667	417
Provisions for risks and charges	2,514	1,446	1,671
Total non-current liabilities	149,733	124,897	158,283
Current liabilities			
Trade payables	43,874	41,401	75,035
Amounts payable to banks	11,591	10,735	48,141
Interest bearing loans (current portion)	50,673	49,651	62,029
Derivative financial instruments	1,023	1,254	-
Tax payables	6,267	12,791	6,053
Other current liabilities	33,960	28,645	15,168
Provisions for risks and charges	1,589	1,277	1,240
Total current liabilities	148,977	145,754	207,666
Total liabilities	298,710	270,651	365,949
<i>Total shareholders' equity and liabilities</i>	<i>455,389</i>	<i>471,045</i>	<i>545,804</i>

Consolidated income statement at 31 December (twelve months)

(€/000)	2005			2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Gross sales	331,608	119,894	451,502	270,612	261,133	531,745
Cost of sales	(209,386)	(84,776)	(294,162)	(177,884)	(183,804)	(361,688)
Gross industrial margin	122,222	35,118	157,340	92,728	77,329	170,057
Other revenues	4,319	394	4,713	2,767	1,671	4,438
Selling expenses	(25,460)	(15,469)	(40,929)	(19,745)	(35,281)	(55,026)
General and administrative expenses	(43,039)	(8,542)	(51,581)	(35,271)	(21,121)	(56,392)
Other operating costs	(658)	(210)	(868)	(804)	(1,785)	(2,589)
Goodwill impairment loss	(4,011)	-	(4,011)	(6,807)	-	(6,807)
Ordinary profit before financial charges	53,373	11,291	64,664	32,868	20,813	53,681
Financial income	4,673	1,452	6,125	1,026	1,020	2,046
Financial charges	(10,636)	(4,051)	(14,687)	(6,115)	(5,654)	(11,769)
Adjustments of investments to the equity method	(42)	103	61	419	(123)	296
Profit for the period before taxes	47,368	8,795	56,163	28,198	16,056	44,254
Income taxes	(20,294)	(4,600)	(24,894)	(15,562)	(8,966)	(24,528)
Profit for the period after taxes but before gains from discontinued operations	27,074	4,195	31,269	12,636	7,090	19,726
Gains from discontinued operations	-	47,978	47,978	-	-	-
Consolidated profit for the period	27,074	52,173	79,247	12,636	7,090	19,726
Attributable to:						
Shareholders of the Parent	26,539	51,526	78,065	11,149	5,666	16,815
Minority shareholders of subsidiaries	535	647	1,182	1,487	1,424	2,911
Consolidated profit for the period	27,074	52,173	79,247	12,636	7,090	19,726
Basic earnings per share (euro)	0,363		1,067	0,145		0,218
Diluted earnings per share (euro)	0,363		1,067	0,143		0,215

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, third and fourth quarter of 2005. Discontinued operations include the operations of the IP Cleaning Group for the whole year 2004 and for the first five months of 2005, up to its disposal.

Consolidated income statement for the fourth quarter 2005

(€/000)	2005			2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Gross sales	85,604	-	85,604	62,909	51,126	114,035
Cost of sales	(54,194)	-	(54,194)	(41,748)	(36,623)	(78,371)
Gross industrial margin	31,410	-	31,410	21,161	14,503	35,664
Other revenues	1,157	-	1,157	1,054	94	1,148
Selling expenses	(7,118)	-	(7,118)	(5,275)	(7,040)	(12,315)
General and administrative expenses	(12,319)	-	(12,319)	(9,301)	(4,766)	(14,067)
Other operating costs	(187)	-	(187)	(484)	(1,005)	(1,489)
Goodwill impairment loss	(4,011)	-	(4,011)	(6,807)	-	(6,807)
Ordinary profit before financial charges	8,932	-	8,932	348	1,786	2,134
Financial income	1,056	-	1,056	291	133	424
Financial charges	(2,669)	-	(2,669)	(1,913)	(1,487)	(3,400)
Adjustments of investments to the equity method	(30)	-	(30)	105	(133)	(28)
Profit for the period before taxes	7,289	-	7,289	(1,169)	299	(870)
Income taxes	(1,789)	-	(1,789)	(2,777)	(1,356)	(4,133)
Profit for the period after taxes but before gains from discontinued operations	5,500	-	5,500	(3,946)	(1,057)	(5,003)
Gains from discontinued operations	-	(2,252)	(2,252)	-	-	-
Consolidated profit for the period	5,500	(2,252)	3,248	(3,946)	(1,057)	(5,003)
Attributable to:						
Shareholders of the Parent	5,483	(2,252)	3,231	(4,173)	(1,275)	(5,448)
Minority shareholders of subsidiaries	17	-	17	227	218	445
Consolidated profit for the period	5,500	(2,252)	3,248	(3,946)	(1,057)	(5,003)
Basic earnings per share (euro)	0,074		0,044	(0,054)		(0,071)
Diluted earnings per share (euro)	0,074		0,044	(0,053)		(0,069)

Consolidated cash flow statement at 31 December (twelve 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	47,368	8,795	56,163	28,198	16,056	44,254
Adjustments for non-monetary items:						
Gains from disposals of fixed assets	(1,343)	(21)	(1,364)	(225)	(56)	(281)
Gains from disposals of investments	(366)	-	(366)	(191)	-	(191)
Depreciation and amortisation	9,521	3,130	12,651	8,471	7,239	15,710
Goodwill impairment loss	4,011	-	4,011	6,807	-	6,807
Expenses recognised in the income statement relating to stock options which do not result in cash outflows for the Group	1,645	-	1,645	295	-	295
Profits from investments	42	(103)	(61)	(419)	123	(296)
Net change in provisions and accruals for employee benefits	1,966	828	2,794	833	1,251	2,084
Net financial charges	5,963	2,599	8,562	5,089	4,634	9,723
Other items	(18)	-	(18)	(125)	-	(125)
	68,789	15,228	84,017	48,733	29,247	77,980
(Increase) decrease in trade receivables and other current assets	(2,786)	(10,290)	(13,076)	(4,343)	(8,733)	(13,076)
(Increase) decrease in inventories	(8,663)	4,903	(3,760)	(5,797)	(2,632)	(8,429)
Increase (decrease) in trade payables and other current liabilities	1,069	17,253	18,322	(2,180)	(12,347)	(10,167)
Interest paid	(5,899)	(1,597)	(7,496)	(5,744)	(4,823)	(10,567)
Realised exchange differences	416	(151)	265	(313)	282	(31)
Income taxes paid	(21,221)	-	(21,221)	(13,042)	(5,175)	(18,217)
Net cash from operating activities	31,705	25,346	57,051	21,674	(4,181)	17,493
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.	-	75,233	75,233	-	-	-
Ancillary expenses connected with the sales of IP Cleaning S.p.A.	-	(1,881)	(1,881)	-	-	-
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)	(425)	(1,092)	(1,517)
Proceeds from the sale of associated companies	1,557	-	1,557	5,000	-	5,000
Purchase of treasury stock	(8,829)	-	(8,829)	-	-	-
Proceeds from the sale of treasury stock to the holders of stock options	12,939	-	12,939	-	-	-

(€000)	2005			2004		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Investment in property, plant and equipment	(5,743)	(1,328)	(7,071)	(6,105)	(7,587)	(13,692)
Proceeds from the sale of tangible fixed assets	3,099	105	3,204	453	252	705
Proceeds from the sale of intangible fixed assets	(1,859)	(339)	(2,198)	(1,394)	(1,483)	(2,877)
Financial income received	1,064	146	1,210	636	461	1,097
Dividends distributed by companies within the scope of discontinued operations and received by the Parent Company	-	-	-	1,340	(1,340)	-
Other items	3	(23)	(20)	159	95	254
Net cash used in investing activities	(84,921)	68,676	(16,245)	(336)	(10,694)	(11,030)
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	46,919	58,680	105,599	(16,326)	(12,805)	(29,131)
Repayment of shareholders' loan	-	(54)	(54)	-	(54)	(54)
Payment of finance lease liabilities (capital portion)	(219)	(1,120)	(1,339)	(289)	(2,020)	(2,309)
Dividends paid	(63,725)	(893)	(64,618)	(9,589)	(987)	(10,576)
Net cash from (used in) financing activities	(17,025)	46,613	29,588	(25,957)	(15,866)	(41,823)
Net increase (decrease) in cash and cash equivalents	(70,241)	140,635	70,394	(4,619)	(30,741)	(35,360)
Net cash of companies consolidated for the first time			-			(813)
Conversion differences of cash held by non-EU companies			(157)			120
Cash and cash equivalents at beginning of period			(25,750)			10,303
Cash and cash equivalents at end of period			<u>44,487</u>			<u>(25,750)</u>

Discontinued operations include the operations for five months of 2005 and for the whole year 2004.

Cash and cash equivalent can be broken down as follows:

	31/12/2005	31/12/2004
	€000	€000
Cash and cash equivalents from the balance sheet	56,078	22,391
Payables to banks (for current account overdrafts and advances subject to collection)	(11,591)	(48,141)
Cash and cash equivalents from the cash flow statement	<u>44,487</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 June 2004</i>	<u>43,694</u>	<u>8,747</u>	<u>15,043</u>	<u>-</u>	<u>(7,586)</u>	<u>111,630</u>	<u>171,528</u>	<u>17,144</u>	<u>188,672</u>
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 second half year	-	-	-	-	-	(5,448)	(5,448)	445	(5,003)
<i>Balance at 31 December 2004</i>	<u>43,694</u>	<u>8,747</u>	<u>15,094</u>	<u>-</u>	<u>(11,107)</u>	<u>106,182</u>	<u>162,610</u>	<u>17,245</u>	<u>179,855</u>

	<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>	<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>
Recognition of the effects of IAS 32 and IAS 39:									
Elimination 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>	<i>43,694</i>	<i>8,747</i>	<i>15,094</i>	<i>(695)</i>	<i>(11,828)</i>	<i>66,817</i>	<i>121,829</i>	<i>13,802</i>	<i>135,631</i>
Cancellation of treasury stock	(2,135)	-	-	-	-	2,135	-	-	-
Exchange differences on the conversion of the financial statements of foreign companies	-	-	-	-	5,053	-	5,053	123	5,176
Exchange differences on the conversion of goodwill of non-EU companies	-	-	-	-	2,111	-	2,111	-	2,111
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	-	-	-	(1,090)	-	-	(1,090)	-	(1,090)
Change in the reserve for the measurement at fair value of the derivatives used as hedging instruments as a result of the sale of the 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 30/6/2005	-	-	-	510	-	-	510	-	510
Recognition in income of the fair value of stock options granted and exercisable	-	-	1,645	-	-	-	1,645	-	1,645
Purchase of treasury stock	-	-	-	-	-	(8,829)	(8,829)	-	(8,829)
Sale of treasury stock on the exercising of stock options	-	-	-	-	-	12,939	12,939	-	12,939
Distribution of special dividend	-	-	-	-	-	(53,426)	(53,426)	-	(53,426)
Minority interests purchased by the Group	-	-	-	-	-	-	-	(307)	(307)
Minority interests sold by the Group	-	-	-	-	-	-	-	(6,561)	(6,561)
Net profit for the period	-	-	-	-	-	78,065	78,065	1,182	79,247
<i>Balance at 31 December 2005</i>	<i>41,559</i>	<i>8,747</i>	<i>16,739</i>	<i>(558)</i>	<i>(4,664)</i>	<i>87,801</i>	<i>149,624</i>	<i>7,055</i>	<i>156,679</i>

Financial statements of the Parent Company Interpump Group S.p.A.

(prepared in accordance with Italian accounting principles)

BALANCE SHEET

	31/12/2005	31/12/2004
ASSETS		
<i>(amounts expressed in thousands of euro)</i>		
Fixed assets		
<i>Intangible fixed assets</i>		
Research, development and advertising costs	682	1,275
Industrial patents and intellectual property rights	23	-
Concessions, licences, trade marks and similar rights	75	118
Goodwill	27,335	29,920
Assets under construction and advances	1,833	1,146
Others	310	143
<i>Total</i>	<u>30,258</u>	<u>32,602</u>
<i>Tangible fixed assets</i>		
Land and buildings	6,374	12,973
Plant and machinery	6,688	4,765
Industrial and commercial equipment	904	1,034
Other fixed assets	398	321
Assets under construction and advances	666	338
<i>Total</i>	<u>15,030</u>	<u>19,431</u>
<i>Financial fixed assets</i>		
Investments in:		
Subsidiaries	80,488	89,606
Associated companies	12,500	-
Other companies	483	483
<i>Total investments</i>	<u>93,471</u>	<u>90,089</u>
Receivables:		
From subsidiaries		
Due within one year	300	57,100
Due after one year	33,520	1,140
From associated companies		
Due after one year	10,059	-
From others		
Due within one year	37	67
<i>Total financial receivables</i>	<u>43,916</u>	<u>58,307</u>
Treasury stock		
(for a total nominal value of €000 1,384 in 2005)	11,805	27,957
<i>Total financial fixed assets</i>	<u>149,192</u>	<u>176,353</u>
<i>Total fixed assets</i>	<u>194,480</u>	<u>228,386</u>

BALANCE SHEET

<i>(amounts expressed in thousands of euro)</i>	<i>31/12/2005</i>	<i>31/12/2004</i>
<i>Assets forming part of working capital</i>		
<i>Inventories</i>		
Raw materials and supplies	6,358	5,578
Work in progress and semi-finished products	5,639	5,146
Finished products and goods	1,656	1,576
<i>Total</i>	13,653	12,300
<i>Receivables</i>		
Trade receivables		
Due within one year	7,226	5,000
From subsidiaries		
Due within one year	3,378	11,755
From associated companies		
Due within one year	195	-
Tax receivables		
Due within one year	295	715
Due after one year	17	517
Deferred tax assets		
Due within one year	1,372	784
Due after one year	1,368	1,007
From others		
Due within one year	47	94
Due after one year	4	5
<i>Total</i>	13,902	19,877
<i>Financial assets other than fixed assets</i>		
Investments in subsidiaries	10,218	-
Treasury stock (for a nominal value of €/000 10 in 2005)	89	5,296
<i>Total financial assets other than fixed assets</i>	10,307	5,296
<i>Fixed assets held for sale</i>		
Land and buildings	3,500	-
<i>Total fixed assets held for sale</i>	3,500	-
<i>Cash</i>		
Bank and postal accounts	34,933	8,317
Cash	5	5
<i>Total</i>	34,938	8,322
<i>Total assets forming part of working capital</i>	76,300	45,795

BALANCE SHEET

<i>(amounts expressed in thousands of euro)</i>	<i>31/12/2005</i>	<i>31/12/2004</i>
<i>Accruals and deferrals</i>		
Other accruals and deferrals		
Due within one year	94	370
Due after one year	-	234
<i>Total</i>	<i>94</i>	<i>604</i>
<i>Total assets</i>	<i>270,874</i>	<i>274,785</i>
 <i>Shareholders' equity</i>		
Share capital	41,559	43,694
Share premium reserve	8,230	14,757
Revaluation reserve	13,067	8,308
Legal reserve	8,747	8,747
Reserve for treasury stock held	11,893	33,253
Extraordinary reserve	11,442	646
Accelerated depreciation reserve	-	3,134
Profit (loss) for the period	27,826	57,810
<i>Total shareholders' equity</i>	<i>122,764</i>	<i>170,349</i>
 <i>Provisions for risks and charges</i>		
Provisions for taxation including deferred taxes	1,672	1,427
Other	1,901	613
<i>Total</i>	<i>3,573</i>	<i>2,040</i>
 <i>Staff severance indemnities</i>	 <i>4,827</i>	 <i>4,441</i>
 <i>Payables</i>		
Amounts payable to banks		
Due within one year	41,667	11,667
Due after one year	80,000	71,667
Advances		
Due within one year	31	40
Accounts payable to suppliers		
Due within one year	8,551	7,695
Payable to subsidiaries		
Due within one year	1,250	1,090
Amounts payable to associated companies		
Due within one year	1,171	-
Taxes payable		
Due within one year	2,668	1,673
Social security charges payable		
Due within one year	910	835

STATO PATRIMONIALE

<i>(amounts expressed in thousands of euro)</i>	31/12/2005	31/12/2004
Other liabilities		
Due within one year	2,901	2,863
<i>Total liabilities</i>	<u>139,149</u>	<u>97,530</u>
Accruals and deferrals		
Other accruals and deferrals	561	425
<i>Total</i>	<u>561</u>	<u>425</u>
<i>Total liabilities</i>	<u><u>270,874</u></u>	<u><u>274,785</u></u>
Memorandum accounts		
Sureties	1,398	5,027
<i>Total</i>	<u><u>1,398</u></u>	<u><u>5,027</u></u>

INCOME STATEMENT

<i>(amounts expressed in thousands of euro)</i>	2005	2004
Sales and other revenues		
Revenues from the sale of goods and services	66,890	63,706
Changes in inventories of work in progress, semi-finished and finished products	573	373
Increase on internal work capitalised under fixed assets	47	20
Other revenues and income	154	477
<i>Total</i>	67,664	64,576
Cost of production		
Raw materials, consumables and supplies	21,898	22,033
Services	12,716	12,509
Use of third party assets	46	28
Personnel:		
Wages and salaries	10,164	9,363
Social security charges	3,377	3,207
Staff severance indemnities	822	762
Amortisation, depreciation and write-downs:		
Amortisation of intangible fixed assets	3,357	3,530
Depreciation of tangible fixed assets	5,093	3,885
Other write-downs of fixed assets	1,585	-
Write down of receivables included under assets forming part of working capital	50	52
Changes in raw materials, consumables and supplies inventory	(781)	(1,092)
Sundry operating costs	539	453
<i>Total</i>	58,866	54,730
<i>Difference between sales and other revenues and the cost of production</i>	8,798	9,846
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	191	133
Associated companies	61	-
	252	133

INCOME STATEMENT

<i>(amounts expressed in thousands of euro)</i>	<i>31/12/2005</i>	<i>31/12/2004</i>
<i>Financial income other than the above</i>		
Interest and fee expenses from other parties and other income	677	321
<i>Interest and other financial charges</i>		
Interests payable to subsidiaries	(5)	(218)
Interest and fee expenses payable to others and sundry charges	(5,130)	(4,221)
<i>Total financial income and charges</i>	<i>(5,135)</i>	<i>(4,439)</i>
<i>Foreign exchange gains (losses)</i>		
	34	(40)
<i>Total financial income and charges</i>	<i>3,910</i>	<i>8,895</i>
 <i>Adjustments made to financial asset values</i>		
 Write-downs		
Of investments	(11,446)	(10,693)
 <i>Extraordinary income and expenses</i>		
Income	33,966	53,971
Expenses	(3,339)	-
<i>Total extraordinary items</i>	<i>30,627</i>	<i>53,971</i>
<i>Profit for the period before taxes</i>	<i>31,889</i>	<i>62,019</i>
 <i>Income taxes for the period</i>		
Current taxes	(4,766)	(3,716)
Deferred and prepaid taxes	703	(493)
<i>Total income taxes for the period</i>	<i>(4,063)</i>	<i>(4,209)</i>
<i>Net profit (loss) for the period</i>	<i>27,826</i>	<i>57,810</i>

CASHFLOW STATEMENT

<i>(amounts expressed in thousands of euro)</i>	<i>2005</i>	<i>2004</i>
Net profit for the period	27,826	57,810
Non cash income items:		
Amortisation and depreciation of intangible and tangible fixed assets	8,450	7,414
Write down of fixed assets	1,585	-
Changes in staff severance indemnities	386	268
Changes in the deferred tax provision net of change in deferred tax assets	(703)	493
Change in other provisions	1,032	(193)
Write-downs of investments	11,446	10,693
Write-back of equity investments due to neutralisation of fiscal interference	-	(30,304)
Capital (gains) from the sales of equity investments	(32,539)	(23,667)
Capital (gains) from the sales of fixed assets	(1,440)	-
Losses (gains) from sales of treasury stock	439	-
Dividends from companies in which stakes are held	(8,082)	(12,920)
<i>Cash flow from operations</i>	<u>8,400</u>	<u>9,594</u>
Cash flow obtained (used) through (in) net working capital	<u>2,268</u>	<u>(1,574)</u>
<i>Operating cash flow generated (used)</i>	<u>10,668</u>	<u>8,020</u>
<i>Investing activities</i>		
Increase in tangible fixed assets	(1,598)	(5,873)
Increase in intangible fixed assets	(1,082)	(1,247)
Proceeds from sales of fixed assets	2,706	15
Acquisition of equity investments, net	(73,760)	(268)
Loss funding of subsidiaries	(579)	-
Proceeds from sales of investments	83,379	5,000
Acquisition of treasury stock	(8,829)	-
Proceeds from sales of treasury stock	12,939	-
Other changes	229	(701)
<i>Total cash flow used for investing activities</i>	<u>13,405</u>	<u>(3,074)</u>
<i>Financing activities</i>		
Increase in (repayment of) medium/long-term borrowings	38,333	(13,667)
Collection (increase) of (in) medium/long-term financial receivables	31	51
Financial reimbursement by (paid out to) Hammelmann acquisition	(48,500)	-
Financial reimbursement by (paid out to) IP Cleaning before sale	56,000	-
Loan granted to X-Equity S.p.A.	(10,000)	-
Financing reimbursed by (paid out to) subsidiaries	16,741	(4,173)
Increase in capital	-	247
Dividends received	13,162	7,839
Dividends paid	(63,326)	(9,110)
<i>Total cash flow obtained through (used in) financing activities</i>	<u>2,441</u>	<u>(18,813)</u>
Cash flow generated (used)	<u>26,514</u>	<u>(13,867)</u>

RENDICONTO FINANZIARIO

<i>(amounts expressed in thousands of euro)</i>	2005	2004
Net cash and cash equivalents at the beginning of the period	7,898	21,765
Cash flow generated (used)	26,514	(13,867)
<i>Net cash and cash equivalents at the end of the period</i>	<u>34,412</u>	<u>7,898</u>

Net cash can be broken down as follows:

Cash on hand	34,938	8,322
Accrued interest	(526)	(424)
<i>Net cash and cash equivalents</i>	<u>34,412</u>	<u>7,898</u>

Pursuant to the terms of the Market Rules of Borsa Italiana S.p.A., which require the publication of the individual financial statements of the parent company in relation to press releases relative to the disclosure of accounting data, the accounting statements indicated above were also presented.

The financial statements of Interpump Group S.p.A. were drawn up in accordance with the provisions of current legislation, interpreted and integrated by the accounting principles stated by the “Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri” (National Councils of Certified Public Accountants), by the documents issued by the Organismo Italiano di contabilità (O.I.C) (Italian Accounting Body) and, when not sufficient, by those established by the International Accounting Standards Board (I.A.S.B.), with the approval of the Board of Statutory Auditors when required.