



PRESS RELEASE

INTERPUMP GROUP: 2006 FIRST-QUARTER RESULTS

Net sales: +34.3%* to 96.3 million euro
EBITDA: +41.0%* to 21.3 million euro (22.1% of revenues)
EBIT: + 47.1%* to 19.2 million euro (19.9% of revenues)
Consolidated net income: +47.6%* to 9.7 million euro

Milan, 12th May 2006 – Interpump Group S.p.A. has released 2006 first-quarter results as approved by the Board of Directors who met today.

Interpump Group **net sales** for the first quarter 2006 totalled **96.3 million euro (+34.3%* compared to the same period of 2005** when the figure was 71.7 million euro). Using the same consolidation area net sales totalled 81.4 million euro, up 13.5% over the 1st quarter 2005.

Net sales for the first quarter can be broken down as follows:

By business segment:

| | <i>Ist quarter</i> | <i>%</i> | <i>Ist quarter</i> | <i>%</i> | <i>Increase/ Decrease*</i> |
|------------------------|----------------------|-------------------|----------------------|-------------------|--------------------------------|
| | <i>2006</i> | | <i>2005</i> | | |
| | <i>€/000</i> | | <i>€/000</i> | | |
| Hydraulic Sector | 45,344 | 47 | 36,850 | 51 | +23.0% |
| Industrial Sector | 38,996 | 41 | 24,279 | 34 | +60.6% |
| Electric Motors Sector | 11,942 | 12 | 10,369 | 15 | +15.2% |
| Other Revenues Sector | <u>22</u> | <u>-</u> | <u>230</u> | <u>-</u> | n.s. |
| Total | <u>96,304</u> | <u>100</u> | <u>71,728</u> | <u>100</u> | +34.3% |

The **Hydraulic Sector** has recorded growth of 23.0%. Sales of the subsidiary Muncie have risen in dollars by 21.7%; converted into euro, this growth amounts to 32.8%. Sales achieved by the European companies have risen by 16.0% compared to the same period of the previous year.

The **Industrial Sector**, including Hammelmann for the 2006 first quarter, has recorded sales of 39.0 million euro representing growth of 60.6% (+0.6% using the same consolidation area). Sales of **electric motors** totalled 11.9 million euro (+15,2% compared to the 1st quarter 2005).

* The comparison is related to the 2005 continuing operations. 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 2005 first quarter.



Sales broken down by geographical area are as follows:

| | <i>1st quarter</i> 2006 €/000 | % | <i>1st quarter</i> 2005 €/000 | % | <i>Increase/ Decrease**</i> |
|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|---------------------------------|
| Italy | 24,524 | 25 | 22,012 | 31 | +11.4% |
| Rest of Europe | 26,917 | 28 | 15,922 | 21 | +69.1% |
| North America | 31,553 | 33 | 26,965 | 38 | +17.0% |
| Pacific Area | 3,699 | 4 | 2,645 | 4 | +39.8% |
| Rest of the World | <u>9,611</u> | <u>10</u> | <u>4,184</u> | <u>6</u> | +129.7% |
| Total | <u>96,304</u> | <u>100</u> | <u>71,728</u> | <u>100</u> | +34.3% |

The increase in European sales is affected by the consolidation with effect from 1st April 2005 of Hammelmann whose contribution to the quarter has been 9.9 million euro. Using the same consolidation area, growth has been 7.0%.

Growth in North America is attributable to the sales of the Hydraulic Sector. In addition, Hammelmann's contribution has been 2.3 million euro. Therefore, using the same scope of consolidation, the rise amounts to 8.5%.

Hammelmann has also contributed to growth in the Pacific Area and the Rest of the World to the tune of 0.7 million euro and 1.7 million euro, respectively. Therefore, using the same scope of consolidation, the increases are 13.0% and 88.9%, respectively. The increase in the Pacific Area is led by China where sales doubled and in the Rest of the World by India where sales are 4.5 times higher than in the 1st quarter 2005.

In the **1st quarter 2006**, earnings before interest and taxes, depreciation and amortisation (**EBITDA**) amount to **21.3 million euro** (22.1% of sales), compared to 15.1 million euro in the 1st quarter 2005 representing 21.0% of sales, with **growth of 41.0%**** (+8.2% using the same scope of consolidation). The following table shows EBITDA figures broken down by business segment.

| | <i>1st quarter</i> 2006 €/000 | % total sales* | <i>1st quarter</i> 2005 €/000 | % total sales* | <i>Increase/ Decrease**</i> |
|------------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|---------------------------------|
| Hydraulic Sector | 10,241 | 22,6% | 7,808 | 21.2% | +31.2% |
| Industrial Sector | 11,119 | 28,5% | 7,252 | 29.8% | +53.3% |
| Electric Motors Sector | 189 | 1,5% | 217 | 2.0% | -12.9% |
| Other Revenues Sector | <u>(275)</u> | n,s, | <u>(184)</u> | n.s. | n.s. |
| Total | <u>21,274</u> | <u>22,1%</u> | <u>15,093</u> | <u>21.0%</u> | +41.0% |

* = Total sales also include those to other companies belonging to the consolidation area, whilst the sales previously considered relate solely to those not belonging to the Group. Therefore, in order to provide a balanced picture, the percentage is calculated on total sales rather than those earlier set out.

Using the same consolidation area, EBITDA would be 16.3 million euro with growth of 8.1%.

**= The comparison is related to the 2005 continuing operations. 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 2005 first quarter.



Earnings before interest and taxes (EBIT) total 19.2 million euro or 19.9% of sales compared to 15.1 million euro in the 1st quarter 2005 (18.2% of sales) **with growth of 47.1%***. Using the same consolidation area, growth has been 12.4%.

First-quarter **consolidated net income total 9.7 million euro** (profit of 6.6 million euro for continuing operations in the 1st quarter 2005) with growth of 47.6%. Basic earnings per share amount to 0.130 euro an increase of 16.1% compared to the overall 0.112 euro of the 1st quarter 2005.

Net cash flow generated by continuing operations totals **11.5 million euro** (6.0 million euro in the 1st quarter 2005) with **growth of 90.6%***. Free cash flow from continuing operations amounts to 9.5 million euro, compared to the 6.7 million euro of 2005 (an increase of 40.3%).

Net indebtedness as at 31st March 2006 totals 140.9 million euro, compared to 127.7 million euro as at 31st December 2005. This change is due to an increase in invested capital from 284.4 million euro as at 31st December 2005 to 304.7 million euro as at 31st March 2006 for the purchase of the outstanding stake in the American subsidiary Muncie for 17.8 million euro. Quarterly **ROCE** amounts to 6.3% (5.7% in 1st quarter 2005). Quarterly **ROE** is 5.9% compared to 6.2% in the 1st quarter 2005.

*For further information: Moccagatta Associati
Tel. +39 02 8645.1695 – Fax +39 02 8645.2082.
segreteria@moccagatta.it*

*= The comparison is related to the 2005 continuing operations. 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 2005 first quarter.

Financial statements

Consolidated balance sheets

| | <i>31/03/2006</i> | <i>31/12/2005</i> |
|--|-------------------|-------------------|
| | <i>€/000</i> | <i>€/000</i> |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 51,060 | 51,165 |
| Goodwill | 133,521 | 133,885 |
| Other intangible assets | 15,650 | 15,598 |
| Investments in associated companies | 5,390 | 5,390 |
| Other financial assets | 15,320 | 14,361 |
| Tax receivables | 371 | 371 |
| Deferred tax assets | 11,316 | 11,926 |
| Other non current assets | 149 | 210 |
| | <hr/> | <hr/> |
| Total non current assets | 232,777 | 232,906 |
| | | |
| Current assets | | |
| Cash and cash equivalents | 41,417 | 56,078 |
| Trade receivables | 80,303 | 70,974 |
| Inventories | 87,195 | 85,239 |
| Tax receivables | 4,922 | 5,229 |
| Derivative financial instruments | 127 | 359 |
| Assets available for sale | 2,454 | 2,454 |
| Other current assets | 2,642 | 2,150 |
| | <hr/> | <hr/> |
| Total current assets | 219,060 | 222,483 |
| Total assets | 451,837 | 455,389 |
| | | |
| SHAREHOLDERS' EQUITY | | |
| Share Capital | 41,559 | 41,559 |
| Legal reserve | 8,747 | 8,747 |
| Share premium reserve | 16,739 | 16,739 |
| Reserve for valuation of hedging derivatives at fair value | (165) | (558) |
| Reserve for valuation of investments at fair value | 918 | - |
| Translation reserve | (5,859) | (4,664) |
| Other reserves | 94,791 | 87,801 |
| | <hr/> | <hr/> |
| Shareholders' equity for the Group | 156,730 | 149,624 |
| Minority interests | 7,065 | 7,055 |
| | <hr/> | <hr/> |
| Total shareholders' equity | 163,795 | 156,679 |

| | 31/03/2006 | 31/12/2005 |
|---|----------------|----------------|
| | €/000 | €/000 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Interest bearing financial payables | 116,191 | 121,515 |
| Liabilities for employee benefits | 11,231 | 10,982 |
| Deferred tax liabilities | 14,305 | 14,493 |
| Other non-current liabilities | 218 | 229 |
| Provisions for risks and charges | 2,502 | 2,514 |
| Total non current liabilities | 144,447 | 149,733 |
| Current liabilities | | |
| Trade payables | 51,775 | 43,874 |
| Payables to banks | 11,650 | 11,591 |
| Interest bearing financial payables (current portion) | 54,509 | 50,673 |
| Derivative financial instruments | 458 | 1,023 |
| Taxes payable | 11,220 | 6,267 |
| Other current liabilities | 12,447 | 33,960 |
| Provisions for risks and charges | 1,536 | 1,589 |
| Total current liabilities | 143,595 | 148,977 |
| Total liabilities | 288,042 | 298,710 |
| <i>Total shareholders' equity and liabilities</i> | <i>451,837</i> | <i>455,389</i> |

Consolidated income statements for the first quarter 2006

| (€000) | 2006 | 2005 | | Total |
|---|---------------|----------------------------------|------------------------------------|----------------|
| | | <i>Continuing operations</i> | <i>Discontinued operations</i> | |
| Net sales | 96,304 | 71,728 | 66,794 | 138,522 |
| Cost of sales | (60,556) | (46,263) | (46,711) | (92,974) |
| Gross industrial margin | 35,748 | 25,465 | 20,083 | 45,548 |
| Other net revenues | 1,290 | 1,311 | 183 | 1,494 |
| Distribution costs | (7,030) | (4,920) | (8,740) | (13,660) |
| General and administrative expenses | (10,707) | (8,678) | (4,964) | (13,642) |
| Other operating costs | (129) | (144) | (109) | (253) |
| Ordinary profit before financial charges | 19,172 | 13,034 | 6,453 | 19,487 |
| Financial income | 645 | 992 | 676 | 1,668 |
| Financial charges | (2,477) | (2,558) | (2,210) | (4,768) |
| Adjustment of investments according to the equity method | (9) | (16) | 54 | 38 |
| Profit for the period before taxes | 17,331 | 11,452 | 4,973 | 16,425 |
| Income taxes | (7,651) | (4,893) | (2,582) | (7,475) |
| Profit for the period after taxes and before the capital gain on discontinued operations | 9,680 | 6,559 | 2,391 | 8,950 |
| Due to: | | | | |
| Parent company shareholders | 9,438 | 6,355 | 1,963 | 8,318 |
| Subsidiaries' minority shareholders | 242 | 204 | 428 | 632 |
| Consolidated profit for the period | 9,680 | 6,559 | 2,391 | 8,950 |
| Basic earnings per share (euro) | 0.130 | 0.085 | | 0.112 |
| Diluted earnings per share (euro) | 0.130 | 0.084 | | 0.110 |

Consolidated cash flow statements for the first quarter 2006

| (€000) | 2006 | | 2005 | |
|--|-----------------|------------------------------|--------------------------------|----------------|
| | | <i>Continuing operations</i> | <i>Discontinued operations</i> | <i>Total</i> |
| Cash flow from operating activities | | | | |
| Earnings before taxes | 17,331 | 11,452 | 4,973 | 16,425 |
| Adjustments for non-cash items: | | | | |
| Capital gains (losses) from the sale of fixed assets | 12 | (893) | (1) | (894) |
| Amortisation and depreciation | 2,033 | 1,967 | 1,829 | 3,796 |
| Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group | - | 64 | - | 64 |
| Loss (profit) from investments | 9 | 16 | (54) | (38) |
| Net change of risk funds and allocations to liabilities for benefits for employees | 194 | 73 | 302 | 375 |
| Net financial charges | 1,832 | 1,566 | 1,534 | 3,100 |
| Other | (2) | (7) | - | (7) |
| | <u>21,409</u> | <u>14,238</u> | <u>8,583</u> | <u>22,821</u> |
| (Increase) decrease in trade receivables and other current assets | (9,692) | (8,119) | (8,540) | (16,659) |
| (Increase) decrease in inventories | (2,889) | (7,074) | 399 | (6,675) |
| (Increase) decrease in trade payables and other current liabilities | 5,474 | 8,021 | 9,381 | 17,402 |
| Interest paid | (1,331) | (1,086) | (1,038) | (2,124) |
| Currency exchange gains | (79) | 61 | (98) | (37) |
| Taxes paid | (1,379) | - | - | - |
| Net liquidity generated by operating activities | 11,513 | 6,041 | 8,687 | 14,728 |
| Cash flow from investing activities | | | | |
| Balance of sale price for IP Cleaning sector | (1,171) | - | - | - |
| Payment of additional charges for the acquisition of Hammelmann | (1,000) | - | - | - |
| Payment for acquisition of minority shares in Muncie | (17,825) | - | - | - |
| Payment for purchase of treasury stock | (2,448) | (1,197) | - | (1,197) |
| Capital expenditure in property, plant and equipment | (1,763) | (1,035) | (702) | (1,737) |
| Proceeds from sales of tangible fixed assets | 121 | 1,688 | 11 | 1,699 |
| Increase in intangible assets | (485) | (297) | (220) | (517) |
| Financial income collected | 109 | 85 | 73 | 158 |
| Other | (6) | 278 | (47) | 231 |
| Net liquidity utilised in investing activities | (24,468) | (478) | (885) | (1,363) |
| Cash flow of financing activities | | | | |
| Disbursement (repayment) of loans | (1,775) | 37,633 | 52,381 | 90,014 |
| Payment of financial leasing instalments (principal) | (55) | (57) | (853) | (910) |
| Net liquidity obtained through (utilised in) financing activities | (1,830) | 37,576 | 51,528 | 89,104 |

| (€000) | 2006 | | 2005 | | |
|--|-----------------|--|------------------------------|--------------------------------|-----------------|
| | | | <i>Continuing operations</i> | <i>Discontinued operations</i> | <i>Total</i> |
| Net increase (decrease) of cash and cash equivalents | (14,785) | | 43,139 | 59,330 | 102,469 |
| Exchange differences on conversion of the liquidity of companies in areas outside the EU | 65 | | | | (80) |
| Cash and cash equivalents at the beginning of the period | <u>44,487</u> | | | | <u>(25,750)</u> |
| Cash and cash equivalents at the end of the period | <u>29,767</u> | | | | <u>76,639</u> |

Cash and cash equivalents can be broken down as follows:

| | 31/03/2006 €000 | 31/12/2005 €000 |
|---|--------------------|--------------------|
| Cash and cash equivalents from balance sheet | 41,417 | 56,078 |
| Payables to banks (for overdrafts and advances subject to collection) | <u>(11,650)</u> | <u>(11,591)</u> |
| Cash and cash equivalents from cash flow statement | <u>29,767</u> | <u>44,487</u> |

Business sector information

Cash flows by business sector of continuing operations are as follows:

| | <u>Hydraulic sector</u> | | <u>Industrial sector</u> | | <u>Electric Motors Sector</u> | | <u>Other Revenues Sector</u> | | <u>Total</u> | |
|----------------------|-------------------------|----------------|--------------------------|---------------|-------------------------------|----------------|------------------------------|--------------|-----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Cash flows from: | | | | | | | | | | |
| Operating activities | 7,402 | 5,973 | 3,571 | 2,722 | 607 | (2,161) | (67) | (493) | 11,513 | 6,041 |
| Investing activities | (18,874) | (596) | (5,101) | 437 | (97) | (200) | (396) | (119) | (24,468) | (478) |
| Financing activities | <u>9,848</u> | <u>(1,532)</u> | <u>(11,539)</u> | <u>39,245</u> | <u>(132)</u> | <u>(131)</u> | <u>(7)</u> | <u>(6)</u> | <u>(1,830)</u> | <u>37,576</u> |
| Total | <u>(1,624)</u> | <u>3,845</u> | <u>(13,069)</u> | <u>42,404</u> | <u>378</u> | <u>(2,492)</u> | <u>(470)</u> | <u>(618)</u> | <u>(14,785)</u> | <u>43,139</u> |

The cash flows deriving from investment activities in the Hydraulic Sector include expenditure of €000 17,825 for the acquisition of Muncie residual shares. Besides, the cash flows of Industrial Sector include expenditures for acquisitions of treasury shares, being made by the Parent company that belongs to this sector (€000 2,448 in the first quarter 2006 and €000 1,197 in the first quarter 2005).

Changes in shareholders' equity

| | Share Capital | Legal reserve | Share premium reserve | Reserve for valuation of hedging derivatives at fair value | Reserve for valuation of investments at fair value | Translation reserve | Other reserves | Shareholders' equity for the Group | Minority interests | Total |
|--|------------------|------------------|-----------------------------|--|---|------------------------|-------------------|--|-----------------------|----------------|
| <i>Balances as at 1 January 2005</i> | 43,694 | 8,747 | 15,094 | (695) | - | (11,828) | 66,817 | 121,829 | 13,802 | 135,631 |
| Cancellation of treasury stock | (2,135) | - | - | - | - | - | 2,135 | - | - | - |
| Acquisition of treasury stock | - | - | - | - | - | - | (1,197) | (1,197) | - | (1,197) |
| Exchange differences on the translation of financial statements for companies in areas outside the EU | - | - | - | - | - | 760 | - | 760 | 7 | 767 |
| Exchange differences on the translation of goodwill of companies in areas outside the EU | - | - | - | - | - | 1,342 | - | 1,342 | - | 1,342 |
| Recording in the income statement of the fair value of derivative hedging instruments | - | - | - | (909) | - | - | - | (909) | - | (909) |
| Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2005 and at 31/3/2005 | - | - | - | 331 | - | - | - | 331 | - | 331 |
| Recording in the income statement of the fair value of the stock options assigned and exercisable | - | - | 64 | - | - | - | - | 64 | - | 64 |
| Net profit first quarter 2005 | - | - | - | - | - | - | 8,318 | 8,318 | 632 | 8,950 |
| <i>Balances as at 31 March 2005</i> | <i>41,559</i> | <i>8,747</i> | <i>15,158</i> | <i>(1,273)</i> | <i>-</i> | <i>(9,726)</i> | <i>76,073</i> | <i>130,538</i> | <i>14,441</i> | <i>144,979</i> |
| Purchase of treasury stock | - | - | - | - | - | - | (7,632) | (7,632) | - | (7,632) |
| Exchange differences on the translation of financial statements for companies in areas outside the EU | - | - | - | - | - | 4,293 | - | 4,293 | 116 | 4,409 |
| Exchange differences on the translation of goodwill of companies in areas outside the EU | - | - | - | - | - | 769 | - | 769 | - | 769 |
| Distribution of ordinary dividends | - | - | - | - | - | - | (9,900) | (9,900) | (1,184) | (11,084) |
| Recording in the income statement of the fair value of derivative hedging instruments | - | - | - | (181) | - | - | - | (181) | - | (181) |
| Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/4/2005 and at 31/12/2005 | - | - | - | 179 | - | - | - | 179 | - | 179 |
| Change in the reserve for the evaluation at fair value of hedging derivatives following sale of the Cleaning sector | - | - | - | 717 | - | - | - | 717 | - | 717 |
| Sales of treasury stock for the exercise of stock options | - | - | - | - | - | - | 12,939 | 12,939 | - | 12,939 |
| Distribution of special dividend | - | - | - | - | - | - | (53,426) | (53,426) | - | (53,426) |
| Minority shares acquired by the Group | - | - | - | - | - | - | - | - | (307) | (307) |
| Minority shares sold by the Group | - | - | - | - | - | - | - | - | (6,561) | (6,561) |
| Recording in the income statement of the change in fair value of the stock options assigned and exercisable | - | - | 1,581 | - | - | - | - | 1,581 | - | 1,581 |
| Net profit of the last nine months | - | - | - | - | - | - | 69,747 | 69,747 | 550 | 70,297 |
| <i>Balances as at 31 December 2005</i> | <i>41,559</i> | <i>8,747</i> | <i>16,739</i> | <i>(558)</i> | <i>-</i> | <i>(4,664)</i> | <i>87,801</i> | <i>149,624</i> | <i>7,055</i> | <i>156,679</i> |

| | <i>Share Capital</i> | <i>Legal reserve</i> | <i>Share premium reserve</i> | <i>Reserve for valuation of hedging derivatives at fair value</i> | <i>Reserve for valuation of investments at fair value</i> | <i>Transaction reserve</i> | <i>Other reserves</i> | <i>Shareholders' equity for the Group</i> | <i>Minority interests</i> | <i>Total</i> |
|---|--------------------------|--------------------------|--------------------------------------|---|---|--------------------------------|---------------------------|---|-------------------------------|----------------|
| <i>Balances as at 31 December 2005</i> | 41,559 | 8,747 | 16,739 | (558) | - | (4,664) | 87,801 | 149,624 | 7,055 | 156,679 |
| Acquisition of treasury stock | - | - | - | - | - | - | (2,448) | (2,448) | - | (2,448) |
| Exchange differences on the translation of financial statements for companies in areas outside the EU | - | - | - | - | - | (831) | - | (831) | (36) | (867) |
| Exchange differences on the translation of goodwill of companies in areas outside the EU | - | - | - | - | - | (364) | - | (364) | - | (364) |
| Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2006 and at 31/3/2006 | - | - | - | 396 | - | - | - | 396 | - | 396 |
| Recording in the income statement of the fair value of derivative hedging instruments | - | - | - | (3) | - | - | - | (3) | - | (3) |
| Recording under shareholders' equity of the change in the fair value of investments in other companies | - | - | - | - | 918 | - | - | 918 | - | 918 |
| Distribution of dividend | - | - | - | - | - | - | - | - | (196) | (196) |
| Net profit of the first quarter 2006 | - | - | - | - | - | - | 9,438 | 9,438 | 242 | 9,680 |
| <i>Balances as at 31 March 2006</i> | <i>41,559</i> | <i>8,747</i> | <i>16,739</i> | <i>(165)</i> | <i>918</i> | <i>(5,859)</i> | <i>94,791</i> | <i>156,730</i> | <i>7,065</i> | <i>163,795</i> |

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

First quarter

| | Hydraulic | | Industrial | | Electric motors | | Other revenues | | Elimination entries | | Interpump Group Continuing operations | |
|---|---------------------|---------------------|----------------------|---------------------|------------------|--------------------|---------------------|---------------------|---------------------|--------------|---|---------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Net sales external to the Group | 45,344 | 36,850 | 38,996 | 24,279 | 11,942 | 10,369 | 22 | 230 | | | | |
| Sales between sectors | <u>2</u> | <u>1</u> | <u>57</u> | <u>25</u> | <u>389</u> | <u>400</u> | <u>232</u> | <u>235</u> | (680) | (661) | | |
| Total net sales | 45,346 | 36,851 | 39,053 | 24,304 | 12,331 | 10,769 | 254 | 465 | (680) | (661) | 96,304 | 71,728 |
| Cost of sales | <u>(27,086)</u> | <u>(21,806)</u> | <u>(22,119)</u> | <u>(14,766)</u> | <u>(11,617)</u> | <u>(9,921)</u> | <u>(422)</u> | <u>(401)</u> | 688 | 631 | (60,556) | (46,263) |
| Gross industrial margin | 18,260 | 15,045 | 16,934 | 9,538 | 714 | 848 | (168) | 64 | 8 | (30) | 35,748 | 25,465 |
| <i>% on net sales</i> | 40.3% | 40.8% | 43.4% | 39.2% | 5.8% | 7.9% | | | | | 37.1% | 35.5% |
| Other net revenues | 444 | 74 | 743 | 1,225 | 144 | 34 | 182 | 153 | (223) | (175) | 1,290 | 1,311 |
| Distribution costs | (3,572) | (2,939) | (3,247) | (1,733) | (195) | (234) | (16) | (14) | - | - | (7,030) | (4,920) |
| General and administrative expenses | (5,629) | (5,191) | (4,356) | (2,563) | (611) | (693) | (326) | (436) | 215 | 205 | (10,707) | (8,678) |
| Other operating costs | <u>(92)</u> | <u>(105)</u> | <u>(17)</u> | <u>(22)</u> | <u>(20)</u> | <u>(16)</u> | <u>-</u> | <u>(1)</u> | = | = | <u>(129)</u> | <u>(144)</u> |
| Ordinary profit before financial charges | 9,411 | 6,884 | 10,057 | 6,445 | 32 | (61) | (328) | (234) | - | - | 19,172 | 13,034 |
| <i>% on net sales</i> | 20,8% | 18,7% | 25,8% | 26,5% | 0,3% | -0,6% | | | | | 19,9% | 18,2% |
| Financial income | | | | | | | | | | | 645 | 992 |
| Financial charges | | | | | | | | | | | (2,477) | (2,558) |
| Adjustment of value of investments according to the equity method | <u>-</u> | <u>-</u> | <u>(9)</u> | <u>(16)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | = | = | (9) | (16) |
| Profit by sector | <u>9,411</u> | <u>6,884</u> | <u>10,048</u> | <u>6,429</u> | <u>32</u> | <u>(61)</u> | <u>(328)</u> | <u>(234)</u> | = | = | 17,331 | 11,452 |
| Profit for the period before taxes | | | | | | | | | | | 17,331 | 11,452 |
| Income taxes | | | | | | | | | | | (7,651) | (4,893) |
| Consolidated profit for the period | | | | | | | | | | | <u>9,680</u> | <u>6,559</u> |
| Due to: | | | | | | | | | | | | |
| Parent company shareholders | | | | | | | | | | | 9,438 | 6,355 |
| Subsidiaries' minority shareholders | | | | | | | | | | | 242 | 204 |
| Consolidated profit for the period | | | | | | | | | | | <u>9,680</u> | <u>6,559</u> |

Balance Sheet
(amounts shown in €000)

| | Hydraulic | | Industrial | | Electric motors | | Other revenues | | Elimination entries | | Interpump Group | |
|-------------------------------------|----------------|----------------|----------------|----------------|-----------------|---------------|----------------|---------------|---------------------|-----------------|------------------------|-----------------------|
| | 31/03/2006 | 31/12/2005 | 31/03/2006 | 31/12/2005 | 31/03/2006 | 31/12/2005 | 31/03/2006 | 31/12/2005 | 31/03/2006 | 31/12/2005 | 31/03/2006 | 31/12/2005 |
| Assets by sector | 146,834 | 143,215 | 227,436 | 223,595 | 28,999 | 25,779 | 18,371 | 18,180 | (11,220) | (11,458) | 410,420 | 399,311 |
| Cash and cash equivalents | | | | | | | | | | | 41,417 | 56,078 |
| Total assets | | | | | | | | | | | <u>451,837</u> | <u>455,389</u> |
| Liabilities of sectors | 52,638 | 64,037 | 44,431 | 44,420 | 17,092 | 12,878 | 2,751 | 5,054 | (11,220) | (11,458) | 105,692 | 114,931 |
| Payables to banks | | | | | | | | | | | 11,650 | 11,591 |
| Interest bearing financial payables | | | | | | | | | | | 170,700 | 172,188 |
| Total liabilities | | | | | | | | | | | <u>288,042</u> | <u>298,710</u> |

According to the Regulation of Borsa Italiana S.p.A (Italian Stock Exchange), Groups' periodic accounting data as well as the Financial Statements of parent company should be published.

Financial Statements of Interpump group S.p.A were edited according to the IAS 1. Notes requested by IAS 34 are omitted, being considered not significant for the consolidated Financial Statement.

Moreover, the following shouldn't be considered as satisfying requests of IAS for quarterly reports and is laid out only in compliance with the Regulation mentioned above.

Balance sheets for the parent company Interpump Group S.p.A.

| | 31/03/2006 | 31/12/2005 |
|--|----------------|----------------|
| | €/000 | €/000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 12,695 | 12,169 |
| Goodwill | 32,506 | 32,506 |
| Other intangible assets | 3,097 | 2,609 |
| Investments in subsidiaries | 80,690 | 80,580 |
| Investments in associated companies | 9,306 | 9,306 |
| Other financial assets | 44,040 | 44,362 |
| Tax receivables | 17 | 17 |
| Deferred tax assets | 3,995 | 4,576 |
| Other non current assets | 19 | 17 |
| Total non current assets | 186,365 | 186,142 |
| Current assets | | |
| Cash and cash equivalents | 21,265 | 34,938 |
| Trade receivables | 12,250 | 10,610 |
| Inventories | 14,854 | 13,653 |
| Tax receivables | 316 | 320 |
| Derivative financial instruments | 83 | - |
| Other financial assets | 10,218 | 10,218 |
| Land and buildings for sale | 3,500 | 3,500 |
| Other current assets | 534 | 336 |
| Total current assets | 63,020 | 73,575 |
| Total assets | 249,385 | 259,717 |
| SHAREHOLDERS' EQUITY | | |
| Share Capital | 41,559 | 41,559 |
| Legal reserve | 8,747 | 8,747 |
| Share premium reserve | 16,596 | 16,596 |
| Reserve for valuation of hedging derivatives at fair value | (187) | (558) |
| Reserve for valuation of investments at fair value | 918 | - |
| Other reserves | 43,746 | 44,133 |
| Total consolidated shareholders' equity | 111,379 | 110,477 |

| | <i>31/03/2006</i> | <i>31/12/2005</i> |
|--|-------------------|-------------------|
| | <i>€/000</i> | <i>€/000</i> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Interest bearing financial payables | 74,708 | 79,677 |
| Liabilities for employee benefits | 4,765 | 4,710 |
| Deferred tax liabilities | 2,156 | 2,156 |
| Provisions for risks and charges | 1,000 | 1,000 |
| Total non current liabilities | 82,629 | 87,543 |
| Current liabilities | | |
| Trade payables | 11,255 | 9,801 |
| Payables to banks | 506 | 526 |
| Interest bearing financial payables (current portion) | 35,666 | 41,666 |
| Derivative financial instruments | 457 | 907 |
| Taxes payable | 3,681 | 2,668 |
| Other current liabilities | 3,752 | 5,228 |
| Provisions for risks and charges | 60 | 901 |
| Total current liabilities | 55,377 | 61,697 |
| Total liabilities | 138,006 | 149,240 |
| <i>Total shareholders' equity and liabilities</i> | <i>249,385</i> | <i>259,717</i> |

First-quarter income statements for the parent company Interpump Group S.p.A.

| (€000) | <u>2006</u> | <u>2005</u> |
|---|---------------|---------------|
| Net sales | 18,006 | 17,143 |
| Cost of sales | (10,914) | (10,149) |
| Gross industrial margin | 7,092 | 6,994 |
| Other net revenues | 470 | 1,311 |
| Distribution costs | (682) | (626) |
| General and administrative expenses | (2,337) | (2,562) |
| Other operating costs | - | (1) |
| Ordinary profit before financial charges | 4,543 | 5,116 |
| Financial income | 627 | 94 |
| Financial charges | (1,359) | (1,031) |
| Profit for the period before taxes | 3,811 | 4,179 |
| Income taxes | (1,750) | (1,503) |
| Net profit for the period | 2,061 | 2,676 |
| Basic earnings per share | 0.028 | 0.036 |
| Diluted earnings per share | 0.028 | 0.036 |

First-quarter cash flow statements for the parent company Interpump Group S.p.A.

| (€000) | <u>2006</u> | <u>2005</u> |
|--|-----------------|----------------|
| Cash flow from operating activities | | |
| Earnings before taxes | 3,811 | 4,179 |
| Adjustments for non-cash items: | | |
| Capital gains from the sale of fixed assets | - | (905) |
| Amortisation and depreciation | 468 | 622 |
| Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group | - | 44 |
| Net change of risk funds and allocations to liabilities for benefits for employees | 55 | (1) |
| Net financial charges | 732 | 937 |
| | <u>5,066</u> | <u>4,876</u> |
| (Increase) decrease in trade receivables and other current assets | (1,848) | (1,609) |
| (Increase) decrease in inventories | (1,201) | (564) |
| Increase (decrease) in trade payables and other current liabilities | 872 | 1,211 |
| Interest paid | (1,252) | (766) |
| Currency exchange gains realized | - | (9) |
| Net liquidity generated by operating activities | <u>1,637</u> | <u>3,139</u> |
| Cash flow from investing activities | | |
| Balance of sale price for IP Cleaning S.p.A. | (1,171) | - |
| Coverage of losses of subsidiaries | (952) | - |
| Payments for purchase of treasury stock | (2,448) | (1,197) |
| Investments in property, plant and equipment | (448) | (206) |
| Proceeds from sales of tangible fixed assets | - | 1,667 |
| Increase in intangible assets | (605) | (500) |
| Received financial income | 87 | 73 |
| Other | (2) | 229 |
| Net liquidity utilised in investing activities | <u>(5,539)</u> | <u>66</u> |
| Cash flow of financing activities | | |
| Disbursement (repayment) of loans | (11,021) | 39,481 |
| Variation in intercompany loans | 1,270 | 56,000 |
| Net liquidity obtained through (utilised in) financing activities | <u>(9,751)</u> | <u>95,481</u> |
| Net (increase) decrease of cash and cash equivalents | <u>(13,653)</u> | <u>98,686</u> |
| Cash and cash equivalents at the beginning of the period | <u>34,412</u> | <u>7,898</u> |
| Cash and cash equivalents at the end of the period | <u>20,759</u> | <u>106,584</u> |

Cash and cash equivalents can be broken down as follows:

| | 31/03/2006 €000 | 31/12/2005 €000 | 31/03/2005 €000 | 01/01//2005 €000 |
|---|--------------------|--------------------|--------------------|---------------------|
| Cash and cash equivalents from the balance sheet | 21,265 | 34,938 | 106,839 | 8,322 |
| Payables to banks (for current account overdrafts and advances subject to collection) | <u>(506)</u> | <u>(526)</u> | <u>(255)</u> | <u>(424)</u> |
| Cash and cash equivalents as from the cash flow statement | <u>20,759</u> | <u>34,412</u> | <u>106,584</u> | <u>7,898</u> |

Changes in shareholders' equity

| | Share capital | Legal reserve | Share premium reserve | Reserve for valuation of hedging derivatives at fair value | Reserve for valuation of investments at fair value | Other reserves | Total shareholders' equity |
|--|---------------|---------------|-----------------------|--|--|----------------|----------------------------|
| <i>Balances as at 1 January 2005</i> | 43,694 | 8,747 | 15,012 | (928) | - | 72,142 | 138,667 |
| Cancellation of treasury stock | (2,135) | - | - | - | - | 2,135 | - |
| Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2005 and at 31/3/2005 | - | - | - | 196 | - | - | 197 |
| Acquisition of treasury stock | - | - | - | - | - | (1,197) | (1,197) |
| Net profit for first quarter 2005 | - | - | - | - | - | 2,676 | 2,676 |
| <i>Balances as at 31 March 2005</i> | <i>41,559</i> | <i>8,747</i> | <i>15,056</i> | <i>(731)</i> | <i>-</i> | <i>75,756</i> | <i>140,387</i> |
| Acquisition of treasury stock | - | - | - | - | - | (7,632) | (7,632) |
| Distribution of ordinary dividend | - | - | - | - | - | (9,900) | (9,900) |
| Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/4/2005 and at 31/12/2005 | - | - | - | 173 | - | - | 173 |
| Sale of treasury stock for the exercise of stock options | - | - | - | - | - | 12,939 | 12,939 |
| Distribution of special dividend | - | - | - | - | - | (53,426) | (53,426) |
| Recording in the income statement of the fair value of the stock options assigned and exercisable | - | - | 1,540 | - | - | - | 1,540 |
| Net profit for the last nine months | - | - | - | - | - | 26,397 | 26,397 |
| <i>Balances as at 31 December 2005</i> | <i>41,559</i> | <i>8,747</i> | <i>16,596</i> | <i>(558)</i> | <i>-</i> | <i>44,133</i> | <i>110,477</i> |
| Purchase of treasury stock | - | - | - | - | - | (2,448) | (2,448) |
| Recording in the income statement of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2006 and at 31/3/2006 | - | - | - | 374 | - | - | 374 |
| Recording in the income statement of the fair value of derivative hedging instruments | - | - | - | (3) | - | - | (3) |
| Recording under shareholders' equity of the change in the fair value of investments in other companies | - | - | - | - | 918 | - | 918 |
| Net profit for first quarter 2006 | - | - | - | - | - | 2,061 | 2,061 |
| <i>Balances as at 31 March 2006</i> | <i>41,559</i> | <i>8,747</i> | <i>16,596</i> | <i>(187)</i> | <i>918</i> | <i>43,746</i> | <i>111,379</i> |