Report for the third quarter of 2006

Interpump Group S.p.A. and subsidiaries

Contents

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Deputy Chairman and Executive Director

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Executive Director

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Independent Director

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Board of Statutory Auditors

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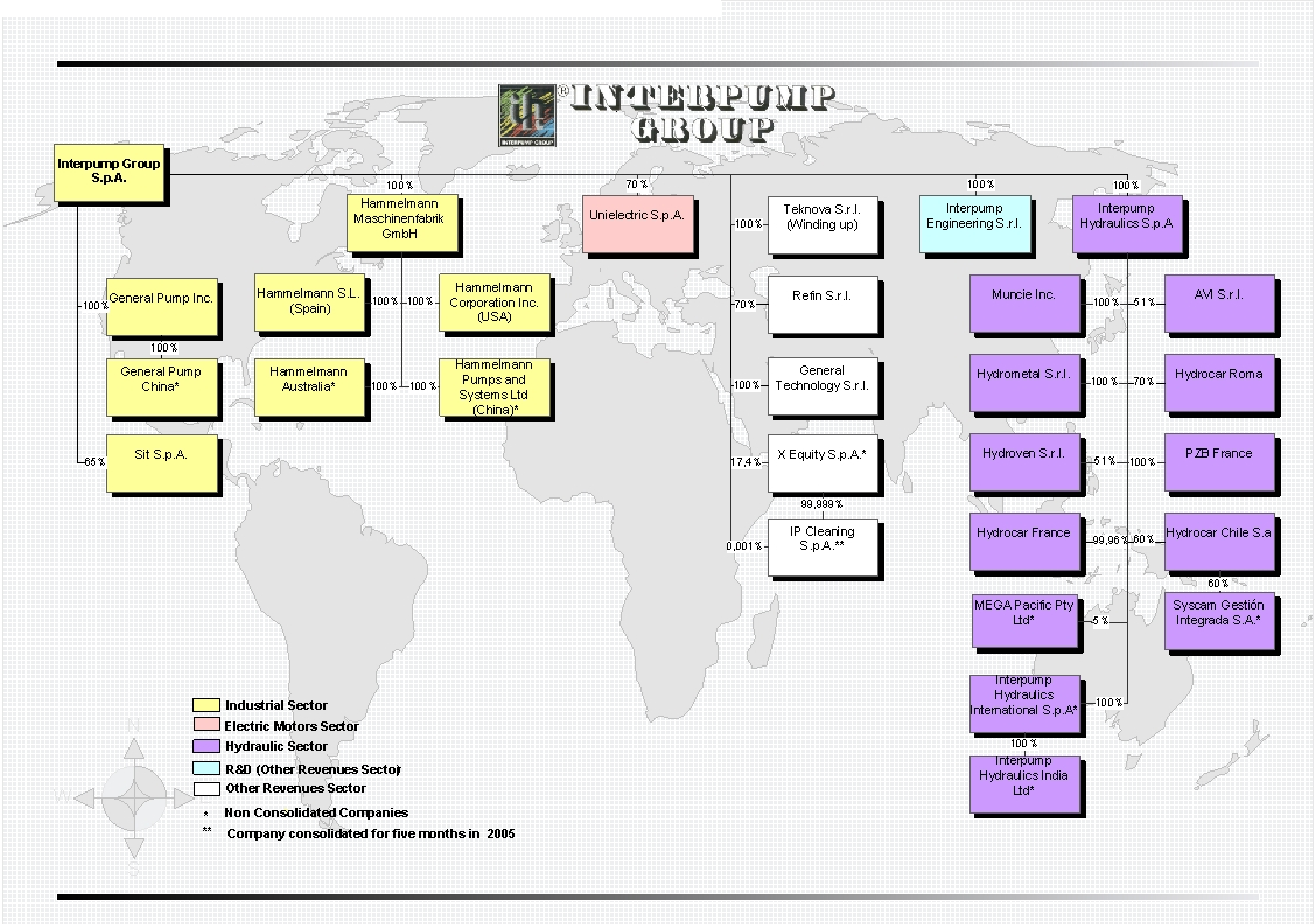
Independent Auditors

PricewaterhouseCoopers S.p.A.

** Member of the Corporate Governance Committee*
*** Member of the Remuneration Committee*

Directors' remarks on performance in the third quarter of 2006

On 30/9/2006 Interpump Group had the following structure:



Consolidated income statement for the third quarter

(€/000)	*2006*	*2005*
Net sales	**85,199**	**81,605**
Cost of sales	(52,519)	(50,507)
Gross industrial margin	**32,680**	**31,098**
% on net sales	*38.4%*	*38.1%*
Other net revenues	1,199	494
Distribution costs	(6,356)	(6,256)
General and administrative expenses	(9,988)	(10,388)
Other operating costs	(118)	(71)
EBIT	**17,417**	**14,877**
% on net sales	*20.4%*	*18.2%*
Financial income	738	852
Financial charges	(2,253)	(2,111)
Adjustment of value of investments according to the equity method	(74)	11
Profit for the period before taxes	**15,828**	**13,629**
Income taxes	(6,825)	(6,227)
Consolidated profit for the period	**9,003**	**7,402**
Due to:		
Parent company shareholders	8,870	7,312
Subsidiaries' minority shareholders	133	90
Consolidated profit for the period	**9,003**	**7,402**
EBITDA	**19,503**	**17,563**
% on net sales	*22.9%*	*21.5%*
Shareholders' equity	149,892	200,394
Net financial indebtedness	157,687	87,172
Capital employed	307,579	287,566
Unannualised ROCE	**5.7%**	**5.2%**
Unannualised ROE	**6.0%**	**3.7%**
Basic earnings per share	**0.118**	**0.095**

ROCE = EBIT/ Capital employed
ROE = Consolidated profit for the period / Consolidated shareholders' equity

Net sales

Net sales of the third quarter of 2006 rose to 85.2 million euro, up by 4.4% with respect to the same period in 2005 when net sales totalled 81.6 million euro.

Net sales for the third quarter are broken down as follows:

By area of business

	3rd quarter 2006 €/000	*%*	*3rd quarter 2005 €/000*	*%*	*Growth/ Contraction*
Hydraulic Sector	40,581	48	37,746	46	+7.5%
Industrial Sector	38,475	45	37,631	46	+2.2%
Electric Motors Sector	6,135	7	6,178	8	-0.7%
Other Revenues Sector	8	-	50	-	n.s.
Total	***85,199***	***100***	***81,605***	***100***	***+4.4%***

The Hydraulic Sector grew by 7.5%. Sales by our US subsidiary Muncie rose by 5.2% in dollar-on-dollar terms after the very positive performance recorded in recent quarters; after conversion into euro growth totals 0.7%. Sales by European companies rose by 14% with respect to the figure for the equivalent period in 2005.

The Industrial Sector generated turnover of 38.5 million euro. The following table illustrates the sales of the Industrial Sector by product type.

	3rd quarter 2006 €/000	*3rd quarter 2005 €/000*	*Growth/ Contraction*
High-pressure pumps	17,024	17,091	-0.4%
Very high-pressure systems	17,608	14,329	+22.9%
Sheet metal drawing, blanking, and pressing	699	566	+23.5%
Cleaning machinery	3,144	5,645	-44.3%
Total	38,475	37,631	+2.2%

Sales of electric motors were recorded at 6.1 million euro, a figure that is basically unchanged compared to the third quarter of 2005.

By geographical area

	3rd quarter 2006 €/000	*%*	*3rd quarter 2005 €/000*	*%*	*Growth/ Contraction*
Italy	16,889	20	17,669	22	- 4.4%
Rest of Europe	27,997	33	23,427	29	+19.5%
North America	26,551	31	29,598	36	-10.3%
Pacific Area	5,429	6	3,676	4	+47.7%
Rest of the World	8,333	10	7,235	9	+15.2%
Total	***85,199***	***100***	***81,605***	***100***	***+4.4%***

The sustained increase in the Pacific Area is mainly due to China, where sales more than doubled, while growth in the Rest of the World is mainly due to sales in India (+39.6%). The downturn on the North American market is caused by the negative trend of cleaning machinery sales due to the agreements relative to the disposal of the Cleaning Sector. Net of the foregoing sales, turnover in North America would have been substantially unchanged, also because of the negative effects of the euro/dollar exchange rate, equivalent to a reduction of 5 percentage points.

Profitability

The cost of sales accounted for 61.6% of sales (61.9% in the third quarter of 2005). Production costs, which totalled 16.6 million euro (14.9 million euro in the third quarter of 2005), accounted for 19.5% of sales (18.3% in the equivalent period in 2005), while the purchase cost of raw materials and components sourced on the market was 35.9 million euro (35.6 million euro in the equivalent period in 2005). The incidence of purchase costs was 1.4 percentage points lower.

Distribution costs increased by 1.6% with respect to the same period in 2005 and the incidence on sales fell by 0.2 percentage points.

General and administrative expenses were down by 3.9% with respect to the third quarter of 2005, while the relative incidence on sales fell by one percentage point.

EBIT stood at 17.4 million euro or 20.4% of sales, compared to the 14.9 million euro of the third quarter of 2005 (18.2% of sales) with an increase of 17.1%.

EBITDA totalled 19.5 million euro or 22.9% of sales, compared to the 17.6 million euro of the third quarter of 2005, which accounted for 21.5% of sales (+11.0%). The following table shows EBITDA according to business sector:

	3rd quarter 2006 €/000	*% on total sales**	*3rd quarter 2005 €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	8,569	21.1%	7,877	20.9%	+8.8%
Industrial Sector	11,282	29.2%	9,952	26.4%	+13.4%
Electric Motors Sector	(137)	-2.1%	9	0.1%	n.s.
Other Revenues Sector	(211)	n.s.	(275)	n.s.	n.s.
Total	***19,503***	***22.9%***	***17,563***	***21.5%***	***+11.0%***

* = Total sales also include sales to other companies in the continuing operations area, while the sales analysed previously are exclusively those external to the Group (see 2 in the notes). Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales shown earlier.

Note that the EBITDA published in the quarterly report as at 30/9/2005 differs from the EBITDA shown in the previous table and in the equivalent table referred to data for the first nine months illustrated below. This is because central holding costs were previously entirely attributed to the Industrial Sector while as from 2006 they have been distributed among the various sectors on the basis of sales. Data referred to 2005 have been reclassified accordingly.

The tax rate was 43.1% (45.7% for continuing operations in the third quarter of 2005).

The third quarter closes with a consolidated net profit of €/000 9,003 (€/000 7,402 in the third quarter of 2005), reflecting an increase of 21.6%.

Directors' remarks on performance in the first nine months of 2006

Consolidated income statement for the first nine months

(€/000)	*2006*	*2005* Continuing operations	*2005* Discontinued operations	*2005* Total
Net sales	**281,677**	**246,004**	**119,894**	**365,898**
Cost of sales	(176,475)	(155,192)	(84,776)	(239,968)
Gross industrial margin	**105,202**	**90,812**	**35,118**	**125,930**
% on net sales	*37.3%*	*36.9%*		*34.4%*
Other net revenues	5,007	3,162	394	3,556
Distribution costs	(20,518)	(18,342)	(15,469)	(33,811)
General and administrative expenses	(32,372)	(30,720)	(8,542)	(39,262)
Other operating costs	(570)	(471)	(210)	(681)
EBIT	**56,749**	**44,441**	**11,291**	**55,732**
% on net sales	*20.1%*	*18.1%*		*15.2%*
Financial income	2,376	3,617	1,452	5,069
Financial charges	(7,988)	(7,967)	(4,051)	(12,018)
Adjustment of investments according to the equity method	(560)	(12)	103	91
Profit for the period before taxes	**50,577**	**40,079**	**8,795**	**48,874**
Income taxes	(22,324)	(18,505)	(4,600)	(23,105)
Profit for the period after taxes and before capital gain on discontinued operations	**28,253**	**21,574**	**4,195**	**25,769**
Capital gain on discontinued operations	-	-	50,230	50,230
Consolidated profit for the period	**28,253**	**21,574**	**54,425**	**75,999**
Due to:				
Parent company shareholders	27,648	21,056	53,778	74,834
Subsidiaries' minority shareholders	605	518	647	1,165
Consolidated profit for the period	**28,253**	**21,574**	**54,425**	**75,999**
EBITDA	**63,329**	**51,986**	**15,331**	**67,317**
% on net sales	*22.5%*	*21.1%*		*18.4%*
Shareholders' equity	149,892	200,394		200,394
Net financial indebtedness	157,687	87,172		87,172
Capital employed	307,579	287,566		287,566
Unannualised ROCE	**18.5%**			**19.4%**
Unannualised ROE	**18.8%**			**12.9%**
Basic earnings per share	**0.364**	**0.287**		**1.019**

ROCE = EBIT/ Capital employed

ROE = Consolidated profit for the period (net of capital gain on discontinued operations) / Consolidated shareholders' equity

Net sales

Net sales in the first nine months of 2006 rose to 281.7 million euro, up by 14.5% with respect to the same period in 2005, when net sales of continuing operations totalled 246.0 million euro. Sales of continuing operations also include Hammelmann Group sales for nine months in 2006 and six months in 2005, from the date of acquisition. On an equal consolidation basis net sales of continuing operations were up by 8.5% (+20.8 million euro).

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

30/09/2006 (nine months)	Italy	Rest of Europe	North America	Pacific Area	Rest of the World	Total
Hydraulic Sector	28,296	28,125	54,219	2,749	18,565	131,954
Industrial Sector	17,908	49,602	36,791	8,867	7,684	120,852
Electric Motors Sector	19,590	6,228	-	2,641	359	28,818
Other Revenues Sector	6	47	-	-	-	53
Total	65,800	84,002	91,010	14,257	26,608	281,677
30/09/2005 (nine months)						
Hydraulic Sector	27,527	24,617	47,631	2,853	12,519	115,147
Industrial Sector	16,263	33,331	40,321	7,961	5,216	103,092
Electric Motors Sector	20,191	6,268	-	352	190	27,001
Other Revenues Sector	603	161	-	-	-	764
Total	64,584	64,377	87,952	11,166	17,925	246,004
2006/2005 percentage change						
Hydraulic Sector	+2.8%	+14.3%	+13.8%	-3.6%	+48.3%	+14.5%
Industrial Sector	+10.1%	+48.8%	-8.8%	+11.4%	+47.3%	+17.2%
Electric Motors Sector	-3.0%	-0.6%	-	7.5 times	+88.9%	+6.7%
Other Revenues Sector	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Total	+1.9%	+30.5%	+3.5%	+27.7%	+48.4%	+14.5%

The Hydraulic Sector grew by 14.5 %. Sales by our US subsidiary Muncie rose by 13.6% in dollar-on-dollar terms (+15.2% following conversion into euro), on the heels of the very positive performance recorded in 2004 and 2005. Sales by European companies rose by 14.1% with respect to the figure for the first nine months of 2005.

The Industrial Sector generated turnover of 120.9 million euro. The following table illustrates sales of the Industrial Sector by product type:

	30/09/2006 (nine months) €/000	*30/09/2005 (nine months) €/000*	*Growth/ Contraction*
High-pressure pumps	58,291	55,507	+5.0%
Very high-pressure systems	48,573	28,297	+71.7%
Sheet metal drawing, blanking, and pressing	2,438	2,440	-0.1%
Cleaning machinery	11,550	16,848	-31.4%
Total	120,852	103,092	+17.2%

Note that the Hammelmann Group was consolidated in 2005 for six months only: growth in the Industrial Sector would have been 2.8% and growth in very-high pressure systems would have been 19.1% on an equal consolidation basis.
On an equal consolidation basis growth in the Industrial Sector in the geographical areas would have been as follows: Italy +8.4%, Rest of Europe +17.8%, North America –14.5%, Pacific Area +5.3%, Rest of the World +17.6%. The downturn on the North American market is due to cleaning machinery further to non-competition agreements relative to the disposal of the Cleaning Sector.

Sales of electric motors were recorded at 27.0 million euro (+6.7% in the first nine months of 2005).

On an equal consolidation basis total growth in the geographical areas would have been as follows: Italy +1.4%, Rest of Europe +14.4%, North America +0.9%, Pacific Area +24.6%, Rest of the World +39.0%. The sustained increase in the Pacific Area is driven by China where sales have more than doubled, while growth in the Rest of the World is propelled by India (+94.3%) and Brazil (+49.4%).

Profitability

The cost of sales accounted for 62.7% of turnover (63.1% in the first nine months of 2005). Production costs, which totalled 53.3 million euro (45.6 million euro in the first nine months of 2005, including Hammelmann for only for six months), accounted for 18.9 % of sales (18.5% in the first nine months of 2005). Purchase costs of raw materials and components sourced on the market totalled 123.2 million euro (109.6 million euro in the first nine months of 2005, including Hammelmann for only six months). The incidence of purchase costs was 0.9 percentage points lower, while it was 0.2 percentage points higher on an equal consolidation basis due to price increases in the cost of raw materials.

On an equal consolidation basis distribution costs increased by 2.3% with respect to the first nine months of 2005, although the incidence of this parameter on sales fell by 0.5 percentage points.

General and administrative expenses were in line with those of the first nine months of 2005 on an equal consolidation basis, while the relative incidence on sales fell by one percentage point.

The cost of labour was 53.5 million euro (47.7 million euro in the first nine months of 2005, which however do not include the first quarter of Hammelmann) for an average of 1,614 employees. Personnel expenses were up by 4.9% on an equal consolidation basis due both to an increase of 25 employees (+1.7%) and to the 3.2% increase in the mean per-capita cost.

EBIT stood at 56.7 million euro or 20.1% of sales compared to the 44.4 million euro of the first nine months of 2005 (18.1% of sales), reflecting an increase of 27.7%. On an equal consolidation basis, growth was 17.6%.

EBITDA stood at 63.3 million euro or 22.5% of sales, compared to the 52.0 million euro of the first nine months of 2005, which accounted for 21.1% of sales (+21.8% and +12.3% on an equal consolidation basis). The following table shows EBITDA according to business sector:

	30/09/2006 (nine months) €/000	*% on total sales**	*30/09/2005 (nine months) €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	29,239	22.2%	24,657	21.4%	+18.6%
Industrial Sector	35,265	29.1%	27,513	26.7%	+28.2%
Electric Motors Sector	43	0.1%	380	1.4%	-88.7%
Other Revenues Sector	(1,218)	n.s.	(564)	n.s.	n.s.
Total	***63,329***	***22.5%***	***51,986***	***21.1%***	***+21.8%***

* = Total sales also include sales to other companies in the continuing operations area, while the sales analysed previously are exclusively those external to the Group (see 2 in the notes). Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales shown earlier.

The increase of EBITDA in the Industrial Sector was 10.3% on an equal consolidation basis (without Hammelmann for the first three months). The decrease of EBITDA in the Electric motors sector is mainly due to the rising cost of raw materials.

The tax rate was 44.1% (46.2% in the first nine months of 2005). The improvement is partly due to the capital gain on the disposal of the equity investment in Metalprint, classified in Other net revenues for 947 thousand euro and only marginally subject to taxation, and partly to the improvement in profitability which resulted in a decrease in the incidence of IRAP (regional production tax).

The nine-month period of 2006 ended with a net profit of €/000 28,253 (€/000 21,574 net profit of continuing operations in the first nine months of 2005), up by 31.0%.

The following table provides a comparison between results for the first nine months of the year and those for the third quarter.

	30/09/2006 (nine months)	% on total sales**	Growth/ Contraction	3rd quarter 2006	% on total sales**	Growth/ Contraction
Net sales						
Hydraulic Sector	131,954		+14.6%	40,581		+7.5%
Industrial Sector (without Hammelmann first quarter)	105,975		+2.8%			
Hammelmann's first quarter*	14,877					
Total Industrial Sector	120,852		+17.2	38,475		+2.2%
Electric Motors Sector	28,818		6.7%	6,135		-0.7%
Other Revenues Sector	53		n.s.	8		
Total	*281,677*		*+14.5%*	*85,199*		*+4.4%*
Total (without Hammelmann first quarter)	*266,800*		*+8.5%*			

	30/09/2006 (nine months)	% on total sales**	Growth/ Contraction	3rd quarter 2006	% on total sales**	Growth/ Contraction
EBITDA						
Hydraulic Sector	29,239	22.2%	+18.6%	8,569	21.1%	+8.8%
Industrial Sector (without Hammelmann first quarter)	30,351	28.6%	+10.3%			
Hammelmann first quarter*	4,914	33.0%				
Total Industrial Sector	35,265	29.1%	+28.2%	11,282	29.2%	+13.4%
Electric Motors Sector	43	0.1%	-88.7%	(137)	-2.1%	n.s.
Other Revenues Sector	(1,218)	n.s.	n.s.	(211)	n.s.	n.s.
Total	*63,329*	*22.5%*	*+21.8%*	*19,503*	*22.9%*	*+11.0%*
Total (without Hammelmann first quarter)	*58,415*	*21.9%*	*+12.4%*			

* = consolidated from 1 April 2005

** = Total sales also include sales to other companies in the continuing operations area, while the sales analysed previously are exclusively those external to the Group (see 2 in the notes). Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales shown earlier.

Sales performance in the Industrial Sector was affected by the disposal of the Cleaning Sector, as explained more fully above.

The table shows that growth of the Hydraulic Sector slowed slightly in line with forecasts; on the basis of uniform values, growth of the industrial sector was 2.8% in the first nine months and 2.2% in the third quarter in terms of sales, while EBITDA increased by 10.3% in the first nine months and 13.4% in the third quarter, which was therefore also accompanied by a significant rise in profitability in this sector, also thanks to the presence of Hammelmann.

Capital employed increased from 284.4 million euro at 31 December 2005 to 307.6 million euro at 30 September 2006. Unannualised ROCE in the first nine months of 2006 was 18.5% (19.4% in the first nine months of 2005, which however also included discontinued operations for the first five months). The slight contraction is due to the increase in capital employed, primarily resulting from the acquisition of minority interests in Muncie in the amount of 17.8 million euro on 28 February of this year. Unannualised ROE in the first nine months of 2006 was 18.8% (12.9% in the first nine months of 2005), up by 45.7% due to the reduction in shareholders' equity arising from the distribution of a 53.4 million euro special dividend (0.69 euro per share) in December 2005. This operation helped to optimise the Group's equity and financial structure, as proven by the fact that net of the special dividend ROE would have been only 7.8% higher than the figure for the first nine months of 2005.

Cash flow

The change in net financial indebtedness can be analysed as follows:

	30/09/2006 (nine months) €/000	*30/09/2005 (nine months) €/000*
Opening net financial position	**(127,701)**	**(211,463)**
Net liquidity generated by operating activities	31,357	20,479
Investments in tangible fixed assets	(6,408)	(3,792)
Proceeds from sales of tangible fixed assets	210	2,984
Capital expenditure in development costs and increase of other intangible fixed assets	(1,443)	(1,154)
Received financial income	544	700
Other revenues	(782)	(1,012)
Free cash flow	***23,478***	***18,205***
Outlay for the acquisition of Hammelmann, net of cash received, after deducting loans payable	(1,000)	(89,365)
Outlays for acquisition of minority shares in subsidiaries	(17,921)	-
Proceeds from the sale of associated companies and other companies	500	1,557
Subscription of subsidiaries' share capital	(592)	-
Loans granted to non-consolidated subsidiaries	(901)	-
Outlays for purchase of treasury stock	(20,825)	(2,301)
Proceeds from sale of treasury stock to beneficiaries of stock options	15	2,092
Dividends paid	(11,929)	(10,180)
Cash flow generated (used)	***(29,175)***	***(79,992)***
Proceeds from discontinued operations	(1,171)	205,585
Exchange rate differences	360	(1,302)
Net financial position at end of period	**(157,687)**	**(87,172)**

The net cash position is composed as follows:

	30/09/2006 €/000	01/01/2006 €/000	30/09/2005 €/000	01/01/2005 €/000
Cash and cash equivalents	37,721	56,078	71,528	22,391
Payables to banks	(9,692)	(11,591)	(10,735)	(48,141)
Interest-bearing financial payables (current portion)	(38,225)	(50,673)	(49,651)	(62,029)
Interest-bearing non-current financial payables	(148,760)	(121,515)	(98,314)	(123,854)
Net financial position of assets and liabilities classified as held for sale	1,269	-	-	-
Total	**(157,687)**	**(127,701)**	**(87,172)**	**(211,633)**

Net financial indebtedness increased from 127.7 million euro recorded at 31 December 2005 to 157.7 million euro at 30/09/2006 due to the above mentioned purchase of minority interests in Muncie further to contractual agreements, the purchase of 20.8 million euro of treasury stock, and the distribution of dividends for 11.9 million euro. Net liquidity generated by operating activities, following the change in working capital, was 31.4 million euro with respect to the 20.5 million euro recorded for continuing operations in the first nine months of 2005.

Free cash flow was 23.5 million euro compared to the 18.2 million euro recorded in 2005 (+29.0%). On an equal consolidation basis free cash flow increased by 25.6%.

Capital expenditure in property, plant and equipment stood at 7.2 million euro (4.2 million euro referred only to continuing operations in the first nine months of 2005) and refers to the normal renewal and modernisation of plant, machinery and equipment. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

Increases in intangible fixed assets of continuing operations amounted to 1.5 million euro (1.1 million euro in the first nine months of 2005 - again referred only to continuing operations) and are mainly related to expenditure for the development of new products. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamics of payments.

Extraordinary transactions

In July the Group created a new company, Interpump Hydraulics India, in order to increase the effectiveness of penetration of the Indian market and provide after-sales services to local customers. The company is also planning to start local assembly operations in order to reduce production costs.

The agreement for transferring the property holdings of Unielectric S.p.A. to the beneficiary company REFIN S.r.l. was signed on 18 September 2006. The group of shareholders of the demerged company and that of the beneficiary are identical, therefore no adjustments or increases of share capital were necessary. The demerger, with legal effect as from 1 October, concerned cash on hand of €/000 142, buildings for a net book value of €/000 3,315, deferred tax assets of €/000 54, a loan of €/000 2,983, other payables amounting to €/000 1 and deferred tax liabilities of €/000 238. The operation is designed to optimise the equity and financial structure of Unielectric in order to maximise the overall value of the demerged company and the beneficiary.

The Parent company transferred the "Accessories" line of business to the General Technology subsidiary on 20 September 2006. The transfer totalled €/000 1,765, corresponding to the net book value of assets and liabilities transferred. The aim of this operation was that of decentralising the production of accessories because of the criticalities caused by the recent transfer of production of very high-pressure pumps to the Sant'Ilario d'Enza plant and the consequent closure of the Reggio Emilia plant. This operation eases the pressure on the Parent Company's production capacity and makes it possible to exploit the existing floor space and production capacity of General Technology. On the other hand, General Technology was already engaged in the manufacture of valves (accessories) for another Group company and is in possession of the necessary expertise for the production of accessories for high and very-high pressure pumps.

Both operations were performed in accordance with the fiscal neutrality principle and do not impact on the consolidated financial statements.

Milan, 14 November 2006

For the Board of Directors
Mr Giovanni Cavallini
Chairman

Financial statements and notes

Consolidated balance sheet

	Notes	*30/09/2006*	*30/06/2006*	*31/12/2005*
		€/000	*€/000*	*€/000*
ASSETS				
Current assets				
Cash and cash equivalents		37,721	47,426	56,078
Trade receivables		70,583	83,689	70,974
Inventories	3	80,285	84,770	85,239
Tax receivables		1,198	4,550	5,229
Derivative financial instruments		13	307	359
Assets available for sale	8	24,099	2,454	2,454
Other current assets		2,984	3,445	2,150
Total current assets		**216,883**	**226,641**	**222,483**
Non-current assets				
Property, plant and equipment	4	50,441	51,199	51,165
Goodwill	1	131,582	132,679	133,885
Other intangible assets		15,718	15,763	15,598
Investments in associated companies		4,905	4,905	5,390
Other financial assets		15,351	14,855	14,361
Tax receivables		44	371	371
Deferred tax assets		10,531	11,234	11,926
Other non-current assets		608	628	210
Total non-current assets		**229,180**	**231,634**	**232,906**
Total assets		***446,063***	***458,275***	***455,389***

	Notes	*30/09/2006 €/000*	*30/06/2006 €/000*	*31/12/2005 €/000*
LIABILITIES				
Current liabilities				
Trade payables		37,817	52,179	43,874
Payables to banks		9,692	10,846	11,591
Interest bearing financial payables (current portion)		38,225	37,573	50,673
Derivative financial instruments		247	418	1,023
Taxes payable		11,786	8,126	6,267
Liabilities relative to assets held for sale	8	10,114	-	-
Other current liabilities		11,683	14,054	33,960
Provisions for risks and charges		1,652	1,647	1,589
Total current liabilities		**121,216**	**124,843**	**148,977**
Non-current liabilities				
Interest bearing financial payables		148,760	153,674	121,515
Liabilities for employee benefits		10,007	11,451	10,982
Taxes payable		44	44	-
Deferred tax liabilities		13,301	14,099	14,493
Other non-current liabilities		184	179	229
Provisions for risks and charges		2,659	2,658	2,514
Total non current liabilities		**174,955**	**182,105**	**149,733**
Total liabilities		**296,171**	**306,948**	**298,710**
SHAREHOLDERS' EQUITY	6			
Share Capital		41,559	41,559	41,559
Legal reserve		8,747	8,747	8,747
Share premium reserve		17,421	17,253	16,739
Reserve for valuation of hedging derivatives at fair value		(146)	(192)	(558)
Translation provision		(7,900)	(8,126)	(4,664)
Other reserves		83,129	85,091	87,801
Shareholders' equity for the Group		**142,810**	**144,332**	**149,624**
Minority interests	8	7,082	6,995	7,055
Total shareholders' equity		**149,892**	**151,327**	**156,679**
Total shareholders' equity and liabilities		***446,063***	***458,275***	***455,389***

Consolidated income statement at 30 September (nine months)

(€/000)	*2006*	*2005* Continuing operations	*2005* Discontinued operations	*2005* Total
Net sales	**281,677**	**246,004**	**119,894**	**365,898**
Cost of sales	(176,475)	(155,192)	(84,776)	(239,968)
Gross industrial margin	**105,202**	**90,812**	**35,118**	**125,930**
Other net revenues	5,007	3,162	394	3,556
Distribution costs	(20,518)	(18,342)	(15,469)	(33,811)
General and administrative expenses	(32,372)	(30,720)	(8,542)	(39,262)
Other operating costs	(570)	(471)	(210)	(681)
Ordinary profit before financial charges	**56,749**	**44,441**	**11,291**	**55,732**
Financial income	2,376	3,617	1,452	5,069
Financial charges	(7,988)	(7,967)	(4,051)	(12,018)
Adjustment of investments according to the equity method	(560)	(12)	103	91
Profit for the period before taxes	**50,577**	**40,079**	**8,795**	**48,874**
Income taxes	(22,324)	(18,505)	(4,600)	(23,105)
Profit for the period after taxes and before the capital gain on discontinued operations	**28,253**	**21,574**	**4,195**	**25,769**
Capital gain on discontinued operations	-	-	50,230	50,230
Consolidated profit for the period	**28,253**	**21,574**	**54,425**	**75,999**
Due to:				
Parent company shareholders	27,648	21,056	53,778	74,834
Subsidiaries' minority shareholders	605	518	647	1,165
Consolidated profit for the period	**28,253**	**21,574**	**54,425**	**75,999**
Basic earnings per share (euro)	0.364	0.287		1.019
Diluted earnings per share (euro)	0.362	0.280		0.992

The Industrial Sector, Hydraulic Sector and other businesses that remain in the Interpump Group are included under continuing operations. The Hammelmann Group is included in the Industrial Sector for nine months in 2006 and only for six months in 2005. Discontinued operations include the contribution of the IP Cleaning Group for the first 5 months of 2005 until the time of divestment.

Consolidated income statement for the third quarter of 2006

(€/000)	*2006*	*2005*
Net sales	**85,199**	**81,605**
Cost of sales	(52,519)	(50,507)
Gross industrial margin	**32,680**	**31,098**
Other net revenues	1,199	494
Distribution costs	(6,356)	(6,256)
General and administrative expenses	(9,988)	(10,388)
Other operating costs	(118)	(71)
Ordinary profit before financial charges	**17,417**	**14,877**
Financial income	738	852
Financial charges	(2,253)	(2,111)
Adjustment of investments according to the equity method	(74)	11
Profit for the period before taxes	**15,828**	**13,629**
Income taxes	(6,825)	(6,227)
Consolidated profit for the period	**9,003**	**7,402**
Due to:		
Parent company shareholders	8,870	7,312
Subsidiaries' minority shareholders	133	90
Consolidated profit for the period	**9,003**	**7,402**
Basic earnings per share (euro)	0.118	0.095
Diluted earnings per share (euro)	0.118	0.093

Consolidated cash flow statement at 30 September (nine months)

(€/000)	*2006*	*2005* Continuing operations	*2005* Discontinued operations	*2005* Total
Cash flow from business activities				
Earnings before taxes and capital gains from discontinued operations	50,577	40,079	8,795	48,874
Adjustments for non-cash items:				
Losses (gains) from the sale of fixed assets	(3)	(1,305)	(21)	(1,326)
Capital gains from sales of investments	(947)	(142)	-	(142)
Amortization and depreciation	6,192	6,876	3,130	10,006
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	682	768	-	768
(Profit) losses from investments	560	12	(103)	(91)
Net change of risk funds and allocations to liabilities for employee benefits	990	985	828	1,813
Net financial charges	5,612	4,350	2,599	6,949
Others	-	(17)	-	(17)
	63,663	51,606	15,228	66,834
Increase (decrease) in trade receivables and other current assets	(7,536)	(6,664)	(10,290)	(16,954)
(Increase) decrease in inventories	(3,445)	(8,748)	4,903	(3,845)
Increase (decrease) in trade payables and other current liabilities	(3,027)	(497)	17,253	16,756
Interest paid	(4,866)	(3,988)	(1,597)	(5,585)
Realised currency exchange gains	(208)	348	(151)	197
Income taxes paid	(13,224)	(11,578)	-	(11,578)
Net liquidity generated by operating activities	**31,357**	**20,479**	**25,346**	**45,825**
Cash flow from investing activities				
Acquisition of Hammelmann, net of received cash	(1,000)	(87,152)	-	(87,152)
Proceeds from the sale of IP Cleaning S.p.A.	(1,171)	-	75,067	75,067
Transferred recurring payables to banks (cash) relative to the IP Cleaning Group	-	-	10,671	10,671
Ancillary costs relative to the sale of the Cleaning Sector entered in deduction from the capital gain	-	-	(1,800)	(1,800)
Investment in X Equity	-	-	(12,500)	(12,500)
Acquisition of minority shares in subsidiaries	(17,921)	-	(1,408)	(1,408)
Subscriptions of subsidiaries' share capital	(592)	-	-	-
Proceeds from the sale of associated companies and other companies	500	1,557	-	1,557
Outlays for purchase of treasury stock	(20,825)	(2,301)	-	(2,301)
Proceeds from sales of treasury stock to beneficiaries of stock options	15	2,092	-	2,092

(€/000)	*2006*	*2005* Continuing operations	Discontinued operations	Total
Capital expenditure in property, plant and equipment	(6,408)	(3,792)	(1,328)	(5,120)
Proceeds from sales of tangible fixed assets	210	2,984	105	3,089
Increase in intangible assets	(1,443)	(1,154)	(339)	(1,493)
Received financial income	544	700	146	846
Other revenues	306	605	(23)	582
Net liquidity utilised in investing activities	**(47,785)**	**(86,461)**	**68,591**	**(17,870)**
Cash flow of financing activities				
Loan granted to X Equity	-	-	(10,000)	(10,000)
Disbursal (repayment of) loans	14,048	22,478	58,680	81,158
Repayment of shareholder loans	-	-	(54)	(54)
Loans granted to non-consolidated subsidiaries	(901)	-	-	-
Payment of financial leasing instalments (principal)	(160)	(166)	(1,120)	(1,286)
Dividends paid	(11,929)	(10,180)	(893)	(11,073)
Net liquidity obtained through (utilised in) financing activities	**1,058**	**12,132**	**46,613**	**58,745**
Net increase (decrease) of cash and cash equivalents	**(15,370)**	**(53,850)**	**140,550**	**86,700**
Exchange differences on conversion of the liquidity of companies in areas outside the EU	**181**			**(157)**
Adjustment: cash and cash equivalents at the beginning of the period of assets available for sale	**879**			**-**
Adjustment: increase (decrease) of cash and cash equivalents of assets available for sale	**(2,148)**			**-**
Cash and cash equivalents at the start of the period	**44,487**			**(25,750)**
Cash and cash equivalents at the end of the period	**28,029**			**60,793**

Discontinued operations are included for five months in 2005.

Cash and cash equivalents can be broken down as follows:

	30/09/2006 €/000	01/01/2006 €/000	30/09/2005 €/000	01/01/2005 €/000
Cash and cash equivalents from the balance sheet	37,721	56,078	71,528	22,391
Payables to banks (for current account overdrafts and advances subject to collection)	(9,692)	(11,591)	(10,735)	(48,141)
Cash and cash equivalents from the cash flow statement	28,029	44,487	60,793	(25,750)

Business sector information

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

	Hydraulic Sector First nine months		Industrial Sector First nine months		Electric Motors Sector First nine months		Other Revenues Sector First nine months		Total First nine months	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cash flows from:										
Operating activities	19,803	13,820	13,196	8,509	(778)	(751)	(864)	(1,099)	31,357	20,479
Investing activities	(21,415)	(97)	(26,376)	(86,293)	82	(411)	(76)	340	(47,785)	(86,461)
Financing activities	7,090	(7,095)	(9,804)	25,462	2,844	(380)	928	(5,855)	1,058	12,132
Total	5,478	6,628	(22,984)	(52,322)	2,148	(1,542)	(12)	(6,614)	(15,370)	(53,850)

The cash flows deriving from investment activities in 2005 in the Industrial Sector include expenditure of €/000 87,152 for the acquisition of the Hammelmann Group; therefore, net of this acquisition, the cash flows relating to investing activities in this sector would have been positive in the amount of €/000 859, thanks to the proceeds of €/000 2,692 generated by the disposal of two industrial buildings that are no longer required for activities in the sector.

The cash flows deriving from financing activities in 2005 related to the Other Revenues Sector include the payment of a dividend for €/000 5,080 to the Parent company, included in the Industrial Sector.

The Industrial Sector also includes ordinary dividends paid by the Parent company in the amount of €/000 11,510 in 2006 (€/000 9,900 in 2005) in financing activities, and the purchase of treasury stock (€/000 20,825 in the first nine months of 2006 and €/000 2,301 in the first nine months of 2005) in investment activities. Net of these two transactions, the change in cash on hand of the Industrial Sector would have been positive in the amount of €/000 9,351 in 2006 and negative in the amount of €/000 40,121 in 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 provision*	*Other reserves*	*Shareholders' equity for the Group*	*Minority interests*	*Total*
Balances as at 1 January 2005	*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	-	-	-
Ordinary dividends distributed	-	-	-	-	-	-	(9,900)	(9,900)	(1,184)	(11,084)
Exchange differences on the translation of financial statements of companies in areas outside the EU	-	-	-	-	-	3,729	-	3,729	85	3,814
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	-	2,272	-	2,272	-	2,272
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 fair value of stock options assigned and exercisable	-	-	768	-	-	-	-	768	-	768
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(1,032)	-	-	-	(1,032)	-	(1,032)
Change in the reserve for the evaluation at fair value of hedging derivatives following the sale of the Cleaning Sector	-	-	-	717	-	-	-	717	-	717
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 1/01/2005 and 30/09/2005	-	-	-	386	-	-	-	386	-	386
Purchase of treasury stock	-	-	-	-	-	-	(2,301)	(2,301)	-	(2,301)
Sale of treasury stock to the beneficiaries of stock options	-	-	-	-	-	-	2,092	2,092	-	2,092
Net profit for the period	-	-	-		-	-	74,834	74,834	1,165	75,999
Balances as at 30 September 2005	*41,559*	*8,747*	*15,862*	*(624)*	*-*	*(5,827)*	*133,677*	*193,394*	*7,000*	*200,394*

	Share Capital	*Legal reserve*	*Share premium reserve*	*Reserve for valuation of hedging derivatives at fair value*	*Reserve for valuation of investments at fair value*	*Translation provision*	*Other reserves*	*Shareholders' equity for the Group*	*Minority interests*	*Total*
Balances as at 30 September 2005	*41,559*	*8,747*	*15,862*	*(624)*	-	*(5,827)*	*133,677*	*193,394*	*7,000*	*200,394*
Exchange differences on the translation of financial statements of companies in areas outside the EU	-	-	-	-	-	1,324	-	1,324	38	1,362
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	-	(161)	-	(161)	-	(161)
Distribution of special dividend	-	-	-	-	-	-	(53,426)	(53,426)	-	(53,426)
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(58)	-	-	-	(58)	-	(58)
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 1/10/2005 and 31/12/2005	-	-	-	124	-			124	-	124
Recording in the income statement of the fair value of stock options assigned and exercisable	-	-	877	-	-	-	-	877	-	877
Purchase of treasury stock	-	-	-	-	-	-	(6,528)	(6,528)	-	(6,528)
Sale of treasury stock to the beneficiaries of stock options	-	-	-	-	-	-	10,847	10,847	-	10,847
Net profit for the fourth quarter	-	-	-	-	-	-	3,231	3,231	17	3,248
Balances at 31 December 2005	*41,559*	*8,747*	*16,739*	*(558)*	-	*(4,664)*	*87,801*	*149,624*	*7,055*	*156,679*
Exchange differences on the translation of financial statements of companies in areas outside the EU	-	-	-	-	-	(2,097)	-	(2,097)	(86)	(2,183)
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	-	(1,139)	-	(1,139)	-	(1,139)
Dividends paid	-	-	-	-	-	-	(11,510)	(11,510)	(495)	(12,005)
Portion of investments divested to third parties	-	-	-	-	-	-	-	-	3	3
Purchase of treasury stock	-	-	-	-	-	-	(20,825)	(20,825)	-	(20,825)
Sale of treasury stock to the beneficiaries of stock options	-	-	-	-	-	-	15	15	-	15
Recording in the income statement of the fair value of stock options assigned and exercisable	-	-	682	-	-	-	-	682	-	682
Recording under shareholders' equity of the fair value of investments in other companies	-	-	-	-	918	-	-	918	-	918
Recording in the income statement of the reserve for the evaluation of investments at fair value due to the sale of Metalprint	-	-	-	-	(918)	-	-	(918)	-	(918)
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 30/09/2006	-	-	-	394	-	-	-	394	-	394
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	18	-	-	-	18	-	18
Net profit for the period	-	-	-	-	-	-	27,648	27,648	605	28,253
Balances as at 30 September 2006	*41,559*	*8,747*	*17,421*	*(146)*	-	*(7,900)*	*83,129*	*142,810*	*7,082*	*149,892*

Notes to the consolidated Financial Statements

Main accounting principles

Interpump Group S.p.A. is a company incorporated under Italian law, domiciled in Sant'Ilario d'Enza (RE). The company is listed on the Milan stock exchange in the STAR segment.

The Group manufactures and markets high and very high-pressure plunger pumps, very high-pressure systems, power takeoffs and other hydraulic products, and electric motors and windings. The Group has production facilities in North Italy, the US, and Germany.

The consolidated financial statements include Interpump Group S.p.A. and its subsidiaries over which it holds control either directly or indirectly (hereinafter "the Group") and the value of investments relative to the stakes held in associated companies.

The interim consolidated financial statements were approved by the Board of Directors meeting of this day (14 November 2006).

Further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, starting from 2005 companies with shares admitted for trading in a market regulated by the EU member states must draw up their consolidated financial statements in accordance with the international accounting standards (IAS/IFRS) approved by the European Commission. The consolidated report, (hereinafter consolidated financial statements) as at 30 September 2006 was drawn up in compliance with the international accounting standards (IAS/IFRS) utilised for interim financial statements. The financial statements were prepared in compliance with IAS 1, while the notes were prepared in condensed form in application of the faculty provided by IAS 34, and therefore they do not include all the information otherwise required for annual financial statements drafted in compliance with IFRS standards.

The accounting principles and criteria adopted in the present report may conflict with the provisions of the IFRS in force on 31 December 2006 due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations of implementing guides by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

The consolidated financial statements are drafted in thousands of euro. The financial statements are drafted according to the cost method, with the exception of financial instruments, which are valued with the fair value method, and investments in associated companies, which are valued with the net equity method.
Preparation of an interim report in compliance with IAS 34 *Interim Financial Reporting* calls for judgments, estimates, and assumptions that have an effect on assets, liabilities, costs and revenues. The final results may differ from the results obtained using estimates of this type.

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2005 and were uniformly applied also to all Group companies and all periods presented.

Notes to the consolidated Financial Statements as at 30 September 2006

1. Consolidation basis and goodwill

The scope of consolidation at 30 September 2006 includes the Parent company and the following subsidiaries:

Company	*Registered Office*	*Share capital at 30/09/2006 €/000*	*Shareholding at 30/09/2006*
Interpump Hydraulics S.p.A.	Nonantola (MO)	2,632	100.00%
Muncie Power Prod. Inc. (1)	Muncie – USA	784	100.00%
Hammelmann Maschinenfabrik GmbH*	Oelde – Germany	25	100.00%
Hammelmann Corporation Inc (2)*	Daytona – USA	39	100.00%
Hammelmann S. L. (2)*	Zaragoza – Spain	1,038	100.00%
Unielectric S.p.A.	S.Ilario d'Enza (RE)	1,456	70.00%
Interpump Engineering S.r.l.	Reggio Emilia	76	100.00%
General Pump Inc.	Minneapolis – USA	1,854	100.00%
Teknova S.r.l.	Reggio Emilia	362	100.00%
General Technology S.r.l.	Reggio Emilia	100	100.00%
SIT S.p.A.	S.Ilario d'Enza (RE)	105	65.00%
P.Z.B. France S.a.r.l. (1)	Ennery – France	32	100.00%
Hydrometal S.r.l. (1)	Sorbara di Bomporto (MO)	130	100.00%
Hydroven S.r.l. (1)	Tezze sul Brenta (VI)	200	51.00%
AVI S.r.l. (1)	Varedo (MI)	10	51.00%
Hydrocar France S.a.r.l. (1)	Brie Comte Robert – France	100	99.96%
Hydrocar Roma S.r.l. (1)	Modena	10	70.00%
Hydrocar Chile S.A.(1)	Santiago – Chile	37	60.00%
REFIN S.r.l.	Reggio Emilia	10	70.00%

(1) = controlled by Interpump Hydraulics S.p.A.

(2) = controlled by Hammelmann Maschinenfabrik GmbH

The other companies are controlled directly by Interpump Group S.p.A.

* = consolidated from 1 April 2005

Changes in goodwill in the first nine months of 2006 were as follows:

Company:	Balance at 31/12/2005	Reclassifi-cations	Increases for the period	Foreign exchange differences	Balance at 30/09/2006
Interpump Group S.p.A.	32,525	-	-	-	32,525
Hammelmann Group	60,696	-	-	-	60,696
Interpump Hydraulics S.p.A.	20,125	-	-	-	20,125
Muncie Power Products Inc.	12,533	-	-	(766)	11,767
General Pump Companies Inc.	5,459	-	-	(373)	5,086
Unielectric S.p.A.	1,167	(1,167)	-	-	-
S.I.T. S.p.A.	610	-	3	-	613
Hydroven S.r.l.	770	-	-	-	770
Total	*133,885*	*(1,167)*	*3*	*(1,139)*	*131,582*

The reclassification was performed by recording assets available for sale.

2. Sector information

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

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

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. The holding costs (remuneration of directors, auditors and functions of the Group's financial management and internal auditing, and also consultancy costs and other related costs) were ascribed to the sectors on the basis of sales, while they were previously entered under the Parent company, which operates in the Industrial Sector. In consequence also 2005 has been reclassified.

Business sectors

The Group is composed of the following business sectors:

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

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

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

Interpump Group business sector information
(amounts shown in €/000)
Progressive accounts at 30 September
(nine months)

	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	131,954	115,147	120,852	103,098	28,818	27,001	53	758				
Sales between sectors	16	2	284	100	1,196	959	1,597	591	(3,093)	(1,652)		
Total net sales	**131,970**	**115,149**	**121,136**	**103,198**	**30,014**	**27,960**	**1,650**	**1,349**	**(3,093)**	**(1,652)**	**281,677**	**246,004**
Cost of sales	(79,294)	(68,787)	(69,640)	(60,759)	(28,669)	(26,174)	(2,026)	(1,164)	3,154	1,692	(176,475)	(155,192)
Gross industrial margin	**52,676**	**46,362**	**51,496**	**42,439**	**1,345**	**1,786**	**(376)**	**185**	**61**	**40**	**105,202**	**90,812**
% on net sales	*39.9%*	*40.3%*	*42.5%*	*41.1%*	*4.5%*	*6.4%*					*37.3%*	*36.9%*
Other net revenues	1,334	456	3,214	2,569	544	251	375	480	(460)	(594)	5,007	3,162
Distribution costs	(10,707)	(9,025)	(9,222)	(8,666)	(548)	(610)	(41)	(41)	-	-	(20,518)	(18,342)
General and administrative expenses	(16,227)	(15,614)	(13,540)	(12,455)	(1,744)	(1,856)	(1,260)	(1,349)	399	554	(32,372)	(30,720)
Other operating costs	(342)	(336)	(115)	(103)	(37)	(31)	(76)	(1)	-	-	(570)	(471)
Ordinary profit before financial charges	**26,734**	**21,843**	**31,833**	**23,784**	**(440)**	**(460)**	**(1,378)**	**(726)**	**-**	**-**	**56,749**	**44,441**
% on net sales	*20.3%*	*19.0%*	*26.3%*	*23.0%*	*-1.5%*	*-1.6%*					*20.1%*	*18.1%*
Financial income											2,376	3,617
Financial charges											(7,988)	(7,967)
Adjustment of investments according to the equity method	-	-	(75)	(12)	-	-	(485)	-		-	(560)	(12)
Profit by sector	**26,734**	**21,843**	**31,758**	**23,772**	**(440)**	**(460)**	**(1,863)**	**(726)**		**-**		
Profit for the period before taxes											**50,577**	**40,079**
Income taxes											(22,324)	(18,505)
Consolidated profit for the period											**28,253**	**21,574**
Due to:												
Parent company shareholders											27,648	21,056
Subsidiaries' minority shareholders											605	518
Consolidated profit for the period											**28,253**	**21,574**

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

Third 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	40,581	37,746	38,475	37,631	6,135	6,178	8	50				
Sales between sectors	5	-	125	33	484	299	1,169	159	(1,783)	(491)		
Total net sales	**40,586**	**37,746**	**38,600**	**37,664**	**6,619**	**6,477**	**1,177**	**209**	**(1,783)**	**(491)**	**85,199**	**81,605**
Cost of sales	(24,695)	(23,023)	(21,941)	(21,619)	(6,405)	(6,234)	(1,277)	(163)	1,799	532	(52,519)	(50,507)
Gross industrial margin	**15,891**	**14,723**	**16,659**	**16,045**	**214**	**243**	**(100)**	**46**	**16**	**41**	**32,680**	**31,098**
% on net sales	*39.2%*	*39.0%*	*43.2%*	*42.6%*	*3.2%*	*3.8%*					*38.4%*	*38.1%*
Other net revenues	435	86	670	431	122	106	100	64	(128)	(193)	1,199	494
Distribution costs	(3,336)	(2,882)	(2,862)	(3,208)	(146)	(153)	(12)	(13)	-	-	(6,356)	(6,256)
General and administrative expenses	(5,058)	(4,934)	(4,292)	(4,693)	(494)	(471)	(256)	(442)	112	152	(9,988)	(10,388)
Other operating costs	(100)	(53)	(16)	(20)	(1)	2	(1)	-	-	-	(118)	(71)
Ordinary profit before financial charges	**7,832**	**6,940**	**10,159**	**8,555**	**(305)**	**(273)**	**(269)**	**(345)**	**-**	**-**	**17,417**	**14,877**
% on net sales	*19.3%*	*18.4%*	*26.3%*	*22.7%*	*-4.6%*	*-4.2%*					*20.4%*	*18.2%*
Financial income											738	852
Financial charges											(2,253)	(2,111)
Adjustment of investments according to the equity method	-	-	(74)	11	-	-	-	-	-	-	(74)	11
Sector profit	**7,832**	**6,940**	**10,085**	**8,566**	**(305)**	**(273)**	**(269)**	**(345)**	**-**	**-**		
Profit for the period before taxes											**15,828**	**13,629**
Income taxes											(6,825)	(6,227)
Consolidated profit for the period											**9,003**	**7,402**
Due to:												
Parent company shareholders											8,870	7,312
Subsidiaries' minority shareholders											133	90
Consolidated profit for the period											**9,003**	**7,402**

Balance sheet as at 30 September
(amounts shown in €/000)

	Hydraulic		Industrial		Electric Motors		Other Revenues		Elimination entries		Interpump Group Continuing operations	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Assets by sector	**150,684**	**142,700**	**226,012**	**219,258**	**3,354**	**27,508**	**18,623**	**18,572**	**(14,430)**	**(10,975)**	**384,243**	**397,063**
Assets available for sale	**-**	**-**	**-**	**-**	**21,645**	**-**	**2,454**	**2,454**	**-**	**-**	**24,099**	**2,454**
Cash and cash equivalents											37,721	71,528
Total assets											**446,063**	**471,045**
Liabilities by sector	**58,063**	**68,890**	**43,032**	**41,705**	**655**	**10,387**	**2,060**	**1,944**	**(14,430)**	**(10,975)**	**89,380**	**111,951**
Liabilities related to assets available for sale	**-**	**-**	**-**	**-**	**10,114**	**-**	**-**	**-**	**-**	**-**	**10,114**	**-**
Payables to banks											9,692	10,735
Interest-bearing financial payables											186,985	147,965
Total liabilities											**296,171**	**270,651**

3. Inventory write-down provision

Changes in the inventory write-down provision during the first nine months were as follows:

	2006	*2005*
	€/000	€/000
Opening balances	7,612	5,196
Exchange rate difference	(69)	25
Change due to the Hammelmann Group acquisition	-	4,902
Change due to the disposal of the Cleaning Sector	-	(3,674)
Reclassifications	396	-
Allocations for the period	936	1,110
Utilisation in the period due to surpluses	-	-
Utilisation in the period due to losses	(263)	(391)
Closing balance	8,612	7,168

4. Property, plant and equipment

Purchases and disposals

During the first nine months of 2006 Interpump Group purchased assets for €/000 7,184 (€/000 10,791 in the first nine months of 2005, including Hammelmann's assets obtained through the acquisition of the investment for €/000 5,233). During the first nine months of 2006 assets were disposed of for a net book value of €/000 207 (€/000 61,533 in the first nine months of 2005, including the assets of the divested IP Cleaning group, equivalent to €/000 59,749). The capital gain on the divested assets was €/000 3 (capital gain of €/000 1,305 in 2005, excluding assets sold through the disposal of investments).

Change in the amortization rates

As of 1 January 2006 the Group changed several amortization rates following the revision of the useful life of assets. Specifically, changes concerned the amortization rates of industrial buildings (from the previous rate of 3% to 2%) and specific plant and operating machinery (from the previous rate of 15.5% to 8%). The revision of amortization rates led to a reduced level of amortization in the amount of €/000 1,061 in the first nine months of 2006 and a reduction of €/000 831 in the cost of sales, net of the portion allocated to inventories. Consequently, net profit increased by €/000 522, net of the theoretical fiscal effect. The revised amortization rates resulted in a €/000 378 reduction in amortization for the third quarter of 2006 and a reduction in the cost of sales of €/000 334, inclusive of the portion allocated to inventories. Consequently, net profit increased by €/000 209, net of the theoretical fiscal effect.

Contractual commitments

At 30 September 2006 the Group had contractual commitments for the purchase of tangible assets in the amount of €/000 1,534 (€/000 859 at 30/09/2005).

5 Shareholders' equity

Purchased treasury stock

The amount of treasury stock held by Interpump Group S.p.A. is recorded in a equity provision. During the first nine months of 2006 the Group purchased treasury stock for the amount of €/000 20,825 and recorded an equivalent increase of the treasury stock provision (negative).

Assigned options
The Board of Directors' meeting on 20 April 2006 assigned 944,703 shares for the fourth tranche, matured in accordance with the rules governing the stock option plan. Said options will be exercisable at a price of € 6.5972 per share.

Dividends
In 2006 an ordinary dividend was paid for €/000 11,510 (€/000 9,900 in 2005) equivalent to a 15 eurocent dividend per share (13 cents in 2005). In addition, a special dividend of € 0.69 per share was distributed in December 2005, involving a financial outlay of €/000 53,426.

6. Earnings per share
Basic earnings per share
Basic earnings per share for the first nine months of 2006 are calculated on the basis of consolidated profit for the period attributable to the Parent company's shareholders divided by the weighted average number of ordinary shares during the first half, calculated as follows:

	30/09/2006 (nine months)	30/09/2005 (nine months)
Consolidated profit for the period attributable to Parent company shareholders (€/000)	27,648	74,834
Average number of shares in circulation	76,057,307	73,419,839
Basic earnings per share for the period	0,364	1,019

Diluted earnings per share
Diluted earnings per share for the first nine months of 2006 are calculated on the basis of consolidated profit of the period attributable to the parent company's shareholders, adjusted to take account of the costs connected to the potential shares, due to the dilution, divided by the weighted average number of ordinary shares during the first nine months calculated as follows:

	30/09/2006 (nine months)	30/09/2005 (nine months)
Consolidated profit for the period attributable to Parent company shareholders (€/000)	27,648	74,834
Adjustment for costs relative to potential shares (€/000)	18	93
Adjusted consolidated profit for the period attributable to Parent company shareholders (€/000)	27,666	74,927
Average number of shares of the year	76,057,307	73,419,839
Effect of the future exercise of stock options	333,151	2,126,641
Average number of shares (diluted) in the first nine months	76,390,458	75,546,480
Earnings per share at 30 September	0,362	0,992

7. Transactions with related parties

Transactions with top management and shareholders of subsidiaries

Transactions with related parties regard the leasing of facilities owned by companies controlled by current shareholders and directors of Group companies for the amount of 627 thousand euro (601 thousand euro in the first nine months of 2005) and legal consultancy services provided by the practice in which one of the Directors works, for a total of 72 thousand euro (1,579 thousand euro in the first nine months of 2005). The 2005 value was affected by the cost of legal consultancy services provided for the sale of IP Cleaning and the purchase of Hammelmann.

Further commercial transactions also took place with companies whose shareholders are also shareholders or directors of consolidated companies. These operations concerned sales for 105 thousand euro (102 thousand euro in the first nine months of 2005), purchases for €/000 3,297 (€/000 2,956 in the first nine months of 2005) and other costs for €/000 533 (€/000 436 in the first nine months of 2005). The consolidated balance sheet as at 30/09/2006 shows residual receivables from such companies for 56 thousand euro (62 thousand euro at 30 September 2005) and payables for €/000 1,859 (1,604 thousand euro at 30 September 2005).

There is also a loan for €/000 219 disbursed in previous years by a subsidiary to a real estate company indirectly owned by one of the Group directors. The real estate company owns the industrial building that is let to the company that disbursed the loan. In the first nine months of 2006 interest for €/000 10 matured on the loan (€/000 10 in the first nine months of 2005).

The transactions mentioned above were carried out at arm's length conditions.

Other transactions with related parties

From 1 June 2005 relations with companies included in the divested Cleaning Sector are recorded within relations with related parties, since their controlling company, X-Equity S.p.A., is an associated company of Interpump Group S.p.A.. Relations were as follows:

	2006 (nine months) €/000	2005 (four months) €/000
Sales and other revenues	13,572	4,746
Costs	150	1,928
Financial income	671	34
Receivables at 30 September	6,380	6,281
Payables at 30 September	61	1,817

Moreover, we draw your attention to the Vendor Loan granted to X-Equity in the amount of 10 million euro, on which capitalised interest for €/000 729 matured.

PZB Australia was an associated company up to April 2005, because in May, 45% of the company was divested. Sales made up to April 2005 totalled €/000 561.

8. Assets held for sale and related liabilities

The Meeting of the Board of Directors held on 7 July 2006 deliberated to assign a mandate to find potential buyers for a non-significant part of the Group's business. Therefore, as from the date of said meeting the requirements are present to classify the relative assets and liabilities as *held for sale* as specified by IFRS 5. These assets and liabilities pertain to the Electric Motors sector.

Assets and related liabilities are as follows:

	30/09/2006
	€/000
ASSETS	
Current assets	
Cash and cash equivalents	1,274
Trade receivables	7,703
Inventories	5,932
Tax receivables	2,778
Derivative financial instruments	1
Other current assets	157
Total current assets	**17,845**
Non-current assets	
Property, plant and equipment	2,073
Goodwill	1,167
Other intangible assets	16
Deferred tax assets	538
Other non current assets	6
Total non current assets	**3,800**
Total assets	***21,645***
LIABILITIES	
Current liabilities	
Trade payables	6,805
Payables to banks	5
Taxes payable	166
Other current liabilities	803
Total current liabilities	**7,779**
Non current liabilities	
Liabilities for employee benefits	1,718
Deferred tax liabilities	556
Provisions for risks and charges	61
Total non current liabilities	**2,335**
Total liabilities	**10,114**
Minority interests' equity	**3,109**
Shareholders' equity for the Group	**8,422**
Total liabilities and shareholders' equity	***21,645***

Moreover, an industrial building destined for sale is classified under assets in the amount of €/000 2,454.

9. Later events

On 2 October 2006 an agreement was signed for the disposal of the investment in associated company X-Equity S.p.A. for €/000 12,500 and repayment of the Vendor loan of 10 million euro plus interest. A capital gain of €/000 7,595 will arise in the consolidated financial statements, with an amount of €/000 3,194 in the Parent company individual financial statements. These capital gains are not subject to taxation.

There were no other subsequent events such that would require mention in this report. Business proceeded with a positive trend.

Financial statements of the parent company
Interpump Group S.p.A.

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 of Interpump Group S.p.A. were also presented.

The tables of the individual financial statements of Interpump Group S.p.A were prepared in compliance with IAS 1. The notes required by IAS 34 have not been drawn up as they are not considered to offer any significant contribution to the notes accompanying the consolidated financial statements. Therefore the following information cannot be considered to be in compliance with the requirements of IFRS standards for interim financial statements, and it is published solely in observance of the foregoing regulation.

Balance sheet

	30/09/2006 €/000	***31/12/2005 €/000***
ASSETS		
Current assets		
Cash and cash equivalents	12,173	34,938
Trade receivables	11,381	10,610
Inventories	14,504	13,653
Receivables for dividends from subsidiaries	8,500	-
Tax receivables	149	320
Derivative financial instruments	8	-
Assets available for sale	12,483	3,500
Other current assets	1,319	336
Total current assets	**60,517**	**63,357**
Non current assets		
Property, plant and equipment	12,944	12,169
Goodwill	32,506	32,506
Other intangible assets	3,160	2,609
Investments in subsidiaries	81,815	90,798
Investments in associated companies	9,306	9,306
Other financial assets	44,535	44,362
Tax receivables	17	17
Deferred tax assets	3,840	4,576
Other non current assets	500	17
Total non current assets	**188,623**	**196,360**
Total assets	***249,140***	***259,717***

	30/09/2006 €/000	31/12/2005 €/000
LIABILITIES		
Current liabilities		
Trade payables	11,553	9,801
Payables to banks	982	526
Interest-bearing financial payables (current portion)	31,666	41,666
Derivative financial instruments	242	907
Taxes payable	794	2,668
Other current liabilities	3,997	5,228
Provisions for risks and charges	835	901
Total current liabilities	**50,069**	**61,697**
Non current liabilities		
Interest bearing financial payables	94,761	79,677
Liabilities for employee benefits	4,978	4,710
Deferred tax liabilities	1,999	2,156
Provisions for risks and charges	1,000	1,000
Total non current liabilities	**102,738**	**87,543**
Total liabilities	**152,807**	**149,240**
SHAREHOLDERS' EQUITY		
Share Capital	41,559	41,559
Legal reserve	8,747	8,747
Share premium reserve	17,177	16,596
Reserve for valuation of hedging derivatives at fair value	(148)	(558)
Other reserves	28,998	44,133
Total shareholders' equity	**96,333**	**110,477**
Total shareholders' equity and liabilities	***249,140***	***259,717***

Income statement for the first nine months

(€/000)	*2006*	*2005*
Net sales	**53,965**	**49,796**
Cost of sales	(33,425)	(28,641)
Gross industrial margin	**20,540**	**21,155**
Other net revenues	2,432	2,569
Distribution costs	(2,105)	(1,811)
General and administrative expenses	(8,075)	(8,425)
Impairment losses on assets	(884)	(6,249)
Other operating costs	-	(1)
Ordinary profit before financial charges	**11,908**	**7,238**
Dividends	12,772	8,082
Financial income	2,224	635
Financial charges	(4,711)	(3,641)
Profit for the period before taxes	**22,193**	**12,314**
Income taxes	(5,008)	(5,006)
Profit for the period after taxes and before the capital gain on discontinued operations	**17,185**	**7,308**
Capital gain on discontinued operations	-	28,716
Net profit for the period	**17,185**	**36,024**
Basic earnings per share	0.226	0.491
Diluted earnings per share	0.225	0.477

Cash flow statement for the first nine months

(€/000)	2006	2005
Cash flow from operating activities		
Earnings before taxes and capital gains from discontinued operations	22,193	12,314
Adjustments for non-cash items:		
Capital gains from the sale of fixed assets	-	(1,294)
Capital gains from sales of investments	(947)	-
Amortization and depreciation	1,469	1,925
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	581	719
Impairment losses on assets	884	6,249
Net change of risk funds and allocations to liabilities for employee benefits	269	202
Net financial charges	(10,285)	(5,076)
	14,164	15,039
Increase (decrease) in trade receivables and other current assets	(439)	405
(Increase) decrease in inventories	(851)	(1,058)
Increase (decrease) in trade payables and other current liabilities	330	1,802
Taxes paid	(4,709)	(4,202)
Interest paid	(3,852)	(3,157)
Currency exchange gains	(30)	28
Net liquidity generated by operating activities	**4,613**	**8,857**
Cash flows from investment activities		
Proceeds from the sale of IP Cleaning S.p.A.	(1,171)	81,579
Coverage of losses of subsidiaries	-	(579)
Acquisition of investments	(96)	(73,749)
Proceeds from sales of investments	503	-
Outlays for purchase of treasury stock	(20,825)	(2,301)
Proceeds from sales of treasury stock for stock options	15	2,092
Capital expenditure in property, plant and equipment	(1,971)	(1,063)
Proceeds from sales of tangible fixed assets	41	2,708
Increase in intangible fixed assets	(938)	(838)
Received financial income	863	537
Other Revenues	(2)	221
Net liquidity generated (used) by investing activities	**(23,581)**	**8,607**
Cash flow of financing activities		
Dividends paid	(11,510)	(9,900)
Dividends received	4,272	5,162
Loan granted to Hammelmann	-	(48,500)
Repayment of loan from IP Cleaning S.p.A.	-	56,000
Vendor Loan to X-Equity	-	(10,000)
Change in other intra-group loans	(1,608)	(7,200)
Disbursal (repayment) of loans	4,593	39,346
Net liquidity obtained through (utilised in) financing activities	**(4,253)**	**24,908**
Net increase (decrease) of cash and cash equivalents	**(23,221)**	**42,372**
Cash and cash equivalents at the beginning of the period	**34,412**	**7,898**
Cash and cash equivalents at the end of the period	**11,191**	**50,270**

Cash and cash equivalents can be broken down as follows:

	30/09/2006 €/000	31/12/2005 €/000	30/09/2005 €/000	01/01//2005 €/000
Cash and cash equivalents from the balance sheet	12,173	34,938	50,734	8,322
Payables to banks (for current account overdrafts and advances subject to collection and accrued expenses for interest payable.)	(982)	(526)	(464)	(424)
Cash and cash equivalents from the cash flow statement	11,191	34,412	50,270	7,898

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*
Balances as at 1 January 2005	*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 existing at 1/1/2005	-	-	-	338	-	-	338
Purchase of treasury stock	-	-	-	-	-	(2,301)	(2,301)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	719	-	-	-	719
Ordinary dividends distributed	-	-	-	-	-	(9,900)	(9,900)
Net profit for the first nine months of 2005	-	-	-		-	36,024	36,024
Balances as at 30 September 2005	*41,559*	*8,747*	*15,731*	*(590)*	-	*98,100*	*163,547*
Purchase of treasury stock	-	-	-	-	-	(6,529)	(6,529)
Recording under shareholders' equity of the fair value of derivative financial hedging instruments taken out during the period and change in the fair value for those existing at 1/10/2005 and 31/12/2005				32	-	-	32
Sale of treasury stock to the beneficiaries 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	-	-	865	-	-	-	865
Net profit for the fourth quarter of 2005	-	-	-	-	-	(6,951)	(6,951)
Balances at 31 December 2005	*41,559*	*8,747*	*16,596*	*(558)*	-	*44,133*	*110,477*
Purchase of treasury stock	-	-	-	-	-	(20,825)	(20,825)
Sale of treasury stock to the beneficiaries of stock options	-	-	-	-	-	15	15
Dividends paid	-	-	-	-	-	(11,510)	(11,510)
Recording under shareholders' equity of the fair value of derivative financial hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2006 and 30/09/2006	-	-	-	392	-	-	392
Recording in the income statement of the fair value of derivative financial hedging instruments	-	-	-	18	-	-	18
Recording under shareholders' equity of the fair value of investments in other companies	-	-	-		918	-	918
Recording in the income statement of the fair value of a divested equity investment	-	-	-	-	(918)	-	(918)
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	581	-	-	-	581
Net profit for the first nine months of 2006	-	-	-	-	-	17,185	17,185
Balances as at 30 September 2006	*41,559*	*8,747*	*17,177*	*(148)*	-	*28,998*	*96,333*