Interim report at 30 June 2015 and Interim Board of Directors' Report for Q2 2015

INTERPUMP GROUP

Interpump Group S.p.A. and subsidiaries

Contents

This folder can be consulted at:
www.interpumpgroup.it

Interpump Group S.p.A.
Registered office in S. Ilario d'Enza (Reggio Emilia), Via Enrico Fermi, 25
Paid-up Share Capital: 56,617,232.88 euro
Reggio Emilia Business Register - Tax Code 11666900151

Board of Directors

Fulvio Montipò
Chairman and Chief Executive Officer

Paolo Marinsek
Deputy Chairman and Chief Executive Officer

Giuseppe Ferrero
Non-executive Director

Franco Garilli (a), (b), (c)
Independent Director
Lead Independent Director

Marcello Margotto (b)
Independent Director

Giancarlo Mocchi
Non-executive Director

Stefania Petruccioli (a), (c)
Independent Director

Paola Tagliavini (a), (c)
Independent Director

Giovanni Tamburi (b)
Non-executive Director

Board of Statutory Auditors

Pierluigi De Biasi
Chairman

Paolo Scarioni
Statutory auditor

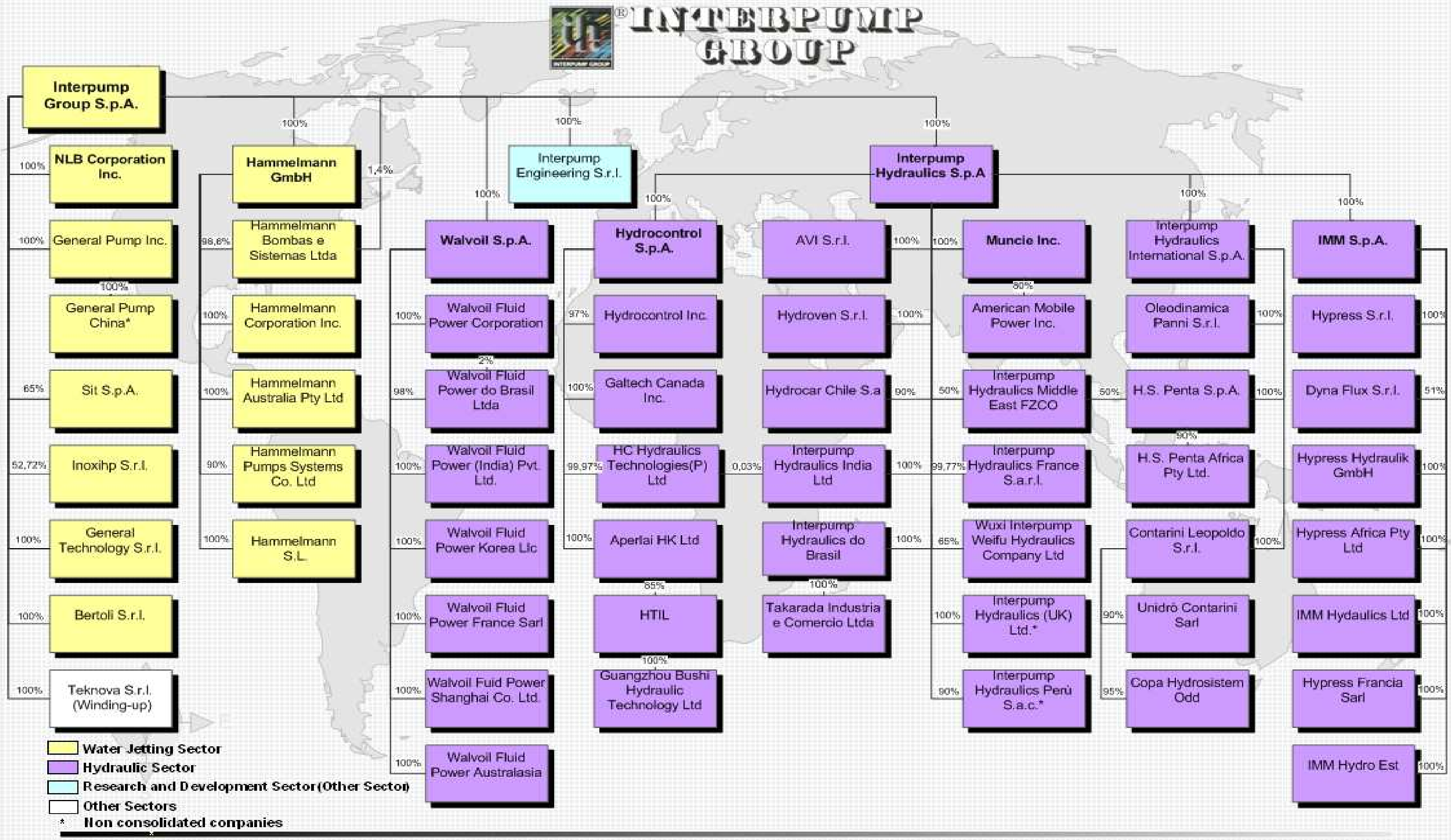
Alessandra Tronconi
Statutory auditor

Independent Auditors

Reconta Ernst & Young S.p.A.

(a) Member of the Audit and Risks Committee
(b) Member of the Remuneration Committee
(c) Member of the Related Party Transactions Committee

Organizational chart as at 30/06/2015



Interim board of directors' report

Directors' remarks on performance in H1 2015

KEY EVENTS IN THE HALF-YEAR

Sales, EBITDA and net profit all tracked a steep upward course during H1 2015.

Sales were up by 36.9% compared to H1 2014 (+ 12.0% like for like and +2.8% also net of exchange differences). The business sector analysis shows a 45.0% in the Hydraulic Sector (+7.5% like for like and +0.1% also net of exchange differences) and a 24.5% in the Water Jetting Sector (+18.7% like for like and +6.9% also net of exchange differences).

In geographical terms, growth in Europe including Italy was 33.5%, with 42.3% in North America, 57.3% in the Far East and Oceania and 22.4% in the Rest of the World. The geographical breakdown shows like for like growth of 4.0% in Europe (including Italy), 24.9% in North America, 16.8% in the Far East and Oceania and 7.6% in the Rest of the World.

EBITDA reached €96.6m (20.7% of sales). In H1 2014 EBITDA was booked at €71.0m (20.8% of sales). The year on year increase was therefore 36.0%. On a like for like basis EBITDA grew by 13.0% to €80.3m (21.0% of sales).

Net profit for the period was booked at €80.6m, more than double the €33.1m recorded for H1 2014.

In H1 2015 your company acquired minority interests in Hydrocontrol S.p.A. and IMM Hydraulics S.p.A.. On 27 April Interpump Hydraulics S.p.A. acquired the remaining 16% stake in Hydrocontrol S.p.A. further to the exercise of the related put options by its minority shareholders. On 4 June Interpump Hydraulics S.p.A. acquired the remaining 40% stake in IMM Hydraulics S.p.A. for €22.6m further to the exercise of the related put options by the company's minority shareholder. These two transactions generated financial income of €32.0m due to the lower price paid compared to the amount booked under debt for the acquisition of equity investments, which reflected the measurement of put options granted to sellers. This income arose because the put options had been measured on the basis of projections at 2018 and 2020, these being the dates from which the put options could be exercised and thus predicted growth in terms of EBITDA and also in cash generation. The fact that acquisition of the two minority stakes has been brought forward will allow the acceleration of internal Group synergies and a high level of simplification, resulting in appreciable cost savings.

H1 2015 saw the first time consolidation of the Walvoil Group (Hydraulic Sector) acquired on 15 January 2015, Inoxihp (Water Jetting Sector) acquired on 17 March 2015, the latter being fully consolidated for the six-month period due to its modest size, and Bertoli S.r.l. (Water Jetting Sector), acquired on 22 May 2015 and consolidated for just two months.

H1 consolidated income statements

(€/000)	*2015*	*2014*
Net sales	**467,009**	**341,246**
Cost of products sold	(298,713)	(215,336)
Gross industrial margin	**168,296**	**125,910**
% on net sales	*36.0%*	*36.9%*
Other operating revenues	6,539	5,732
Distribution costs	(43,007)	(33,976)
General and administrative expenses	(54,039)	(39,700)
Other operating costs	(1,565)	(1,755)
EBIT	**76,224**	**56,211**
% on net sales	*16.3%*	*16.5%*
Financial income	39,560	2,285
Financial expenses	(7,960)	(6,172)
Adjustment of the value of investments carried at equity	(147)	(50)
Profit for the year before taxes	**107,677**	**52,274**
Income taxes	(27,048)	(19,186)
Consolidated net profit for the year	**80,629**	**33,088**
% on net sales	*17.3%*	*9.7%*
Due to:		
Parent company's shareholders	80,350	32,575
Subsidiaries' minority shareholders	279	513
Consolidated profit for the year	**80,629**	**33,088**
EBITDA	**96,551**	**71,015**
% on net sales	*20.7%*	*20.8%*
Shareholders' equity	587,266	442,909
Net debt	282,494	154,427
Payables for the acquisition of investments	42,397	65,188
Capital employed	912,157	662,524
Unannualised ROCE	**8.4%**	**8.5%**
Unannualised ROE	**13.7%**	**7.5%**
Basic earnings per share	**0.753**	**0.307**

EBITDA = EBIT + Depreciation/Amortization + Provisions
ROCE = EBIT / Capital employed
ROE = Consolidated profit for the period / Consolidated shareholders' equity

* = Since EBITDA is not identified as accounting measure in the context of the Italian accounting principles nor in the context of the international accounting standards (IAS/IFRS), the quantitative determination of EBITDA may not be unequivocal. EBITDA is a parameter used by company management to monitor and assess the organisation's operating performance. The management considers EBITDA to be a significant parameter for assessment of the company's performance since it is not influenced by the effects of the different criteria used to determine taxable income, the amount and characteristics of capital employed and the related depreciation policies. The criterion for the determination of EBITDA applied by the company may differ from that used by other companies/groups and hence the value of this parameter may not be directly comparable with the EBITDA values disclosed by other entities.

NET SALES

Net sales in H1 2015 totalled €467.0m, up by 36.9% on the €341.2m of H1 2014 (+12.0% like for like and +2.8% net also of exchange differences).

Breakdown of sales by business sector and geographical area:

(€/000)	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
H1 2015						
Hydraulic Sector	56,382	104,700	78,370	21,356	37,042	297,850
Water Jetting Sector	16,629	45,088	74,148	21,468	11,826	169,159
Total	73,011	149,788	152,518	42,824	48,868	467,009
H1 2014						
Hydraulic Sector	38,641	77,568	47,037	11,567	30,563	205,376
Water Jetting Sector	9,522	41,189	60,123	15,658	9,378	135,870
Total	48,163	118,757	107,160	27,225	39,941	341,246
2015/2014 percentage changes						
Hydraulic Sector	+45.9%	+35.0%	+66.6%	+84.6%	+21.2%	+45.0%
Water Jetting Sector	+74.6%	+9.5%	+23.3%	+37.1%	+26.1%	+24.5%
Total	+51.6%	+26.1%	+42.3%	+57.3%	+22.4%	+36.9%
2015/2014 like for like changes (%)						
Hydraulic Sector	+8.6%	-2.5%	+28.2%	-3.2%	+3.9%	+7.5%
Water Jetting Sector	+29.8%	+5.8%	+22.3%	+31.6%	+19.6%	+18.7%
Total	+12.8%	+0.4%	+24.9%	+16.8%	+7.6%	+12.0%

The like for like analysis net of exchange differences shows growth of 0.1% in the Hydraulic Sector and growth of 6.9% in the Water Jetting Sector.

PROFITABILITY

The cost of sales accounted for 64.0% of turnover (63.1% in H1 2014). Production costs, which totalled €121.2m (€83.9m in H1 2014, which however did not include costs of the Walvoil Group, Inoxihp and Bertoli), accounted for 26.0% of sales (24.6% in the equivalent period of 2014). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €177.5m (€131.4m in the equivalent period of 2014, which did not include the costs of the Walvoil Group, Inoxihp and Bertoli). The incidence of purchase costs, including changes in inventories, was 38.0% with respect to the 38.5% in H1 2014, reflecting an improvement of 0.5 percentage points.

The 2015 percentage incidences of like for like production costs and purchase costs were, respectively, 24.5% (down by 0.1 percentage points) and 38.4% (down by 0.1 percentage points). The percentage increase in the cost of sales from 63.1% in H1 2014 to 64.0% in H1 2015 is primarily due to a product mix effect related to the newly consolidated companies.

Like for like distribution costs were 10.7% higher than in H1 2014 (+1.0% net of exchange differences), while the incidence on sales fell by 0.2 percentage points with respect to H1 2014. With the inclusion of Walvoil, Inoxihp and Bertoli, the incidence fell by 0.8 percentage points.

Like for like general and administrative expenses were 14.0% higher than in H1 2014 (+6.7% net of exchange differences), with a 0.2 percentage point increase of the incidence on sales with respect to H1 2014. Further to the inclusion of Walvoil, Inoxihp and Bertoli, the incidence is in line with H1 2014.

Total payroll costs were €112.9m (€80.0m in H1 2014, which however did not include the Walvoil Group, Inoxihp and Bertoli). Like for like payroll costs rose by 11.2% (+4.5% net of exchange differences) due to an 8.7% per capita cost increase (+2.1% net of exchange differences) and a rise of 83 in the average headcount. The average total number of Group employees in H1 2015 was 4,813 (3,633 like for like) compared to 3,550 in H1 2014. The like for like increase in the average headcount in H1 2015 breaks down as follows: +7 in Europe, +60 in the US and +16 in the Rest of the World (Brazil, China, India, Chile, Australia, South Korea and South Africa).

EBITDA was booked at €96.6m (20.7% of sales), reflecting an increase of 36.0% on the €71.0m of H1 2014, which accounted for 20.8%/sales, Like for like EBITDA was up by 13.0% to €80.3m or 21.0%/sales, resulting in a 0.2 percentage point rise in the business margin. Net of exchange differences EBITDA would have increased by 1.3%. The following table shows EBITDA for each business sector:

	H1 2015 €/000	*% on total sales**	*H1 2014 €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	53,829	18.1%	37,273	18.1%	+44.4%
Water Jetting Sector	42,653	25.1%	33,771f	24.8%	+26.3%
Other Revenues Sector	69	n.s.	(29)	n.s.	n.s.
Total	***96,551***	***20.7%***	***71,015***	***20.8%***	***+36.0%***

* = Total sales also include sales to other Group companies, 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.

Like for like Hydraulic Sector EBITDA was up by 7.8% (18.2% of net sales). Like for like Water Jetting Sector EBITDA was up by 18.6% (24.7% of net sales).

EBIT stood at €76.2m (16.3% of sales) compared to the €56.2m of H1 2014 (16.5% of sales), reflecting an increase of 35.6%. Like for like EBIT was up by 12.7%, reaching €63.4m or 16.6%/sales, reflecting a 0.1 percentage point rise in the business margin.

Finance management returned net proceeds of €31.6m (€3.9m of net financial expenses in H1 2014). Proceeds in H1 2015 were generated by the lower payments disbursed with respect to the debts for commitments to acquire residual stakes in subsidiaries for €32.0m as described at the beginning of this report, plus net exchange gains of €3.1m further to the appreciation of almost all foreign currencies (especially the US dollar) with respect to the euro. Net exchange gains booked for H1 2014 totalled €0.4m.

The tax rate for the period was 25.1% (36.7% in H1 2014). The comparison is influenced by the inclusion, in 2015 only, of proceeds for adjustment of the expected debt for commitments to acquire residual stakes in subsidiaries as discussed above, originating exclusively in the consolidated financial statements and hence not taxable. Net of these untaxable proceeds the tax rate in H1 2015 would have been 35.7%. The reduction compared to 2014 is due to changes in

Italian legislation concerning the total deductibility of payroll costs from the IRAP tax base, which led to a tax saving of €1.3m.

Net profit stood at €80.6m, more than double the figure of €33.1m recorded in H1 2014. A similar trend was followed by basic earnings per share, which rose from 0.307 euro in H1 2014 to 0.753 euro in Q2 2015.

Capital employed increased from €692.6m at 31 December 2014 to €912.2m at 30 June 2015. The rise in capital employed is mainly due to the consolidation of Walvoil, Inoxihp and Bertoli, which produced a €183.6m increase, and the effect of revaluation of foreign currencies with respect to the euro, which led to an increase of €17.3m. Unannualised ROE was 8.4% (8.5% in H1 2014). Unannualised ROE was 13.7% (7.5% in H1 2014).

CASH FLOW

The change in net financial indebtedness can be broken down as follows:

	H1 2015 *€/000*	*H1 2014* *€/000*
Opening net financial position	**(151,969)**	**(88,684)**
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior year (a)	435	(158)
Adjusted opening net financial position	**(151,534)**	**(88,842)**
Cash flow from operations	71,677	56,812
Cash flow generated (absorbed) by the management of commercial working capital	(30,121)	(30,190)
Cash flow generated (absorbed) by other current assets and liabilities	3,439	(1,646)
Capital expenditure in tangible fixed assets	(14,806)	(19,402)
Proceeds from sales of tangible fixed assets	997	875
Increase in other intangible fixed assets	(1,345)	(1,465)
Received financial income	272	363
Other	(585)	(332)
Free cash flow	***29,528***	***5,015***
Acquisition of investments, including received debt and net of treasury stock assigned	(123,293)	(41,687)
Receipt for sale of the Hydrometal line of business	746	650
Dividends paid	(20,368)	(18,108)
Outlays for the purchase of treasury stock	(21,533)	(15,240)
Proceeds from the sale of treasury stock to beneficiaries of stock options	3,077	3,826
Change in other financial assets	(25)	-
Loan repayments from (disbursals to) non-consolidated subsidiaries	-	24
Cash flow generated (used)	***(131,868)***	***(65,520)***
Exchange rate differences	908	(65)
Net financial position at year end	**(282,494)**	**(154,427)**

(a) = in 2015 this concerns Hammelmann Bombas e Sistemas Ltda and Interpump Hydraulics Middle East FZCO (see note 1 to the consolidated financial statements at 30 June 2015). Conversely, in 2014 the subjects were HS Penta Africa PtY Ltd and Galtech Canada Inc.

Net liquidity generated by operations totalled €71.7m (€56.8m in H1 2014), reflecting an increase of 26.2%. Free cash flow saw a significant improvement with a figure of €29.5m in H1 2015 (€5.0m in H1 2014).

The net financial position, excluding the debts and commitments illustrated below, can be broken down as follows:

	30/06/2015	31/12/2014	30/06/2014	01/01/2014
	€/000	€/000	€/000	€/000
Cash and cash equivalents	114,456	87,159	62,457	105,312
Bank payables (advances and STC amounts)	(24,806)	(27,770)	(33,124)	(20,932)
Interest-bearing financial payables (current portion)	(91,430)	(64,298)	(65,825)	(61,371)
Interest-bearing financial payables (non-current portion)	(280,714)	(147,060)	(117,935)	(111,693)
Total	**(282,494)**	**(151,969)**	**(154,427)**	**(88,684)**

At 30 June 2015 all financial covenants had been amply complied with.

The Group also has contractual commitments for the acquisition of residual interests in subsidiaries totalling €42.4m (€74.1m at 31 December 2014 and €65.2m at 30 June 2014). €22.4m of the foregoing amounts concerns debts for the acquisition of equity investments, the majority of which already settled at the date of this report (€7.4m at 31 December 2014 – the increase is primarily due to the estimate of the price adjustment for the acquisition of Walvoil in January 2015) and €20.0m is related to contractual agreements for the acquisition of residual interests in subsidiaries (€66.6m at 31 December 2014). The change with respect to the prior period is due to the new put options related to the acquisition of Inoxihp, on the one hand, and the exercise of the options held in Hydrocontrol and IMM Hydraulics, on the other.

CAPITAL EXPENDITURE

Expenditure on property, plant and machinery totalled €89.4m, of which €72.2m through the acquisition of investments (€61.4m in H1 2014, of which €39.7m through the acquisition of investments). Note that the companies belonging to the Very-High Pressure Systems business segment record the machinery manufactured and hired out to customers under tangible fixed assets (€4.6 million at 30 June 2015 and €2.6 million at 30 June 2014). Net of these latter amounts, capital expenditure in the strictest sense stood at €12.6m in H1 2015 (€19.1m in H1 2014) and mainly refers to the normal renewal and modernisation of plant, machinery and equipment, with the exception of €1.3m in 2015 and €8.6m in 2014 related to the construction of new production facilities. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamic of payments.

Increases in intangible fixed assets totalled €13.1m, of which €11.7m through the acquisition of investments (€4.5m in H1 2014, of which €2.8m through the acquisition of investments); the increases refer mainly to allocation of the price of acquisitions to trademarks (€17.6m in 2015) and amounts allocated to the development of new products.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

With regard to transactions entered into with related parties, including intercompany transactions, these cannot be defined as either atypical or unusual, inasmuch as they form part of the normal course of activities of the Group companies. These transactions are regulated at arm's length conditions, taking into account the characteristics of the assets transferred and services rendered. Information on transactions carried out with related parties is given in Note 9 of the Interim Consolidated Financial statements at 30 June 2015.

CHANGES IN GROUP STRUCTURE IN H1 2015

In addition to the transactions for the acquisition of the Walvoil Group and Inoxihp, as already fully disclosed in the 2014 Annual Financial Report, the Group structure underwent the following changes:

- on 16 January 2015 HS Penta S.p.A. acquired an additional 10% stake in HS Penta Africa for €136k;
- Interpump Hydraulics Perù S.a.c., with headquarters in Lima, was incorporated on 8 April 2015 in order to create a direct Group presence on the important Peruvian market;
- on 27 April 2015 Interpump Hydraulics S.p.A. acquired the remaining 16% stake in Hydrocontrol S.p.A. further to the exercise of the related put options by its minority shareholders. The exercise resulted in the Group divesting 741,184 treasury shares to cover the price;
- on 22 May 2015 Interpump Group S.p.A. acquired total control of Bertoli S.r.l., based in the province of Parma; Bertoli is one of the key world players on the market for the design and construction of high pressure homogenizers with piston pumps, primarily for the food sector and supplied also to customers operating in the chemicals and cosmetics sectors. Bertoli's 2014 sales totalled €11.2m, while EBITDA was booked at €2.3m (20.7% of sales). The business was acquired at the price of €7.3m. With the acquisition of Bertoli, a leading manufacturer in the niche market for homogenizers, Interpump enters the market of pumps for the food sector thereby strengthening its undisputed world leadership in the production of high pressure pumps. The acquisition is the precondition for the generation of major production and commercial synergies;
- on 4 June 2015 Interpump Hydraulics S.p.A. acquired the remaining 40% stake in IMM S.p.A. further to the exercise of the related put options by the company's minority shareholder. The put options exercise led to a €22.6m outlay for the Group;
- on 30 June a resolution was passed to merge General Technology S.r.l. and Interpump Engineering S.r.l. in Interpump Group S.p.A.; the accounting and tax effects of the merger are applicable from 1 January 2015.

RISK FACTORS

The Group's business is exposed to various financial risks: market risk (including the exchange rate and interest rate risk), credit risk, liquidity risk, and price risk. The risk management programme is based on the unpredictability of financial markets and it aims to minimise any negative impact on the Group's financial performance. Group exposure to financial risks remained substantially unchanged with respect to 31 December 2014.

Exchange risk
Even though the Group has historically attempted to hedge against the risk of fluctuations in US dollar and AUS dollar exchange rates by taking out plain vanilla forward contracts, in 2015 and 2014 the Group decided to refrain from taking out any new hedges other than from individual and occasional transactions, because the short time period between shipment and collection reduces the effects of the hedge when observed over the medium-/long term.

In relation to financial exposures, intercompany loans disbursed in currencies other than those utilised by the debtor companies were repaid in H1 2015 in the amount of €0.7m. A total of €4.8m of loans disbursed in currencies other than those utilised by the debtor companies was outstanding at 30 June 2015 (of which €3.0m due to the consolidation of the newly acquired companies). As explained in the annual financial report, the Group has decided not to hedge its foreign currency exposures, a policy that led to exchange gains of €364k in H1 2015.

Interest rate risk

At 30 June 2015 cash on hand was held at a fixed rate of interest in the amount of €2.4m, and at a floating rate for the remainder, while financial and bank debt is held at a fixed rate of interest in the amount of €11.8m, with the remaining amount charged at floating rates.

Currently Group policy involves careful assessment of market opportunities related to the possibility of taking out hedges (IRS) at economically advantageous conditions; however, considering that the average duration of the Group's medium-/long-term loans is currently somewhat short (around 4 years), any potential hedges are unlikely to be particularly attractive.

Credit risk

Historically the Group has not suffered any significant losses on receivables. The Group considers that the current situation of its receivables is sound, as evidenced, among other considerations, by bad debts at 30 June 2015 totalling €918k (0.2% of sales), which is substantially in line with respect to the equivalent period in 2014 (0.2% of sales). The potential risk has already been offset in the financial statements. The Group is not exposed to any significant concentrations of sales.

Liquidity risk

Even though the financial crisis continues to generate conditions of uncertainty management considers that the currently available funds and lines of credit, in addition to resources that will be generated by operating and financing activities, will allow the Group to meet requirements deriving from investing activities, management of working capital and repayment of debts at their natural due dates, in addition to allowing the pursuit of a strategy of growth, also by means of targeted acquisitions to generate value for shareholders. Cash on hand at 30 June 2015 totalled € 114.5 million. Cash on hand, combined with cash generation from business operations that the Group has been able to realise in H1 2015 are definitely factors that will make it possible to reduce Group's exposure to the liquidity risk.

Price risk

The Group is exposed to risks deriving from fluctuations in the prices of the metals utilised, namely brass, aluminium, steel, stainless steel, cast iron and, to a lesser extent, copper, sheet steel and mild steel. Even though the various Group Sectors have a similar exposure to fluctuations of metals prices, they adopt different risk reduction strategies depending on the specific metals involved. We invite you to refer to the notes to the 2014 financial statements for more comprehensive information.

With respect to 31 December 2014, the prices recorded on the market for the raw materials used by the Group have not changed significantly. Wherever possible the Group reviews selling prices periodically in order to pass on the entirety or part of the increased price of raw materials to its customers. The Group constantly monitors the price trend of these raw materials in the attempt to adopt the most effective policies to minimise the potential exposure to this risk.

KEY EVENTS AFTER THE CLOSE OF H1 2015

A resolution was passed on 6 July for the merger of Interpump Hydraulics International in Interpump Hydraulics S.p.A., the accounting and tax effects of which apply as from 1 January 2015.

An agreement was signed on 20 July 2015, with the previous shareholders of Walvoil, defining the adjustment of the company's acquisition price, which was established on a provisional basis at the closing date of 15 January 2015. The final price was set at €116.1m. The balance of €16.1m was therefore paid on 5 August.

After the close of H1 2015 no atypical or unusual transactions were carried out such that would call for changes to the consolidated financial statements at 30 June 2015.

Directors' remarks on performance in the second quarter of 2015

Q2 consolidated income statements

(€/000)	*2015*	*2014*
Net sales	**244,384**	**181,037**
Cost of products sold	(154,426)	(113,167)
Gross industrial margin	**89,958**	**67,870**
% on net sales	*36.8%*	*37.5%*
Other operating revenues	3,325	2,737
Distribution costs	(22,184)	(17,735)
General and administrative expenses	(27,513)	(20,111)
Other operating costs	(972)	(1,365)
EBIT	**42,614**	**31,396**
% on net sales	*17.4%*	*17.3%*
Financial income	25,714	1,143
Financial expenses	(2,982)	(2,679)
Adjustment of the value of investments carried at equity	(75)	109
Profit for the year before taxes	**65,271**	**29,969**
Income taxes	(13,869)	(10,476)
Consolidated profit for the year	**51,402**	**19,493**
% on net sales	*21.0%*	*10.8%*
Due to:		
Parent company's shareholders	51,147	19,181
Subsidiaries' minority shareholders	255	312
Consolidated profit for the year	**51,402**	**19,493**
EBITDA	**53,075**	**39,012**
% on net sales	*21.7%*	*21.5%*
Shareholders' equity	587,266	442,909
Net debt	282,494	154,427
Payables for the acquisition of investments	42,397	65,188
Capital employed	912,157	662,524
Unannualised ROCE	**4.7%**	**4.7%**
Unannualised ROE	**8.8%**	**4.4%**
Basic earnings per share	**0.478**	**0.181**

EBITDA = EBIT + Depreciation/Amortization + Provisions
ROCE = EBIT / Capital employed
ROE = Consolidated profit for the year / Consolidated shareholders' equity

* = Since EBITDA is not identified as accounting measure in the context of the Italian accounting principles nor in the context of the international accounting standards (IAS/IFRS), the quantitative determination of EBITDA may not be unequivocal. EBITDA is a parameter used by company management to monitor and assess the organisation's operating performance. The management considers EBITDA to be a significant parameter for assessment of the company's performance since it is not influenced by the effects of the different criteria used to determine taxable income, the amount and characteristics of capital employed and the related depreciation policies. The criterion for the determination of EBITDA applied by the company may differ from that used by other companies/groups and hence the value of this parameter may not be directly comparable with the EBITDA values disclosed by other entities.

The scope of consolidation in Q2 2015 includes the Walvoil Group and two months of Bertoli, neither of which companies were present in 2014. The notes to this interim board of directors' report provide like for like information.

NET SALES

Net sales in Q2 2015 totalled €244.4m, up by 35.0% with respect to the equivalent period in 2014, (€181.0m). On a like for like basis growth was 10.5% (+1.3% net also of exchange differences).

Net sales in Q2 are distributed as shown below by business sector and geographical area:

(€/000)	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
Q2 2015						
Hydraulic Sector	29,893	53,703	39,300	11,313	17,999	152,208
Water Jetting Sector	9,454	24,726	39,036	11,595	7,365	92,176
Total	39,347	78,429	78,336	22,908	25,364	244,384
Q2 2014						
Hydraulic Sector	19,693	40,062	24,661	6,223	15,754	106,393
Water Jetting Sector	5,376	23,004	31,446	9,064	5,754	74,644
Total	25,069	63,066	56,107	15,287	21,508	181,037
2015/2014 percentage changes						
Hydraulic Sector	+51.8%	+34.0%	+59.4%	+81.8%	+14.2%	+43.1%
Water Jetting Sector	+75.9%	+7.5%	+24.1%	+27.9%	+28.0%	+23.5%
Total	+57.0%	+24.4%	+39.6%	+49.9%	+17.9%	+35.0%
2015/2014 like for like changes (%)						
Hydraulic Sector	+13.9%	-2.5%	+23.1%	-3.0%	-1.4%	+6.6%
Water Jetting Sector	+21.3%	+2.0%	+22.2%	+24.6%	+19.1%	+16.0%
Total	+15.5%	-0.8%	+22.6%	+13.3%	+4.1%	+10.5%

The like for like analysis net of exchange differences shows a drop of 0.7% in the Hydraulic Sector and growth of 4.2% in the Water Jetting Sector.

PROFITABILITY

The cost of sales accounted for 63.2% of turnover (62.5% in Q2 2014). Production costs, which totalled €61.5m (€42.8m in Q2 2014, which however did not include costs of the Walvoil Group, Inoxihp and Bertoli), accounted for 25.2% of sales (23.6% in the equivalent period of 2014). On an equal consolidation basis, production costs rose by 10.6% while the incidence on sales remained unchanged. The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €92.9m (€70.4m in the equivalent period of 2014, which did not include the costs of the Walvoil Group, Inoxihp and Bertoli). The percent incidence of purchase costs, including the change in inventories, was 38.0% compared to the 38.9% in Q2 2014, reflecting a 0.9 percentage point improvement (the like for like percent incidence of purchase costs is 38.7%).

Distribution costs were 8.6% higher like for like (-1.2% net also of exchange differences) with respect to Q2 2014, with a 0.2 percentage point decrease of the incidence on sales.

General and administrative expenses, again like for like, increased by 14.8% (+7.1% net also of exchange differences) with respect to Q2 2014, while the incidence on sales was 0.4% higher.

EBITDA totalled €53.1m (21.7% of sales) compared to the €39.0m of Q2 2014, which accounted for 21.5%/sales, reflecting an increase of 36.0%. EBITDA was up by 11.9% like for like, reaching €43.7m or 21.8% of sales, resulting in a 0.3 percentage point rise in the business margin. The following table shows EBITDA for each business sector:

	Q2 2015 €/000	*% on total sales**	*Q2 2014 €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	28,845	18.9%	19,951	18.7%	+44.6%
Water Jetting Sector	24,164	26.1%	19,048	25.4%	+26.9%
Other Revenues Sector	66	n.s.	13	n.s.	n.s.
Total	***53,075***	***21.7%***	***39,012***	***21.5%***	***+36.0%***

* = Total sales also include sales to other Group companies, 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.

Like for like Hydraulic Sector EBITDA was up by 8.3% (19.0% of net sales). Like for like Water Jetting Sector EBITDA was up by 15.4% (25.3% of net sales).

EBIT stood at €42.6m (17.4% of sales) compared to the €31.4m of Q2 2014 (17.3% of sales), reflecting an increase of 35.7%. Like for like EBIT was up by 11.4%, reaching €35.0m or 17.5%/sales, increasing the business margin by 0.2 percentage points.

Finance management returned net proceeds of €22.7m (€1.5m of net financial expenses in Q2 2014). Q2 2015 saw the generation of proceeds due to the one-off lower payments made with respect to debts for the acquisition of residual stakes in subsidiaries in the amount of €25.8m.

Q2 closed with consolidated net profit of €51.4m or 21.0% of sales (net profit for Q2 2014 was €19.5m or 10.8%/sales), thanks also to the benefits resulting from the matter explained above.

Basic earnings per share were 0.478 euro, an amount that is almost three times higher than the 0.181 euro in Q2 2014.

BUSINESS OUTLOOK

Considering the short span of time covered by the Group's order portfolio and difficulties and uncertainties concerning the current world economic situation, it is impractical to formulate reliable forecasts in relation to trends in H2 2015, although positive results are predicted in terms of both sales and profitability. The Group will continue to devote special attention to controlling costs and to finance management in order to maximise the generation of free cash flow to be allocated to internal and external growth and to the remuneration of shareholders.

Sant'Ilario d'Enza (RE), 6 August 2015

For the Board of Directors
Fulvio Montipò
Chairman and Chief Executive Officer

Financial statements and notes

Consolidated statement of financial position

(€/000)	*Notes*	*30/06/2015*	*31/12/2014*
ASSETS			
Current assets			
Cash and cash equivalents		114,456	87,159
Trade receivables		203,911	135,634
Inventories	4	251,778	182,463
Tax receivables		15,459	10,477
Other current assets		10,480	6,855
Total current assets		**596,084**	**422,588**
Non-current assets			
Property, plant and equipment	5	285,094	209,073
Goodwill	1	347,096	279,373
Other intangible assets		34,692	24,649
Other financial assets		1,000	994
Tax receivables		2,457	2,456
Deferred tax assets		27,378	22,035
Other non-current assets		1,226	1,380
Total non-current assets		**698,943**	**539,960**
Assets held for sale		-	615
Total assets		***1,295,027***	***963,163***

(€/000)	*Notes*	*30/06/2015*	*31/12/2014*
LIABILITIES			
Current liabilities			
Trade payables		114,469	80,273
Payables to banks		24,806	27,770
Interest-bearing financial payables (current portion)		91,430	64,298
Derivative financial instruments		100	169
Tax payables		16,478	11,665
Other current liabilities		78,732	38,123
Provisions for risks and charges		4,729	4,162
Total current liabilities		**330,744**	**226,460**
Non-current liabilities			
Interest-bearing financial payables		280,714	147,060
Liabilities for employee benefits		20,494	14,940
Deferred tax liabilities		50,530	33,436
Other non-current liabilities		22,842	72,605
Provisions for risks and charges		2,437	1,949
Total non-current liabilities		**377,017**	**269,990**
Liabilities held for sale		-	163
Total liabilities		**707,761**	**496,613**
SHAREHOLDERS' EQUITY	6		
Share capital		55,832	53,871
Legal reserve		11,323	11,323
Share premium reserve		162,722	101,237
Reserve for valuation of hedging derivatives at fair value		-	(19)
Reserve for restatement of defined benefit plans		(5,273)	(5,273)
Translation provision		21,100	3,809
Other reserves		336,082	295,747
Group shareholders' equity		**581,786**	**460,695**
Minority interests		5,480	5,855
Total shareholders' equity		**587,266**	**466,550**
Total shareholders' equity and liabilities		***1,295,027***	***963,163***

H1 consolidated income statements

(€/000)	*Notes*	*2015*	*2014*
Net sales		**467,009**	**341,246**
Cost of products sold		(298,713)	(215,336)
Gross industrial margin		**168,296**	**125,910**
Other net revenues		6,539	5,732
Distribution costs		(43,007)	(33,976)
General and administrative expenses		(54,039)	(39,700)
Other operating costs		(1,565)	(1,755)
Ordinary profit before financial expenses		**76,224**	**56,211**
Financial income	7	39,560	2,285
Financial expenses	7	(7,960)	(6,172)
Adjustment of the value of investments carried at equity		(147)	(50)
Profit for the year before taxes		**107,677**	**52,274**
Income taxes		(27,048)	(19,186)
Consolidated profit for the period		**80,629**	**33,088**
Due to:			
Parent company's shareholders		80,350	32,575
Subsidiaries' minority shareholders		279	513
Consolidated profit for the period		**80,629**	**33,088**
Basic earnings per share	8	0.753	0.307
Diluted earnings per share	8	0.737	0.301

H1 comprehensive consolidated income statements

(€/000)	*2015*	*2014*
H1 consolidated profit (A)	**80,629**	**33,088**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the period		
Accounting of interest rate hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the period	-	50
Total	-	*50*
Accounting of exchange risk derivative hedges recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	(14)
- Minus: Adjustment for recognition of fair value to reserves in the year	27	-
Total	*27*	*(14)*
Profits (Losses) arising from the conversion to euro of foreign companies' financial statement	*17,583*	*2,358*
Profits (losses) of companies carried at equity	*(21)*	*18*
Related taxes	*(8)*	*(9)*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**17,581**	**2,403**
H1 comprehensive consolidated profit (A) + (B)	**98,210**	**35,491**
Due to:		
Parent company's shareholders	97,660	35,059
Subsidiaries' minority shareholders	550	432
Comprehensive consolidated profit for the period	**98,210**	**35,491**

Q2 consolidated income statements

(€/000)		*2015*	*2014*
Net sales		**244,384**	**181,037**
Cost of products sold		(154,426)	(113,167)
Gross industrial margin		**89,958**	**67,870**
Other net revenues		3,325	2,737
Distribution costs		(22,184)	(17,735)
General and administrative expenses		(27,513)	(20,111)
Other operating costs		(972)	(1,365)
Ordinary profit before financial expenses		**42,614**	**31,396**
Financial income	7	25,714	1,143
Financial expenses	7	(2,982)	(2,679)
Adjustment of investments carried at equity		(75)	109
Profit for the year before taxes		**65,271**	**29,969**
Income taxes		(13,869)	(10,476)
Consolidated net profit for the period		**51,402**	**19,493**
Due to:			
Parent company's shareholders		51,147	19,181
Subsidiaries' minority shareholders		255	312
Consolidated profit for the period		**51,402**	**19,493**
Basic earnings per share	8	0.478	0.181
Diluted earnings per share	8	0.467	0.177

Q2 comprehensive consolidated income statements

(€/000)	*2015*	*2014*
Q2 consolidated profit (A)	**51,402**	**19,493**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the period		
Accounting of interest rate hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the period	-	19
Total	-	*19*
Accounting of exchange risk derivative hedges recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the period	-	-
Total	-	-
Profits (Losses) arising from the conversion to euro of foreign companies' financial statement	*(11,236)*	*2,341*
Profits (losses) of companies carried at equity	*(24)*	*18*
Related taxes	-	*(3)*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**(11,260)**	**2,375**
Q2 comprehensive consolidated profit (A) + (B)	**40,142**	**21,868**
Due to:		
Parent company's shareholders	40,128	21,521
Subsidiaries' minority shareholders	14	347
Comprehensive consolidated profit for the period	**40,142**	**21,868**

H1 consolidated cash flow statements

(€/000)	*2015*	*2014*
Cash flow from operating activities		
Pre-tax profit	107,677	52,274
Adjustments for non-cash items:		
Capital losses (Capital gains) from the sale of fixed assets	(1,361)	(671)
Capital losses (Capital gains) from the sale of business divisions and equity investments	-	(423)
Amortization and depreciation, impairment and reinstatement of value	19,616	13,976
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	680	680
Loss (Profit) from investments	147	50
Net change in risk funds and allocations for employee benefits	11	246
Outlays for tangible fixed assets destined for hire	(4,617)	(2,655)
Proceeds from the sale of fixed assets granted for hire	2,926	1,640
Financial expenses (Income), net	(31,600)	3,887
	93,479	69,004
(Increase) decrease in trade receivables and other current assets	(26,110)	(27,721)
(Increase) decrease in inventories	(10,103)	(12,191)
Increase (decrease) in trade payables and other current liabilities	9,531	8,076
Interest paid	(3,069)	(3,079)
Currency exchange gains realised	2,923	151
Taxes paid	(21,656)	(9,264)
Net cash from operating activities	**44,995**	**24,976**
Cash flows from investing activities		
Outlay for the acquisition of investments, net of received cash and including treasury stock assigned	(153,939)	(34,624)
Disposal of investments and lines of business including transferred cash	746	650
Capital expenditure in property, plant and equipment	(14,729)	(19,376)
Proceeds from sales of tangible fixed assets	997	875
Increase in intangible fixed assets	(1,345)	(1,465)
Received financial income	272	363
Other	(134)	208
Net liquidity used in investing activities	**(168,132)**	**(53,369)**
Cash flows of financing activity		
Disbursals (repayments) of loans	131,642	570
Dividends paid	(20,368)	(18,108)
Outlays for purchase of treasury stock	(21,533)	(15,240)
Sale of treasury stock for the acquisition of equity investments	60,542	5,445
Proceeds from the sale of treasury stock to beneficiaries of stock options	3,077	3,826
Loans repaid (granted) by/to non-consolidated subsidiaries	-	24
Disbursals (repayments) of loans from (to) shareholders	(242)	(141)
Change in other financial assets	(25)	-
Payment of financial leasing instalments (principal portion)	(1,687)	(3,170)
Net liquidity generated (used by) financing activities	**151,406**	**(26,794)**
Net increase (decrease) of cash and cash equivalents	**28,269**	**(55,187)**

(€/000)	*2015*	*2014*
Net increase (decrease) of cash and cash equivalents	**28,269**	**(55,187)**
Exchange differences from the translation of cash of companies in areas outside the EU	1,557	99
Opening cash and equivalents of companies consolidated for the first time with the line-by-line method	435	41
Cash and cash equivalents at the beginning of the period	59,389	84,380
Cash and cash equivalents at the end of the period	**89,650**	**29,333**

Cash and cash equivalents can be broken down as follows:

	30/06/2015 €/000	31/12/2014 €/000
Cash and cash equivalents from the balance sheet	114,456	87,159
Payables to banks (current account overdrafts and advances subject to collection)	(24,806)	(27,770)
Cash and cash equivalents from the cash flow statement	89,650	59,389

Statement of changes in consolidated shareholders' equity

	Share capital	*Legal reserve*	*Share premium reserve*	*Reserve for valuation of hedging derivatives at fair value*	*Reserve for restatement of defined benefit plans*	*Translation provision*	*Other reserves*	*Group shareholders' equity*	*Minority interests*	*Total*
Balances at 1 January 2014	*55,003*	*11,323*	*125,039*	*(27)*	*(3,396)*	*(19,084)*	*257,828*	*426,686*	*6,263*	*432,949*
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	680	-	-	-	-	680	-	680
Purchase of treasury stock	(787)	-	-	-	-	-	(14,453)	(15,240)	-	(15,240)
Sale of treasury stock to the beneficiaries of stock options	399	-	3,427	-	-	-	-	3,826	-	3,826
Sale of treasury stock to pay for equity investments	296	-	5,149	-	-	-	-	5,445	-	5,445
Dividends paid	-	-	-	-	-	-	(18,108)	(18,108)	-	(18,108)
Purchase of additional interest in Hydrocar Chile	-	-	-	-	-	-	(542)	(542)	(1,870)	(2,412)
Effect of Hydrocar Chile-Syscam combination	-	-	-	-	-	-	(82)	(82)	289	207
Copa-Golf merger effect	-	-	-	-	-	-	58	58	(58)	-
Acquisition of IMM	-	-	-	-	-	-	-	-	71	71
Comprehensive income (loss) for H1 2014	-	-	-	27	-	2,457	32,575	35,059	432	35,491
Balances at 30 June 2014	*54,911*	*11,323*	*134,295*	-	*(3,396)*	*(16,627)*	*257,276*	*437,782*	*5,127*	*442,909*
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	690	-	-	-	-	690	-	690
Purchase of treasury stock	(1,199)	-	(35,970)	-	-	-	14,110	(23,059)	-	(23,059)
Sale of treasury stock to the beneficiaries of stock options	83	-	717	-	-	-	-	800	-	800
Sale of treasury stock to pay for equity investments	76	-	1,505	-	-	-	-	1,581	-	1,581
Dividends paid	-	-	-	-	-	-	-	-	(58)	(58)
Effect of the acquisition of minority stakes in HC Hydraulics Technologies (P) Ltd	-	-	-	-	-	-	-	-	(1)	(1)
Comprehensive income (loss) for H2 2014				(19)	(1,877)	20,436	24,361	42,901	787	43,688
Balances at 31 December 2014	*53,871*	*11,323*	*101,237*	*(19)*	*(5,273)*	*3,809*	*295,747*	*460,695*	*5,855*	*466,550*
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	680	-	-	-	-	680	-	680
Purchase of treasury stock	(853)	-	-	-	-	-	(20,680)	(21,533)	-	(21,533)
Sale of treasury stock to the beneficiaries of stock options	265	-	2,812	-	-	-	-	3,077	-	3,077
Sale of treasury stock for payment of equity investments	2,549	-	57,993	-	-	-	-	60,542	-	60,542
Acquisition of residual stakes in Walvoil Fluid Power India Ltd	-	-	-	-	-	-	(14)	(14)	-	(14)
Dividends paid	-	-	-	-	-	-	(19,321)	(19,321)	(925)	(20,246)
Comprehensive income (loss) for H1 2015	-	-	-	19	-	17,291	80,350	97,660	550	98,210
Balances at 30 June 2015	*55,832*	*11,323*	*162,722*	-	*(5,273)*	*21,000*	*336,082*	*581,786*	*5,480*	*587,266*

Notes to the consolidated financial statements

General information

Interpump Group S.p.A. is a company domiciled in Sant'Ilario d'Enza (RE) and incorporated under Italian law. 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 take-offs, hydraulic cylinders, valves and directional controls, hydraulic hoses and fittings and other hydraulic products. The Group has production facilities in Italy, the US, Germany, China, India, Brazil, Bulgaria, Romania and South Korea.

Sales are not affected by any significant degree of seasonality.

The consolidated financial statements include Interpump Group S.p.A. and its directly or indirectly controlled subsidiaries (hereinafter "the Group").

The consolidated financial statements at 30 June 2015 were approved by the Board of Directors on this day (6 August 2015).

Basis of preparation

The consolidated financial statements at 30 June 2015 were drawn up in compliance with international accounting standards (IAS/IFRS) for interim financial statements. The tables 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 required for annual financial statements drafted in compliance with IFRS standards. Therefore the consolidated financial statements at 30 June should be consulted together with the annual financial statements for the year ending 31 December 2014.

The accounting principles and criteria adopted in the interim financial statements at 30 June 2015 may conflict with IFRS provisions in force on 31 December 2015 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 or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

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 and on information regarding potential assets and liabilities at the report reference date. We draw your attention to the fact that estimates may differ from the effective results, the magnitude of which will only be known in the future. We further draw your attention to the fact that some evaluation processes, notably those that are more complex, such as the determination of any impairments of non-current assets, are generally performed in a comprehensive manner only at the time of drafting of the annual financial statements when all the necessary information is available, except in cases in which indicators of impairment exist, calling for immediate evaluation of any losses in value. Likewise, the actuarial evaluations required for determination of liabilities for benefits due to employees are normally processed at the time of drafting of the annual financial statements.

The consolidated financial statements are drafted in thousands of euro. The Group adopts the cost of goods sold (GOGS) based income statement, and the cash flow statement with the indirect method. The financial statements are drafted according to the cost method, with the exception of financial instruments, which are measured at fair value.

Accounting standards

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2014, with the exception of those adopted as from 1 January 2015 as described hereunder, and they were uniformly applied to all Group companies and all periods presented.

a) New accounting standards and amendments taking effect on 1 January 2015 and adopted by the Group

As from 2015 the Group has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- On 12 December 2012 IASB issued a collection of amendments to IAS/IFRS standards ("*Annual Improvements to the 2011–2013 Cycle*"). The amendments resulted in changes: (i) to IFRS 3, specifying that the standard is not applicable to measure the accounting effects related to the formation of a joint venture or joint operation (as defined by IFRS 11) in the financial statements of the joint venture or joint operation; (ii) to IFRS 13, explaining that the provision of IFRS 13 on the basis of which the fair value of a group of financial assets and liabilities can be measured on a net basis, is applicable to all contracts (including non-financial contracts) falling within the scope of IAS 39 or IFRS 9; (iii) to IAS 40, explaining that to establish when the acquisition of a property constitutes a business combination, reference must be made to the provisions of IFRS 3.

b) New accounting principles and amendments effective from 1 January 2015 but not relevant for the Group

- *IFRIC 21 Levies* - On 20 May 2013 IASB published the interpretation in question. IFRIC 21 states that an entity shall recognise a liability for levies no earlier than the time of occurrence of the event to which the payment is linked, in compliance with the applicable law. For payments that become due only when a specified minimum threshold is exceeded, the liability is booked only when said minimum threshold is reached. Retrospective application is required for IFRIC 21.

c) New accounting standards and amendments not yet applicable and not adopted early by the Group

- *IFRS 9 – Financial instruments*. On 12 November 2009 IASB published the following principle, which was subsequently amended on 28 October 2010 and by a further amendment in mid-December 2011. The principle, which is applicable from 1 January 2018, constitutes the first part of a process in stages aimed at replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities, and for the derecognition of financial assets from the financial statements. Specifically, the new principle uses a single approach to financial assets based on the methods of management of financial instruments and on the characteristics of the contractual cash flows of financial assets in order to establish the measurement criterion, replacing the various rules contained in IAS 39. In contrast, for financial liabilities the main change concerns the accounting treatment for changes in the fair value of a financial liability designated as a financial liability measured at fair value in profit and loss, in the event wherein such changes are due to changes in the credit rating of the liabilities in question. In accordance with the new standard, such changes must be recorded in the comprehensive income statement and cannot thereafter be derecognised in profit and loss.

- On 30 January 2014 IASB published IFRS 14 "Regulatory Deferral Accounts", which is an interim standard related to the "Rate-regulated activities" project. IFRS 14 allows exclusively first-time adopters of IFRS to continue recognising amounts associated with rate regulation in compliance with the accounting policies previously adopted. In order to improve comparability with entities that are already applying the IFRS standards and that do not therefore disclose these amounts, the standard requires the rate regulation effect to be presented separately from other captions;
- On 12 December 2012 IASB issued a collection of amendments to IAS/IFRS standards *Annual Improvements to IFRSs 2010–2012 Cycle.* The amendments resulted in changes: (i) to IFRS 2, clarifying the definition of "vesting condition" and introducing the definitions of the service and performance conditions; (ii) to IFRS 3, clarifying that the obligations to pay a contingent consideration other than those included in the definition of equity instrument, are to be measured at fair value at each reporting date, with the changes recognised in the income statement; (iii) to IFRS 8, requiring an entity to disclose the judgments made by management in applying the aggregation criteria to the operating segments, describing the segments that have been aggregated and the economic indicators that were assessed to determine that the aggregated segments have similar economic characteristics; (iv) to IAS 16 and IAS 38, clarifying the method of determining the carrying amount of assets, in the case of revaluation further to the application of the revaluation model; (v) to IAS 24, establishing the information to be supplied when there is a third-party entity that supplies services related to the administration of key management personnel of the reporting entity. These amendments will be effective for reporting periods starting after 1 February 2015. Early adoption is however permitted.
- *Amendments to IAS 19 – Employee benefits.* On 21 November 2013 IASB published an amendment to IAS 19 limited to contributions to defined benefit plans for employees. The changes are aimed at simplifying the accounting of contributions that are unrelated to years of seniority, such as contributions calculated on the basis of a fixed percentage of salary. This amendment will be effective for reporting periods starting after 1 February 2015. Early adoption is however permitted.
- *IFRS 15 – Recognition of revenue from contracts with customers.* On 28 May 2014 IASB and FASB jointly issued IFRS 15 designed to improve the disclosure of revenues and the global comparability of financial statements in order to harmonise the recognition of economically similar transactions. The standard is effective for IFRS users from reporting periods starting after 1 January 2017 (early adoption is permitted).
- *Amendment to IAS 16 and 38 – Property, plant and equipment and Intangible assets.* On 12 May 2014 IASB published an amendment to the standards, specifying that a method of depreciation based on the revenues generated by the asset is inappropriate because it reflects solely the revenue flow generated by the asset and does not reflect the methods of consumption of the prospective future economic benefits embodied in the asset. The amendments are effective from 1 January 2016. It is deemed that adopting the new principle will have no significant effects on the Group's financial statements.
- *Amendment to IFRS 11 – Joint arrangements*. On 6 May 2014 IASB published an amendment to the standard adding a new guide to the recognition of the acquisition of an interest in joint operations when the operation constitutes a business. The amendment is effective from 1 January 2016.
- *Amendment to IAS 27 – Separate financial statements*. On 12 August 2014 IASB published an amendment to the principle that will allow entities to use the equity

method to recognise investments in subsidiaries, joint ventures and associates in separate financial statements. The amendment is effective from 1 January 2016.

- *Annual Improvements to IFRSs 2012–2014 Cycle* - On 25 September 2014 IASB issued a collection of amendments to IASs/IFRSs. The aim of the annual improvements is to address necessary matters related to inconsistencies found in IFRSs or for clarifications of terminology, which are not of an urgent nature but which reflect issues discussed by the IASB during the project cycle. Among the amended standards, IFRS 5, in relation to which a clarification has been introduced concerning cases in which the method of disposal of an asset is changed from held for sale to held for distribution; IFRS 7, with a clarification to establish if and when a residual involvement in a transferred financial asset exists in the presence of an associated service contract, thus determining the required level of disclosure; IAS 19, which clarifies that the currency of securities used as a benchmark to estimate the discount rate, must be the same as the currency in which the benefits will be paid; and IAS 34 in which the meaning of "elsewhere" is clarified for the inclusion of information by cross-reference.
- *Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment entities: applying the consolidation exception.* On 18 December 2014 IASB published the amendments in question concerning the problems deriving from application of the consolidation exception granted to investment entities. The first application date introduced by IASB is for annual periods beginning on or after 1 January 2016. Early application is permitted.
- *Amendment to IAS 1: disclosure initiative* - On 18 December 2014 IASB published the amendment in question, which is designed to provide clarifications to IAS 1 to address several perceived impediments to preparers exercising their judgment in presenting their financial statements. IASB has indicated that these amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.
- *Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an investor and its associate or joint venture.*- On 11 September 2014 IASB published the amendments in question, which are designed to remove the conflict between the requirements of IAS 28 and those of IFRS 10 and clarify that in a transaction that involves an associate or a joint venture the extent to which it is possible to recognise a profit or a loss depends on whether the asset subject to sale or contribution is a business. IASB has indicated that these amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

At today's date the competent bodies of the European Union have completed the approval process related to the new standards and amendments applicable to financial statements starting as from 1 February 2015, while the approval process required for adoption of the other standards and amendments is still under way. On the basis of analysis currently in progress no significant impacts are predicted from the 2016 adoption of the applicable new standards and amendments.

Notes to the consolidated financial statements at 30 June 2015

1. Consolidation basis and goodwill

At 30 June 2015 the scope of consolidation includes the Parent company (which operates in the Water Jetting Sector) and the following subsidiaries:

Company	*Head office*	*Sector*	*Share capital €/000*	*% stake at 30/06/15*
Bertoli S.r.l.	S.Polo di Torrile (PR)	Water Jetting	50	100.00%
General Pump Inc.	Minneapolis (USA)	Water Jetting	1,854	100.00%
General Technology S.r.l.	Reggio Emilia	Water Jetting	100	100.00%
Hammelmann GmbH	Oelde (Germany)	Water Jetting	25	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	Water Jetting	472	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	Water Jetting	39	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	Water Jetting	500	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	Water Jetting	871	90.00%
Hammelmann Bombas e Sistemas Ltda (1)	San Paolo (Brazil)	Water Jetting	739	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	Water Jetting	119	52.72%
NLB Corporation Inc.	Detroit (USA)	Water Jetting	12	100.00%
SIT S.p.A.	S.Ilario d'Enza (RE)	Water Jetting	105	65.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	Hydraulic	2,632	100.00%
Interpump Hydraulics International S.p.A. (2)	Calderara di Reno (BO)	Hydraulic	14,162	100.00%
HS Penta S.p.A (3)	Faenza (RA)	Hydraulic	4,244	100.00%
HS Penta Africa Pty Ltd (11)	Johannesburg (South Africa)	Hydraulic	-	90.00%
Interpump Hydraulics Middle East FZCO (2) and (11)	Dubai (UAE)	Hydraulic	326	100.00%
Oleodinamica Panni S.r.l. (3)	Tezze sul Brenta (VI)	Hydraulic	2,000	100.00%
Contarini Leopoldo S.r.l. (3)	Lugo (RA)	Hydraulic	47	100.00%
Unidro S.a.r.l. (4)	Barby (France)	Hydraulic	8	90.00%
Copa Hydrosystem Odd (4)	Troyan (Bulgaria)	Hydraulic	3	95.00%
AVI S.r.l. (2)	Varedo (MB)	Hydraulic	10	100.00%
Hydrocar Chile S.A. (2)	Santiago (Chile)	Hydraulic	129	90.00%
Hydroven S.r.l. (2)	Tezze sul Brenta (VI)	Hydraulic	200	100.00%
Interpump Hydraulics France S.a.r.l. (2)	Ennery (France)	Hydraulic	76	99.77%
Interpump Hydraulics India Private Ltd (2)	Hosur (India)	Hydraulic	682	100.00%
Interpump Hydraulics do Brasil Partecipacoes Ltda (2)	San Paolo (Brazil)	Hydraulic	15,021	100.00%
Takarada Industria e Comercio Ltda (6)	Caxia do Sul (Brazil)	Hydraulic	4,375	100.00%
Muncie Power Prod. Inc. (2)	Muncie (USA)	Hydraulic	784	100.00%
American Mobile Power Inc. (5)	Fairmount (USA)	Hydraulic	3,410	80.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (2)	Wuxi (China)	Hydraulic	2,095	65.00%
Hydrocontrol S.p.A. (2)	Osteria Grande (BO)	Hydraulic	1,350	100.00%
Hydrocontrol Inc. (7)	Minneapolis (USA)	Hydraulic	763	97.00%
HC Hydraulics Technologies(P) Ltd (7)	Bangalore (India)	Hydraulic	4,120	100.00%
Aperlai HK Ltd (7)	Hong Kong	Hydraulic	77	100.00%
HTIL (8)	Hong Kong	Hydraulic	98	85.00%
Guangzhou Bushi Hydraulic Technology Ltd (9)	Guangzhou (China)	Hydraulic	3,720	100.00%
Galtech Canada Inc. (7)	Terrebonne, Quebec (Canada)	Hydraulic	76	100.00%
IMM Hydraulics S.p.A. (2)	Atessa (CH)	Hydraulic	520	100.00%
Hypress S.r.l. (10)	Atessa (CH)	Hydraulic	50	100.00%
IMM Hydraulics Ltd (10)	Halesowen (UK)	Hydraulic	1	100.00%
Hypress Hydraulik GmbH (10)	Meinerzhagen (Germany)	Hydraulic	52	100.00%
Hypress France S.a.r.l. (10)	Strasbourg (France)	Hydraulic	3,616	100.00%

Company	*Head office*	*Sector*	*Share capital €/000*	*% stake at 30/06/15*
IMM Hydro Est (10)	Catcau Cluj Napoca (Romania)	Hydraulic	3,155	100.00%
Hypress Africa Pty Ltd (10)	Boksburg (South Africa)	Hydraulic	796	100.00%
Dyna Flux S.r.l. (10)	Bolzaneto (GE)	Hydraulic	40	51.00%
Walvoil S.p.A.	Reggio Emilia	Hydraulic	5,000	100.00%
Walvoil Fluid Power Corp. (12)	Tulsa (USA)	Hydraulic	41	100.00%
Walvoil Fluid Power Shanghai Co. Ltd (12)	Shanghai (China)	Hydraulic	1,872	100.00%
Walvoil Fluid Power Pvt Ltd (12)	Bangalore (India)	Hydraulic	683	100.00%
Walvoil Fluid Power do Brasil Ltda (12)	Caxia do Sul (Brazil)	Hydraulic	621	100.00%
Walvoil Fluid Power Korea (12)	Pyeongtaek (South Korea)	Hydraulic	453	100.00%
Walvoil Fluid Power France S.a.r.l. (12)	Vritz (France)	Hydraulic	10	100.00%
Walvoil Fluid Power Australasia (12)	Melbourne (Australia)	Hydraulic	7	100.00%
Interpump Engineering S.r.l.	Reggio Emilia	Other	76	100.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia	Other	362	100.00%

(1) = controlled by Hammelmann GmbH
(2) = controlled by Interpump Hydraulics S.p.A.
(3) = controlled by Interpump Hydraulics International S.p.A.
(4) = controlled by Contarini Leopoldo S.r.l.
(5) = controlled by Muncie Power Inc.
(6) = controlled by Interpump Hydraulics do Brasil Partecipacoes Ltda
(7) = controlled by Hydrocontrol S.p.A.
(8) = controlled by Aperlai HK Ltd
(9) = controlled by HTIL
(10) = controlled by IMM Hydraulics S.p.A.
(11) = controlled by HS Penta S.p.A.
(12) = controlled by Walvoil S.p.A.
The other companies are controlled directly by Interpump Group S.p.A.

The Walvoil Group, Inoxihp and Bertoli were all consolidated for the first time.

Despite their modest size, in consideration of development plans for the coming years also Hammelmann Bombas e Sistemas Ltda and Interpump Hydraulics Middle East FZCO were consolidated line-by-line for the first time. The effect on the half year is not significant.

The minority shareholders of American Mobile Power are obliged to sell their holdings (and Muncie is obliged to purchase them) in April 2016 at a price to be determined on the basis of the company's results as reported in the last two financial statements for the years closed prior to that date. The minority shareholders of HS Penta Africa are required to sell their residual interests (10%) and HS Penta is obliged to purchase them, between September 2017 and September 2020, on the basis of the average results of the company in the last two financial statements for the years ended before the exercise of the option. The minority shareholders of Inoxihp S.r.l. are entitled to dispose of their holdings starting from the approval of the 2025 financial statements up to the 2035 financial statements on the basis of the average results of the company in the last two financial statements for the years ended before the exercise of the option.

In compliance with the requirements of IFRS 10 and IFRS 3, American Mobile Power, HS Penta Africa, and Inoxihp have been consolidated in full, recording a payable representing an estimate of the current value of the exercise price of the options determined with reference to a business plan for each company. Any changes in the payable representing the present value of the exercise price that occur within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes after 12 months from the date of acquisition will be recognised in the income statement.

Changes in goodwill in H1 2015 are as follows:

Company:	Balance at 31/12/2014	Increases (Decreases) in the year	Changes due to foreign exchange differences	Balance at 30/06/2015
Water Jetting Sector	130,456	26,152	3,169	159,777
Hydraulic Sector	148,917	37,416	986	187,319
Total goodwill	*279,373*	*63,568*	*4,155*	*347,096*

The increases of the first half of 2015 refer to:

- €37,695k for the Walvoil Group acquisition (Hydraulic Sector);
- €23,603k for the acquisition of Inoxihp (Water Jetting Sector), inclusive of the debt for the acquisition of residual stakes;
- €2,549k for the acquisition of Bertoli (Water Jetting Sector);
- €279k (negative) for recalculation of the debt for adjustment of the acquisition of minority stakes in Interpump Hydraulics International (Hydraulic Sector).

The impairment test carried out successfully in December 2014 was not repeated at the end of June 2014. A check was however performed to establish whether the performance of the C.G.U.s (Cash Generating Units) was in line with the information resulting from the business plans utilized at 31 December 2014, and that the assumptions underpinning the measurement at 31 December 2014 of the weighted average cost of capital (WACC) were still valid at the end of June 2015. No trigger events emerged such as to call for reformulation of the impairment test at 30 June 2015.

2. Business sector information

Business sector information is supplied with reference to the operating sectors. We also present the information required by IFRS by geographical area. The information provided about business sectors reflects the Group's internal reporting structure.

The values of components or products transferred between sectors are the effective sales price between Group companies, which correspond to the selling prices to the best customers.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. The holding costs, i.e. remuneration of directors and statutory auditors of the parent company and functions of the Group's financial management, control and internal auditing department, and also consultancy costs and other related costs were booked to the sectors on the basis of sales.

Business sectors

The Group is composed of the following business sectors:

Water Jetting 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 cleaners. These pumps are also utilised for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, inverse osmosis systems for water desalination plants, and homogenizers for the food, chemicals, pharmaceutical and cosmetics industries. 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.

Hydraulic Sector. Includes the production and sale of power take-offs, hydraulic cylinders, pumps, valves and directional controls, hydraulic hoses and fittings and other hydraulic components. Power take-offs are mechanical devices designed to transmit drive from an industrial vehicle engine or transmission to power a range of ancillary services through hydraulic components. These products, combined with other hydraulic components (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, operating mixer truck drums, and so forth. Hydraulic cylinders are components of the hydraulic system of various vehicle types employed in a wide range of applications depending on the type. Front-end and underbody cylinders (single acting) are fitted mainly on industrial vehicles in the building construction sector, while double acting cylinders, valves and directional controls are employed in a range of applications: earthmoving machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems.

Interpump Group business sector information
(Amounts shown in €/000)
Progressive accounts at 30 June (six months)

		Hydraulic		Water Jetting		Other	Elimination entries		**Interpump Group**	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales external to the Group	297,850	205,376	169,159	135,870	-	-	-	-	467,009	341,246
Sales between sectors	116	75	787	486	734	462	(1,637)	(1,023)	-	-
Total net sales	**297,966**	**205,451**	**169,946**	**136,356**	**734**	**462**	**(1,637)**	**(1,023)**	**467,009**	**341,246**
Cost of products sold	(201,888)	(137,442)	(97,679)	(78,444)	(62)	(45)	916	595	(298,713)	(215,336)
Gross industrial margin	**96,078**	**68,009**	**72,267**	**57,912**	**672**	**417**	**(721)**	**(428)**	**168,296**	**125,910**
% on net sales	*32.2%*	*33.1%*	*42.5%*	*42.5%*	*n.s.*	*n.s.*			*36.0%*	*36.9%*
Other net revenues	4,989	4,240	1,672	1,613	16	36	(138)	(157)	6,539	5,732
Distribution costs	(24,821)	(19,387)	(18,190)	(14,592)	-	-	4	3	(43,007)	(33,976)
General and administrative expenses	(34,593)	(24,242)	(19,676)	(15,554)	(625)	(486)	855	582	(54,039)	(39,700)
Other operating costs	(1,426)	(968)	(139)	(787)	-	-	-	-	(1,565)	(1,755)
Ordinary profit before financial expenses	**40,227**	**27,652**	**35,934**	**28,592**	**63**	**(33)**	**-**	**-**	**76,224**	**56,211**
% on net sales	*13.5%*	*13.5%*	*21.1%*	*21.0%*	*n.s.*	*n.s.*			*16.3%*	*16.5%*
Financial income	38,140	1,600	2,392	1,601	-	1	(972)	(917)	39,560	2,285
Financial expenses	(5,873)	(4,949)	(3,057)	(2,137)	(2)	(3)	972	917	(7,960)	(6,172)
Dividends	-	-	14,000	8,500	-	-	(14,000)	(8,500)	-	-
Adjustment of investments carried at equity	(125)	(43)	(22)	(7)	-	-	-	-	(147)	(50)
Profit for the year before taxes	**72,369**	**24,260**	**49,247**	**36,549**	**61**	**(35)**	**(14,000)**	**(8,500)**	**107,677**	**52,274**
Income taxes	(14,708)	(9,485)	(11,964)	(9,640)	(376)	(61)	-	-	(27,048)	(19,186)
Consolidated profit for the year	**57,661**	**14,775**	**37,283**	**26,909**	**(315)**	**(96)**	**(14,000)**	**(8,500)**	**80,629**	**33,088**
Due to:										
Parent company's shareholders	57,445	14,305	37,220	26,866	(315)	(96)	(14,000)	(8,500)	80,350	32,618
Subsidiaries' minority shareholders	216	470	63	43	-	-	-	-	279	470
Consolidated profit for the year	**57,661**	**14,775**	**37,283**	**26,909**	**(315)**	**(96)**	**(14,000)**	**(8,500)**	**80,629**	**33,088**
Further information required by IFRS 8										
Amortization, depreciation and write-downs	13,149	9,181	6,461	4,791	6	4	-	-	19,616	13,976
Other non-monetary costs	1,622	1,226	1,426	1,989	-	-	-	-	3,048	3,215

Interpump Group business sector information
(Amounts shown in €/000)
Q2 (three months)

	Hydraulic		Water Jetting		Other		Elimination entries		**Interpump Group**	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales external to the Group	152,208	106,394	92,176	74,643	-	-	-	-	244,384	181,037
Sales between sectors	78	49	403	213	373	257	(854)	(519)	-	-
Total net sales	**152,286**	**106,443**	**92,579**	**74,856**	**373**	**257**	**(854)**	**(519)**	**244,384**	**181,037**
Cost of products sold	(101,938)	(70,639)	(52,965)	(42,788)	(6)	(20)	483	280	(154,426)	(113,167)
Gross industrial margin	**50,348**	**35,804**	**39,614**	**32,068**	**367**	**237**	**(371)**	**(239)**	**89,958**	**67,870**
% on net sales	*33.1%*	*33.6%*	*42.8%*	*42.8%*	*n.s.*	*n.s.*			*36.8%*	*37.5%*
Other net revenues	2,451	1,895	938	901	5	20	(69)	(79)	3,325	2,737
Distribution costs	(12,462)	(9,944)	(9,725)	(7,793)	-	-	3	2	(22,184)	(17,735)
General and administrative expenses	(17,566)	(12,179)	(10,075)	(8,001)	(309)	(247)	437	316	(27,513)	(20,111)
Other operating costs	(903)	(657)	(69)	(708)	-	-	-	-	(972)	(1,365)
Ordinary profit before financial expenses	**21,868**	**14,919**	**20,683**	**16,467**	**63**	**10**	**-**	**-**	**42,614**	**31,396**
% on net sales	*14.4%*	*14.0%*	*22.3%*	*22.0%*	*n.s.*	*n.s.*			*17.4%*	*17.3%*
Financial income	25,648	791	590	834	-	1	(524)	(483)	25,714	1,143
Financial expenses	(1,729)	(2,147)	(1,776)	(1,013)	(1)	(2)	524	483	(2,982)	(2,679)
Dividends	-	-	14,000	8,500	-	-	(14,000)	(8,500)	-	-
Adjustment of investments carried at equity	(125)	110	50	(1)	-	-	-	-	(75)	109
Profit for the year before taxes	**45,662**	**13,673**	**33,547**	**24,787**	**62**	**9**	**(14,000)**	**(8,500)**	**65,271**	**29,969**
Income taxes	(6,912)	(4,981)	(6,726)	(5,466)	(231)	(29)	-	-	(13,869)	(10,476)
Consolidated profit for the year	**38,750**	**8,692**	**26,821**	**19,321**	**(169)**	**(20)**	**(14,000)**	**(8,500)**	**51,402**	**19,493**
Due to:										
Parent company's shareholders	38,536	8,411	26,780	19,290	(169)	(20)	(14,000)	(8,500)	51,147	19,181
Subsidiaries' minority shareholders	214	281	41	31	-	-	-	-	255	312
Consolidated profit for the year	**38,750**	**8,692**	**26,821**	**19,321**	**(169)**	**(20)**	**(14,000)**	**(8,500)**	**51,402**	**19,493**
Further information required by IFRS 8										
Amortization, depreciation and write-downs	6,678	4,658	3,303	2,456	3	3	-	-	9,984	7,117
Other non-monetary costs	1,051	734	1,032	1,057	-	-	-	-	2,083	1,791

Financial position
(Amounts shown in €/000)

	Hydraulic		Water Jetting		Other		Elimination entries		**Interpump Group**	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Assets by sector	**761,935**	**522,500**	**566,725**	**452,719**	**1,847**	**1,739**	**(149,936)**	**(101,569)**	**1,180,571**	**875,389**
Assets held for sale	**-**	**615**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**615**
Subtotal of assets of the sector (A)	**761,935**	**523,115**	**566,725**	**452,719**	**1,847**	**1,739**	**(149,936)**	**(101,569)**	**1,180,571**	**876,004**
Cash and cash equivalents									114,456	87,159
Total assets									**1,295,027**	**963,163**
Liabilities of the sector	**330,807**	**214,213**	**85,265**	**68,778**	**2,278**	**1,825**	**(149,936)**	**(101,569)**	**268,414**	**183,247**
Liabilities held for sale	**-**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**163**
Subtotal of liabilities of the sector (B)	**330,807**	**214,376**	**85,265**	**68,778**	**2,278**	**1,825**	**(149,936)**	**(101,569)**	**268,414**	**183,410**
Debts for the payment of investments									42,397	74,075
Payables to banks									24,806	27,770
Interest-bearing financial payables									372,144	211,358
Total liabilities									**707,761**	**496,613**
Total assets, net (A-B)	**431,128**	**308,739**	**481,460**	**383,941**	**(431)**	**(86)**	**-**	**-**	**912,157**	**692,594**
Further information required by IFRS 8										
Investments carried at carried at equity	68	76	276	463	-	-	-	-	344	539
Non-current assets other than financial assets and deferred tax assets	418,166	300,060	252,225	215,950	174	175	-	-	670,565	516,185

The H1 and Q2 comparison of the Sector on a like for like basis is as follows:

Hydraulic Sector	**H1**		**Q2**	
(amounts shown in €/000)	2015	2014	2015	2014
Net sales external to the Group	220,870	205,376	113,446	106,394
Sales between sectors	116	75	78	49
Total net sales	**220,986**	**205,451**	**113,524**	**106,443**
Cost of products sold	(147,186)	(137,442)	(74,710)	(70,639)
Gross industrial margin	**73,800**	**68,009**	**38,814**	**35,804**
% on net sales	*33.4%*	*33.1%*	*34.2%*	*33.6%*
Other net revenues	4,351	4,240	2,111	1,895
Distribution costs	(20,234)	(19,387)	(10,117)	(9,944)
General and administrative expenses	(26,826)	(24,242)	(13,694)	(12,179)
Other operating costs	(1,332)	(968)	(846)	(657)
Ordinary profit before financial expenses	**29,759**	**27,652**	**16,268**	**14,919**
% on net sales	*13.5%*	*13.5%*	*14.3%*	*14.0%*
Financial income	35,802	1,600	26,338	791
Financial expenses	(4,096)	(4,949)	(1,316)	(2,147)
Adjustment of investments carried at equity	(125)	(43)	(125)	110
Profit for the year before taxes	**61,340**	**24,260**	**41,165**	**13,673**
Income taxes	(11,287)	(9,485)	(5,696)	(4,981)
Consolidated profit for the year	**50,053**	**14,775**	**35,469**	**8,692**
Due to:				
Parent company's shareholders	49,837	14,305	35,255	8,411
Subsidiaries' minority shareholders	216	470	214	281
Consolidated profit for the year	**50,053**	**14,775**	**35,469**	**8,692**

Water Jetting Sector	**H1**		**Q2**	
(amounts shown in €/000)	2015	2014	2015	2014
Net sales external to the Group	161,262	135,870	86,564	74,643
Sales between sectors	712	486	356	213
Total net sales	**161,974**	**136,356**	**86,920**	**74,856**
Cost of products sold	(93,870)	(78,444)	(50,449)	(42,788)
Gross industrial margin	**68,104**	**57,912**	**36,471**	**32,068**
% on net sales	*42.0%*	*42.5%*	*42.0%*	*42.8%*
Other net revenues	1,604	1,613	874	901
Distribution costs	(17,393)	(14,592)	(9,140)	(7,793)
General and administrative expenses	(18,650)	(15,554)	(9,515)	(8,001)
Other operating costs	(119)	(787)	(49)	(708)
Ordinary profit before financial expenses	**33,546**	**28,592**	**18,641**	**16,467**
% on net sales	*20.7%*	*21.0%*	*21.4%*	*22.0%*
Financial income	2,361	1,601	583	834
Financial expenses	(3,000)	(2,137)	(1,724)	(1,013)
Dividends	14,000	8,500	14,000	8,500
Adjustment of investments carried at equity	(22)	(7)	50	(1)
Profit for the year before taxes	**46,885**	**36,549**	**31,550**	**24,787**
Income taxes	(11,226)	(9,640)	(6,093)	(5,466)
Consolidated profit for the year	**35,659**	**26,909**	**25,457**	**19,321**
Due to:				
Parent company's shareholders	35,595	26,866	25,415	19,290
Subsidiaries' minority shareholders	64	43	42	31
Consolidated profit for the year	**35,659**	**26,909**	**25,457**	**19,321**

Cash flows by business sector for H1 are as follows:

€/000	Sector Hydraulic		Sector Water Jetting		Sector Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Cash flows from:								
Operating activities	22,146	17,289	22,716	7,414	133	273	44,995	24,976
Investing activities	(36,770)	(41,296)	(131,354)	(12,087)	(8)	14	(168,132)	(53,369)
Financing activities	16,696	10,133	134,540	(36,427)	170	(500)	151,406	(26,794)
Total	2,072	(13,874)	25,902	(41,100)	295	(213)	28,269	(55,187)

Hydraulic Sector investing activities in H1 2015 include €28,483k related to the acquisition of minority stakes in subsidiaries (€34,087k in H1 2014 related both to the acquisition of minority stakes in equity investments and to the acquisition of IMM), while Water Jetting Sector investing activities include €125,453k related to the acquisition of Walvoil, Inoxihp and Bertoli and the acquisition of residual stakes in existing subsidiaries (no amount recorded in H1 2014).

Financing activities for H1 2015 include net disbursals of intercompany loans from the Water Jetting Sector to the Hydraulic Sector in the amount of €36,501k (€14,451k in H1 2014) and from the Water Jetting Sector to the Other Revenues Sector in the amount of €170k (no amount recorded in H1 2014). Moreover, cash flows of Water Jetting Sector financing activities in 2015 include outlays for the purchase of treasury shares in the amount of €21,533k (€15,240k in 2014), proceeds from the sale of treasury shares to the beneficiaries of stock options in the amount of €3,077k (€3,826k in H1 2014), and €60,542k related to the value of treasury stock transferred for the acquisition of investments (€5,445k in H1 2014), and the payment of dividends for €19,397k (€18,108k in H1 2014). Hydraulic Sector financing activity cash flows in H1 2015 include €971k related to the payment of dividends to other parties (no amount recorded for H1 2014).

3. Acquisition of investments

Walvoil Group

The amounts are expressed in euro thousands (the exchange rates adopted for conversion of the financial statements of subsidiaries in the US, India, China, South Korea and Australia were 1,214 US dollars/1 euro, 7,536 Chinese renminbi/1 euro, 76,719 Indian rupees/1 euro, 3.221 Brazilian Real/1 euro, 1,483 AUS dollars/1 euro, and 1,324.8 South Korean Won/1 euro, corresponding to the exchange rates in force on the date of acquisition).

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	3,676	-	3,676
Trade receivables	32,721	-	32,721
Inventories	42,537	-	42,537
Tax receivables	5,267	-	5,267
Other current assets	1,172	-	1,172
Property, plant and equipment	49,523	20,390	69,913
Other intangible assets	536	9,300	9,836
Financial assets	2	-	2
Non-current tax receivables	2	-	2
Deferred tax assets	4,633	-	4,633
Other non-current assets	627	-	627
Trade payables	(20,975)	-	(20,975)
Payables to banks	(8,006)	-	(8,006)
Financial payables to banks – loans (current portion)	(10,099)	-	(10,099)
Leasing payables (current portion)	(1,491)	-	(1,491)
Derivative financial instruments	(63)	-	(63)
Tax payables	(1,810)	-	(1,810)
Other current liabilities	(11,900)	-	(11,900)
Financial payables to banks - loans (medium-/long-term portion)	(6,341)	-	(6,341)
Leasing payables (medium-/long-term portion)	(9,581)	-	(9,581)
Liabilities for employee benefits (severance indemnity provision)	(4,693)	-	(4,693)
Deferred tax liabilities	(6,168)	(9,323)	(15,491)
Other non-current liabilities	(254)	-	(254)
Net assets acquired	59,315	20,367	79,682
Goodwill related to the acquisition			37,695
Total net assets acquired			**117,377**
Total amount paid in treasury stock			47,038
Total amount paid in cash			54,220
Amount due in short-term			16,119
Total acquisition cost (A)			**117,377**
Acquired net financial indebtedness (B)			31,842
Total amount paid in cash			54,220
Estimate of amount payable for price adjustment to balance			16,119
Total change in the net financial position including changes in debt for the acquisition of investments			**102,181**
Capital employed (A) + (B)			**149,219**

The acquisition contract contains a price adjustment clause on the basis of the 2014 final results. The amount was established on a final basis on 20 July 2015 and the balance of €16,119k was paid on 5 August.
The fair value measurement of property, plant and equipment and the brand, booked under intangible fixed assets, was carried out by independent valuers.

Inoxihp S.r.l.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,843		1,843
Trade receivables	3,313	-	3,313
Inventories	2,536	-	2,536
Tax receivables	837	-	837
Other current assets	24	-	24
Property, plant and equipment	643	-	643
Other intangible assets	23	1,825	1,848
Deferred tax assets	222	-	222
Other non-current assets	49	-	49
Trade payables	(2,670)	-	(2,670)
Payables to banks	(34)	-	(34)
Financial payables to banks – loans (current portion)	(674)	-	(674)
Tax payables	(1,214)	-	(1,214)
Other current liabilities	(468)	-	(468)
Financial payables to banks - loans (medium-/long-term portion)	(789)	-	(789)
Liabilities for employee benefits (severance indemnity provision)	(326)	-	(326)
Deferred tax liabilities	-	(573)	(573)
Net assets acquired	3,315	1,252	4,567
Goodwill related to the acquisition			23,603
Total net assets acquired			**28,170**
Total amount paid in treasury stock			2,139
Total amount paid in cash			6,470
Amount due in medium/long-term			19,561
Total acquisition cost (A)			**28,170**
Net financial indebtedness (cash) acquired (B)			(346)
Total amount paid in cash			6,470
Payable for commitment to acquire minority interests			19,561
Total change in the net financial position including changes in debt for the acquisition of investments			**25,685**
Capital employed (A) + (B)			**27,824**

The trade mark was evaluated by means of an internal appraisal. There are no other significant surplus values recorded under assets.

Bertoli S.r.l.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	1,623	-	1,623
Trade receivables	3,308	-	3,308
Inventories	3,742	-	3,742
Tax receivables	178	-	178
Other current assets	103	-	103
Property, plant and equipment	1,663	-	1,663
Other intangible assets	45	-	45
Other financial assets	22		22
Deferred tax assets	305	-	305
Other non-current assets	12	-	12
Trade payables	(2,574)	-	(2,574)
Financial payables to banks – loans (current portion)	(212)	-	(212)
Leasing payables (current portion)	(281)	-	(281)
Tax payables	(540)	-	(540)
Other current liabilities	(1,003)	-	(1,003)
Provisions for risks and charges (current portion)	(118)	-	(118)
Leasing payables (medium-/long-term portion)	(428)	-	(428)
Liabilities for employee benefits (severance indemnity provision)	(915)	-	(915)
Deferred tax liabilities	(178)	-	(178)
Net assets acquired	4,752	-	4,752
Goodwill related to the acquisition			2,549
Total net assets acquired			**7,301**
Total amount paid in cash			7,301
Total acquisition cost (A)			**7,301**
Net financial indebtedness (cash) acquired (B)			(702)
Total amount paid in cash			7,301
Total change in net financial position			**6,599**
Capital employed (A) + (B)			**6,599**

4. Inventories and breakdown of changes in the Allowance for inventories

	30/06/2015	*31/12/2014*
	€/000	€/000
Inventories gross value	279,535	200,399
Allowance for inventories	(27,757)	(17,936)
Inventories	251,778	182,463

Changes in the allowance for inventories were as follows:

	H1 2015	*Year 2014*
	€/000	€/000
Opening balances	17,936	15,238
Exchange rate difference	657	558
Change to consolidation basis	8,476	627
Provisions for the year	1,296	2,513
Utilisations in the period due to surpluses	-	-
Utilisations in the year due to losses	(608)	(1,000)
Closing balance	27,757	17,936

5. Property, plant and equipment

Purchases and disposals

In H1 2015 Interpump Group acquired assets for €89,473k, of which €72,219k through the acquisition of equity investments (€61,432k in H1 2014, of which €39,688k through the acquisition of equity investments). Assets were divested in H1 2015 for a net book value of €2,046k (€1,844k in H1 2014). The divested assets generated a net capital gain of €1,361k (€671k in H1 2014).

Contractual commitments

At 30 June 2015 the Group had contractual commitments for the purchase of tangible assets in the amount of €2,991k (€4,281k at 30 June 2014).

6. Shareholders' equity

Share capital

The share capital is composed of 108,879,294 ordinary shares with a unit face value of 0.52 euro for a total amount of €56,617,232.88. In contrast, share capital recorded in the financial statements amounts to €55,832k, because the nominal value of purchased treasury shares, net of divested treasury stock, was deducted from the share capital in compliance with the reference accounting standards. At 30 June 2015 Interpump Group S.p.A. held 1,510,272 shares in the portfolio, corresponding to 1.39% of the capital stock, acquired at an average unit cost of 11.1915 euro.

Treasury stock purchased

The amount of treasury stock held by Interpump Group S.p.A. is recorded in an equity provision. In H1 2015 the Group acquired 1,640,395 treasury shares for the total amount of €21,533k (1,512,974 treasury shares purchased in H1 2014 for €15,241k).

Treasury stock sold
In the framework of the exercise of stock option plans, a total of 509,533 options were exercised, resulting in a collection of €3,077k (in H1 2014 a total of 767,060 options were exercised for a receipt of €3,827k). In addition, 4,901,685 treasury shares were divested in H1 2015 to pay part of the equity investment in Walvoil and Inoxihp and for the acquisition of the residual stake in Hydrocontrol (276,000 treasury shares divested in H1 2014 for the acquisition of equity investments).

Dividends
An ordinary dividend (coupon clipping date of 11 May) of €0.18 per share was distributed on 13 May 2015 (€0.17 in 2014).

7. Financial income and expenses

The breakdown for the first half is shown below:

	2015 €/000	2014 €/000
Financial income		
Interest income	307	340
Financial income due to lower payments compared to the estimate of the debt for the purchase of residual stakes in subsidiaries	31,959	-
Foreign exchange gains	7,126	1,838
Earnings from valuation of derivative financial instruments	159	107
Other financial income	9	-
Total financial income	39,560	2,285
Financial expenses		
Interest expenses	3,548	3,563
Interest expense on put options	252	1,124
Financial expenses to adjust debt estimate for commitment to purchase residual stakes in subsidiaries	86	24
Foreign exchange losses	3,998	1,391
Losses from valuation of derivative financial instruments	76	70
Total financial expenses	7,960	6,172
Total financial expenses (income), net	(31,600)	3,887

The breakdown for Q2 is as follows:

	2015 €/000	2014 €/000
Financial income		
Interest income	137	158
Financial income due to lower payments compared to the estimate of the debt for the purchase of residual stakes in subsidiaries	25,797	-
Foreign exchange gains	(361)	950
Earnings from valuation of derivative financial instruments	141	35
Total financial income	25,714	1,143

	2015 €/000	2014 €/000
Financial expenses		
Interest expenses	1,680	1,686
Interest expense on put options	(18)	462
Financial expenses for adjustment of estimated debt for commitment to purchase residual stakes in subsidiaries	66	(3)
Foreign exchange losses	1,419	525
Losses from valuation of derivative financial instruments	(165)	9
Total financial expenses	2,982	2,679
Total financial expenses (income), net	(22,732)	1,536

For the comment related to financial income due to lower payments with respect to the estimated debt for the commitment to acquire residual stakes in subsidiaries, and the exchange gains and losses, refer to the "Directors' remarks on performance in H1 2015" on page 13.

8. Earnings per share

Basic earnings per share
Earnings per share are calculated on the basis of consolidated profit for the year attributable to Parent Company shareholders, divided by the weighted average number of ordinary shares as follows:

H1	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	80,350	32,575
Average number of shares in circulation	106,711,146	106,179,141
Basic earnings per share for the half year (€)	0.753	0.307

Q2 (three months)	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	51,147	19,181
Average number of shares in circulation	107,095,692	106,156,180
Basic earnings per share for the quarter (€)	0.478	0.181

Diluted earnings per share
Diluted earnings per share are calculated on the basis of diluted consolidated profit for the year attributable to the parent company's shareholders, divided by the weighted average number of ordinary shares in circulation adjusted by the number of potentially dilutive ordinary shares. The calculation is as follows:

H1	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	80,350	32,575
Average number of shares in circulation	106,711,146	106,179,141
Number of potential shares for stock option plans (*)	2,372,321	2,030,810
Average number of shares (diluted)	109,083,467	108,209,951
Earnings per diluted share for the half (€)	0.737	0.301

Q2 (three months)	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	51,147	19,181
Average number of shares in circulation	107,095,692	106,156,180
Number of potential shares for stock option plans (*)	2,471,787	2,081,637
Average number of shares (diluted)	109,567,479	108,237,817
Earnings per diluted share for the quarter (€)	0.467	0.177

(*) calculated as the number of shares assigned for in-the-money stock option plans multiplied by the ratio between the difference between the average value of the share in the period and the exercise price at the numerator, and the average value of the share in the period at the denominator.

9. Transactions with related parties
The Group has relations with unconsolidated subsidiaries and other related parties at arm's length conditions considered to be normal in the respective reference markets, taking account of the characteristics of the goods and services rendered. Transactions between Interpump Group S.p.A. and its consolidated subsidiaries, which are related parties of the company, were eliminated in the interim consolidated financial statements and are not described in these notes.

The effects in the Group's consolidated income statements for H1 2015 and H1 2014 are given below:

	H1 2015					
(€/000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Net sales	467,009	704	-	893	1,597	0.3%
Cost of products sold	298,713	269	-	10,239	10,508	3.5%
Other revenues	6,539	2	-	-	2	0.0%
Distribution costs	43,007	19	-	710	729	1.7%
General and admin. expenses	54,039	-	-	516	516	1.0%
Financial income	39,560	4	-	-	4	0.0%
Financial expenses	7,960	-	-	2	2	0.0%

(€/000)	H1 2014					
	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Net sales	341,246	2,538	-	999	3,537	1.0%
Cost of products sold	215,336	183	-	8,344	8,527	4.0%
Other revenues	5,732	1	-	2	3	0.1%
Distribution costs	33,976	32	-	766	798	2.3%
General and admin. expenses	39,700	-	-	319	319	0.8%
Financial income	2,285	35	-	-	35	1.5%
Financial expenses	6,172	-	-	6	6	0.1%

The effects on the consolidated balance sheet at 30 June 2015 and 2014 are described below:

(€/000)	30 June 2015					
	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Trade receivables	203,911	1,240	-	644	1,884	0.9%
Other current assets	10,480	4	-	-	4	0.0%
Other financial assets	1,000	225	-	-	225	22.5%
Trade payables	114,469	36	-	3,153	3,189	2.8%
Interest-bearing financial payables (current portion)	91,430	-	-	176	176	0.2%

(€/000)	30 June 2014					
	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Trade receivables	153,004	4,175	-	385	4,560	3.0%
Other current assets	7,642	7	-	-	7	0.1%
Other financial assets	2,650	766	-	-	766	28.9%
Trade payables	87,273	104	-	2,730	2,834	3.2%
Interest-bearing financial payables (current portion)	65,825	-	-	490	49	0.7%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	30/06/2015	30/06/2014	2015	2014
Interpump Hydraulics Middle East*	-	2,969	-	1,824
Interpump Hydraulics (UK)	937	728	314	289
Interpump Hydraulics Perù	197	-	197	-
General Pump China Inc.	110	144	195	254
Hammelmann Bombas e Sistemas Ltda*	-	341	-	172
Total subsidiaries	*1,244*	*4,182*	*706*	*2,539*

* = fully consolidated at 30 June 2015

(€/000)	Payables		Costs	
	30/06/2015	30/06/2014	2015	2014
General Pump China Inc.	36	77	288	198
Hammelmann Bombas e Sistemas Ltda*	-	27	-	17
Total subsidiaries	*36*	*104*	*288*	*215*

(€/000)	Loans		Financial income	
	30/06/2015	30/06/2014	2015	2014
Interpump Hydraulics (UK)	225	200	4	3
Interpump Hydraulics Middle East*	-	105	-	1
Hammelmann Bombas e Sistemas Ltda*	-	30	-	-
Total subsidiaries	*225*	*335*	*4*	*4*

* = fully consolidated at 30 June 2015

Relations with associates

The Group does not hold investments in associated companies.

Transactions with other related parties

Transactions with other related parties regard the leasing of facilities owned by companies controlled by current shareholders and directors of Group companies for the amount of €2,724k (€2,539k in H1 2014), and consultancy services provided by entities connected with directors and statutory auditors of the Parent company for a total of €99k (€30k in H1 2014). Costs for rentals were recorded under the cost of sales in the amount of €2,022k (€1,940k in H1 2014), under distribution costs in the amount of €486k (€495k in H1 2014) and under general and administrative expenses in the amount of €216k (€104k in H1 2014). Consultancy costs were allocated to distribution costs in the amount of €30k (€30k allocated to distribution costs also in H1 2014) and to general and administrative expenses in the amount of €69k (no amount in H1 2014). Revenues from sales at 30 June 2015 included revenues from sales to companies by Group shareholders or directors in the amount of €893k (€999k at 30 June 2014). In addition, the cost of sales includes purchases from subsidiaries by minority shareholders or Group company directors in the amount of €8,113k (€6,352k in H1 2014). The increase is a result of the growth of sales generated by our Chinese subsidiaries.

Moreover, further to the signing of building rental contracts with other related parties, at 30 June 2015 the Group had commitments of €24,237k (€23,783k at 30 June 2014).

10. Disputes, Potential liabilities and Potential assets

The Parent company and several of its subsidiaries are directly involved in several lawsuits in respect of limited amounts. It is however considered that the settlement of said lawsuits will not generate any significant liabilities for the Group that cannot be covered by the risk provisions that have already been created. There were no substantial changes with respect to the situation of disputes or potential liabilities existing at 31 December 2014.

11. Fair value measurements

In relation to financial instruments recorded in fair value in the balance sheet, international accounting principles require that said values be classified on the basis of a hierarchy of levels that reflects the significance of the inputs used to establish the fair value and subdivided on the basis of the recurrence in their measurement. International accounting standards identify the following levels:

- Level 1 quotations recorded on an active market for assets and liabilities subject to measurement;
- Level 2 inputs other than the price quotations mentioned in the above point, which are directly (prices) or indirectly (price derivatives) observable in the market;
- Level 3 inputs that are not based on empirical market data.

The following table shows the financial instruments measured at fair value at 30 June 2015, shown according to the level.

(€/000)	Level 1	Level 2	Level 3	Total
Other financial assets available for sale	35	-	-	35
Total assets	**35**	**-**	**-**	**35**
Derivatives payable:				
- Plain vanilla forwards	-	6	-	6
- Interest rate swaps	-	12	-	12
- Interest rate collars	-	82	-	82
Total liabilities	**-**	**100**	**-**	**100**

No transfers between levels were carried out in H1 2015.

All fair value measurements shown in the above table are to be considered as recurrent; the Group did not perform any non-recurrent fair value measurements in H1 2015.

The fair value of derivative financial instruments is calculated considering market parameters at the date of this interim Board of Directors' report and using the measurement models widely disseminated in the financial sector. Specifically:

- the fair value of plain vanilla forwards is calculated considering the exchange rate and interest rates of the two currencies at 30 June 2015 (last available trading day);
- the fair value of the interest rate swaps is calculated utilizing the discounted cash flow model: the input data used by this model are interest rate curves at 30 June 2015 and the current interest rate fixings;

- the fair value of interest rate collars is calculated using an option pricing model (Black & Scholes): the input data used by this model are the interest rate curves, the current interest rate fixings and the implicit volatility surface calculated starting from caps and floors quoted at 30 June 2015.

In application of IFRS 13, the fair value measurement of the instruments is performed taking account of the counterparty risk and in particular calculating a credit value adjustment (CVA) in the case of derivatives with positive fair value, or a debit value adjustment (DVA) in the case of derivatives with negative fair value.

Attestation of the abbreviated half-year financial statements pursuant to art. 154 (2) of Italian Legislative Decree 58/98

1. The undersigned, Paolo Marinsek and Carlo Banci, respectively Chief Executive Officer and Manager responsible for drafting company accounting documents of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4, of legislative decree no.58 of 24 February 1998, hereby attest to:
- the adequacy in relation to the characteristics of the business, and
- the effective application

of the administrative and accounting procedures for the formation of the abbreviated semi-annual financial statements in H1 2015.

2. It is also confirmed that:

2.1 the abbreviated semi-annual consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the six-month period ending 30 June 2015, which show consolidated total assets of €1,295,027k, consolidated net profit of €80,629k and consolidated shareholder's equity of €587,266k:
- were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and, in particular, with *IAS 34 - Interim Financial Reporting*, and the provisions issued in implementation of art. 9 of Italian legislative decree no. 38/2005;
- correspond to the results of the company books and accounting entries;
- are capable of providing a truthful and fair representation of the equity, economic and financial situation of the issuer and the group of companies included in the scope of consolidation;

2.2 the interim board of directors' report on operations contains references to the key events that occurred in H1 and their influence on the abbreviated interim financial statements, together with a description of the main risks and uncertainties relating to the remaining months of the year and information on significant transactions conducted with related parties

Sant'Ilario d'Enza (RE), 6 August 2015

Deputy Chairman and Chief Executive Officer Paolo Marinsek	The Manager responsible for drafting the company's accounting documents Carlo Banci

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Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Interpump Group S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statements, the comprehensive income statements, the statement of changes in shareholders' equity, the cash flows statement and the related explanatory notes of Interpump Group S.p.A. and its subsidiaries (the "IPG Group") as of June 30, 2015. The Directors of Interpump Group S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of IPG Group as of June 30, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 6, 2015

Reconta Ernst & Young S.p.A.
Signed by: Marco Mignani, Partner

This report has been translated into the English language solely for the convenience of international readers

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