Q3 2015 Interim
Board of Directors' report

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

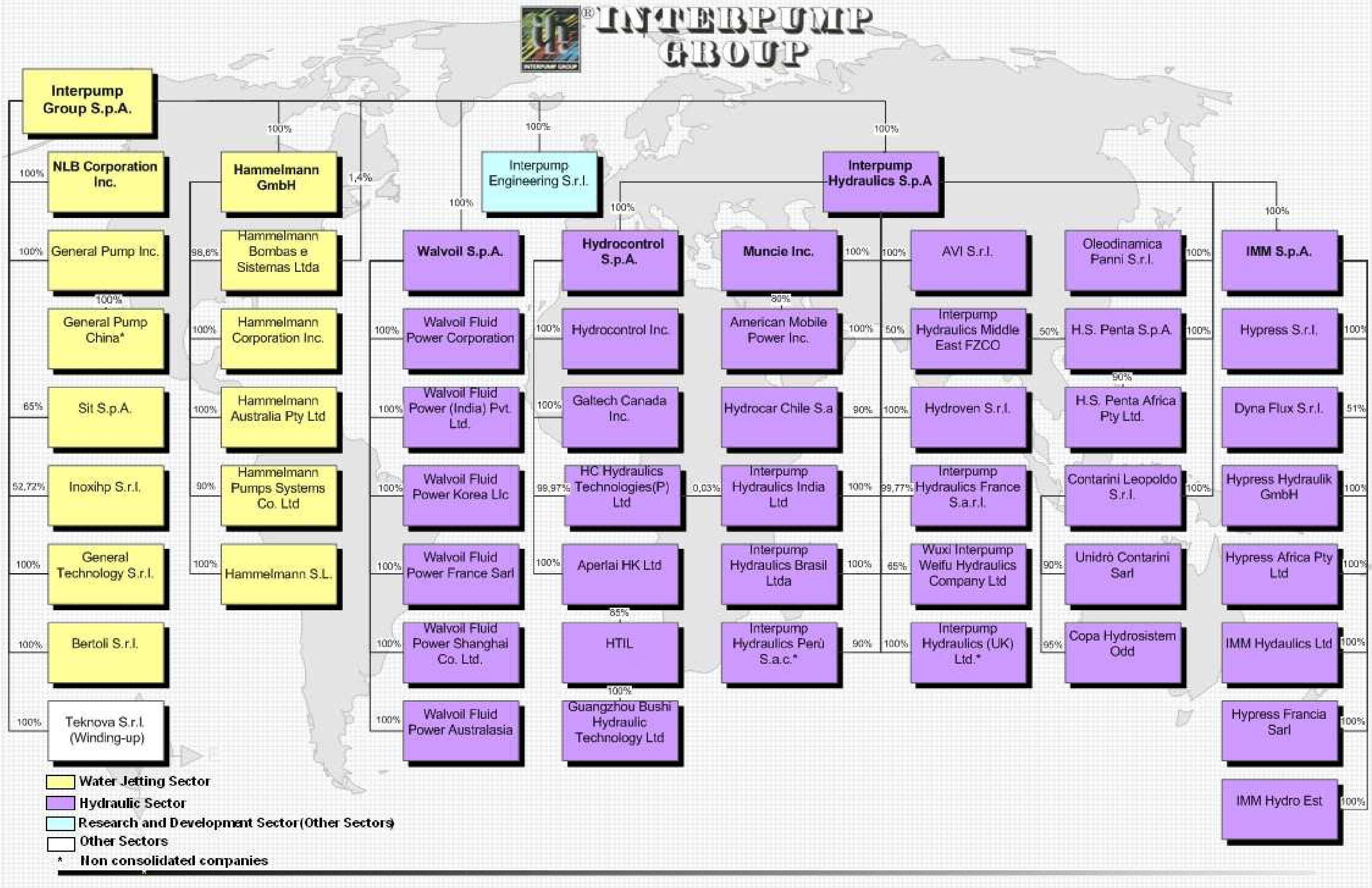
Alessandra Tronconi
Statutory auditor

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 30/09/2015



Interim board of directors' report

Directors' remarks on performance in 9M 2015

EVENTS OCCURRING IN 9M 2015

The first nine months of 2015 were accompanied by a steep rise in sales, EBITDA and net profit.

Sales were up by 33.7% compared to 9M 2014 (+9.3% like for like and +0.9% also net of exchange differences). The business sector analysis shows a 42.6% increase in sales in the Hydraulic Sector (+5.8% like for like and -1.1% also net of exchange differences) and a 20.7% growth of sales in the Water Jetting Sector (+14.5% like for like and +3.7% also net of exchange differences).

In geographical terms, growth in Europe including Italy was 33.8%, with 36.2% in North America, 37.2% in the Far East and Oceania and 23.4% in the Rest of the World. The geographical breakdown shows like for like growth of 4.5% in Europe (including Italy), 18.8% in North America, 2.8% in the Far East and Oceania and 7.8% in the Rest of the World.

EBITDA in the period reached €141.3m, equivalent to 20.7% of sales. In 9M 2014 EBITDA was booked at €105.7m (20.7% of sales). The year on year growth of EBITDA thus amounts to 33.7%. EBITDA was up by 11.4% like for like, reaching €117.8m or 21.1% of sales, resulting in a 0.4 percentage point rise in the business margin.

Net profit for the period totalled €101.3m, more than double the figure of €50.1m booked for 9M 2014.

In 9M 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. further to the exercise of the related put options by the minority shareholder of IMM Hydraulics S.p.A. 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 consequently envisaged growth of EBITDA and higher cash generation. The fact that acquisition of the two minority stakes has been brought forward is allowing the acceleration of internal Group synergies and a high level of simplification, resulting in appreciable cost savings.

In this regard, your company's operations in India and South Africa are currently being subjected to a rationalisation process. In addition, 30 September saw the start of operations of a business based on the merger of four companies: Interpump Hydraulics do Brasil, Takarada Industria e Comercio, Walvoil Fluid do Brasil and Osper, with the latter company having been acquired on 28 August 2015. The merger sees the concentration of all the operating companies in a single facility resulting in significant levels of synergy in industrial, logistic and administrative terms, with overall rationalisation of all operations. In addition, Interpump Hydraulics Brasil (the company formed through the merger) is now the Brazilian leader in the power take-offs sector, benefiting also from having access to the Group's wide range of products in the Hydraulic Sector. The process of rationalisation of the Group's structure and exploitation of potential commercial synergies will proceed over the coming years also in the other countries in which we operate.

M9 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 nine-month period due to its modest size, and Bertoli S.r.l. (Water Jetting Sector), acquired on 22 May 2015 and consolidated for just five months, and finally Osper (Hydraulic Sector), which was acquired on 28 August 2015 and is consolidated for just one month.

For a commentary on the Walvoil, Inoxihp and Bertoli acquisitions we invite you to refer to the contents of the 2014 Annual Financial Report in the heading concerning events occurring after year end, and the Interim Report at 30 June 2015.

9M consolidated income statement

(€/000)	*2015*	*2014*
Net sales	**681,878**	**510,065**
Cost of products sold	(436,265)	(322,950)
Gross industrial margin	**245,613**	**187,115**
% on net sales	*36.0%*	*36.7%*
Other operating revenues	9,514	8,391
Distribution costs	(62,745)	(50,457)
General and administrative expenses	(79,314)	(58,909)
Other operating costs	(2,235)	(3,103)
EBIT	**110,833**	**83,037**
% on net sales	*16.3%*	*16.3%*
Financial income	40,779	6,055
Financial expenses	(12,431)	(9,996)
Adjustment of the value of investments carried at equity	(193)	(213)
Profit for the year before taxes	**138,988**	**78,883**
Income taxes	(37,645)	(28,793)
Consolidated net profit for the year	**101,343**	**50,090**
% on net sales	*14.9%*	*9.8%*
Due to:		
Parent company's shareholders	100,964	49,376
Subsidiaries' minority shareholders	379	714
Consolidated profit for the year	**101,343**	**50,090**
EBITDA	**141,313**	**105,685**
% on net sales	*20.7%*	*20.7%*
Shareholders' equity	595,714	462,007
Net debt	283,073	150,667
Payables for the acquisition of investments	25,007	65,430
Capital employed	903,794	678,104
Unannualized ROCE	**12.3%**	**12.2%**
Unannualized ROE	**17.0%**	**10.8%**
Basic earnings per share	**0.944**	**0.467**

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.

NET SALES

Net sales for 9M 2015 totalled €681.9m, up by 33.7% with respect to sales the equivalent period in 2014, when net sales totalled €510.1m (+9.3% like for like and +0.9% also net 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
9M 2015						
Hydraulic Sector	79,644	149,329	116,770	30,585	53,692	430,020
Water Jetting Sector	23,664	68,899	107,937	32,299	19,059	251,858
Total	103,308	218,228	224,707	62,884	72,751	681,878
9M 2014						
Hydraulic Sector	54,828	112,956	72,985	16,442	44,245	301,456
Water Jetting Sector	13,943	58,533	92,026	29,402	14,705	208,609
Total	68,771	171,489	165,011	45,844	58,950	510,065
2015/2014 percentage changes						
Hydraulic Sector	+45.3%	+32.2%	+60.0%	+86.0%	+21.4%	+42.6%
Water Jetting Sector	+69.7%	+17.7%	+17.3%	+9.9%	+29.6%	+20.7%
Total	+50.2%	+27.3%	+36.2%	+37.2%	+23.4%	+33.7%
2015/2014 like for like changes (%)						
Hydraulic Sector	+8.7%	-4.3%	+22.5%	-2.2%	+3.3%	+5.8%
Water Jetting Sector	+25.8%	+12.4%	+15.9%	+5.5%	+21.4%	+14.5%
Total	+12.2%	+1.4%	+18.8%	+2.8%	+7.8%	+9.3%

The like for like breakdown net also of exchange differences shows a decline of 1.1% in the Hydraulic Sector and growth of 3.7% in the Water Jetting Sector.

PROFITABILITY

The cost of sales accounted for 64.0% of turnover (63.3% in the first nine months of 2014). Production costs, which totalled €176.4m (€125.6m in M9 2014, which however did not include costs of the Walvoil Group, Inoxihp, Bertoli and Osper), accounted for 25.9% 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 €259.8m (€197.3m in the equivalent period of 2014, which did not include the costs of the Walvoil Group, Inoxihp, Bertoli and Osper). The percent incidence of purchase costs including changes in inventories was 38.1% versus the 38.7% of 9M 2014, showing an improvement of 0.6 percentage points.

On a like for like basis the percentage incidences of production costs and purchase costs in 2015 were 24.3% (down by 0.3 percentage points) and 38.5% (down by 0.2 percentage points) respectively. The percentage increase in the incidence of the cost of sales from the 63.3% in 9M 2014 to 64.0% in 9M 2015 is primarily due to a product mix effect related to the newly consolidated companies.

Like for like distribution costs were 8.5% higher than in 9M 2014 (-0.5% net of exchange differences), while the incidence on sales fell by 0.1 percentage points compared to 9M 2014.

With the inclusion of Walvoil, Inoxihp, Bertoli and Osper the incidence fell by 0.7 percentage points.

Like for like general and administrative expenses were 12.6% higher than in 9M 2014 (+5.8% net of exchange differences), while the incidence on sales rose by 0.4 percentage points compared to 9M 2014. Further to the inclusion of Walvoil, Inoxihp, Bertoli and Osper, the incidence is in line with 9M 2014.

Total payroll costs were €164.5m (€117.7m in 9M 2014, which however did not include the Walvoil Group, Inoxihp, Bertoli and Osper). Like for like payroll costs rose by 10.0% (+3.7% net of exchange differences) due to a 7.6% per capita cost increase (+1.4% net of exchange differences) and a rise of 78 in the average headcount. The total average headcount of Group employees in 9M 2015 was 4,825 (3,643 like for like) compared to the figure of 3,565 in the equivalent period of 2014. The like for like increase in the average headcount in M9 2015 breaks down as follows: +9 in Europe, +52 in the US and +17 in the Rest of the World (Brazil, China, India, Chile, Australia, South Korea, South Africa and the UAE).

EBITDA totalled €141.3m (20.7% of sales) compared to the €105.7m of 9M 2014 (same 20.7% incidence on sales), reflecting growth of 33.7%. Like for like EBITDA was up by 11.4% to €117.8m or 21.1% of sales, boosting the business margin by 0.4 percentage points. The following table shows a breakdown of EBITDA by business sector:

	9M 2015 €/000	*% on total sales**	*9M 2014 €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	77,415	18.0%	55,165	18.3%	+40.3%
Water Jetting Sector	63,811	25.2%	50,528	24.1%	+26.3%
Other Revenues Sector	87	n.s.	(8)	n.s.	n.s.
Total	***141,313***	***20.7%***	***105,685***	***20.7%***	***+33.7%***

* = Total sales include also include sales to other group companies, while the sales analysed previously are exclusively those external to the group (see Note 2 to the Consolidated Financial Statements at 30 September 2015). 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 4.9% (18.1% of net sales). Like for like Water Jetting Sector EBITDA was up by 18.4% (24.9% of net sales).

EBIT stood at €110.8m (16.3% of sales) compared to the €83.0m of 9M 2014 (16.3% of sales), reflecting an increase of 33.5%. EBIT was up by 11.4% like for like, reaching €92.5m or 16.6% of sales, resulting in a 0.3 percentage point rise in the business margin.

Finance operations returned net proceeds of €28.3m (€3.9m of net financial expenses in 9M 2014). 9M 2015 saw the generation of proceeds due to the lower payments made with respect to debts for commitments to acquire residual stakes in subsidiaries in the amount of €32.0m, as described at the beginning of this report.

The tax rate for the period was 27.1% (36.5% in 9M 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 this non-recurring event the 9M 2015 tax rate would have been 35.2%. 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 €1.7m.

Net profit stood at €101.3m, more than double the figure of €50.1m recorded in M9 2014. Also basic earnings per share followed the same trend, rising from 0.467 euro in 9M 2014 to 0.944 euro in 9M 2015.

Capital employed increased from €692.6m at 31 December 2014 to €903.8m at 30 September 2015. The rise in capital employed is mainly due to the consolidation of Walvoil, Inoxihp, Bertoli and Osper, which produced a €187.6m increase, and the effect of revaluation of foreign currencies with respect to the euro, which led to an increase of €11.5m. Unannualized ROCE was 12.3% (12.2% in the first nine months of 2014). Unannualized ROE was 17.0% (10.8% in 9M 2014).

CASH FLOW

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

	9M 2015 *€/000*	*9M 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	106,432	80,618
Cash flow generated (absorbed) by the management of commercial working capital	(30,067)	(32,189)
Cash flow generated (absorbed) by other current assets and liabilities	2,683	61
Capital expenditure in tangible fixed assets	(20,875)	(27,196)
Proceeds from sales of tangible fixed assets	1,108	1,002
Increase in other intangible fixed assets	(1,771)	(2,090)
Received financial income	453	468
Other	(81)	(351)
Free cash flow	***57,882***	***20,323***

	9M 2015 *€/000*	*9M 2014* *€/000*
Free cash flow	***57,882***	***20,323***
Acquisition of investments, including received debt and net of treasury stock assigned	(144,935)	(41,530)
Receipts for the sale of investments and lines of business	746	765
Dividends paid	(20,361)	(18,166)
Outlays for the purchase of treasury stock	(28,028)	(28,462)
Proceeds from the sale of treasury stock to beneficiaries of stock options	3,171	4,049
Change in other financial assets	(35)	-
Loan repayments from (disbursals to) non-consolidated subsidiaries	-	60
Cash flow generated (used)	***(131,560)***	***(62,961)***
Exchange rate differences	21	1,136
Net financial position at year end	**(283,073)**	**(150,667)**

(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 September 2015). Conversely, in 2014 the subjects were HS Penta Africa PtY Ltd and Galtech Canada Inc.

Net liquidity generated by operations totalled €106.4m (€80.6m in 9M 2014), reflecting an increase of 32.0%. 9M 2015 saw a very substantial rise in *free cash flow* which, at €57.9m, was almost three times the figure recorded in 9M 2014 (€20.3m).

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

	30/09/2015	31/12/2014	30/09/2014	01/01/2014
	€/000	€/000	€/000	€/000
Cash and cash equivalents	96,054	87,159	90,372	105,312
Bank payables (advances and STC amounts)	(21,072)	(27,770)	(29,125)	(20,932)
Interest-bearing financial payables (current portion)	(98,704)	(64,298)	(63,064)	(61,371)
Interest-bearing financial payables (non-current portion)	(259,351)	(147,060)	(148,850)	(111,693)
Total	**(283,073)**	**(151,969)**	**(150,667)**	**(88,684)**

The Group also has contractual commitments for the acquisition of residual interests in subsidiaries totalling €25.0m (€74.1m at 31 December 2014 and €65.4m at 30 September 2014). €4.9m of the foregoing amounts concerns the acquisition of equity investments (€7.4m at 31 December 2014) and €20.1m 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 on the one hand to the exercise of Hydrocontrol and IMM Hydraulics options and, on the other hand, to the new put options related to the acquisition of Inoxihp.

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totalled €98.2m, of which €73.5m through the acquisition of investments (€70.9m in 9M 2014, of which €39.8m through the acquisition of investments). It should be noted that the companies belonging to the Very-High Pressure Systems business segment record machinery manufactured and hired out to customers under tangible fixed assets (€6.2m at 30 September 2015 and €5.1m at 30 September 2014). Net of these latter amounts, capital expenditure in the strictest sense stood at €18.5m in 9M 2015 (€26.0m in 9M 2014) and mainly refers to the normal renewal and modernisation of plant, machinery and equipment, with the exception of €1.9m, related in 2015 to the construction of new plants in Bulgaria, Romania and India and to the expansion of a building owned by the Group Parent (€9.0m in 2014 related to the Hammelmann building). 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 €13.5m, of which €11.7m through the acquisition of investments (€5.2m in 9M 2014, of which €2.8m through the acquisition of investments) and refer mainly to the allocation of the price of acquisitions to trademarks (€11.1m in 2015) plus expenditure for 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 relations with related parties is given in Note 9 of the Consolidated Financial statements as at 30 September 2015.

CHANGES IN GROUP STRUCTURE IN 9M 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 the minority shareholders of Hydrocontrol S.p.A. 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 our 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 Hydraulics S.p.A. further to the early exercise of the related put options by the minority shareholder of IMM Hydraulics S.p.A. The put options exercise led to a €22.6m outlay for the Group;
- on 6 July the merger of Interpump Hydraulics International S.p.A. in Interpump Hydraulics S.p.A. entered into effect;
- an agreement with the previous shareholder of Walvoil was signed on 20 July 2015 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;
- on 30 July 2015 Hydrocontrol S.p.A. acquired the remaining stakes in Hydrocontrol Inc. for €109k;
- 28 August saw the acquisition of the entire capital stock of the Brazilian company Osper. The agreed price for the transaction was BRL 21.7m (approximately €5.4m). The price paid at the closing date was BRL 10.5m (around €2.6m). The remaining BRL 11.2m (about €2.8m) will be paid as follows: BRL 1.2m in 60 monthly instalments of BRL 20k, while BRL 10m constitute the guarantee as an indemnity against potential liabilities that may arise in the acquired company and will be paid, net of any indemnity amounts, within 15 August 2021. Osper's 2014 sales totalled BRL 16.2m, with EBITDA of BRL €2.6m, equivalent to 16.2% of sales;
- on 29 September a resolution was passed to merge HS Penta S.p.A. in Interpump Hydraulics S.p.A., in the drive for integration among Group companies and in order to exploit the commercial synergies identified between the two companies;
- on 30 September the merger between Interpump Hydraulics do Brasil, Takarada Industria e Comercio, Walvoil Fluid do Brasil and Osper became operational in Brazil.

EVENTS OCCURRING AFTER THE CLOSE OF 9M 2015

On 1 November the merger of 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.

On today's date (10 November) a resolution was passed to merge Bertoli S.r.l. in Interpump Group S.p.A. The merger will allow Bertoli's production operations to be brought into the production facilities of Interpump Group S.p.A. thereby optimising production costs and, above all, exploiting synergy in the design of new pump models.

No atypical or unusual transactions occurred after 30 September 2015 such as to call for a change to the consolidated financial statements at 30 September 2015, or require mention in this report.

Directors' remarks on performance
Board of Directors' report

Q3 consolidated income statement

(€/000)	*2015*	*2014*
Net sales	**214,869**	**168,819**
Cost of products sold	(137,552)	(107,614)
Gross industrial margin	**77,317**	**61,205**
% on net sales	*36.0%*	*36.3%*
Other operating revenues	2,975	2,659
Distribution costs	(19,738)	(16,481)
General and administrative expenses	(25,275)	(19,209)
Other operating costs	(670)	(1,348)
EBIT	**34,609**	**26,826**
% on net sales	*16.1%*	*15.9%*
Financial income	1,219	3,770
Financial expenses	(4,471)	(3,824)
Adjustment of the value of investments carried at equity	(46)	(163)
Profit for the year before taxes	**31,311**	**26,609**
Income taxes	(10,597)	(9,607)
Consolidated profit for the year	**20,714**	**17,002**
% on net sales	*9.6%*	*10.1%*
Due to:		
Parent company's shareholders	20,614	16,801
Subsidiaries' minority shareholders	100	201
Consolidated profit for the year	**20,714**	**17,002**
EBITDA	**44,762**	**34,670**
% on net sales	*20.8%*	*20.5%*
Shareholders' equity	595,714	462,007
Net debt	283,073	150,667
Payables for the acquisition of investments	25,007	65,430
Capital employed	903,794	678,104
Unannualized ROCE	**3.8%**	**4.0%**
Unannualized ROE	**3.5%**	**3.7%**
Basic earnings per share	**0.192**	**0.160**

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 Q3 2015 includes the Walvoil Group, Inoxihp, and Bertoli and a single month for Osper, none of which present in Q3 2014. The notes to this interim board of directors' report provide like for like information.

NET SALES

It should be noted that Q3 2014 was the quarter with the highest growth in sales of the entire past year, both for the Water Jetting Sector (+14.8% compared to the equivalent quarter in 2013, considered like for like and net of exchange differences), and also for the Hydraulic Sector (+11.0% versus Q3 2013 considered like for like and net of exchange differences). It follows that the comparison in 2015 is heavily influenced by this factor.

Net sales in Q3 2015 totalled €214.9m, up by 27.3% with respect to the equivalent period in 2014, (€168.8m). On a like for like basis growth was 4.0% (-3.1% net of exchange differences).

Net sales in Q3 are shown in the following breakdown by business sector and geographical area:

(€/000)	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
Q3 2015						
Hydraulic Sector	23,262	44,629	38,400	9,229	16,650	132,170
Water Jetting Sector	7,035	23,811	33,789	10,831	7,233	82,699
Total	30,297	68,440	72,189	20,060	23,883	214,869
Q3 2014						
Hydraulic Sector	16,187	35,388	25,948	4,875	13,682	96,080
Water Jetting Sector	4,421	17,344	31,903	13,744	5,327	72,739
Total	20,608	52,732	57,851	18,619	19,009	168,819
2015/2014 percentage changes						
Hydraulic Sector	+43.7%	+26.1%	+48.0%	+89.3%	+21.7%	+37.6%
Water Jetting Sector	+59.1%	+37.3%	+5.9%	-21.2%	+35.8%	+13.7%
Total	+47.0%	+29.8%	+24.8%	+7.7%	+25.6%	+27.3%
2015/2014 like for like changes (%)						
Hydraulic Sector	+8.9%	-8.4%	+12.1%	+0.2%	+2.0%	+2.0%
Water Jetting Sector	+17.2%	+28.1%	+4.0%	-24.2%	+24.6%	+6.7%
Total	+10.7%	+3.6%	+7.6%	-17.8%	+8.4%	+4.0%

The like for like analysis net of exchange differences shows a decline of 3.7% in the Hydraulic Sector and of 2.4% in the Water Jetting Sector.

PROFITABILITY

The cost of sales accounted for 64.0% of turnover (63.7% in Q3 2014). Production costs totalling €55.2m (€41.7m in Q3 2014, which however did not include costs of the Walvoil Group, Inoxihp, Bertoli and Osper) accounted for 25.7% of sales (24.7% in the equivalent period of 2014). Like for like production costs rose by 1.1%, with a 0.7 percentage point fall in the incidence on sales. The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €82.3m (€65.9m in the equivalent period of 2014, which however did not include the costs of the Walvoil Group, Inoxihp, Bertoli and Osper). The percent incidence of purchase costs, including the change in inventories, was 38.3% compared to the 39.0% in Q3 2014, reflecting a 0.7 percentage point improvement (the like for like percent incidence of purchase costs is 38.7%).

Distribution costs were 3.8% higher like for like (-3.7% net also of exchange differences) with respect to the third quarter of 2014, with an incidence on sales that fell by 0.1 percentage points.

General and administrative expenses, again like for like, increased by 9.8% (+3.9% net also of exchange differences) with respect to Q3 2014, while the incidence on sales was 0.6% higher.

EBITDA totalled €44.8m (20.8% of sales) compared to the €34.7m of Q3 2014, which accounted for 20.5%/sales, with an increase of 29.1%. EBITDA was up by 8.2% like for like, reaching €37.5m or 21.4% of sales, resulting in a 0.9 percentage point rise in the business margin. The following table shows EBITDA for each business sector:

	Q3 2015 €/000	*% on total sales**	*Q3 2014 €/000*	*% on total sales**	*Growth/ Contraction*
Hydraulic Sector	23,586	17.8%	17,892	18.6%	+31.8%
Water Jetting Sector	21,158	25.5%	16,757	22.9%	+26.3%
Other Revenues Sector	18	n.s.	21	n.s.	n.s.
Total	***44,762***	***20.8%***	***34,670***	***20.5%***	***+29.1%***

* = Total sales include also include sales to other group companies, while the sales analysed previously are exclusively those external to the group (see Note 2 to the Consolidated Financial Statements at 30 September 2015). 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 totalled €17.7m (18.1% of net sales). Like for like EBITDA for the Water Jetting Sector was €19.8mn (25.3% of sales), reflecting an increase of 18.0%.

EBIT stood at €34.6m (16.1% of sales) compared to the €26.8m of Q3 2014 (15.9% of sales), reflecting an increase of 29.0%. Like for like EBIT was up by 8.7%, reaching €29.2m or 16.6%/sales, increasing the business margin by 0.7 percentage points.

Financing operations returned net financial charges €3.3m (€0.1m in Q3 2014). The rise in financial expenses in Q3 2015 compared to the equivalent period of 2014 is primarily due to currency exchange losses or a lower level of gains.

Q3 closed with consolidated net profit of €20.7m (€17.0m in Q3 2014), reflecting a rise of 21.8%.

Basic earnings per share were 0.192 euro (0.160 euro in Q3 2014).

Sant'Ilario d'Enza (RE), 10 November 2015

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

The manager responsible for preparing company accounting documents, Carlo Banci, declares, pursuant to the terms of section 2 article 154-(2) of the Italian Consolidated Finance Act, that the accounting disclosures in this document correspond to the documentary evidence, the company books and the accounting entries.

Sant'Ilario d'Enza (RE), 10 November 2015

Carlo Banci
Manager responsible for preparing
company accounting documents

Financial statements and notes

Consolidated balance sheet

(€/000)	*Notes*	*30/09/2015*	*31/12/2014*
ASSETS			
Current assets			
Cash and cash equivalents		96,054	87,159
Trade receivables		182,188	135,634
Inventories	4	250,072	182,463
Tax receivables		15,424	10,477
Derivative financial instruments		5	-
Other current assets		9,476	6,855
Total current assets		**553,219**	**422,588**
Non-current assets			
Property, plant and equipment	5	282,495	209,073
Goodwill	1	347,726	279,373
Other intangible assets		33,252	24,649
Other financial assets		1,070	994
Tax receivables		2,002	2,456
Deferred tax assets		27,361	22,035
Other non-current assets		1,180	1,380
Total non-current assets		**695,086**	**539,960**
Assets held for sale		-	615
Total assets		***1,248,305***	***963,163***

(€/000)	*Notes*	*30/09/2015*	*31/12/2014*
LIABILITIES			
Current liabilities			
Trade payables		94,118	80,273
Payables to banks		21,072	27,770
Interest-bearing financial payables (current portion)		98,704	64,298
Derivative financial instruments		76	169
Tax payables		18,019	11,665
Other current liabilities		60,067	38,123
Provisions for risks and charges		4,398	4,162
Total current liabilities		**296,454**	**226,460**
Non-current liabilities			
Interest-bearing financial payables		259,351	147,060
Liabilities for employee benefits		20,355	14,940
Deferred tax liabilities		50,029	33,436
Other non-current liabilities		24,061	72,605
Provisions for risks and charges		2,341	1,949
Total non-current liabilities		**356,137**	**269,990**
Liabilities held for sale		-	163
Total liabilities		**652,591**	**496,613**
SHAREHOLDERS' EQUITY	6		
Share capital		55,573	53,871
Legal reserve		11,323	11,323
Share premium reserve		163,147	101,237
Reserve for valuation of hedging derivatives at fair value		4	(19)
Reserve for restatement of defined benefit plans		(5,273)	(5,273)
Translation provision		15,170	3,809
Other reserves		350,402	295,747
Group shareholders' equity		**590,346**	**460,695**
Minority interests		5,368	5,855
Total shareholders' equity		**595,760**	**466,550**
Total shareholders' equity and liabilities		***1,248,305***	***963,163***

9M consolidated income statement

(€/000)	*Notes*	*2015*	*2014*
Net sales		**681,878**	**510,065**
Cost of products sold		(436,265)	(322,950)
Gross industrial margin		**245,613**	**187,115**
Other net revenues		9,514	8,391
Distribution costs		(62,745)	(50,457)
General and administrative expenses		(79,314)	(58,909)
Other operating costs		(2,235)	(3,103)
Ordinary profit before financial expenses		**110,833**	**83,037**
Financial income	7	40,779	6,055
Financial expenses	7	(12,431)	(9,996)
Adjustment of the value of investments carried at equity		(193)	(213)
Profit for the year before taxes		**138,988**	**78,883**
Income taxes		(37,645)	(28,793)
Consolidated profit for the year		**101,343**	**50,090**
Due to:			
Parent company's shareholders		100,964	49,376
Subsidiaries' minority shareholders		379	714
Consolidated profit for the year		**101,343**	**50,090**
Basic earnings per share	8	0.944	0.467
Diluted earnings per share	8	0.924	0.458

9M comprehensive consolidated income statement

(€/000)	*2015*	*2014*
Consolidated profit for the first nine months of (A)	**101,343**	**50,090**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the year		
Accounting of interest rate hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the year	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the year	-	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 year	6	(9)
- 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	*33*	*(23)*
Profits (Losses) arising from the conversion to euro of foreign companies	*11,478*	*17,148*
Profits (losses) of companies carried at carried at equity	*(20)*	*44*
Related taxes	*(10)*	*(6)*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**11,481**	**17,213**
9M comprehensive consolidated profit (A) + (B)	**112,824**	**67,303**
Due to:		
Parent company's shareholders	112,348	66,269
Subsidiaries' minority shareholders	476	1,034
Comprehensive consolidated profit for the year	**112,824**	**67,303**

Q3 consolidated income statement

(€/000)		*2015*	*2014*
Net sales		**214,869**	**168,819**
Cost of products sold		(137,552)	(107,614)
Gross industrial margin		**77,317**	**61,205**
Other net revenues		2,975	2,659
Distribution costs		(19,738)	(16,481)
General and administrative expenses		(25,275)	(19,209)
Other operating costs		(670)	(1,348)
Ordinary profit before financial expenses		**34,609**	**26,826**
Financial income	7	1,219	3,770
Financial expenses	7	(4,471)	(3,824)
Adjustment of investments carried at equity		(46)	(163)
Profit for the year before taxes		**31,311**	**26,609**
Income taxes		(10,597)	(9,607)
Consolidated net profit for the year		**20,714**	**17,002**
Due to:			
Parent company's shareholders		20,614	16,801
Subsidiaries' minority shareholders		100	201
Consolidated profit for the year		**20,714**	**17,002**
Basic earnings per share	8	0.192	0.160
Diluted earnings per share	8	0.188	0.157

Q3 comprehensive consolidated income statement

(€/000)	*2015*	*2014*
Q3 consolidated profit (A)	**20,714**	**17,002**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the year		
Accounting of interest rate hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the year	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the year	-	-
Total	-	-
Accounting of exchange risk derivative hedges recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the year	6	(9)
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for recognition of fair value to reserves in the year	-	-
Total	*6*	*(9)*
Profits (Losses) arising from the conversion to euro of foreign companies	*(6,105)*	*14,790*
Profits (losses) of companies carried at carried at equity	*1*	*26*
Related taxes	*(2)*	*3*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**(6,100)**	**14,810**
Q3 comprehensive consolidated profit (A) + (B)	**14,614**	**31,812**
Due to:		
Parent company's shareholders	14,468	31,210
Subsidiaries' minority shareholders	(74)	602
Comprehensive consolidated profit for the year	**14,614**	**31,812**

9M consolidated cash flow statement

(€/000)	*2015*	*2014*
Cash flow from operating activities		
Pre-tax profit	138,988	78,883
Adjustments for non-cash items:		
Capital losses (Capital gains) from the sale of fixed assets	(2,104)	(1,304)
Capital losses (Capital gains) from the sale of business divisions and equity investments	-	(449)
Amortization and depreciation, impairment and reinstatement of value	29,703	21,595
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	1,024	1,024
Loss (Profit) from investments	193	213
Net change in risk funds and allocations for employee benefits	(536)	129
Outlays for tangible fixed assets destined for hire	(6,211)	(5,112)
Proceeds from the sale of fixed assets granted for hire	5,304	3,064
Financial expenses (Income), net	(28,348)	3,941
	138,013	101,984
(Increase) decrease in trade receivables and other current assets	(4,735)	(17,437)
(Increase) decrease in inventories	(10,736)	(14,661)
Increase (decrease) in trade payables and other current liabilities	(11,913)	(30)
Interest paid	(4,376)	(4,960)
Currency exchange gains realised	2,174	533
Taxes paid	(29,379)	(16,939)
Net cash from operating activities	**79,048**	**48,490**
Cash flows from investing activities		
Outlay for the acquisition of investments, net of received cash and including treasury stock assigned	(175,446)	(34,467)
Disposal of investments and lines of business including transferred cash	746	765
Capital expenditure in property, plant and equipment	(20,724)	(27,111)
Proceeds from sales of tangible fixed assets	1,108	1,002
Increase in intangible fixed assets	(1,771)	(2,090)
Received financial income	453	468
Other	373	92
Net liquidity used in investing activities	**(195,261)**	**(61,341)**
Cash flows of financing activity		
Disbursals (repayments) of loans	118,736	29,165
Dividends paid	(20,361)	(18,166)
Outlays for purchase of treasury stock	(28,028)	(28,462)
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	3,171	4,049
Loans repaid (granted) by/to non-consolidated subsidiaries	-	60
Disbursals (repayments) of loans from (to) shareholders	(255)	(252)
Change in other financial assets	(35)	-
Payment of financial leasing instalments (principal portion)	(2,638)	(3,799)
Net liquidity generated (used by) financing activities	**131,132**	**(11,960)**
Net increase (decrease) of cash and cash equivalents	**14,919**	**(24,811)**

(€/000)	*2015*	*2014*
Net increase (decrease) of cash and cash equivalents	**14,919**	**(24,811)**
Exchange differences from the translation of cash of companies in areas outside the EU	239	1,637
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 year	59,389	84,380
Cash and cash equivalents at the end of the year	**74,982**	**61,247**

Cash and cash equivalents can be broken down as follows:

	30/09/2015 €/000	31/12/2014 €/000
Cash and cash equivalents from the balance sheet	96,054	90,372
Payables to banks (current account overdrafts and advances subject to collection)	(21,072)	(29,125)
Cash and cash equivalents from the cash flow statement	74,982	61,247

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	-	-	1,024	-	-	-	-	1,024	-	1,024
Purchase of treasury stock	(1,473)	-	-	-	-	-	(26,989)	(28,462)	-	(28,462)
Sale of treasury stock to the beneficiaries of stock options	419	-	3,630	-	-	-	-	4,049	-	4,049
Sale of treasury stock to pay for equity investments	296	-	5,149	-	-	-	-	5,445	-	5,445
Dividends paid	-	-	-	-	-	-	(18,108)	(18,108)	(58)	(18,166)
Purchase of additional interest in Hydrocar Chile	-	-	-	-	-	-	(542)	(542)	(1,870)	(2,412)
Effect of Hydrocar Chile-Syscam combination	-	-	-	-	-	-	(82)	(82)	289	207
Acquisition of residual stakes in HC Hydraulics Technologies(P)	-	-	-	-	-	-	-	-	(1)	(1)
Copa-Golf merger effect	-	-	-	-	-	-	58	58	(58)	-
Acquisition of IMM	-	-	-	-	-	-	-	-	71	71
Total profit (loss) for 9M 2014	-	-	-	20	-	16,873	49,376	66,269	1,034	67,303
Balances at 30 September 2014	*54,245*	*11,323*	*134,842*	*(7)*	*(3,396)*	*(2,211)*	*261,541*	*456,337*	*5,670*	*462,007*
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	346	-	-	-	-	346	-	346
Purchase of treasury stock	(513)	-	(35,970)	-	-	-	26,646	(9,837)	-	(9,837)
Sale of treasury stock to the beneficiaries of stock options	63	-	514	-	-	-	-	577	-	577
Sale of treasury stock to pay for equity investments	76	-	1,505	-	-	-	-	1,581	-	1,581
Comprehensive profit (loss) for Q3 2014				(12)	(1,877)	6,020	7,560	11,691	185	11,876
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	-	-	1,024	-	-	-	-	1,024	-	1,024
Purchase of treasury stock	(1,125)	-	-	-	-	-	(26,903)	(28,028)	-	(28,028)
Sale of treasury stock to the beneficiaries of stock options	278	-	2,893	-	-	-	-	3,171	-	3,171
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)
Acquisition of residual stakes in Hydrocontrol Inc.	-	-	-	-	-	-	(71)	(71)	(38)	(109)
Dividends paid	-	-	-	-	-	-	(19,321)	(19,321)	(925)	(20,246)
Total profit (loss) for 9M 2015	-	-	-	23	-	11,361	100,964	112,348	476	112,824
Balances at 30 September 2015	*55,573*	*11,323*	*163,147*	*4*	*(5,273)*	*15,170*	*350,402*	*590,346*	*5,368*	*595,714*

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 lines 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 September 2015 were approved by the Board of Directors on this day (10 November 2015).

Basis of preparation

The consolidated financial statements at 30 September 2015 were drawn up in compliance with the principles of 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 September 2015 should be consulted together with the annual consolidated financial statements for the year ending 31 December 2014.

The accounting principles and criteria adopted in the interim report at 30 September 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 IFRS 15 –* On 11 September 2015 IASB released an amendment whereby the application of the standard is deferred by one year, i.e. to 1 January 2018. Early adoption is however 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 September 2015

1. Consolidation basis and goodwill

At 30 September 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 30/09/15*
Bertoli S.r.l.	S.Polo di Torrile (PR)	Wtr.J	50	100.00%
General Pump Inc.	Minneapolis (USA)	Wtr.J	1,854	100.00%
General Technology S.r.l.	Reggio Emilia	Wtr.J	100	100.00%
Hammelmann GmbH	Oelde (Germany)	Wtr.J	25	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	Wtr.J	472	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	Wtr.J	39	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	Wtr.J	500	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	Wtr.J	871	90.00%
Hammelmann Bombas e Sistemas Ltda (1)	San Paolo (Brazil)	Wtr.J	739	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	Wtr.J	119	52.72%
NLB Corporation Inc.	Detroit (USA)	Wtr.J	12	100.00%
SIT S.p.A.	S.Ilario d'Enza (RE)	Wtr.J	105	65.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	Hydr.	2,632	100.00%
HS Penta S.p.A (2)	Faenza (RA)	Hydr.	4,244	100.00%
HS Penta Africa Pty Ltd (10)	Johannesburg (South Africa)	Hydr.	-	90.00%
Interpump Hydraulics Middle East FZCO (2) and (10)	Dubai (UAE)	Hydr.	326	100.00%
Oleodinamica Panni S.r.l. (2)	Tezze sul Brenta (VI)	Hydr.	2,000	100.00%
Contarini Leopoldo S.r.l. (2)	Lugo (RA)	Hydr.	47	100.00%
Unidro S.a.r.l. (3)	Barby (France)	Hydr.	8	90.00%
Copa Hydrosystem Odd (3)	Troyan (Bulgaria)	Hydr.	3	95.00%
AVI S.r.l. (2)	Varedo (MB)	Hydr.	10	100.00%
Hydrocar Chile S.A. (2)	Santiago (Chile)	Hydr.	129	90.00%
Hydroven S.r.l. (2)	Tezze sul Brenta (VI)	Hydr.	200	100.00%
Interpump Hydraulics France S.a.r.l. (2)	Ennery (France)	Hydr.	76	99.77%
Interpump Hydraulics India Private Ltd (2)	Hosur (India)	Hydr.	682	100.00%
Interpump Hydraulics Brasil Ltda (2)	Caxia do Sul (Brazil)	Hydr.	18,648	100.00%
Muncie Power Prod. Inc. (2)	Muncie (USA)	Hydr.	784	100.00%
American Mobile Power Inc. (4)	Fairmount (USA)	Hydr.	3,410	80.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (2)	Wuxi (China)	Hydr.	2,095	65.00%
Hydrocontrol S.p.A. (2)	Osteria Grande (BO)	Hydr.	1,350	100.00%
Hydrocontrol Inc. (5)	Minneapolis (USA)	Hydr.	763	100.00%
HC Hydraulics Technologies(P) Ltd (5)	Bangalore (India)	Hydr.	4,120	100.00%
Aperlai HK Ltd (5)	Hong Kong	Hydr.	77	100.00%
HTIL (6)	Hong Kong	Hydr.	98	85.00%
Guangzhou Bushi Hydraulic Technology Ltd (7)	Guangzhou (China)	Hydr.	3,720	100.00%
Galtech Canada Inc. (5)	Terrebonne, Quebec (Canada)	Hydr.	76	100.00%
IMM Hydraulics S.p.A. (2)	Atessa (Switzerland)	Hydr.	520	100.00%
Hypress S.r.l. (8)	Atessa (Switzerland)	Hydr.	50	100.00%
IMM Hydraulics Ltd (8)	Halesowen (UK)	Hydr.	1	100.00%
Hypress Hydraulik GmbH (8)	Meinerzhagen (Germany)	Hydr.	52	100.00%
Hypress France S.a.r.l. (8)	Strasbourg (France)	Hydr.	3,616	100.00%
IMM Hydro Est (8)	Catcau Cluj Napoca (Romania)	Hydr.	3,155	100.00%
Hypress Africa Pty Ltd (8)	Boksburg (South Africa)	Hydr.	796	100.00%
Dyna Flux S.r.l. (8)	Bolzaneto (GE)	Hydr.	40	51.00%

Company	*Head office*	*Sector*	*Share capital €/000*	*% stake at 30/09/15*
Walvoil S.p.A.	Reggio Emilia	Hydr.	5,000	100.00%
Walvoil Fluid Power Corp. (10)	Tulsa (USA)	Hydr.	41	100.00%
Walvoil Fluid Power Shanghai Co. Ltd (10)	Shanghai (China)	Hydr.	1,872	100.00%
Walvoil Fluid Power Pvt Ltd (10)	Bangalore (India)	Hydr.	683	100.00%
Walvoil Fluid Power Korea (10)	Pyeongtaek (South Korea)	Hydr.	453	100.00%
Walvoil Fluid Power France S.a.r.l. (10)	Vritz (France)	Hydr.	10	100.00%
Walvoil Fluid Power Australasia (10)	Melbourne (Australia)	Hydr.	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 Contarini Leopoldo S.r.l.
(4) = controlled by Muncie Power Inc.
(5) = controlled by Hydrocontrol S.p.A.
(6) = controlled by Aperlai HK Ltd
(7) = controlled by HTIL
(8) = controlled by IMM Hydraulics S.p.A.
(9) = controlled by HS Penta S.p.A.
(10) = controlled by Walvoil S.p.A.
The other companies are controlled directly by Interpump Group S.p.A.

The Walvoil Group, Inoxihp, Bertoli and Osper (merged into Interpump Hydraulics Brasil together with Takarada and Walvoil Fluid Power do Brasil) were 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 of the consolidation in on 9M 2015 is negligible.

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 2015 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 9M 2015 were as follows:

Company:	Balance at 31/12/2014	Increases (Decreases) in the year	Changes due to foreign exchange differences	Balance at 30/09/2015
Water Jetting Sector	130,456	26,152	3,119	159,727
Hydraulic Sector	148,917	39,798	(716)	187,999
Total goodwill	*279,373*	*65,950*	*2,403*	*347,726*

The increases for 9M 2015 refer to:

- €37,565k for the Walvoil Group acquisition (Hydraulic Sector);
- €23,603k for the acquisition of Inoxihp (Water Jetting Sector), inclusive of the debt for the associated put options;
- €2,549k for the acquisition of Bertoli (Water Jetting Sector);
- €2,512k for acquisition of Osper (Hydraulic Sector).

The decreases are referred to recalculation of the debt for adjustment of the acquisition of minority stakes in Interpump Hydraulics International (Hydraulic Sector) in the amount of €279k.

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 lines 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 September (nine months)

	Hydraulic		Wtr.J		Other		Elimination entries		**Interpump Group**	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales external to the Group	430,020	301,456	251,858	208,609	-	-	-	-	681,878	510,065
Sales between sectors	155	163	1,174	863	1,176	659	(2,505)	(1,685)	-	-
Total net sales	**430,175**	**301,619**	**253,032**	**209,472**	**1,176**	**659**	**(2,505)**	**(1,685)**	**681,878**	**510,065**
Cost of products sold	(291,747)	(201,300)	(145,699)	(122,696)	(163)	(16)	1,344	1,062	(436,265)	(322,950)
Gross industrial margin	**138,428**	**100,319**	**107,333**	**86,776**	**1,013**	**643**	**(1,161)**	**(623)**	**245,613**	**187,115**
% on net sales	*32.2%*	*33.3%*	*42.4%*	*41.4%*	*n.s.*	*n.s.*			*36.0%*	*36.7%*
Other net revenues	7,047	6,127	2,651	2,444	17	37	(201)	(217)	9,514	8,391
Distribution costs	(35,930)	(28,517)	(26,819)	(21,943)	-	-	4	3	(62,745)	(50,457)
General and administrative expenses	(50,571)	(35,947)	(29,148)	(23,106)	(953)	(693)	1,358	837	(79,314)	(58,909)
Other operating costs	(2,019)	(1,395)	(216)	(1,708)	-	-	-	-	(2,235)	(3,103)
Ordinary profit before financial expenses	**56,955**	**40,587**	**53,801**	**42,463**	**77**	**(13)**	**-**	**-**	**110,833**	**83,037**
% on net sales	*13.2%*	*13.5%*	*21.3%*	*20.3%*	*n.s.*	*n.s.*			*16.3%*	*16.3%*
Financial income	39,155	3,697	3,152	3,778	-	1	(1,528)	(1,421)	40,779	6,055
Financial expenses	(9,161)	(7,453)	(4,794)	(3,960)	(4)	(4)	1,528	1,421	(12,431)	(9,996)
Dividends	-	-	14,000	8,500	-	-	(14,000)	(8,500)	-	-
Adjustment of investments carried at equity	(187)	(187)	(6)	(26)	-	-	-	-	(193)	(213)
Profit for the year before taxes	**86,762**	**36,644**	**66,153**	**50,755**	**73**	**(16)**	**(14,000)**	**(8,500)**	**138,988**	**78,883**
Income taxes	(19,878)	(14,556)	(17,355)	(14,145)	(412)	(92)	-	-	(37,645)	(28,793)
Consolidated profit for the year	**66,884**	**22,088**	**48,798**	**36,610**	**(339)**	**(108)**	**(14,000)**	**(8,500)**	**101,343**	**50,090**
Due to:										
Parent company's shareholders	66,598	21,462	48,705	36,522	(339)	(108)	(14,000)	(8,500)	100,964	49,376
Subsidiaries' minority shareholders	286	626	93	88	-	-	-	-	379	714
Consolidated profit for the year	**66,884**	**22,088**	**48,798**	**36,610**	**(339)**	**(108)**	**(14,000)**	**(8,500)**	**101,343**	**50,090**
Further information required by IFRS 8										
Amortization, depreciation and write-downs	19,917	13,924	9,776	7,666	10	5	-	-	29,703	21,595
Other non-monetary costs	2,008	1,896	2,096	2,175	-	-	-	-	4,104	4,071

Interpump Group business sector information
(Amounts shown in €/000)
Q3

	Hydr. 2015	Hydr. 2014	Wtr.J 2015	Wtr.J 2014	Other 2015	Other 2014	Elimination entries 2015	Elimination entries 2014	**Interpump Group** 2015	**Interpump Group** 2014
Net sales external to the Group	132,170	96,080	82,699	72,739	-	-	-	-	214,869	168,819
Sales between sectors	39	88	387	377	442	197	(868)	(662)	-	-
Total net sales	**132,209**	**96,168**	**83,086**	**73,116**	**442**	**197**	**(868)**	**(662)**	**214,869**	**168,819**
Cost of products sold	(89,859)	(63,858)	(48,020)	(44,252)	(101)	29	428	467	(137,552)	(107,614)
Gross industrial margin	**42,350**	**32,310**	**35,066**	**28,864**	**341**	**226**	**(440)**	**(195)**	**77,317**	**61,205**
% on net sales	*32.0%*	*33.6%*	*42.2%*	*39.5%*	*n.s.*	*n.s.*			*36.0%*	*36.3%*
Other net revenues	2,058	1,887	979	831	1	1	(63)	(60)	2,975	2,659
Distribution costs	(11,109)	(9,130)	(8,629)	(7,351)	-	-	-	-	(19,738)	(16,481)
General and administrative expenses	(15,978)	(11,705)	(9,472)	(7,552)	(328)	(207)	503	255	(25,275)	(19,209)
Other operating costs	(593)	(427)	(77)	(921)	-	-	-	-	(670)	(1,348)
Ordinary profit before financial expenses	**16,728**	**12,935**	**17,867**	**13,871**	**14**	**20**	**-**	**-**	**34,609**	**26,826**
% on net sales	*12.7%*	*13.5%*	*21.5%*	*19.0%*	*n.s.*	*n.s.*			*16.1%*	*15.9%*
Financial income	1,015	2,097	760	2,177	-	-	(556)	(504)	1,219	3,770
Financial expenses	(3,288)	(2,504)	(1,737)	(1,823)	(2)	(1)	556	504	(4,471)	(3,824)
Adjustment of investments carried at equity	(62)	(144)	16	(19)	-	-	-	-	(46)	(163)
Profit for the year before taxes	**14,393**	**12,384**	**16,906**	**14,206**	**12**	**19**	**-**	**-**	**31,311**	**26,609**
Income taxes	(5,170)	(5,071)	(5,391)	(4,505)	(36)	(31)	-	-	(10,597)	(9,607)
Consolidated profit for the year	**9,223**	**7,313**	**11,515**	**9,701**	**(24)**	**(12)**	**-**	**-**	**20,714**	**17,002**
Due to:										
Parent company's shareholders	9,153	7,157	11,485	9,656	(24)	(12)	-	-	20,614	16,801
Subsidiaries' minority shareholders	70	156	30	45	-	-	-	-	100	201
Consolidated profit for the year	**9,223**	**7,313**	**11,515**	**9,701**	**(24)**	**(12)**	**-**	**-**	**20,714**	**17,002**
Further information required by IFRS 8										
Amortization, depreciation and write-downs	6,768	4,743	3,315	2,875	4	1	-	-	10,087	7,619
Other non-monetary costs	386	670	670	186	-	-	-	-	1,056	856

Financial position
(Amounts shown in €/000)

	Hydr.		Wtr.J		Other		Elimination entries		**Interpump Group**	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Assets by sector	**739,925**	**522,500**	**560,060**	**452,719**	**1,892**	**1,739**	**(149,626)**	**(101,569)**	**1,152,251**	**875,389**
Assets held for sale	**-**	**615**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**615**
Subtotal of assets of the sector (A)	**739,925**	**523,115**	**560,060**	**452,719**	**1,892**	**1,739**	**(149,626)**	**(101,569)**	**1,152,251**	**876,004**
Cash and cash equivalents									96,054	87,159
Total assets									**1,248,305**	**963,163**
Liabilities of the sector	**313,170**	**214,213**	**82,713**	**68,778**	**2,200**	**1,825**	**(149,626)**	**(101,569)**	**248,457**	**183,247**
Liabilities held for sale	**-**	**163**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**163**
Subtotal of liabilities of the sector (B)	**313,170**	**214,376**	**82,713**	**68,778**	**2,200**	**1,825**	**(149,626)**	**(101,569)**	**248,457**	**183,410**
Debts for the payment of investments									25,007	74,075
Payables to banks									21,072	27,770
Interest-bearing financial payables									358,055	211,358
Total liabilities									**652,591**	**496,613**
Total assets, net (A-B)	**426,755**	**308,739**	**477,347**	**383,941**	**(308)**	**(86)**	**-**	**-**	**903,794**	**692,594**
<u>Further information required by IFRS 8</u>										
Investments carried at carried at equity	139	76	278	463	-	-	-	-	417	539
Non-current assets other than financial assets and deferred tax assets	416,479	300,060	250,021	215,950	155	175	-	-	666,655	516,185

The 9M and Q3 comparison of the Sector on a like for like basis is as follows:

Hydraulic Sector	**9M**		**Q3**	
(amounts shown in €/000)	2015	2014	2015	2014
Net sales external to the Group	318,843	301,456	97,973	96,080
Sales between sectors	155	163	39	88
Total net sales	**318,998**	**301,619**	**98,012**	**96,168**
Cost of products sold	(212,388)	(201,300)	(65,202)	(63,858)
Gross industrial margin	**106,610**	**100,319**	**32,810**	**32,310**
% on net sales	*33.4%*	*33.3%*	*33.5%*	*33.6%*
Other net revenues	6,065	6,127	1,714	1,887
Distribution costs	(29,360)	(28,517)	(9,126)	(9,130)
General and administrative expenses	(39,200)	(35,947)	(12,374)	(11,705)
Other operating costs	(1,847)	(1,395)	(515)	(427)
Ordinary profit before financial expenses	**42,268**	**40,587**	**12,509**	**12,935**
% on net sales	*13.3%*	*13.5%*	*12.8%*	*13.5%*
Financial income	36,411	3,697	609	2,097
Financial expenses	(5,864)	(7,453)	(1,768)	(2,504)
Adjustment of investments carried at equity	(187)	(187)	(62)	(144)
Profit for the year before taxes	**72,628**	**36,644**	**11,288**	**12,384**
Income taxes	(15,253)	(14,556)	(3,966)	(5,071)
Consolidated profit for the year	**57,375**	**22,088**	**7,322**	**7,313**
Due to:				
Parent company's shareholders	57,089	21,462	7,252	7,157
Subsidiaries' minority shareholders	286	626	70	156
Consolidated profit for the year	**57,375**	**22,088**	**7,322**	**7,313**

Water Jetting Sector	**9M**		**Q3**	
(amounts shown in €/000)	2015	2014	2015	2014
Net sales external to the Group	238,908	208,609	77,646	72,739
Sales between sectors	1,066	863	354	377
Total net sales	**239,974**	**209,472**	**78,000**	**73,116**
Cost of products sold	(139,133)	(122,696)	(45,263)	(44,252)
Gross industrial margin	**100,841**	**86,776**	**32,737**	**28,864**
% on net sales	*42.0%*	*41.4%*	*42.0%*	*39.5%*
Other net revenues	2,441	2,444	837	831
Distribution costs	(25,372)	(21,943)	(7,979)	(7,351)
General and administrative expenses	(27,539)	(23,106)	(8,889)	(7,552)
Other operating costs	(196)	(1,708)	(77)	(921)
Ordinary profit before financial expenses	**50,175**	**42,463**	**16,629**	**13,871**
% on net sales	*20.9%*	*20.3%*	*21.3%*	*19.0%*
Financial income	3,115	3,778	754	2,177
Financial expenses	(4,725)	(3,960)	(1,725)	(1,823)
Dividends	14,000	8,500	-	-
Adjustment of investments carried at equity	(6)	(26)	16	(19)
Profit for the year before taxes	**62,559**	**50,755**	**15,674**	**14,206**
Income taxes	(16,181)	(14,145)	(4,955)	(4,505)
Consolidated profit for the year	**46,378**	**36,610**	**10,719**	**9,701**
Due to:				
Parent company's shareholders	46,284	36,522	10,689	9,656
Subsidiaries' minority shareholders	94	88	30	45
Consolidated profit for the year	**46,378**	**36,610**	**10,719**	**9,701**

Cash flows by business sector for 9M are as follows:

€/000	Sector Hydr.		Sector Water		Sector Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Cash flows from:								
Operating activities	41,419	30,973	37,655	16,858	(26)	659	79,048	48,490
Investing activities	(46,701)	(44,163)	(148,564)	(17,203)	4	25	(195,261)	(61,341)
Financing activities	8,749	12,889	122,213	(24,349)	170	(500)	131,132	(11,960)
Total	3,467	(301)	11,304	(24,694)	148	184	14,919	(24,811)

Hydraulic Sector Investing activities in 9M 2015 include €33,972k related to the acquisition of equity interests (€33,931k in 9M 2014), while Water Jetting Sector investing activities include €141,474k related to the acquisition of Walvoil, Inoxihp, and Bertoli and of residual stakes in existing subsidiaries (€536k for the acquisition of equity investments in 9M 2014).

Financing activities for 9M 2015 include net disbursals of intercompany loans from the Water Jetting Sector to the Hydraulic Sector in the amount of €35,001k (€14,451k in 9M 2014) and from the Water Jetting Sector to the Other Revenues Sector in the amount of €170k (no amount recorded in 9M 2014). Moreover, cash flows of Water Jetting Sector financing activities in 2015 include outlays for the purchase of treasury shares in the amount of €28,028k (€28,462k in 2014), proceeds from the sale of treasury shares to the beneficiaries of stock options in the amount of €3,171k (€4,049k in 9M 2014), and €60,542k related to the value of treasury stock transferred for the acquisition of investments (€5,445k in 9M 2014), and the payment of dividends for €19,396k (€18,108k in 9M 2014).

3. Acquisition of investments

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The amounts are shown in euro/thousands (the exchange rate used for translation of the financial statements is BRL 4,0171 / 1 euro, corresponding to the exchange rate in force on the day of the acquisition).

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	22	-	22
Trade receivables	408	-	408
Inventories	364	-	364
Tax receivables	24	-	24
Other current assets	75	-	75
Property, plant and equipment	1,244	-	1,244
Other intangible assets	3	-	3
Other financial assets	15		15
Trade payables	(344)	-	(344)
Financial payables to banks – loans (current portion)	(34)	-	(34)
Tax payables	(21)	-	(21)
Other current liabilities	(215)	-	(215)
Net assets acquired	1,541	-	1,541
Goodwill related to the acquisition			2,512
Total net assets acquired			**4,053**
Total amount paid in cash			2,614
Total discounted amount due in medium/long-term			1,439
Total acquisition cost (A)			**4,053**
Net financial indebtedness (cash) (e) acquired (e) (B)			12
Total amount paid in cash			2,614
Debt discounted for extended payment of equity investments			1,439
Total change in net financial position			**4,065**
Capital employed (A) + (B)			**4,065**

For the tables showing the allocation of the acquisition price related to the acquisitions of Walvoil, Inoxihp and Bertoli, we invite you to refer to the Interim Financial Report at 30 June 2015.

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

	30/09/2015 €/000	*31/12/2014* €/000
Inventories gross value	277,951	200,399
Allowance for inventories	(27,879)	(17,936)
Inventories	250,072	182,463

Changes in the allowance for inventories were as follows:

	First nine months 2015 €/000	*Year 2014* €/000
Opening balances	17,936	15,238
Exchange rate difference	466	558
Change to consolidation basis	8,500	627
Provisions for the year	2,042	2,513
Utilisations in the period due to surpluses	-	-
Utilisations in the year due to losses	(1,065)	(1,000)
Closing balance	27,879	17,936

5. Property, plant and equipment

Purchases and disposals

In 9M 2015 Interpump Group acquired assets for €98,207k, of which €73,486k with the acquisition of equity investments (€70,678 in 9M 2014, of which €39,688k acquired through the acquisition of investments). During 9M 2015 assets were divested for a net book value of €3,795k (€2,762k in 9M 2014). A net capital gain was realised on the divested assets of €2,104k (€1,304k in 9M 2014).

Contractual commitments

At 30 September 2015 the Group had contractual commitments for the purchase of tangible assets in the amount of €2,670k (€3,310k at 30 September 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. Conversely, share capital recorded in the financial statements amounts to €55,573k 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 September 2015 Interpump S.p.A. held 2,007,606 shares in the portfolio, corresponding to 1.84% of the capital stock, acquired at an average unit cost of 11.5148 euro.

Treasury stock purchased

The amount of treasury stock held by Interpump Group S.p.A. is recorded in an equity provision. During the first nine months of 2015 the Group acquired 2,162,729 treasury shares for the total amount of €28,028k (2,833,541 treasury shares purchased in the 2014 nine-month period for €28,462k).

Treasury stock sold

In the framework of exercising the stock option plans a total of 534,533 options were exercised, resulting in a receipt for €3,171k (a total number of 805,560 options were exercised in 9M 2014, generating €4,049k). In addition, 4,901,685 treasury shares were divested in 9M 2015 to pay part of the equity investment in Walvoil and Inoxihp and to acquire the residual stake in Hydrocontrol (569,876 treasury shares divested in 9M 2014 for the acquisition of equity investments).

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

7. Financial income and expenses

A comparative breakdown of the 9M periods is shown below:

	2015 €/000	2014 €/000
Financial income		
Interest income	442	493
Financial income to adjust debt estimate for commitment to purchase residual stakes in subsidiaries	32,056	727
Foreign exchange gains	8,088	4,717
Earnings from valuation of derivative financial instruments	181	118
Other financial income	12	-
Total financial income	40,779	6,055
Financial expenses		
Interest expenses	4,710	5,348
Interest expense on put options	460	1,690
Financial expenses for adjustment of estimated debt for commitment to purchase residual stakes in subsidiaries	86	24
Tobin Tax	268	45
Foreign exchange losses	6,830	2,818
Losses from valuation of derivative financial instruments	77	71
Total financial expenses	12,431	9,996
Total financial expenses (income), net	(28,348)	3,941

The breakdown for Q3 is as follows:

	2015 €/000	2014 €/000
Financial income		
Interest income	135	153
Financial income to adjust debt estimate for commitment to purchase residual stakes in subsidiaries	97	727
Foreign exchange gains	962	2,879
Earnings from valuation of derivative financial instruments	22	11
Other financial income	3	-
Total financial income	1,219	3,770
Financial expenses		
Interest expenses	1,430	1,830
Interest expense on put options	208	566
Foreign exchange losses	2,832	1,427
Losses from valuation of derivative financial instruments	1	1
Total financial expenses	4,471	3,824
Total financial expenses (income), net	3,252	54

For the comment related to financial income to adjust the estimated debt for the commitment to acquire residual stakes in subsidiaries, refer to the "Directors' remarks on performance in 9M 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:

9M	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	100,964	49,376
Average number of shares in circulation	106,915,164	105,775,080
Basic earnings per share for the half year (€)	0.944	0.467
Q3		
Consolidated profit for the year attributable to Parent company shareholders (€/000)	20,614	16,801
Average number of shares in circulation	107,301,562	104,998,039
Basic earnings per share for the quarter (€)	0.192	0.160

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:

9M	2015	2014
Consolidated profit for the year attributable to Parent company shareholders (€/000)	100,964	49,376
Average number of shares in circulation	106,915,164	105,775,080
Number of potential shares for stock option plans (*)	2,352,442	2,028,587
Average number of shares (diluted)	109,267,606	107,803,667
Earnings per diluted share for the half (€)	0.924	0.458
Q3		
Consolidated profit for the year attributable to Parent company shareholders (€/000)	20,614	16,801
Average number of shares in circulation	107,301,562	104,998,039
Number of potential shares for stock option plans (*)	2,412,717	2,014,422
Average number of shares (diluted)	109,714,278	107,012,461
Earnings per diluted share for the quarter (€)	0.188	0.157

(*) 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 on the Group's consolidated income statements for the first nine months of 2015 and 2014 are illustrated below:

	First nine months 2015					
(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Net sales	681,878	1,263	-	1,317	2,580	0.4%
Cost of products sold	436,265	385	-	14,018	14,403	3.3%
Other revenues	9,514	3	-	-	3	0.0%
Distribution costs	62,745	29	-	1,018	1,047	1.7%
General and admin. expenses	79,314	-	-	670	670	0.8%
Financial income	40,779	5	-	-	5	0.0%
Financial expenses	12,431	-	-	2	2	0.0%

	9M 2014					
(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Net sales	510,065	3,774	-	1,345	5,119	1.0%
Cost of products sold	322,950	332	-	13,112	13,444	4.2%
Other revenues	8,391	2	-	2	4	0.0%
Distribution costs	50,457	145	-	1,044	1,189	2.4%
General and admin. expenses	58,909	-	-	644	644	1.1%
Financial income	6,055	7	-	-	7	0.1%
Financial expenses	9,996	-	-	7	7	0.1%

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

	30 September 2015					
(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
Trade receivables	182,188	1,486	-	448	1,934	1.1%
Other current assets	9,476	1	-	-	1	0.0%
Other financial assets	1,070	217	-	-	217	20.3%
Trade payables	94,118	46	-	1,981	2,027	2.2%
Interest-bearing financial payables (current portion)	98,704	-	-	161	161	0.2%

(€/000)	Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incidence on financial statements caption
	30 September 2014					
Trade receivables	146,225	3,924	-	376	4,300	2.9%
Other current assets	7,140	6	-	117	123	1.7%
Other financial assets	2,627	341	-	-	341	13.0%
Trade payables	77,723	155	-	2,995	3,150	4.1%
Interest-bearing financial payables (current portion)	63,064	-	-	406	406	0.6%
Other current liabilities	57,220	-	-	1,078	1,078	1.9%

Relations with non-consolidated subsidiaries
Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	30/09/2015	30/09/2014	2015	2014
Interpump Hydraulics Middle East*	-	2,637	-	2,667
Interpump Hydraulics (UK)	931	732	512	425
Interpump Hydraulics Perù	436	-	439	-
General Pump China Inc.	120	121	315	407
Hammelmann Bombas e Sistemas Ltda*	-	440	-	277
Total subsidiaries	*1,487*	*3,930*	*1,266*	*3,776*

(€/000)	Payables		Costs	
	30/09/2015	30/09/2014	2015	2014
General Pump China Inc.	46	56	414	355
Interpump Hydraulics Middle East*	-	1	-	1
Hammelmann Bombas e Sistemas Ltda*	-	98	-	121
Total subsidiaries	*46*	*155*	*414*	*477*

(€/000)	Loans		Financial income	
	30/09/2015	30/09/2014	2015	2014
Interpump Hydraulics (UK)	217	206	5	5
Interpump Hydraulics Middle East*	-	105	-	2
Hammelmann Bombas e Sistemas Ltda*	-	30	-	-
Total subsidiaries	*217*	*341*	*5*	*7*

* = fully consolidated at 30 September 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 €3,918k (€3,674 in 9M 2014) and consultancy services provided by entities connected with

directors and statutory auditors of the Parent company for €118k (€87k in 9M 2014). Costs for rentals were recorded under the cost of sales in the amount of €2,921k (€2,890k in 9M 2014), under distribution costs in the amount of €666k (€654k in 9M 2014) and under general and administrative expenses in the amount of €331k (€130k in 9M 2014). Consultancy costs were allocated to distribution costs in the amount of €45k (€45k allocated to distribution costs also in 9M 2014) and to general and administrative expenses in the amount of €73k (€42k in 9M 2014). Revenues from sales at 30 September 2015 included revenues from sales to companies by Group shareholders or directors in the amount of €1,317k (€1,345k at 30 September 2014). In addition, the cost of sales includes purchases from subsidiaries by minority shareholders or Group company directors in the amount of €10,846k (€10,144 in 9M 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 September 2015 the Group has commitments of €20,278k (€20,056k at 30 September 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.