

L A S E R W O R L D W I D E



2000 FACTS AND FIGURES



Contents

PROFILE	2	RESEARCH AND DEVELOPMENT	14
FINANCIAL HIGHLIGHTS	3	PERSONNEL AND ORGANIZATION	16
TO OUR SHAREHOLDERS	4	GROUP COMPANIES	18
THE ACQUISITION OF CONVERGENT ENERGY (NOW CONVERGENT PRIMA)	6	OUR STOCK MARKET PERFORMANCE	22
SALES REVENUE ANALYSIS	8	DIRECTORS AND OFFICERS	23
MARKETING AND SALES	10	CONSOLIDATED FINANCIAL STATEMENTS	24
WORLDWIDE COVERAGE	12	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	27

Profile

Over 20 years ago, Prima Industrie S.p.A. started to be active in designing, manufacturing, selling and servicing advanced technology industrial products with high content of electronics, software and mechanical know-how. A three-dimensional laser system was one of the first products to be successfully designed and installed.

As from 1995, after the Company implemented its strategy to focus its main business on laser systems, a regular and strong two-digit growth was achieved, thus making Prima Industrie one of the major European players in its business. Keeping its world-wide leadership in three-dimensional applications, during the last years Prima Industrie has been achieving an important position also in flat laser cutting systems, thanks to its remarkable investments in new innovating products and in wider marketing coverage.

Together with its controlled company Prima Electronics S.p.A., Prima Industrie has development skills in the areas of industrial electronics and real time software to the benefit of its strong push to product innovation.

During 1999 the Company has successfully completed its IPO on the Nuovo Mercato – Borsa Italiana, where it enjoyed a brilliant performance during year 2000.

Through its fully controlled U.S. subsidiary Prima U.S., the Company during 2000 acquired 80% of Convergent Energy Inc. in U.S.A. (now Convergent Prima). Through this acquisition, Prima Group has achieved insourcing of both CO₂ and solid state lasers know-how as well as broader presence in the U.S. market and entry in new industrial laser markets as aerospace and microelectronics.

Active in a high technology – high growth market, Prima Industrie mission is to grow as a world-wide player in quality laser systems for industrial applications.



Listed



ISO 9001 - Cert. n° 0758

Certified



Audited



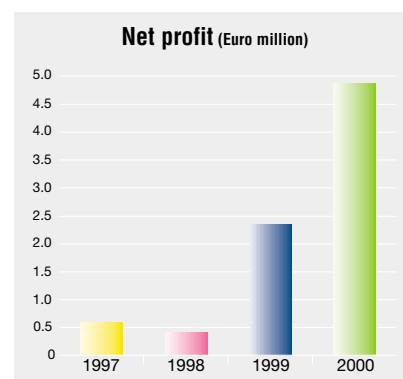
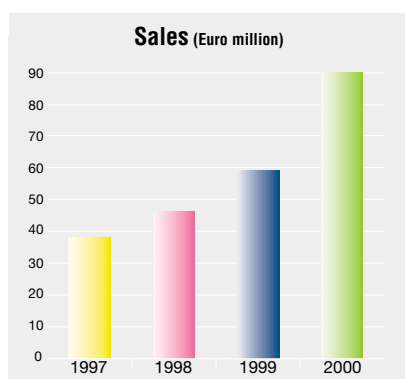
Member

Financial highlights

Year ended December 31st, (Euro thousand, except per share data)

	2000	1999	1998	1997
PROFIT AND LOSS STATEMENT				
Net Sales	89,971	59,529	46,088	38,490
Operating Margin (EBITDA)	10,698	7,058	5,140	2,920
Operating Profit (EBIT)	8,554	5,678	3,886	1,664
Profit before taxes (EBT)	9,049	4,892	1,962	1,275
Minority interests	(548)	(378)	(288)	(140)
Group Net Profit	4,865	2,374	432	558
BALANCE SHEET				
Fixed Assets (net)	10,301	4,450	3,855	3,914
Working Capital (net)	35,252	20,165	18,889	14,104
Shareholders' Equity and Minority Interests	28,303	18,667	7,997	7,361
Financial Position (net)	14,425	3,466	12,240	8,305
Employees' severance indemnity	2,825	2,482	2,507	2,352
PER SHARE DATA				
Number of outstanding shares	900,000	857,000	557,000	557,000
Weighted average outstanding shares	873,500	607,000	557,000	557,000
Net Profit per share (on weighted average of shares)	5.57	3.91	0.78	1.00
Book value per share (on weighted average of shares)	29.06	29.07	13.00	12.23
RATIOS				
Operating Income/Net Sales (ROS)	9.5%	9.5%	8.4%	4.3%
Operating Income/Invested Capital (ROI)	20.0%	25.7%	19.2%	10.6%
Net Income/Stockholders' Equity (ROE) ⁽¹⁾	25.5%	29.6%	18.9%	6.0%
OTHER KEY INFORMATION				
Research and Development Expenses	3,974	2,503	2,100	1,908
Year-end Order Backlog	34,189	25,616	14,099	8,967
Number of employees	379	256	230	210

NOTES: (1) ROE is calculated on average Stockholders' Equity.



To our Shareholders

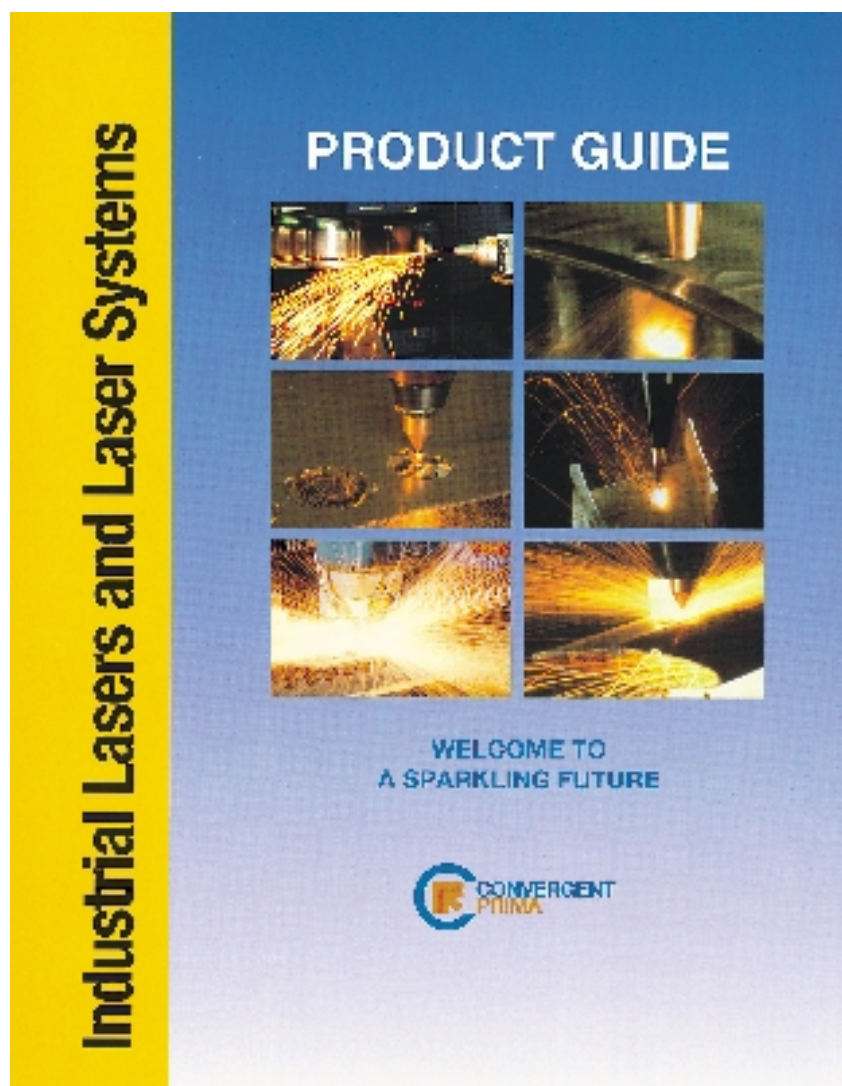
During the year 2000, your Company experienced an exceptional growth, exceeding 50% on previous year 1999, having registered a record sale of about € 90 million.

Both Prima Industrie and Prima Electronics, whose turnover increased about 30%, have contributed to this growth together with the consolidation, effective May 1st, of Convergent Prima, whose acquisition represents the most important achievement of the year.

In our last letter to our Shareholders, commenting the satisfactory results of 1999, just few months after our successful IPO on the Italian high-tech stock exchange Nuovo Mercato, we declared that "our growth in North American market and the insource of the technology of the laser resonator are our top priority targets". Today we are very pleased to say that these targets have been reached with the acquisition of Convergent Prima (previously Convergent Energy). This Company, of which we will provide you with a comprehensive presentation later in this booklet, has contributed to our growth for about 20%. In terms of results, the acquisition had no significant dilution effect having Convergent Prima reached its operating break-even during the period, as expected. Its quick turnaround (the Company was coming from a few difficult years) has also been a major achievement of the year 2000.

All Company products (3D laser systems, 2D laser systems, electronic products and after-sale service) have contributed to the growth. Particularly important was the increase for the 3D laser systems (over 60%) so confirming the Company leadership in a market showing a very positive trend, especially during the first half of the year.

As for the geographic distribution of sales, we improved our position in all main markets. Very significant has been the growth on overseas markets (mainly North America and Asia) where our sales increased by over 270% thanks to Convergent Prima and to the increasing success of Prima Industrie products in new countries like China and Brazil.



The operating margin (EBITDA) increased by 50% to over € 10.7 million as against € 7.0 million of 1999, after having charged to Profit and Loss about € 4.0 million for Research and Development expenses (€ 2.2 million charged in 1999). Operating profit also increased by 50% to € 8.5 million as against € 5.7 million in 1999.

In percentage on sales, EBIT has been stable at 9.5% (same as 1999, notwithstanding the dilution due to the acquisition). Finally, net profit enjoyed a sharp

upwards turn (105%) to € 4.9 million as against € 2.4 million in 1999.

Total outstanding shares are at present 900,000 compared to 857,000 at 31/12/99. The increase can be explained as follows: a first lot of 12,500 new shares were issued in accordance with the management stock-option plan and a second one of 30,500 new shares was issued to finance 30% of Convergent Prima acquisition. Shareholder's equity is now € 28.3 million compared to € 18.7 million of 1999.

The remarkable increase of the turnover generated a growth of the net working capital. Moreover, 50% of the acquisition price of Convergent Prima was financed through additional medium and short term borrowing. As a consequence, the net financial position has increased from € 3.5 million at 31/12/99 to € 14.4 million at 31/12/2000. The debt equity ratio is however well balanced at 0.50 and we may say that the Company growth was achieved keeping the financial situation of the Group healthy and solid.

During the year 2000, Prima Industrie has also expanded its premises to cope with the increased manufacturing volumes. The addition to the assembly area has been 70% and represents a step forward to further production expansion. Also the Company information system was updated with the introduction of SAP R/3, operational since July 1st, 2000 at Prima Electronics and as from January 1st, 2001 at Prima Industrie.

Among the other important events of the year, it is worth mentioning the acquisition of Elesta in Switzerland, which allowed Prima Electronics to assure business relationship with its most important customer, Atlas Copco Airpower, for an additional 5 years period. Important also the agreement made with Noble in The U.S. for the development and marketing of the new MOSAICO tailored blank welding system in that country.

As everybody knows, the last part of year 2000 showed signs of the economy slow-down, particularly in The U.S. This generated uncertainties and concerns all over the world economy. The technology stock markets sharp decline (where the shares of your Company have shown a very good stability) and the slow-down on some of the target markets (as automotive) have caused a general and more conservative approach to the future. In consequence, during such a period, we have experienced a limited slow-down in order acquisition. Nevertheless we are approaching the new year with an excellent order backlog

(at € 34,2 million, up 34% on 2000) and feel confident that 2001 will be another successful year for the Group. We plan to consolidate our growth, to improve our organization and to further strengthen our product line.

We have remained however open to carefully consider other external options which market conditions could make available for a further expansion and globalization of our Group.

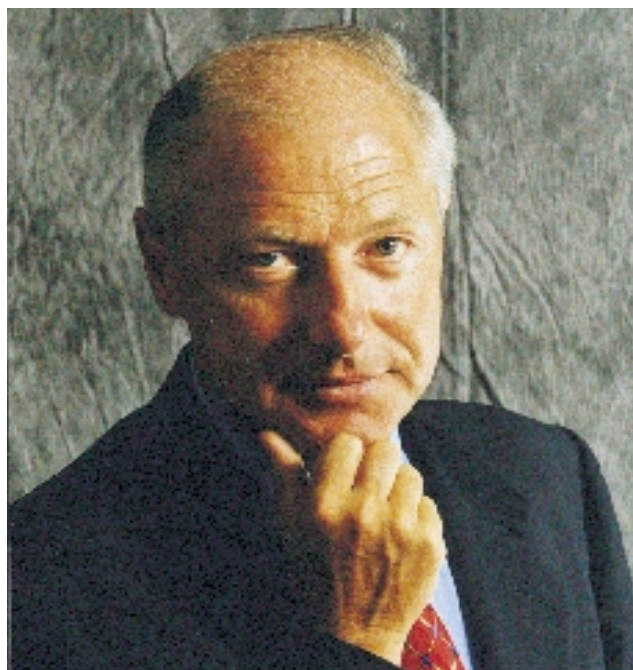
To this regard we have signed, just before publishing this report, the preliminary agreement for the acquisition from GSI Lumonics of their Laserdyne division in Minneapolis (U.S.A.).

This acquisition will further strengthen our position in North America and our leadership in 3D laser systems. The transaction will be finalized within April 2001.

In conclusion, I wish to express our appreciation and our thanks to all friends (shareholders, officers, customers, business partners and suppliers) and to our invaluable personnel. Thanks to everybody for having contributed and for contributing to build up our "sparkling future".

Sincerely


Gianfranco Carbonato
Chief Executive Officer



The acquisition of Convergent Energy (now Convergent Prima)

Convergent Energy is a brand name well known in the laser industry, where it started its operations more than 30 years ago.

The Company so far has delivered more than 3000 lasers and enjoys a reference list with names of high international prestige as, to mention only few of them, Boeing, General Electric, Pratt & Whitney, NASA, Daimler Chrysler, British Steel, Nippon Steel, IBM, AT&T. In particular, Convergent Energy is a world leader in the aerospace industry for its microdrilling laser technology.

Thanks to this acquisition, Prima Industrie has further increased its technological know-how and skills in the area of both CO₂ and NdYag laser generators and has expanded its presence on extra-European markets, thus achieving its main planned targets.

Furthermore, this acquisition has allowed Prima Industrie to implement distributing synergies with its own actual products on both The U.S. market as well as new markets, mainly in the aerospace and the electronic industries.

The acquisition of Convergent Energy (through our fully controlled U.S. subsidiary Prima U.S. Inc.) has been accomplished with an investment of 6.3 million US Dollars which has been financed:

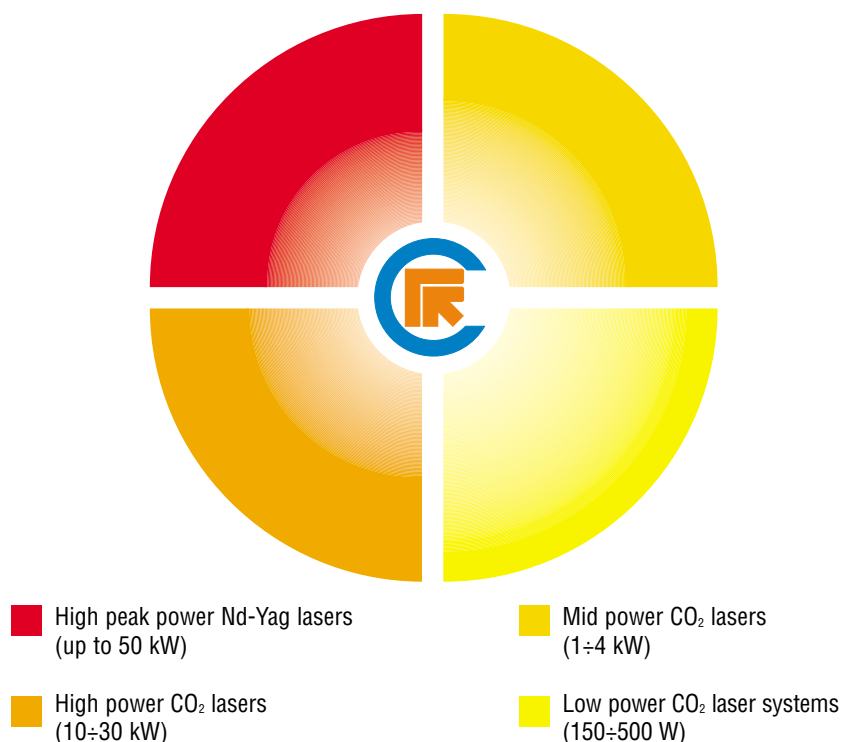
- for 30% by a capital increase of Prima Industrie of 30,500 shares, subscribed by institutional investors;
- for 50% through medium/short term financing;
- for 20% by a minority strategic partner, Pluritec S.p.A.

Pluritec is a world leader in manufacturing equipment for machining of printed circuit boards for the electronic industry. In this field Convergent enjoys considerable technical laser application experience.

The market for laser applications in micro-electronics (particularly the VIA drilling application) is considered very promising in next years due to increasing circuit density of new TLC and ICT equipment.

The partnership between Prima Industrie (an important buyer of laser generators) and Pluritec will offer to Convergent Prima (who already enjoys a remarkable

position into the aerospace and automotive industry) an important opportunity to further strengthen its own competitiveness.





Located in Sturbridge (MA) and with 84 employees, Convergent Prima will focus its activity on 4 strategic directions:

- CO₂ lasers with power from 1 to 4 kW for cutting and welding applications (Arrow and CP series). As from the year 2001, Convergent Prima lasers will start to equip some of Prima Industrie laser machines;
- CO₂ lasers of high power for welding and heat treatment applications for the automotive and steel industries (SR series), where the Company has a broad installed base in U.S.A., Europe and Japan.
- NdYag lasers (P series) and systems for microdrilling of components for the aerospace and energy industries where Convergent Prima is acknowledged as a world-wide leader;
- Low power CO₂ laser systems for micro-electronics industry (Scribers and VIA Drillers), where the partnership with Pluritec will give the Company access to a new fast growing market.



After the acquisition, the European sales and service organizations of Convergent Prima have been integrated into those of Prima Industrie.

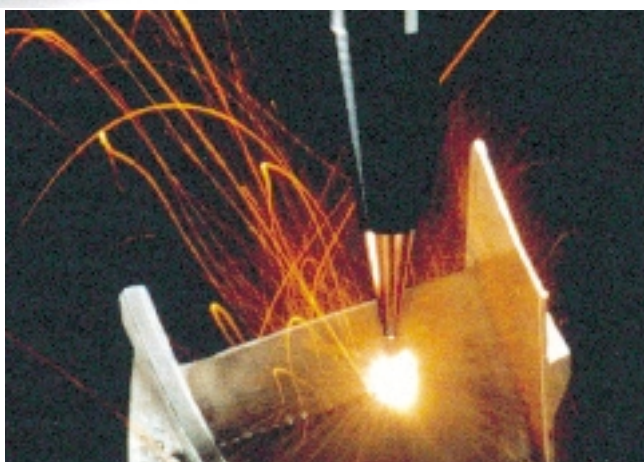
In The U.S., Convergent Prima and Prima U.S. have merged their operations under the brand name Convergent Prima, which was introduced to the U.S. market at IMTS 2000, the International Machine Tool show held in Chicago last September.

With 6 direct salesmen and 15 servicemen spread over the whole country, the Prima Group may now offer to its customer base in North America a better and closer service.

Finally, with the acquisition of Convergent Energy, our Group is well positioned, in the industrial laser arena, in 4 major market segments:

- sheet metal and steel processing
- automotive
- aerospace
- microelectronics

To all managers and employees of Convergent Prima, our warmest welcome in joining Prima's family worldwide.



Sales revenue analysis

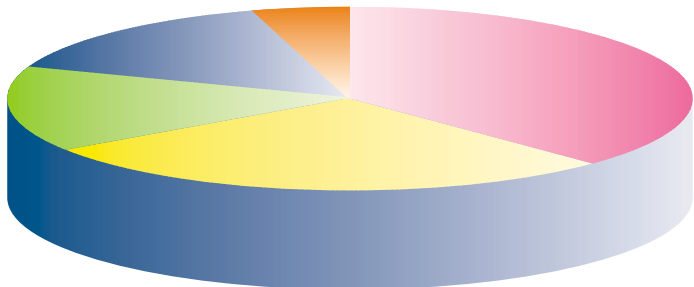
Net sales for the year 2000 reached the record amount of € 90 million, up 50% from € 59.5 million of 1999.

The sales breakdown by product shows an outstanding 60% increase of the 3D laser systems, thus confirming the Company leadership in this market segment. Though the growth has been significant for all 3D products (OPTIMO, RAPIDO, DOMINO), a mention should be made for the success of the new OPTIMO and DOMINO products, recently introduced to the market.

2D laser systems registered an increase of 12%, in line with the average of the market. In this segment, it has been difficult to substantially improve our market share, mainly because of the fierce competition on prices and relevant margins. During the year, few units of the new 2D machines, MAXIMO and MOSAICO, have been successfully delivered. Together with our "war-horse", PLATINO, these form today a competitive product range in the 2D arena. We also enjoyed a strong growth in electronics products (+49%) and after sale services (+60%). In this area most of the increase has been due to the consolidation of Convergent Prima.

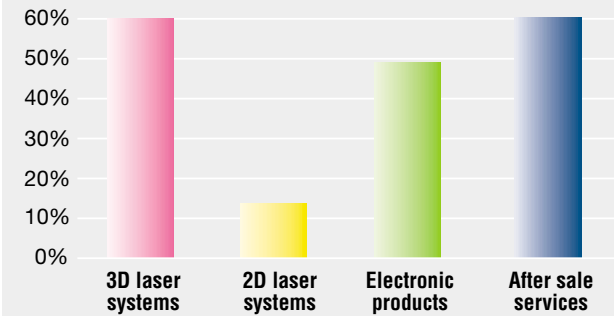
Expressed in laser system units, 155 machines were delivered during year 2000 including 14 systems made by Convergent Prima: plus 38% referred to the 112 machines of 1999.

2000 revenues by product
(Convergent Prima consolidated as from May 1st, 2000)



- 3D laser systems: 36%
- 2D laser systems: 30%
- After sales services: 14%
- Electronic products: 12%
- Laser Generators & Convergent Systems: 8%

2000/1999 revenues variation by product



By geography, all major markets registered a positive performance.

In Italy it was confirmed our leading position with a 25% increase.

In the rest of Europe, we also enjoyed an important step-up with a 26% increase, basically attributable to the success in the 3D segment in Germany and France.

As for the overseas markets, where a consistent growth was one of our major targets, we registered an outstanding increase of 270%, thanks to the consolidation effects of Convergent Prima but also to the increasing appreciation for some of our products in new markets such as China and Brazil.

In U.S.A., the growth was over 200%, while in Asia and the rest of the world reached the record performance of 380%.

During year 2000, our sales outside Europe represented 25% of the total.

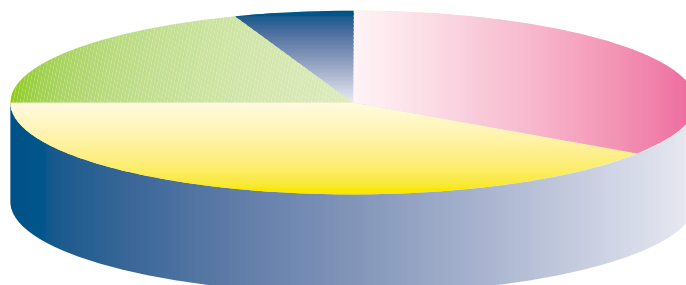
This confirms our becoming more global in the world village.

Operating margin (EBITDA) increased by 50% to € 10.7 million from € 7.0 million of 1999.

This represents 11.7% of net sales, compared to 11.9% of 1999.

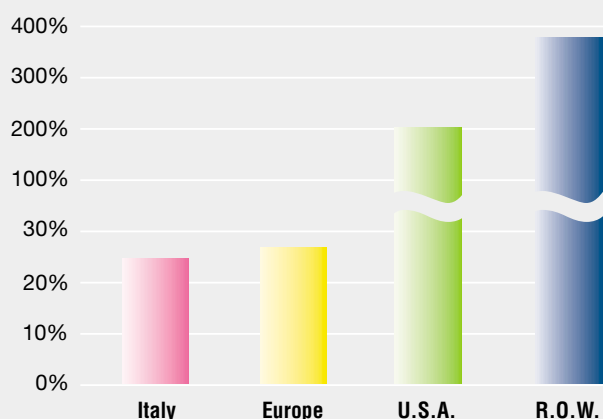
Without the dilution effect of Convergent Prima (which has however achieved a positive EBITDA) the operating margin would have been 13.2%, with a significant 1.3% increase compared to 1999.

2000 revenues by geography
(Convergent Prima consolidated as from May 1st, 2000)



Europe: 41%	Italy: 34%
U.S.A.: 16%	R.O.W.: 9%

2000/1999 revenues variation by geography



Marketing and Sales

During year 2000, new orders for € 77.1 million were acquired, not including Convergent Prima, up 9.3% on previous year (1999 = € 70.5 million).

The order acquisition has been excellent in the first half of the year, while a market slow-down was registered in the second part, mainly from September onwards, when early information about U.S. economy getting worse were spreading about.

Like everybody else, we too strongly hope this to be a temporary phase, if the satisfactory collection we have realized during the first two months of 2001 may be taken as a confirmatory signal.

With the inclusion of Convergent, which was not part of our Group until May 1st, 2000, the total order acquisition was € 89.9 million (same as the sales of the year 2000) which leads to a comprehensive orders backlog at 1/1/2001 of € 34.2 million against € 25.6 million at 1/1/1999.

In terms of laser machines, 147 orders were collected by Prima Industrie during year 2000, (as against 129 of the previous year) compared to 141 machines delivered in the year (not including Convergent Prima systems).

3D systems have been stable compared to previous year (when they enjoyed a sharp 84% increase) at 58 units (57 units in 1999), while 2D systems increased by 24% to 89 units (72 in 1999). This increase has been pulled by the new products MAXIMO and MOSAICO and by the sales increase in overseas countries.

During the year, an extensive effort was made in terms of exhibitions, mostly in Europe, where in even years as 2000 the missing EMO show (which is held in odd years only) allows a lot of national shows in the various countries.

We exhibited our products at three exhibitions in Italy, BIMU-SUD in Bari, LAMIERA in Bologna and BIMU in Milano.

In France we participated at MACHINE OUTIL in Paris, in Spain at BIEMH in Bilbao and at MAQUITEC in Barcelona, in Denmark at METALL in Copenhagen.

But the two most important events have been our attendance at IMTS in Chicago (U.S.A.) and at EUROBLECH in Hannover (Germany), both in the last part of the year.

In Chicago we presented to the U.S. market our new brand name Convergent Prima and exhibited 3 machines: the OPTIMO (for the first time in The U.S.), the DOMINO and a Convergent GEMINI drilling system equipped with the P50 NdYag laser for aerospace drilling applications.

In Hannover, together with our German distributor Matra-Werke GmbH, we showed the OPTIMO, the DOMINO (for the first time equipped with a new 3D Heavy Duty head) and the PLATINO, with a complete part loading/unloading system.



BIMU - ITALY





LAMIERA - ITALY

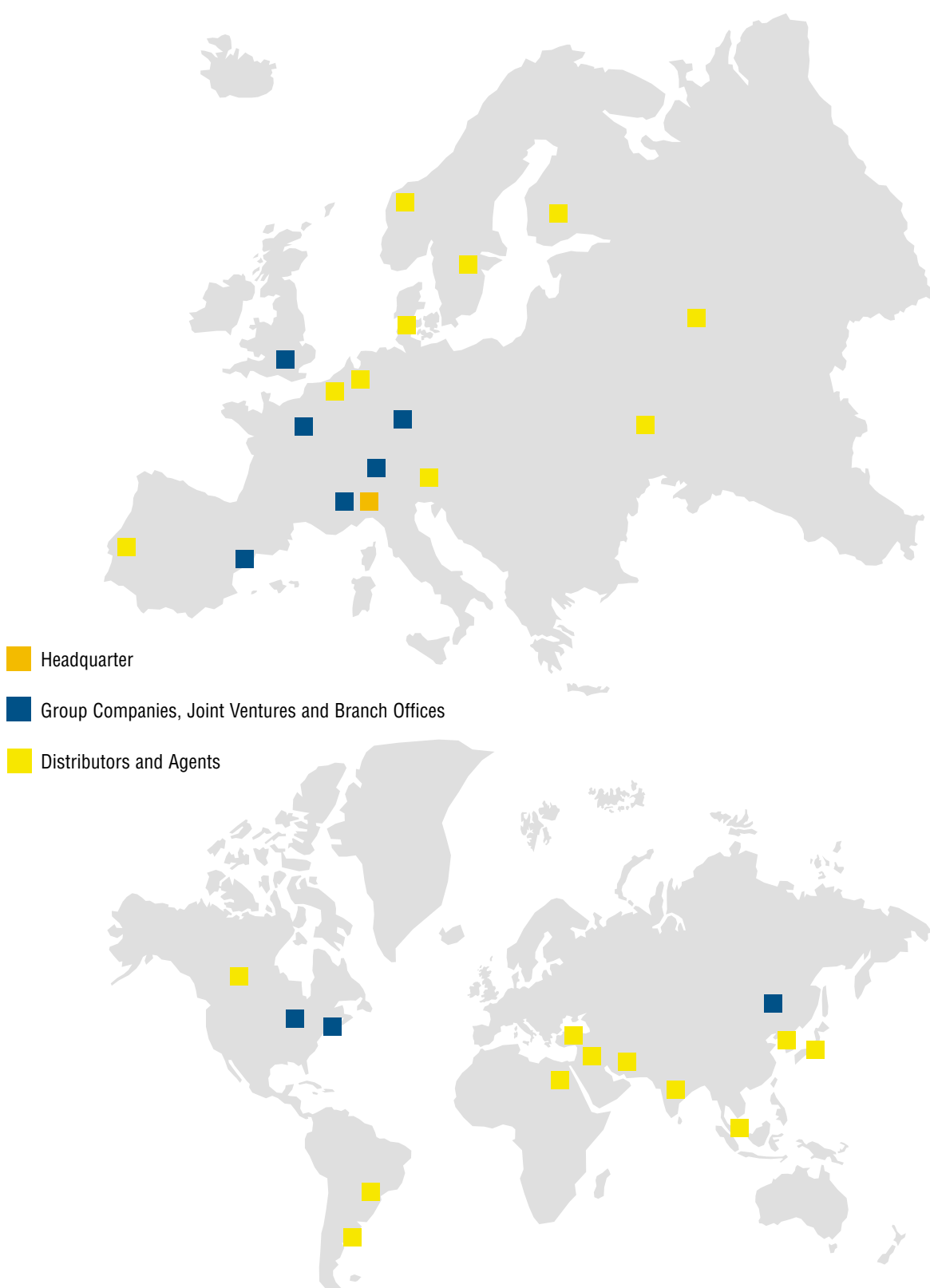


IMTS - U.S.



EUROBLECH - GERMANY

Worldwide coverage



Italy

PRIMA INDUSTRIE S.p.A.

Via Antonelli, 32 - 10097 Collegno (To) ITALIA

Tel. ++39.011.4103.1 - Fax ++39.011.411.28.27 Numero Verde 800-234502 <http://www.primaindustrie.com>

PRIMA ELECTRONICS S.p.A.

Strada Carignano, 48/2 - 10024 Moncalieri (To) ITALIA

Tel. ++39.011.682.72.11 - Fax ++39.011.640.42.77 <http://www.primaelectronics.com>

Europe

PRIMA INDUSTRIE FRANCE

Villa Parc Le Cèdre Rue Lech Walésa - 77322 Lognes-Marne La Vallée FRANCE

Tel. +33.(0)1.60.17.11.11 - Fax +33.(0)1.60.17.38.74

PRIMA INDUSTRIE U.K.

21, Wellesbourne House Walton Road - Wellesbourne Warwickshire CV359JB UNITED KINGDOM

Tel. +44 (0)1789 842880 - Fax +44 (0)1789 842881

PRIMA INDUSTRIE ESPAÑA

Calle Elisa 31/33 - 08023 Barcelona ESPAÑA

Tel. +34 93 25 31 777 Fax +34 93 25 31 778

PRIMA INDUSTRIE GmbH

c/o Matra-Werke GmbH Dieselstrasse 30-40 D 60314 Frankfurt am Main DEUTSCHLAND

Tel. +49/(0)69/4016-0 - Fax +49/(0)69/4016-225

PRIMA INDUSTRIE SCHWEIZ

Seuzachstrasse, 42 - CH 8413 Neftenbach SCHWEIZ

Tel. +41/(0)52/315.17.21 - Fax +41/(0)52/315.24.29

Overseas

CONVERGENT PRIMA Inc., MASSACHUSETTS

1 Picker Road - Sturbridge - MA 01566 U.S.A.

Tel. +1/508/347.2681 - Fax +1/508/347.5134 <http://www.convergentprima.com>

PRIMA U.S. Inc., MICHIGAN

23399 Commerce Drive, Suite B-10 - Farmington Hills, MI 48335 U.S.A.

Tel. +1/248/442.49.94 - Fax +1/248/442.70.88 <http://www.primalaser.com>

SHENYANG-PRIMA LASER MACHINE COMPANY LTD.

No. 45 Huanghai Road Yuhong District - Shenyang City PEOPLE'S REPUBLIC OF CHINA

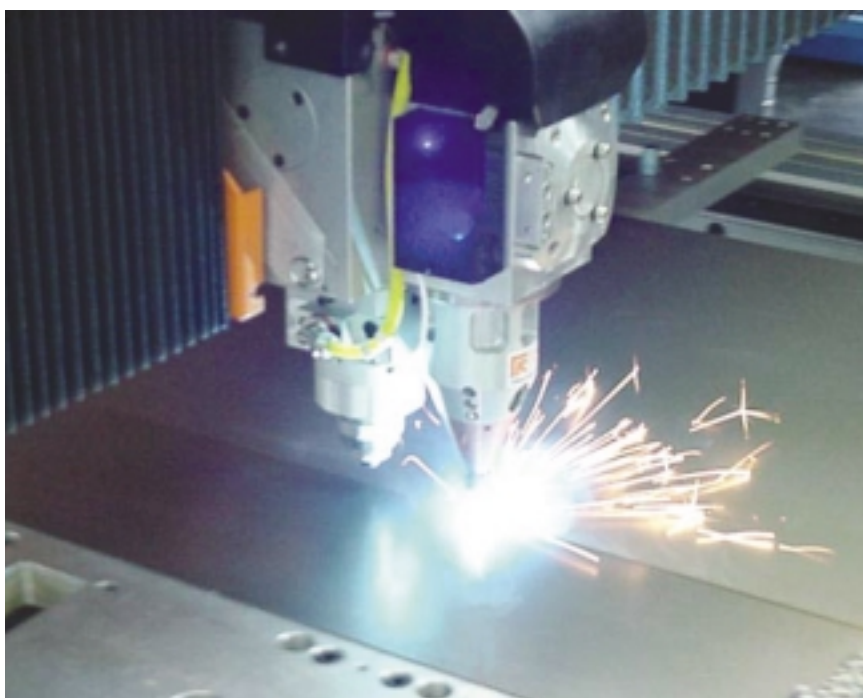
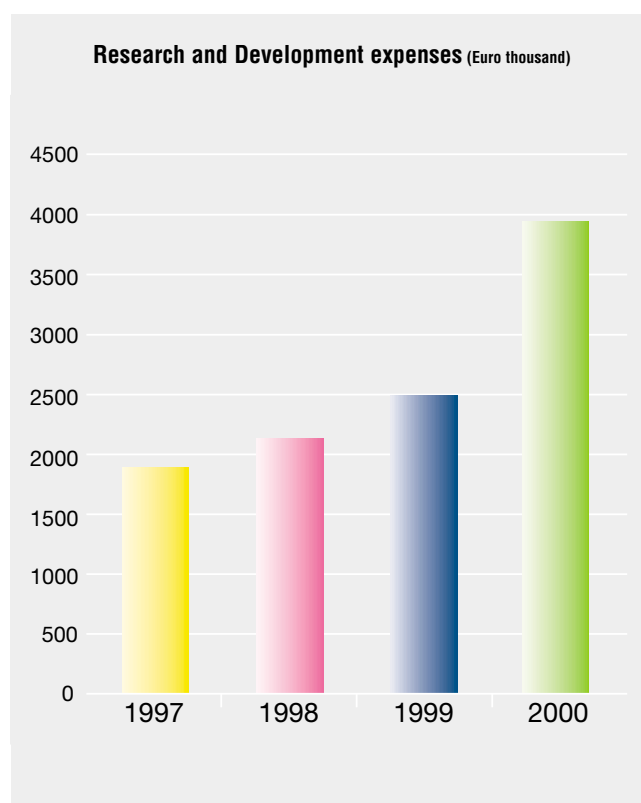
Tel. +86-(0)24-25833989 - Fax +86-(0)24-25833989

Research and Development

Research and Development investments were about € 4.0 million in the year 2000, compared to € 2.5 million of 1999, up to 4.5% of turnover (4.2% in 1999). We wish to point out that this amount represents, as usual for us, only engineering time and expenses for development of the standard product line and therefore doesn't include engineering for specific customer applications which is normally paid-for. The whole amount of R&D was charged to P/L account of the year.

In Prima Industrie, the R&D activity was focused on:

- the PUBLICS project (EUREKA project) in the area of intelligent laser processing through real time monitoring of process parameters. On this project, which will continue in 2001 and 2002, we received R&D contributions for the activity performed in the year 2000 but mostly in the previous years. The contribution related to this last period was consequently considered as an extraordinary income in our P/L account;



- MOSAICO, a brand new 2D cutting and welding system, particularly conceived for tailored blank welding applications for medium/low volume vehicles within the automotive market.

The new technology is covered by several patents and has generated a lot of interest from potential customers;

- a new 3D head for heavy duty applications, including focal axis control after the two rotations. Presented on the DOMINO machine, this new head allows cutting of different materials and “bevel cutting” in a fully programmable way.

Also this new head has been covered by a patent;

- a new project for a high flexibility and productivity laser system which will continue in 2001 and for which we received a financial support from Italian R&D Ministry, mostly in the form of a long term loan.



Prima Industrie and Prima Electronics have together cooperated to the development of a new faster and higher performance CNC control system called PRIMACH 20L, whose first units will be delivered to the market during 2001. Activity in Prima Electronics regarded also a new line of intelligent motor drives, called VFD, with DSP technology, full digital control and LAN connection capabilities.

In Convergent Prima, main R&D activities have been:

- a new line of Fast Flow CO₂ lasers (called CP), which will be completed during 2001;
- a new AC-type power supply unit for the high power SR series lasers;
- a further development, in cooperation with Pluritec, of drilling technology for microelectronics and printed circuit boards.



Personnel and organization

At the end of 2000, the Group employed 379 people with a sharp increase of 123 units in 1999.

The acquisition of Convergent Prima involved 84 employees and the internal growth was of 39 units.

Since this acquisition was effective May 1st, 2000, the average number of employees for the year 2000 was 333 units. Consequently sales per employee amounted to € 270 thousand, plus 16% on the € 232 thousand of 1999.

As at December 31st, 2000 the personnel was employed by the various Group Companies as follows (compared to previous year):

	31/12/2000	31/12/1999
Prima Industrie - Italy	197	174
Prima Electronics - Italy	68	59
Convergent Prima & Prima U.S. - U.S.A.	92	6
European Branch offices	22*	17
Total	379	256
Shenyang Prima - China	8**	-

*included Prima Industrie International B.V.

**not included in the total because not consolidated

The assignment to main group functions is the following at the same date:

	31/12/2000	
Management and G&A	43	11%
Marketing and Sales	42	11%
R&D and Engineering	60	16%
Operations/ Manufacturing	178	47%
After Sale Service	56	15%
Total	379	100%

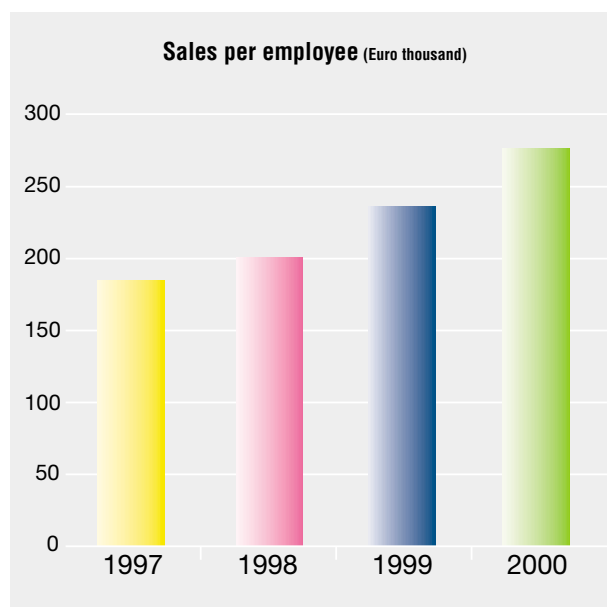
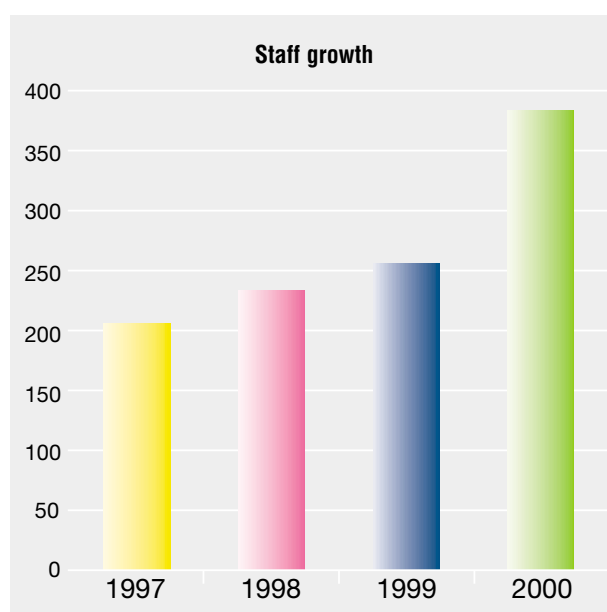
Since mid-2000, Prima Industrie facilities expanded, being Plant no. 2, adjacent to the actual one, made fully operational. The lay-out was consequently changed and Plant 2 concentrated all activities related to reception of materials, storage and subassemblies, while Plant 1 is wholly dedicated to final machine assembly and commissioning. With this new set-up the Company has enough room to further expanding its capacity.

Refurbishing activities has also been made at Convergent Prima in Sturbridge, where we have renewed the lease contract with the landlord.

Prima Electronics premises have been correctly re-appraised, because in the books were registered at the redemption

value of the leasing contract expired in 1999.

A further major step in our organization has been the start-up of the new ERP system SAP R/3 at Prima Electronics as from July 1st, 2000 and at Prima Industrie as from January 1st, 2001.





PLANT 1

PLANT 2





PRIMA INDUSTRIE S.P.A.
Collegno (Torino) - ITALY

For the year 2000, Prima Industrie registered a remarkable 29% increase of its sales to € 63,4 million (€ 49.3 million in 1999).

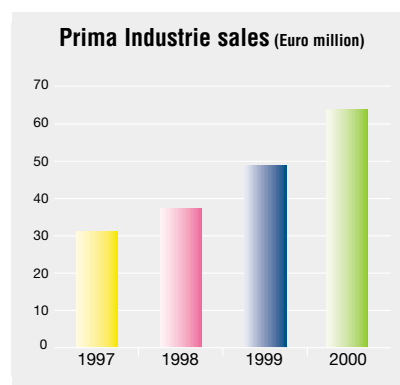
Operating profit increased 68% to € 6.7 million from € 4.0 million of 1999. In percentage this is 10.6% of sales as against 8.1% for the previous year.

Net profit has been € 4.2 million, with a sharp 230% upturn compared to € 1.3 million of 1999, when however € 1.9 million of IPO expenses were fully charged to the P/L account of the period.

Order acquisition slowed down during last few months of the year but total order booking was slightly higher than in 1999. The good backlog at the beginning of 2001 and the good order booking of the first two months allow us to be quite confident about a further growth for the current year.

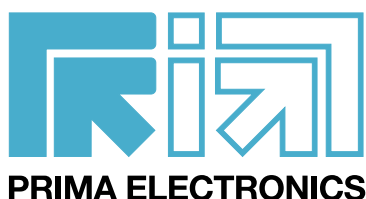
Employees at year end were 219, of which 22 in our European offices of France, U.K., Spain and Switzerland. For the near future, a qualified personnel growth is expected in the foreign branches in order to make them more independent in all marketing, sales application, installation, training and service activities in the main European markets.

A major R&D effort is in progress to further strengthen the existing lines of product and new products which will be introduced to the market in the second half of 2001 and in 2002.



(Euro million)	2000	1999	1998	1997
Net Sales	63.4	49.3	37.4	31.2
Operating Profit	6.7	4.0	2.6	1.1
Net Profit	4.2	1.3	0.5	0.9
Order booking	62.7	61.2	42.0	32.5
Research and Development expenses	2.2	1.9	1.6	1.3
Number of employees	219	191	171	156





PRIMA ELECTRONICS S.P.A.
Moncalieri (Torino) - ITALY

Prima Electronics enjoyed a good year 2000 with sales up 31% from 1999 to € 14.7 million.

Operating profit increased 20% to € 2.4 million and net profit 22% to € 1.3 million. In percentage on sales, EBIT represented a respectful 16.2% as against 17.7% of 1999.

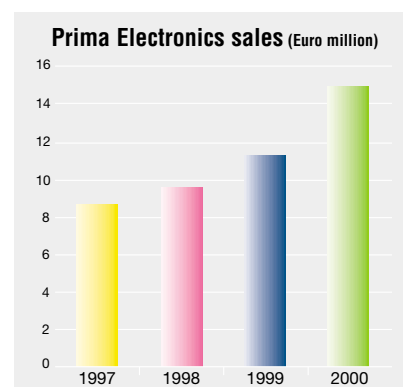
This percentage decrease is the consequence of a different product mix and is related to new customer jobs with smaller margins, which were acquired to face the expected sales reduction to Atlas Copco Airpower as from 2001.

To the contrary, the confirmed continuation of the relationship with this customer was the major achievement of the year. In fact, through the acquisition of Elesta in Switzerland, Prima Electronics has managed to keep its long term relationship with Atlas Copco and a new Supply Agreement for 5 more years was signed with them at the beginning of 2001. As the property of Elesta is not considered strategical by itself (apart from the Atlas Copco Airpower contract above mentioned), the Company was not consolidated with the accounts of year 2000.

The Company is currently involved in a major R&D program for a new modern and powerful version of its CNC platform which will start equipping Group systems starting the second half of 2001.

The marketing activity to find new customers generated positive results, as proved by the sharp increase of order acquisition to € 18.1 million, up 53% on the previous year.

This is a good asset for the company to forecast a further growth for 2001.



(Euro million)	2000	1999	1998	1997
Net Sales	14.7	11.3	9.7	8.5
Operating Profit	2.4	2.0	1.1	0.6
Net Profit	1.3	1.1	0.6	0.2
Order booking	18.1	11.8	11.1	8.7
Research and Development expenses	0.6	0.6	0.5	0.6
Number of employees	68	59	53	49



Group companies



CONVERGENT PRIMA Inc.
Sturbridge - Massachusetts - U.S.A.

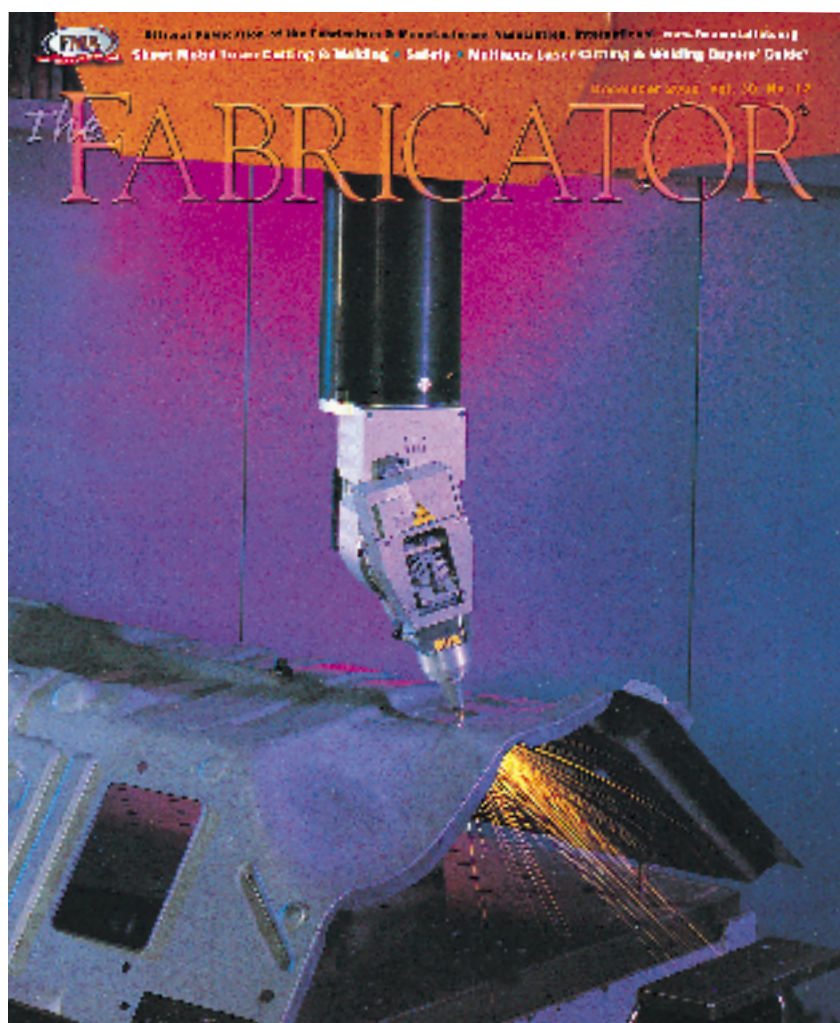
PRIMA U.S. Inc.
Farmington Hills - Michigan - U.S.A.

Group activities in The U.S. have seen a major change in the year 2000 because of the acquisition of Convergent Energy.

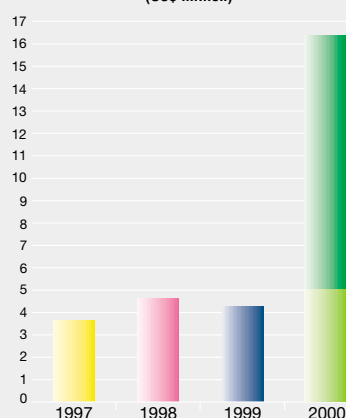
Total sales have been US\$ 16.3 million of which US\$ 5 million in Prima U.S. (sales of Prima Industrie machines and service) and US\$ 11.3 million in Convergent Prima (from May 1st to December 31st).

At operating level, Convergent Prima did break-even as expected, while Prima U.S. experienced a loss of US\$ 0.445 million because of the investment in building up the new "Convergent Prima" brand name in the North American market, presented for the first time at IMTS in Chicago.

Consequently we had a total loss for the year of US\$ 0.6 million, after financial charges paid to support Convergent Prima working capital requirements.



**Prima U.S. Sales +
Convergent Prima Sales**
(US\$ million)



Total order intake has been of US\$ 16.8 million and the order backlog at 1/1/2001 is US\$ 7.1 million.

Currently the Group employs 92 people in The U.S.
Main R&D activity has been fully charged

to the year P/L account for an amount of over US\$ 1.0 million.
Main activities, which will continue in the year 2001, have been the development of the CP series of fast flow-medium power CO₂ lasers and that of a more advanced VIA laser drilling technology.

(Euro million)	2000	1999	1998	1997
Net Sales	16.3	4.2	4.6	3.5
Operating Profit	(0.4)	0	(0.1)	(0.4)
Net Profit	(0.6)	0	(0.1)	(0.5)
Order Booking	16.8	4.2	4.6	3.5
Research and Development expenses	1.0	-	-	-
Number of employees	92	6	6	5



**SHENYANG-PRIMA LASER MACHINE
COMPANY LTD.**
Shenyang - People's Republic of China

Year 2000 has been the first year of
activity of our JV in China.

Only 1 PLATINO machine was manufactured
and sold by the JV while 2 additional
machines have been delivered directly
from Prima to final customers, making a
total of 3 against 1 for 1999.
Two more orders have been acquired for
shipment early 2001.

The marketing activity of the JV has
consequently started as expected.

Turnover is still low (US\$ 0.238 million)
and, for the first year, JV suffered a
set up loss of US\$ 0.200 million.
The book value of our 50% stake has
been adjusted accordingly.

In Spring 2001 JV will attend CIMT in
Beijing, a major show in China, to
enhance our brand recognition in this
vast and growing market.



Our Stock Market performance

During year 2000, stock markets worldwide experienced a "bull phase" in the first part of the year followed by a "bear phase" afterwards.

This has been particularly evident on the high-tech markets such as the Nasdaq, the Neuer Markt and, in Italy, the Nuovo Mercato of the Italian Stock Exchange.

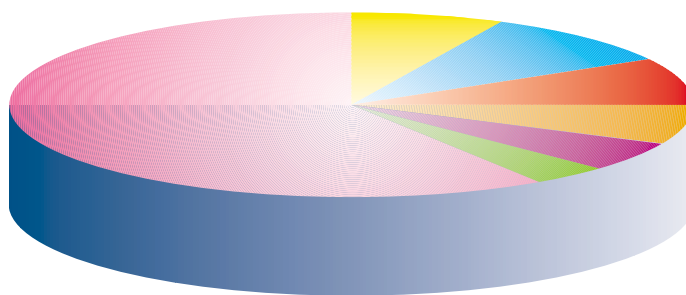
This negative trend has also continued through the first months of 2001, enhanced by the daily news about the slow down of the economy in The U.S.

In this scenario, our performance has been quite positive and, after the implosion of the Nuovo Mercato bubble last March, our stock price has been characterized by a good stability as compared to declining indexes of all high tech markets.

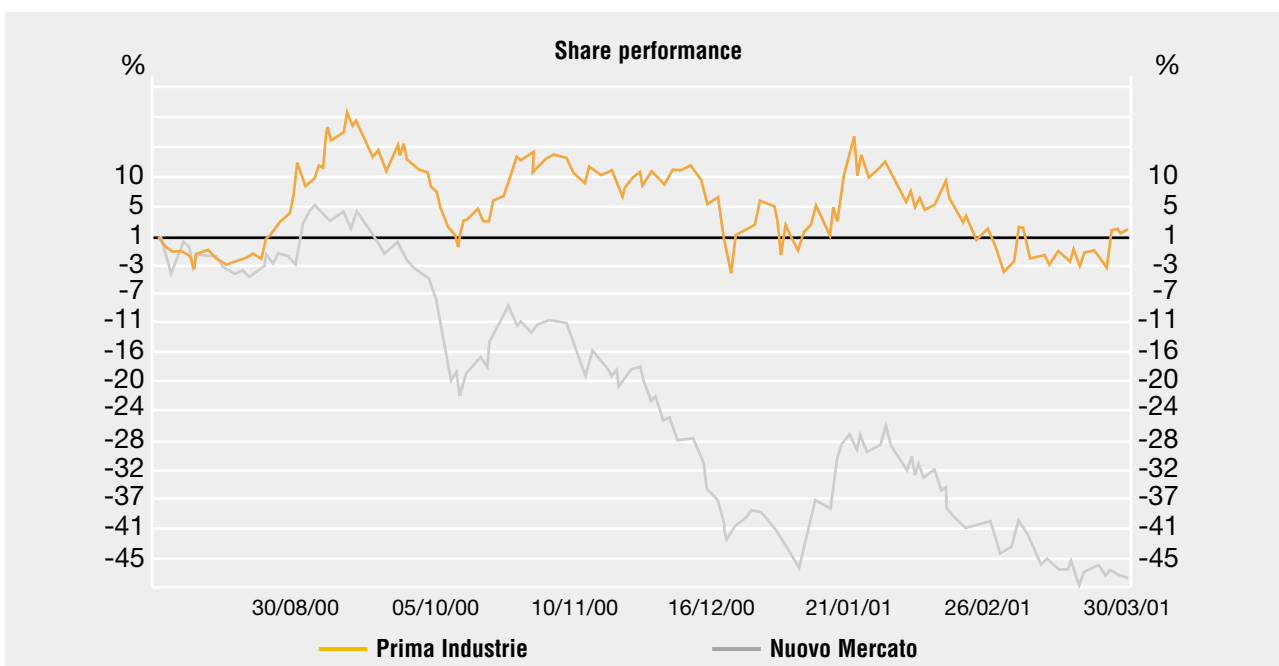
As officially stated by Borsa Italiana in their Nuovo Mercato News, our stock market price was of € 95.5 at the end of December 2000, up 24.5% from € 76.7 at the end of 1999.

Minimum and maximum prices during 2000 have been € 66.3 and € 164.6 respectively. As for our performance from the IPO, held on October 27, 1999 at € 30.0, it was extremely positive (+218.2%) ranking our Company third among the 40 currently listed on the Nuovo Mercato.

We believe that the stability of our stock market price is a sign of the market appreciation for our strong and healthy growth in last years and for having accomplished the promises about our external growth strategy announced at the IPO.



3,6% Managers and Employees	8,4% Almond International
5,1% Investire Partecipazioni	9,5% Lestri Holding
5,9% Gianfranco Carbonato	59,5% Market
8,0% Erste International Holding	



Board of Directors

Aldo PALMERI	Chairman
Gianfranco CARBONATO	Chief Executive Officer
Giulia DELLA ROSA	Director
Rafic Y. MANSOUR	Director
Renato RUSSO	Director
Francesco TAKANEN	Director

Statutory Auditors Committee

Riccardo FORMICA	President
Andrea MOSCA	Effective Auditor
Roberto PETRIGNANI	Effective Auditor

Management

Domenico APPENDINO	PRIMA INDUSTRIE	Marketing and Overseas Operations Director
Claudio BANCHI	PRIMA INDUSTRIE	Europe Sales Director
Ezio BASSO	PRIMA INDUSTRIE	Chief Operating Officer
Michele BERGERO	PRIMA INDUSTRIE	Chief Financial Officer
Gianfranco CARBONATO	PRIMA INDUSTRIE	Group Chief Executive Officer
Michael T. CHENEY	CONVERGENT PRIMA	Chief Financial Officer
Alberto DELLE PIANE	PRIMA INDUSTRIE	General Manager
Roberto DELPIANO	PRIMA INDUSTRIE	Purchasing Director
Oskar DE WAAL	CONVERGENT PRIMA	V.P. Marketing and Sales
Maurizio GATTIGLIO	PRIMA INDUSTRIE	Research and Development Director
Salvatore LIBRERA	PRIMA INDUSTRIE	Production Director
Domenico PEIRETTI	PRIMA ELECTRONICS	Managing Director
William H. SHINER	CONVERGENT PRIMA	Chief Operating Officer
Randy THOMPSON	CONVERGENT PRIMA	V.P. Research and Development

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

Year ended December 31 st , (Euro thousand, except per share data)	2000	1999	1998	1997
PRODUCTION VALUE				
Revenues from sales and services (Net Sales)	89,971	59,529	46,088	38,490
Changes in work-in-progress, semi-finished and finished goods	(1,032)	1,771	1,473	674
Increase from internal work (assets)	277	343	484	365
Other revenues and income	2,204	1,132	1,116	977
TOTAL PRODUCTION VALUE	91,420	62,775	49,161	40,506
PRODUCTION COSTS				
Purchases of raw material, consumables and supplies, net of inventory variation	(44,778)	(30,943)	(23,406)	(19,841)
Service expenses	(16,710)	(11,901)	(9,560)	(7,326)
Lease and rent costs	(1,071)	(623)	(664)	(558)
Other expenses	(1,250)	(1,074)	(633)	(759)
TOTAL PRODUCTION COSTS	(63,809)	(44,541)	(34,263)	(28,484)
ADDED VALUE	27,611	18,234	14,898	12,022
Personnel expenses	(16,913)	(11,176)	(9,758)	(9,102)
EBITDA	10,698	7,058	5,140	2,920
Amortisation and depreciation	(2,144)	(1,380)	(1,254)	(1,256)
OPERATING PROFIT (EBIT)	8,554	5,678	3,886	1,664
Financial income and expenses	(574)	(514)	(697)	(536)
Adjustments to financial assets	(108)	(119)	(294)	-
Extraordinary items	1,177	(153)	(933)	147
PROFIT BEFORE INCOME TAXES (EBT)	9,049	4,892	1,962	1,275
Income taxes	(3,636)	(2,140)	(1,242)	(577)
NET PROFIT FOR THE YEAR	5,413	2,752	720	698
Minority interests	(548)	(378)	(288)	(140)
NET PROFIT FOR THE YEAR-GROUP	4,865	2,374	432	558
EARNINGS PER SHARE	5,57⁽²⁾	3.91⁽¹⁾	0.78	1.00

(1) Calculated on weighted average number of shares (607,000). At the end of year, outstanding shares were 857,000.

(2) Calculated on weighted average number of shares (873,500). At the end of year, outstanding shares were 900,000.

CONSOLIDATED BALANCE SHEET

Year ended December 31 st , (Euro thousand)	2000	1999	1998	1997
FIXED ASSETS (NET)	10,301	4,450	3,855	3,914
Intangible assets	3,629	1,058	1,224	1,320
Tangible assets	5,157	2,123	1,831	1,299
Financial assets	1,515	1,269	800	1,295
EMPLOYEES' SEVERANCE INDEMNITY	2,825	2,482	2,507	2,352
NET WORKING CAPITAL	35,252	20,165	18,889	14,104
Inventories	21,197	12,085	10,684	7,544
Trade receivables	38,452	29,586	23,493	17,969
Other receivables	7,113	3,791	3,209	3,238
Accrued income and prepaid expenses	498	409	93	198
Trade payables	(21,877)	(19,166)	(14,502)	(11,902)
Other payables	(9,308)	(5,965)	(3,700)	(2,608)
Accrued liabilities and deferred income	(823)	(575)	(388)	(335)
FINANCIAL POSITION (NET)	14,425	3,466	12,240	8,305
Cash and banks	(4,421)	(8,950)	(1,437)	(1,119)
Bank borrowings	6,741	2,745	12,760	8,538
Borrowing from other financial institutions	12,105	9,671	917	886
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	28,303	18,667	7,997	7,361
Minority interests	2,918	1,022	753	547
Shareholders' equity-group	25,385	17,645	7,244	6,814

SHAREHOLDERS' EQUITY	Share capital	Reserves	Net profit for the year	Total
31.12.1997	5,750	506	558	6,814
Appropriation 1997 results	-	558	(558)	-
Translation adjustment	-	(1)	-	(1)
Net profit 1998	-	-	432	432
31.12.1998	5,750	1,063	432	7,245
Appropriation 1998 results	-	432	(432)	-
Equity increase for listing	3,099	5,811	-	8,910
IPO costs	-	(1,129)	-	(1,129)
Translation and other adjustments	3	242	-	245
Net profit 1999	-	-	2,374	2,374
31.12.1999	8,852	6,419	2,374	17,645
Appropriation 1999 results	-	2,374	(2,374)	-
Equity increases	444	2,705	-	3,149
Translation and other adjustments	-	(274)	-	(274)
Net profit 2000	-	-	4,865	4,865
31.12.2000	9,296	11,224	4,865	25,385

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31 st , (Euro thousand)	2000	1999	1998	1997
A) NET FINANCIAL POSITION AT 01.01	(3,466)	(12,246)	(8,305)	(9,989)
B) CASH-FLOWS PROVIDED BY OPERATING ACTIVITIES	10,098	4,036	3,357	2,270
Consolidated net income	4,865	2,374	720	698
Amortisation/depreciation of tangible/intangible assets	1,594	955	999	1,167
Accrual of employees' severance indemnity, net of payments	343	(25)	155	316
Accrual to bad debt and other funds	3,189	613	255	89
Depreciation of financial assets	107	119	1,228	-
B-BIS) EQUITY VARIATIONS	4,772	8,299	(84)	(36)
Equity increase	4,880	9,536	-	(36)
IPO costs (effect net from taxation)	-	(1,129)	-	-
Dividend paid to third parties	(108)	(108)	(84)	-
C) CHANGES IN OPERATING ASSETS AND LIABILITIES	(18,276)	(1,938)	(5,039)	802
(Increase) decrease in inventories	(9,112)	(1,401)	(3,140)	(1,210)
(Increase) decrease in trade receivables	(8,777)	(6,274)	(5,779)	(1,459)
(Increase) decrease in other receivables	(3,961)	(204)	29	1,772
(Increase) decrease in short-term accruals (net)	158	(292)	158	324
Increase (decrease) in payables to suppliers	3,735	2,918	2,600	803
Increase (decrease) in other payables	(319)	3,315	1,093	572
D) CASH-FLOW PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(7,553)	(1,617)	(2,169)	(1,352)
(Additions) to intangible assets	(3,417)	(353)	(566)	(531)
(Additions) to tangible assets	(3,783)	(731)	(894)	(339)
(Additions) to financial assets	(353)	(533)	(1,058)	(975)
Proceeds from sale of fixed assets	-	-	343	493
E) NET FINANCIAL POSITION AT 31.12	(14,425)	(3,466)	(12,246)	(8,305)

BUSINESS OF THE GROUP

Prima Industrie SpA designs, manufactures and sells machines and mechanical, electric and electronic engineering systems and the related software for use in industrial automation. The Company provides also technical services in the same field.

The main business of the Company focuses on laser sheet metal cutting and welding machines.

Prima Electronics SpA designs, manufactures and sells apparatus, instruments, machines and mechanical, electric and electronic engineering systems and the related software.

Prima US Inc. operates in the North American market. It imports Prima Industrie machines for their subsequent sale. Prima US Inc. also provides after-sales service.

Prima Industrie GmbH is a non operating Group company (commercial and financial one).

Prima Industrie International BV has provided the parent company for marketing and commercial services.

Convergent Prima Inc. designs, manufactures and sells lasers and laser systems for industrial applications.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles adopted in the preparation of the consolidated financial statements are the same as those adopted in the statutory financial statements of Prima Industrie SpA. Such accounting principles have been applied on a consistent basis over the years. Assets and liabilities are valued using uniform criteria.

The above mentioned Companies are included in consolidation on the line-by-line consolidation method.

The date of reference for the consolidated financial statements coincides with the closing date of the financial statements of the Group holding Company.

The financial statements used in consolidation are those approved by the

legal bodies governing the individual Companies. Such financial statements have been reclassified and, where necessary, adjusted to conform to the accounting principles used by the entire Group.

PRINCIPLES OF CONSOLIDATION

The consolidated subsidiaries are those in which Prima Industrie holds a direct interest of more than 50 per cent of that company's share capital.

The minority interest in the share capital and reserves of subsidiaries are recorded separately under "minority interests" in Shareholders' equity, and the minority interest in the consolidated results for the year are recorded under "minority interests" in the income statement.

The main adjustments in arriving at the consolidation of the balance sheets and income statements from a simple aggregation, are the following:

- elimination of the carrying value of the investments against the underlying share of net equity;
- elimination of intercompany receivables and payables and income and expenses arising from intercompany transactions;
- elimination of the valuation adjustments and accruals made solely for tax purposes, taking into account, where applicable, the related tax effect;
- the translation of financial statements expressed in foreign currencies has been effected by applying the average rate for the year to the income statement and the year-end rate to the balance sheet. Exchange differences arising from the translation of the net investment in foreign subsidiaries, associated undertakings and borrowings which hedge such investments are recorded in "Cumulative translation adjustments" in Shareholders' equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at purchase cost and reduced by amortisation.

Among them, research and development are expensed to the income statement of the year incurred.

Advertising costs are entirely charged to the income statement in the year incurred.

Goodwill arising from the acquisition of subsidiaries is amortized over a ten-year period.

Other intangible assets are recorded with the agreement of the Board of Statutory Auditors and are amortised over a period of five years, with the exception of leasehold improvements and extraordinary maintenance on factory leaseholds which are amortised over the period of the lease contract.

Intangible assets are amortised as follows:

- Research and development 5 years
- Industrial patents, intellectual property and similar rights 5 years
- Other 5 years/over the contract period

With respect to the above:

- the amortisation of industrial patents, intellectual properties and similar rights is considered sufficient in view of the estimated period of future benefit of the assets;
- the amortisation of "other" intangible assets depends on the costs capitalised:
 - 5 years for extraordinary maintenance and deferred charges;
 - over the life of the lease contract for leasehold improvements.

Tangible assets

Tangible assets are stated at purchase or production cost. Cost includes expenses directly chargeable to the asset.

Tangible assets are depreciated on the straight-line method over the estimated useful lives of the assets.

Ordinary maintenance is charged to the income statement when incurred. Maintenance costs which extend the life of the assets are charged to tangible assets and depreciated over the remaining life of the assets to which they refer.

Notes to the Consolidated Financial Statements

Depreciation rates are as follows:

• Light structures	10%
• Plant and machinery	10-15.50%
• Equipment and tools	25%
• Electronic office equipment	20%
• Office furniture machines and fixtures	12%
• Internal transport vehicles	20%
• Motor vehicles	25%
• Cellular phones	20%

Additions during the year are depreciated at half of the normal rate.

Assets under financial leases

Assets acquired under financial leases, if significant, are accounted for by recording the assets under tangible assets and the lease obligation under liabilities and are depreciated on the straight-line method over the estimated useful lives of the assets.

Assets under financial leases are depreciated on the straight-line method over the estimated useful lives of the assets. The depreciation rates are in line with those used to depreciate tangible assets. Lease instalments are recorded in financial expenses and as reduction of the residual lease payable.

Investments and securities recorded in financial assets

Unconsolidated investments are stated at cost, determined in relation to the purchase or subscription price, adjusted for any permanent diminution in value.

Fixed rate securities are recorded in "Financial Assets" at face value.

Inventories

Inventory are stated at the lower between cost and net realisable value.

Raw materials are valued at the weighted average purchase cost during the year, adjusted to realisable value by an allowance for write-downs.

Contract work in progress is valued at the weighted average purchase cost of materials during the year at the time the materials are used in production, plus the

average hourly production labour cost and the purchase cost of external work.

Finished goods are valued in the same way as contract work in progress.

Receivables

Receivables are stated at nominal value and reduced to estimated realised value by an allowance for doubtful receivables.

Prepayments and accruals

Accruals are portions of income or expenses to be received or paid in future periods but referring the current year. Prepayments are portions of costs or income paid or received in the current year but referring to future periods.

Provisions for liabilities and expenses

The provisions for liabilities and expenses include accruals relating to losses or liabilities likely to be incurred but uncertain as to the amount or as to the date on which they will arise.

Employees' severance indemnity

Employees' severance indemnity covers the entire liability accrued on behalf of employees in conformity with existing legislation, collective national labour contracts and supplementary corporate agreements. This liability is subject to revaluation based on indices.

Employees' benefit programs

U.S. Companies have a defined contribution plan covering their employees. Furthermore, companies sponsor a medical plan and provide a dental plan disability and life insurance benefits.

Recognition of revenues

Revenues for the sale of goods are recognised at the time of the transfer of ownership, which generally coincides with delivery.

Grants

Operating grants received from the state or other public body to cover specific operating costs are credited to the

income statement when legal certainty of the receipt of the contribution has been ascertained, or when the body disbursing the grant has issued a resolution approving the payment order.

Income taxes

Income taxes are calculated on the basis of estimated taxable income applying existing laws and taking into account any tax exemptions.

Deferred taxes are provided at an enacted statutory tax rate expected to apply to future periods for all differences between the value of assets and liabilities for financial reporting purposes and their underlying tax basis when it is probable that such assets and liabilities will be realised.

Translation of balances in foreign currency

In the financial statements, the receivables and payables originally denominated in foreign currency are translated into functional currency at the historical exchange rates as of the transaction date. Exchange differences arising at the time of collection or payment are recorded in the income statement. Receivables and payables, expressed in foreign currencies not belonging to the Euro area and which will be settled after the end of the year, have been adjusted to the exchange rates in effect at the balance sheet date and any unrealized exchange gains or losses have been recorded to profit and loss. Realized gains and losses are recorded in the income statement.

