



Half-Year Financial Report as of June 30th, 2017

Board of Directors - August 3rd, 2017

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CHAPTER 1

Prima Industrie SpA management and control



CHAPTER 1. PRIMA INDUSTRIE MANAGEMENT AND CONTROL

Board of Directors

Executive Chairman	Gianfranco Carbonato
Managing Directors	Ezio G. Basso ⁽¹⁾ Domenico Peiretti ⁽²⁾
Independent Directors	Donatella Busso Paolo Cantarella Carla Patrizia Ferrari Paola Gatto Mario Mauri Marina Meliga
Other Directors	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

Chairman	Donatella Busso
Members	Paolo Cantarella Carla Patrizia Ferrari

Remuneration Committee

Chairman	Mario Mauri
Members	Paola Gatto Rafic Y. Mansour

Operations with Related parties Committee

Chairman	Donatella Busso
Members	Paola Gatto Marina Meliga

Board of Statutory Auditors

Chairman	Franco Nada
Regular Auditors	Maura Campa Roberto Petrignani
Alternate Auditors	Roberto Coda Gaetana Laselva

Audit Company

PricewaterhouseCoopers S.p.A.

Expiry of Mandates and Appointments

The Board of Directors shall remain in office until the approval of 2019 Financial Statements.

The Board of Statutory Auditors shall remain in office until the approval of 2018 Financial Statements.

The Audit company was appointed by the Stockholders's Meeting held on April 11th, 2017 for the period 2017 -2025.

⁽¹⁾ Ezio G.Basso is also the General Manager of PRIMA INDUSTRIE SpA

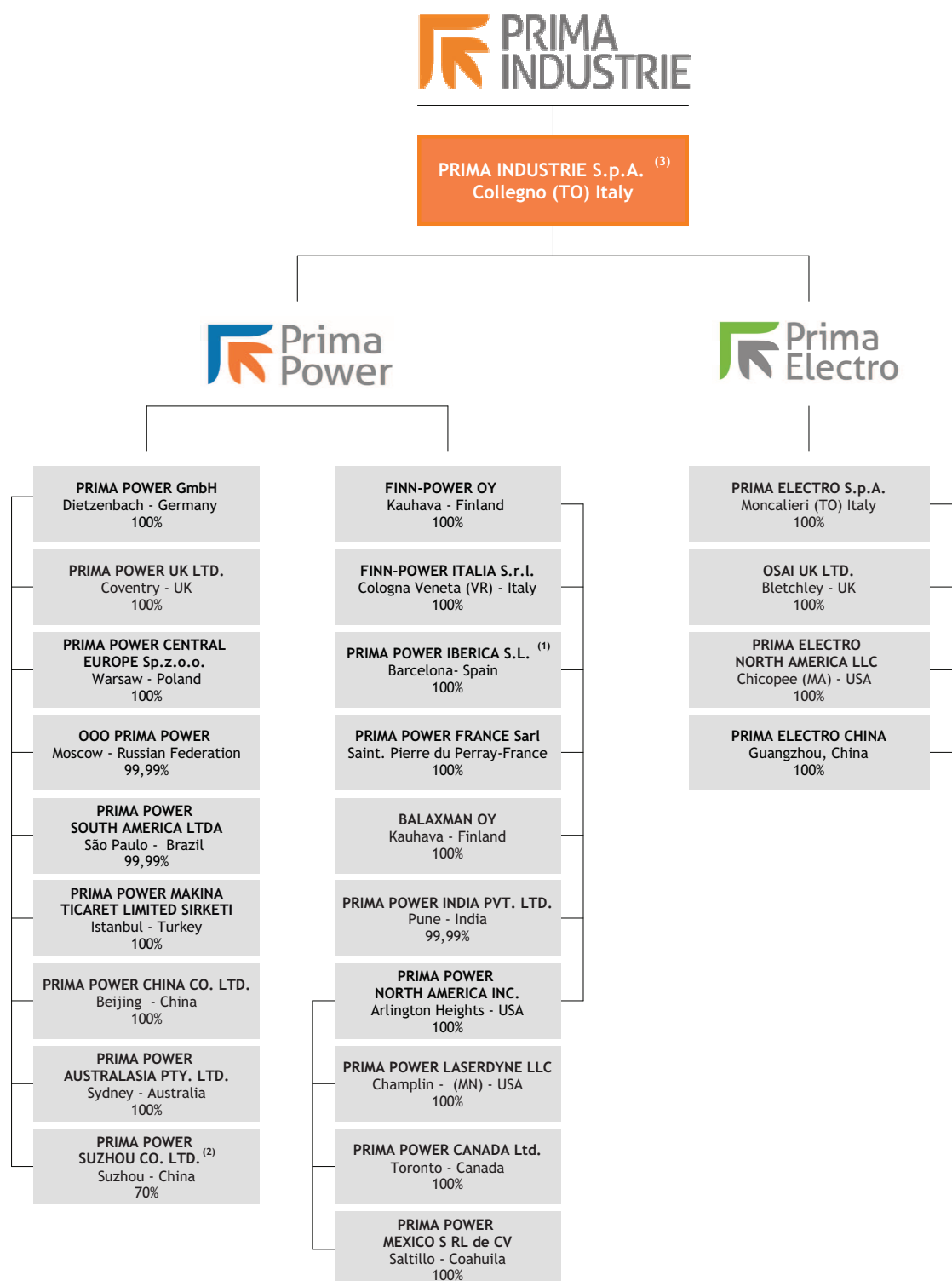
⁽²⁾ Domenico Peiretti is also the Managing Director and General Manager of PRIMA ELECTRO SpA

CHAPTER 2

Prima Industrie Group structure



CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on June 30th, 2017.

- 1) FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).
- 2) PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).
- 3) PRIMA INDUSTRIE SpA is included in PRIMA POWER Division for Reporting purposes.

CHAPTER 3

Prima Industrie Group Profile



CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE

The PRIMA INDUSTRIE Group is a market leader in the development, manufacture and sale of laser systems for industrial applications and of machines to process sheet metal, besides in the fields of industrial electronics and laser sources.

The Parent Company PRIMA INDUSTRIE SpA, established in 1977 and listed in the Italian Stock Exchange since 1999 (currently MTA - STAR segment), designs and manufactures high-power laser systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components.

The PRIMA INDUSTRIE Group boasts 40 years of experience and has over 13,000 machines installed in more than 70 Countries. Owing also to the acquisition of the FINN-POWER Group in February 2008, it has stably ranked among world leaders in the sector of sheet metal processing applications. In recent years, the Group has reorganized its structure, branching its *business* in the following two divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies.

The **PRIMA POWER** division includes the design, manufacture and sale of:

- cutting, welding and punching machines for three-dimensional (3D) and two-dimensional (2D) metallic components;
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

This division owns manufacturing plants in Italy (PRIMA INDUSTRIE SpA and FINN-POWER ITALIA Srl), in Finland (FINN-POWER OY), in the United States (PRIMA POWER LASERDYNE LLC), in China (PRIMA POWER Suzhou Co. Ltd.) and has direct sales and customer service facilities in France, Switzerland, Spain, Germany, the United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea, Australia and the United Arab Emirates.

The **PRIMA ELECTRO** division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers. The division has manufacturing plants in Italy (PRIMA ELECTRO SpA) and in the United States (PRIMA ELECTRO NORTH AMERICA LLC.), as well as sales & marketing facilities in the United Kingdom and China.

After 40 years of its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

This Company draft of consolidated half-year Financial Statements has been approved by the Board of Directors on August 3rd, 2017.

CHAPTER 4

Introduction



CHAPTER 4. INTRODUCTION

The Half-Year Financial Report at June 30th, 2017 of PRIMA INDUSTRIE Group was prepared pursuant to article 154-ter of Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB .

This Half-Year Financial Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and recognized by the European Union and has been compiled in accordance with the IAS 34 - Interim Financial Reporting, and with Italian legislation and regulations.

This report was approved by the Board of Directors on August 3rd, 2017 and is published in accordance with the provisions of article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the STAR segment.

The condensed Interim Consolidated Financial Statements, including the Interim Financial Report, has undergone a limited audit.

It should be noted that, to improve disclosure of its financial results, the Group has decided, beginning financial year 2017, to present the income statement according to functional area, rather than by expenditure type, as done until the Consolidated Financial statements for the year 2016 (approved by the Shareholders' Meeting on April 11th, 2017). Therefore, the financial data presented in this Half-Year Financial Report are presented according to functional area and, to facilitate comparison of the data from the current year with those of the corresponding period of the previous financial year have been reclassified in the same manner.

Presentation of costs based on their allocation is considered more representative than disclosure by type of expenditure. The form chosen conforms to internal *reporting* and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of sales" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. Therefore this item includes the production or purchase cost of products and goods sold. It also includes all costs for materials, processing and overheads directly attributable to production. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors.

CHAPTER 5

Group Interim Management Report



CHAPTER 5. GROUP INTERIM MANAGEMENT REPORT

GROUP RESULTS SUMMARY

Values in euro thousand	June 30, 2017	June 30, 2016	Variations	%
ORDER INTAKE	240,673	192,721	47,952	24.9%
BACKLOG	177,805	126,247	51,558	40.8%
REVENUES	202,415	183,291	19,124	10.4%
EBITDA	19,211	14,782	4,429	30.0%
EBITDA %	9.5%	8.1%	1.4%	-
EBITDA Adj	20,034	15,612	4,422	28.3%
EBIT	10,644	7,083	3,561	50.3%
EBIT %	5.3%	3.9%	1.4%	-
EBIT Adj	11,490	8,040	3,450	42.9%
NET RESULT	7,505	2,930	4,575	156.1%
FCF	(4,897)	1,758	(6,655)	-378.6%
NFP	(95,490)	(104,142)	8,652	8.3%
HEADCOUNT	1,718	1,654	64	3.9%

(% calculated over the revenues, headcount expressed in units)

For the indices definition, see Annex 2 “Non - GAAP performance indicators”.

SIGNIFICANT EVENTS OF THE PERIOD

APPOINTMENT OF NEW BOARD OF DIRECTORS AND RELATED COMMITTEES

On April 11th, 2017, the Shareholders' Meeting of Prima Industrie SpA appointed the new Board of Directors to remain in office until approval of the financial statements of 2019. The Board is made up as follows: Gianfranco Carbonato (confirmed as Chairman of the Board of Directors), Ezio Giovanni Basso, Domenico Peiretti, Rafic Mansour, Michael Mansour, Mario Mauri, Donatella Busso, Paolo Cantarella, Carla Patrizia Ferrari, Paola Gatto and Marina Meliga. The directors Mario Mauri, Donatella Busso, Paolo Cantarella, Paola Gatto, Marina Meliga and Carla Ferrari have declared that they possess the independence requisite referred to in article 148, paragraph 3 of the Consolidated Finance Law (applicable in accordance with article 147-ter, paragraph 4 of the Consolidated Finance Law) and the Code of Conduct endorsed by Borsa Italiana SpA, and as applied by Prima Industrie SpA and specified in the Annual Report on Corporate Governance and Ownership Structure. The independence requirements and the requirements of propriety were immediately verified and confirmed by the Board of Directors after appointment by the Shareholders' Meeting. In that session, the Board also:

- assigned executive powers to the Chairman, Gianfranco Carbonato, appointing him Executive Chairman, and appointed Ezio Giovanni Basso and Domenico Peiretti as Managing Directors, assigning them operational powers;
- appointed Gianfranco Carbonato, the Executive Chairman to be the director in charge of the internal control and risk management system, with the task setting up and maintaining an effective internal control and risk management system;
- appointed the following members to the Remuneration Committee: Mario Mauri, Rafic Mansour and Paola Gatto;
- appointed the following members to the control and risk committee: Donatella Busso (Chairwoman), Paolo Cantarella and Carla Ferrari;

- appointed the following members to the Committee for operations with related parties: Donatella Busso (Chairwoman), Marina Meliga and Paola Gatto, with the task of expressing the opinions required by the applicable CONSOB regulation;
- appointed the following members to the Strategies Committee: Gianfranco Carbonato, Ezio Giovanni Basso, Domenico Peiretti, Paolo Cantarella, Mario Mauri, Michael Mansour and Marina Meliga;
- named Donatella Busso as the Lead Independent Director (in accordance with the Code of Conduct recommended by Borsa Italiana SpA).

APPOINTMENT FOR STATUTORY AUDIT

On April 11th, 2017, the Shareholders' Meeting of Prima Industrie SpA assigned *PricewaterhouseCoopers* SpA the task of auditing the annual and consolidated financial statements for the period 2017-2025. The appointment was proposed by the Board of Statutory Auditors, which took into consideration the firm's knowledge of the sector, the methodology presented, its organisation and its technical suitability to carry out the assignment, as well as its annual fee, which was deemed appropriate for the process.

AUTHORIZATION TO PURCHASE TREASURY STOCK

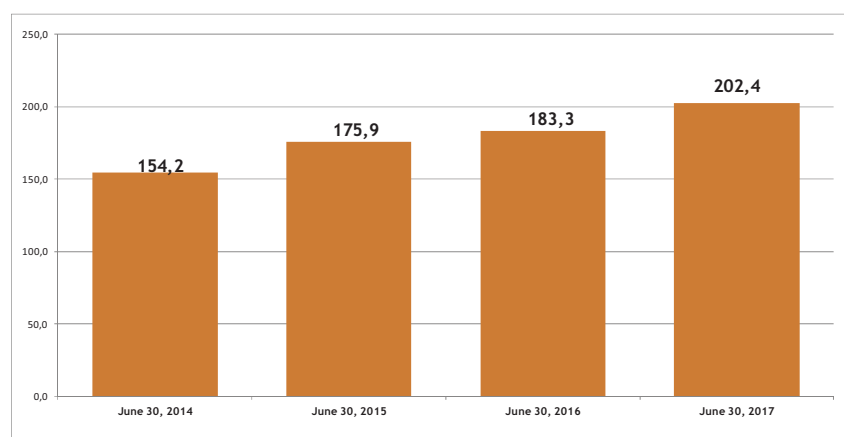
The Shareholders' Meeting on April 11th, 2017 has authorized the purchase, in one or more tranches, for a period of eighteen months, of ordinary shares of Prima Industrie S.p.A. for a maximum number of shares equal to 500,000, establishing an equivalent value for the purchase of 10,000,000 Euro, allowing as of now the disposal of treasury stock, in one or multiple times, without time limits, in the methods deemed most appropriate in the interests of the Company and in compliance with applicable regulations.

Purchases, primarily aimed at supporting the liquidity of the market and at the service of any free allocation to shareholders, even dividends in kind will be made on regulated markets according to operating procedures established in the markets organization and management regulations according to the operating methods established in the Italian Stock Exchange S.p.A. regulation, in accordance with Art. 144 bis, paragraph 1, sub-paragraph b), of Consob Regulation no. 11971/99 and subsequent amendments.

ECONOMIC PERFORMANCE

The company closed the first half of 2017, reaching a turnover of 202,415 thousand Euro, up from the first half of 2016 by 10.4%.

Growth in turnover is a steady trend over time and in the last three years revenue growth for the first half of the year shows an increase (CAGR) of 9.5% (as can be seen from the chart below).



Value in Euro million

This positive trend is, in addition to the good performance of the reference markets, the result of the significant investments made by the Group over the last few years in research and development (renewal of the product range and development of the fiber laser sources) and for commercial strengthening.

Below are the main economic indicators of the Group as at June 30th, 2017 broken down by Division, compared with the same period of the previous year:

Values in euro thousand

June 30, 2017	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	190,202	46,516	24.5%	18,577	9.8%	11,679	6.1%	7,515
PRIMA ELECTRO	24,323	5,355	22.0%	814	3.3%	(862)	-3.5%	92
ELIMINATIONS	(12,110)	(163)	1.3%	(180)	1.5%	(173)	1.4%	(102)
GROUP	202,415	51,708	25.5%	19,211	9.5%	10,644	5.3%	7,505

(% calculated over the revenues)

Values in euro thousand

June 30, 2016	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	170,793	39,709	23.2%	14,367	8.4%	8,566	5.0%	4,373
PRIMA ELECTRO	19,646	5,120	26.1%	220	1.1%	(1,685)	-8.6%	(1,002)
ELIMINATIONS	(7,148)	213	-3.0%	195	-2.7%	202	-2.8%	(441)
GROUP	183,291	45,042	24.6%	14,782	8.1%	7,083	3.9%	2,930

(% calculated over the revenues)

Values in euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	19,409	6,807	35.1%	4,210	21.7%	3,113	16.0%	3,142
PRIMA ELECTRO	4,677	235	5.0%	594	12.7%	823	17.6%	1,094
ELIMINATIONS	(4,962)	(376)	7.6%	(375)	7.6%	(375)	7.6%	339
GROUP	19,124	6,666	34.9%	4,429	23.2%	3,561	18.6%	4,575

(% calculated over the revenues)

Following is the consolidated revenues geographical breakdown at June 30th, 2017 compared with same period of the previous year:

Revenues	June 30, 2017		June 30, 2016	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
EMEA	104,431	51.6	105,525	57.6
AMERICAS	59,603	29.4	44,888	24.5
APAC	38,381	19.0	32,878	17.9
TOTAL	202,415	100.0	183,291	100.0

The above table shows that Group revenues for the first half of 2017 (compared to the first half of 2016) had an important growth in the AMERICAS (+ 14,715 Euro thousand) and APAC (+5,503 Euro thousand). The EMEA area is basically stable at revenue level but significantly increasing in terms of order acquisition (+17.4%) and backlog.

The Group generated consolidated revenues in the EMEA area for 104,431Euro thousand; in particular, the Group achieved 13.1% of consolidated revenues in Italy, 8.1% of consolidated revenues in Northern Europe, 7.9% of consolidated revenues in Russia and Eastern Europe, 6.1% of consolidated revenues in Spain, and 5.9% of consolidated revenues in Germany.

Particularly significant was the order acquisition of machines in Italy, which grew by almost 70% in the first half of the year, also thanks to the incentives of the "Industry 4.0" national plan.

AMERICAS's revenue share grew significantly over the same period of 2016, from 44,888 Euro thousand to 59,603 Euro thousand (+ 32.8%); much of this growth is attributable to the United States and Mexico. In this area, too, consolidated orders continues to grow considerably (+20.1%).

As far as APAC countries are concerned, revenues grew compared to the corresponding period of 2016, from 32,878 Euro thousand to 38,381 Euro thousand (+ 16.7%). This growth is mainly attributable to China and Japan, whose revenues move respectively from 25,795 Euro thousand to 28,428 Euro thousand and from 751 Euro thousand to 3,334 Euro thousand. In this area, orders increased by almost 70%, thanks to the effect of China.

Shown below it is a subdivision of the revenues by sector of the gross inter-sector transactions:

Revenues	June 30, 2017		June 30, 2016	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	190,202	94.0	170,793	93.2
PRIMA ELECTRO	24,323	12.0	19,646	10.7
Inter-sector revenues	(12,110)	(6.0)	(7,148)	(3.9)
TOTAL	202,415	100.0	183,291	100.0

As can be seen from the above table, total revenue growth was seen from both the PRIMA POWER division (19,409 Euro thousand) and the PRIMA ELECTRO division (4,677 Euro thousand). For the PRIMA ELECTRO division growth was due to captive supplies of fiber lasers.

The **cost of sales** at June 30th, 2017 stood at 150,707 Euro thousand up 12,458 Euro thousand from June 30th, 2016 (138,249 Euro thousand).

Group **Gross Margin** at 30/06/2017 was 51,708 Euro thousand, an increase of 14.8% compared to 45,042 Euro thousand in the same period of 2016. The margin accounted for 25.5% of sales.

The **research and development** activity carried out by the Group during the first half of 2017 has been comprehensively equal to 11,457 Euro thousand (of which 7,854 Euro thousand in the PRIMA POWER sector and 3,603 Euro thousand in the PRIMA ELECTRO sector) equal to 5.7% of turnover.

The capitalized share was equal to 3,948 Euro thousand (of which 2,117 Euro thousand in the PRIMA POWER sector and 1,831 Euro thousand in the PRIMA ELECTRO sector), a significant reduction compared to 5,547 Euro thousand at June 30th, 2016.

Costs sustained in research and development activities for new products proved the Group main purposes in investing for the future and improving products always in the competitiveness on the international markets. For all the capitalized development activities, the technical feasibility has been verified as well as the generation of probable future economic benefits.

In the first half of the year, the main research and development activities of the PRIMA POWER division were:

- development of new 3D laser machine models, larger and equipped with fiber laser engineered internally;
- development of new software and a new numerical control, both for 2D laser machines, in line with Industry 4.0 specifications;
- the implementation of a new punching and laser cutting technology, whose key elements are the fiber laser equipment internally developed and the wide range of *tools*, their fast and easy replacement;
- development of a new model of panel bending machine with technologies to improve product performance;
- research into *Additive Manufacturing*, in which technical operations were conducted for European funded projects, in which PRIMA INDUSTRIE is group leader.

During the first half of the year the main activities carried out by the PRIMA ELECTRO division concerned:

- Continuation of development activities of solid-state modules for optical of the new fiber laser sources.
- development of a new numerical control hardware platform whose computing power enables integration of the latest Industry 4.0 technologies;
- development of new fiber laser sources to expand the range of power.

Net research and development costs were 6,337 Euro thousand, up 741 Euro thousand from June 30th, 2016 (5,595 Euro thousand). This item includes non capitalizable research and development costs, Tech Center costs and overheads and is disclosed net of grants (national and European) entered on an accrual basis.

Sales and marketing costs were 14,424 Euro thousand, up 960 Euro thousand from June 30th, 2016 (13,464 Euro thousand).

Overheads and administrative costs were 11,736 Euro thousand, up 536 Euro thousand from June 30th, 2016 (11,200 Euro thousand).

Group **EBITDA** at June 30th, 2017 stood at 19,211 Euro thousand (9.5% of revenues) and was up 4,429 Euro thousand from June 30th, 2016 (14,782 Euro thousand, 8.1% of revenues).

Net of non-recurring costs (reorganization costs and legal costs), *adjusted* EBITDA was 20,034 Euro thousand, or 9.9% of revenues.

The Group's **EBIT** at June 30th, 2017 is equal to 10,644 Euro thousand (5.3% of revenues), an increase of 3,561Euro thousand compared to June 30th, 2016 (it was 7,083 Euro thousand, equal to 3.9% of revenues). This result is affected by depreciation of intangible assets for 6,378 Euro thousand and of tangible assets for 2,165 Euro thousand. With regard to the amortization of intangible assets, the main relates to amortization of development costs (4,380 Euro thousand and to the amortization related to assets with a defined useful life recognized in the FINN-POWER Group business (brand and customer relations - "*customer list*") which are equal to 1,590 Euro thousand.

The Group's **EBT** at June 30th, 2017 is positive for 8,740 Euro thousand and increased compared to June 30th, 2016, when EBT was equal to 3,801 Euro thousand. Group's EBT reflects net financial charges (including profits and losses on exchange rates) for 2,808 Euro thousand (at June 30th, 2016 they were equal to 3,614 Euro thousand).

Financial results (€/000)	June 30, 2017	June 30, 2016
<i>Bond</i> expenses	(1,200)	(1,203)
<i>Club-Deal</i> loan expenses	(516)	(671)
<i>Finnish Loan</i> loan expenses	(297)	(332)
Derivate expenses (CRS)	2,086	379
Derivates expenses (IRS)	(38)	-
Other financial expenses	(1,138)	(1,245)
Net financial expenses	(1,103)	(3,072)
Net exchange differences	(1,705)	(542)
TOTAL	(2,808)	(3,614)

Group's **NET RESULT** at June 30th, 2017 is positive for 7,505 Euro thousand (positive for 2,930 Euro thousand at June 30th, 2016); while the Net Result attributable to parent company amounts to 7,449 Euro thousand.

ASSETS, LIABILITIES AND FINANCIAL POSITION

The reclassified balance sheet of PRIMA INDUSTRIE Group is shown below.

Values expressed in Euro thousand	June 30, 2017	December 31, 2016	Variations
Tangible and intangible fixed assets	84,348	87,733	(3,385)
Goodwill	103,041	103,262	(221)
Equity investments and other non-current assets	369	1,158	(789)
Deferred tax assets	12,542	11,555	987
NON-CURRENT ASSETS	200,300	203,708	(3,409)
Inventories	119,345	98,561	20,784
Trade receivables	95,232	88,377	6,855
Trade payables	(98,911)	(88,449)	(10,462)
Advances	(33,693)	(26,029)	(7,664)
OPERATING WORKING CAPITAL	81,973	72,460	9,513
Other current assets and liabilities	(15,765)	(15,650)	(115)
Current tax assets and liabilities	4,457	(2,641)	7,098
Provisions for risks and employee benefits	(29,086)	(26,688)	(2,398)
Deferred tax liabilities	(7,888)	(8,341)	454
Non-current assets held for sale	1,243	319	924
NET INVESTED CAPITAL	235,235	223,167	12,068
NET INDEBTEDNESS	95,490	84,215	11,275
SHAREHOLDER'S EQUITY	139,745	138,952	793
<i>Stockholders' equity of the Group</i>	138,544	137,740	804
<i>Minority interest</i>	1,201	1,212	(12)
LOAN SOURCES	235,235	223,167	12,068

Tangible and intangible fixed assets (other than Goodwill) of PRIMA INDUSTRIE Group decreased by 3,385 Euro thousand from the previous year. Movements in the half-year were for:

- net increases of 6,158 Euro thousand in the period (3,948 Euro thousand for development costs);
- amortization and depreciation accounted for 8,567 Euro thousand;
- negative exchange rates 976 Euro thousand.

The half-year change in Goodwill is attributable to currency adjustments only.

Investments and other non-current assets decreased by 789 Euro thousand, as a result of:

- reclassification of 1,009 Euro thousand of the shareholding in EPS SA (whose book value is 881 Euro thousand and accounts for 13.1% of all shares) from an asset valued using the equity method to a non-current asset destined for sale;
- increase of 220 Euro thousand in other equity investments due to the acquisition of shareholdings in the Italian company 3D-NT, active in *additive manufacturing*, and in the Malaysian company PRIMA POWER Sheet Metal Solution. Both these investments are held directly by PRIMA INDUSTRIE SpA.

The Operational Working Capital increased by 9,513 Euro thousand compared to the previous year. At June 30th, 2017 the Group's net indebtedness stood at 95,490 Euro thousand, down from 104,142 Euro thousand at June 30th, 2016 and up from 84,215 Euro thousand at December 31st, 2016. The increase in indebtedness in the first half of 2017 is mainly due to the increase in Group working capital. This increase reflects the higher-than-expected volumes in the next quarters of the year.

Details of the net financial position are shown below.

Values expressed in Euro thousand	June 30, 2017	December 31, 2016	June 30, 2016
CASH & CASH EQUIVALENTS	(44,741)	(62,680)	(40,593)
CURRENT FINANCIAL RECEIVABLES	(1,770)	(792)	(379)
CURRENT FINANCIAL LIABILITIES	36,265	35,790	25,791
NON CURRENT FINANCIAL LIABILITIES	105,736	111,897	119,323
NET FINANCIAL POSITION	95,490	84,215	104,142

Net Equity increased by 793 Euro thousand from the previous year. This increase is due to the positive effects of the results of the Parent Company (7,449 Euro thousand) and the change to the fair value adjustment reserve for derivatives (58 Euro thousand), which were attenuated by the negative effects of the conversion reserve (3,558 Euro thousand), the dividend payment (3,145 Euro thousand) and the change in minority shareholders' equity (11 Euro thousand).

Below is the Cash Flow of the PRIMA INDUSTRIE Group at June 30th, 2017, compared with the corresponding period of the previous year.

Values in euro thousand	June 30, 2017	June 30, 2016	Variations
Net Indebtness Opening	(84,215)	(101,747)	17,532
EBITDA	19,211	14,782	4,429
Taxes	(9,773)	(2,615)	(7,158)
Net financial expenses	(1,103)	(3,072)	1,969
Provisions and Retirement Benefit Oblig.	2,398	1,940	458
Change in Equity reserves	61	-	61
Other changes	115	794	(679)
Cash from operating activities before TWC	10,909	11,829	(920)
Change in Trade Working Capital	(9,513)	4,157	(13,670)
Cash from operating activities	1,396	15,986	(14,590)
Investments in development costs	(3,948)	(5,547)	1,599
Other investments	(2,345)	(8,681)	6,336
Cash from investment activities	(6,293)	(14,228)	7,935
FREE CASH FLOW (FCF)	(4,897)	1,758	(6,655)
Dividends	(3,145)	(2,621)	(524)
Net financial result of investments	904	332	572
Other changes	-	(550)	550
Cash from financing activities	(2,241)	(2,839)	598
Net exchange differences	(4,136)	(1,314)	(2,822)
CASH FLOW - TOTAL	(11,274)	(2,395)	(8,879)
Net Indebtness Closing	(95,490)	(104,142)	8,653

BUSINESS PERFORMANCE

During the first half of 2017 the acquisition of orders of the Group (including *after-sale service*) amounted to 240.7 Euro million, an increase of 24.9% compared to the 192.7 Euro million at June 30th, 2016. The acquisition of orders of the PRIMA POWER segment amounted to 227.6 Euro million, while the PRIMA ELECTRO ones, considering the ones from customers outside the Group, amounted to 13.1 Euro million.

In particular, during the first six months of the financial year, the Group achieved the highest order acquisition of its history.

The consolidated order portfolio (not including the *after-sale service*) at June 30th, 2017 amounts to 177.8 Euro million (compared to 126.2 Euro million at June 30th, 2016). The portfolio includes 170.9 Euro million relating to the PRIMA POWER sector and 6.9 Euro million relating to the PRIMA ELECTRO sector.

PERSONNEL

At June 30th, 2017 the Group employees are 1,718 of which 1,463 in PRIMA POWER division and 255 in PRIMA ELECTRO division. Compared to the December 31st, 2016 the employees increased by 54 units.

Values expressed in units	PRIMA POWER			PRIMA ELECTRO			PRIMA GROUP		
	June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016
Production & Installation	521	489	487	123	123	123	644	612	610
Sales & Marketing	161	160	153	35	40	40	196	200	193
Service & Spare Parts	468	461	453	15	15	15	483	476	468
R&D and Product Management	189	177	181	58	57	57	247	234	238
General & Administrative	124	119	122	24	23	23	148	142	145
Total	1,463	1,406	1,396	255	258	258	1,718	1,664	1,654

For a better comprehension, the 2016 figures have been re-exposed

OPERATIONS WITH RELATED PARTIES

During the reporting period no significant operations with related parties were concluded in accordance with Article 5, paragraph 8 of the Regulations containing provisions on related parties No. 17221, issued by Consob on March 12th, 2010.

For further details of the operations carried out by the Group with related parties, refer to - Information on related parties on Explanatory Notes.

RISK FACTORS

The main risks for the PRIMA INDUSTRIE Group in the months immediately following the current financial year are unchanged from those described in the "Management of Risks of PRIMA INDUSTRIE Group" section of the 2016 Financial Statements. Updates on specific risk positions are described in the "Significant events of the period" section of this Management Report.

STOCK TREND AND TREASURY STOCK

During the first half year of 2017, the PRIMA INDUSTRIE stock value increased from 15.82 Euro (minimum stock value of the check period) on January 2nd, 2017 to 24.70 Euro on June 30th, 2017.

The maximum value of the share during the period was 30.36 Euro, reached on May 26th, 2017. Lastly, after the close of the half year, shares remained steady above 26 Euro per share.

This trend is shown in the chart below:



On April 11th, 2016 the Shareholders' Meeting of PRIMA INDUSTRIE SpA authorized the purchase, in one or more tranches, for a period of eighteen months, of ordinary shares of PRIMA INDUSTRIE SpA for a maximum number of shares equal to 500,000, establishing 10,000,000 Euro as the maximum value for the purchase, authorizing as of now the disposal of treasury shares, in one or more tranches, without time limits, according to the method deemed most appropriate in the interests of the Company and in compliance with the applicable legislation.

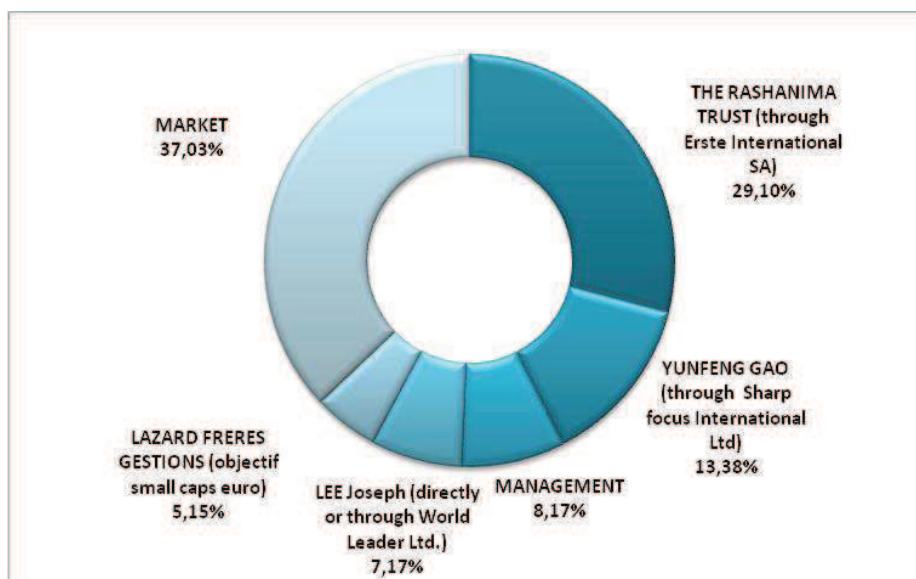
The purchases will be made on regulated markets according to the operating procedures established in the regulations for the organization and management of said markets according to the operating mode set in the Borsa Italian SpA Regulation, in accordance with art. 144 bis, paragraph 1, sub-paragraph b), of Consob Regulation no. 11971/99 and subsequent amendments.

At the date of this financial report, PRIMA INDUSTRIE does not hold any treasury stock.

SHAREHOLDING STRUCTURE

On June 30th, 2017, the share capital of PRIMA INDUSTRIE SpA amounts to 26,208,185 Euro divided into 10,483,274 ordinary shares at the nominal value of 2.50 Euro each. No classes of shares or bonds have been issued other than ordinary shares.

In the light of the results of the shareholders diary and from subsequent communications carried out between the company and the overseeing authority, the most up-to-date share structure is as follows:



Pursuant to the combined provisions of Article 1, paragraph 1, sub-paragraph w-quarter 1) of Legislative Decree no. 58/1998 and Article 117, paragraph 1 of the Issuers Consob Regulation 11971/1999, significant investments are the investment of those who participate in the Issuer's share capital with a share of over 5%, as the Issuer is defined as SME.

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

The first half of the year saw good results, thanks to constant and sustained demand and to the first returns on heavy investments in the product range and the market.

On the basis of the order book and the situation in the reference markets, the Group expects further acceleration in growth for the remaining quarters of the year.

EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT

There were no significant events subsequent to the financial statements closing and until the date of approval of this Half Year Financial Report.

ATYPICAL AND UNUSUAL TRANSACTIONS

Pursuant to Consob Bulletin of July 28th, 2006 no. DEM/6064296, we wish to specify that in the examined period, the Group has not engaged in transactions defined as atypical or unusual in the Bulletin.

CHAPTER 6

Half-Year Condensed Consolidated Financial Statements of **Prima Industrie Group** as of June 30th, 2017



CHAPTER 6. HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30th, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Values in Euro	Notes	June 30, 2017	December 31, 2016
Property, plant and equipment	1	34,624,043	35,281,369
Intangible assets	2	152,764,868	155,713,399
Investments accounted for using the equity method	-	-	1,009,341
Other investments	3	359,551	139,051
Non current financial assets	4	9,578	9,578
Deferred tax assets	5	12,541,507	11,555,324
NON CURRENT ASSETS		200,299,547	203,708,062
Inventories	6	119,344,851	98,561,165
Trade receivables	7	95,231,969	88,376,748
Other receivables	8	7,959,065	6,425,617
Current tax receivables	9	9,457,746	5,053,888
Derivatives	10	978,781	-
Financial assets	10	791,509	791,509
Cash and cash equivalents	10	44,740,938	62,679,901
CURRENT ASSETS		278,504,860	261,888,828
Assets held for sale	11	1,243,165	318,812
TOTAL ASSETS		480,047,572	465,915,702
Capital stock	12	26,208,185	26,208,185
Legal reserve	12	4,652,958	4,565,082
Other reserves	12	69,324,182	70,738,752
Currency translation reserve	12	3,288,546	6,848,598
Retained earnings	12	27,621,702	19,276,926
Net result	12	7,448,537	10,102,304
Stockholders' equity of the Group		138,544,110	137,739,847
Minority interest		1,200,545	1,212,065
STOCKHOLDERS' EQUITY		139,744,655	138,951,912
Interest-bearing loans and borrowings	10	105,729,629	111,675,762
Employee benefit liabilities	13	8,001,721	8,100,353
Deferred tax liabilities	14	7,887,459	8,340,653
Provisions	15	160,545	162,684
Derivatives	10	5,793	220,866
NON CURRENT LIABILITIES		121,785,147	128,500,318
Trade payables	16	98,910,899	88,448,383
Advance payments	16	33,692,845	26,029,170
Other payables	16	23,724,186	22,076,067
Interest-bearing loans and borrowings	10	36,265,707	34,894,444
Current tax payables	17	5,000,919	7,695,264
Provisions	15	20,923,213	18,424,370
Derivatives	10	-	895,774
CURRENT LIABILITIES		218,517,770	198,463,472
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		480,047,572	465,915,702

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	June 30, 2017	June 30, 2016
Net revenues	18	202,415,105	183,290,613
Cost of goods sold	19	(150,706,781)	(138,249,017)
GROSS MARGIN		51,708,324	45,041,596
Research and Development costs	20	(6,336,947)	(5,595,548)
Sales and marketing expenses	21	(14,424,138)	(13,464,305)
General and administrative expenses	22	(11,736,050)	(11,200,183)
OPERATING GROSS MARGIN (EBITDA)		19,211,189	14,781,560
Impairment - Write-off	23	(23,299)	(127,443)
Depreciation	23	(8,543,764)	(7,571,376)
OPERATING PROFIT (EBIT)		10,644,125	7,082,741
Financial income	24	2,279,142	538,316
Financial expenses	24	(3,381,808)	(3,609,964)
Net exchange differences	24	(1,704,590)	(542,028)
Net result of investments accounted for using the equity method	-	-	332,287
Net result of other investments	25	903,676	-
RESULT BEFORE TAXES (EBT)		8,740,546	3,801,352
Taxes	26	(1,235,858)	(871,146)
NET RESULT		7,504,687	2,930,206
- Attributable to Group shareholders		7,448,536	2,928,934
- Attributable to minority shareholders		56,151	1,272
RESULT PER SHARE - BASIC (in euro)	27	0.71	0.28
RESULT PER SHARE - DILUTED (in euro)	27	0.71	0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	June 30, 2017	June 30, 2016
NET RESULT (A)		7,504,687	2,930,206
Gains/ (Losses) on actuarial defined benefit plans	12	-	-
Tax effect	12	-	-
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)		-	-
Gains / (Losses) on cash flow hedges	12	76,894	-
Tax effect	12	(18,455)	-
Gains / (Losses) on exchange differences on translating foreign operations	12	(3,625,403)	(1,222,471)
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)		(3,566,964)	(1,222,471)
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)		3,937,724	1,707,735
- Attributable to Group shareholders		3,949,244	1,757,526
- Attributable to minority shareholders		(11,520)	(49,791)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

from the 1st of January 2016 to the 30th of June 2016

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at January 1st, 2016	26,208,185	57,506,537	4,494,745	(1,286,154)	-	16,023,311	5,965,409	14,786,376	6,016,715	129,715,124	1,196,407	130,911,531
Dividends paid	-	-	-	-	-	(2,620,818)	-	-	-	(2,620,818)	-	(2,620,818)
Allocation of prior year net result	-	-	70,337	-	-	1,336,397	-	4,609,981	(6,016,715)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(1,171,408)	-	2,928,934	1,757,526	(49,791)	1,707,735
Balance as at June 30th, 2016	26,208,185	57,506,537	4,565,082	(1,286,154)	-	14,738,890	4,794,001	19,396,357	2,928,934	128,851,832	1,146,616	129,998,448

from the 1st of January 2017 to the 30th of June 2017

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at January 1st, 2017	26,208,185	57,506,537	4,565,082	(1,286,154)	(62,841)	14,581,210	6,848,598	19,276,926	10,102,304	137,739,847	1,212,065	138,951,912
Dividends paid	-	-	-	-	-	(3,144,981)	-	-	-	(3,144,981)	-	(3,144,981)
Allocation of prior year net result	-	-	87,876	-	-	1,669,652	-	8,344,776	(10,102,304)	-	-	-
Result of comprehensive Income	-	-	-	-	58,439	2,320	(3,560,052)	-	7,448,537	3,949,244	(11,520)	3,937,724
Balance as at June 30th, 2017	26,208,185	57,506,537	4,652,958	(1,286,154)	(4,402)	13,108,201	3,288,546	27,621,702	7,448,537	138,544,110	1,200,545	139,744,655

CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO	June 30, 2017	June 30, 2016 (**)
Net result	7,504,687	2,930,206
<i>Adjustments (sub-total)</i>	<i>(7,874,165)</i>	<i>12,845,288</i>
Depreciation, impairment & write-off	8,567,063	7,698,819
Gain from sales of shares in other investments	(903,676)	-
Net change in deferred tax assets and liabilities	(1,439,377)	(1,418,798)
Change in employee benefits	(98,632)	(140,247)
Change in inventories	(20,783,686)	(13,267,842)
Change in trade receivables	(6,855,221)	4,238,950
Change in trade payables and advances	18,126,191	13,185,638
Net change in other receivables/payables and other assets/liabilities	(4,486,827)	2,548,768
Cash Flows from (used in) operating activities (A)	(369,478)	15,775,494
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(2,020,251)	(1,686,326)
Acquisition of intangible fixed assets	(169,263)	(426,593)
Capitalization of development costs	(3,947,332)	(5,547,330)
Net disposal of fixed assets	50,000	135,319
Capital increase/decrease in Other investments (*)	811,661	-
Capital increase/decrease investments accounted for using the equity method	-	60,126
Cash Flows from (used in) investing activities (B)	(5,275,185)	(7,464,804)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	(1,187,917)	187,551
Increases in loans and borrowings (including bank overdrafts)	6,670,853	3,132,023
Repayment of loans and borrowings (including bank overdrafts)	(10,783,433)	(8,442,327)
Repayments in financial lease liabilities	(223,421)	(117,333)
Dividends paid	(3,144,981)	(2,620,818)
Change in currency translation reserve	(3,560,052)	(1,171,408)
Other variations	2,320	-
Cash Flows from (used in) financing activities (C)	(12,226,630)	(9,032,312)
Cash Flows from (used in) change of minority shareholders (D)	(67,671)	(51,063)
Net change in cash and equivalents (E=A+B+C+D)	(17,938,964)	(772,685)
Cash and equivalents beginning of period (F)	62,679,901	41,365,408
Cash and equivalents end of period (G=E+F)	44,740,938	40,592,723

Additional Information to the Consolidated Statement of Cash-Flow	June 30, 2017	June 30, 2016 (**)
<i>Values in Euro</i>		
Taxes	(1,235,858)	(871,146)
Financial incomes	2,279,142	538,316
Financial expenses	(3,381,808)	(3,609,964)

(*) not included the acquisition of real estate assets by means of a financial lease and included assets held for sale

(**) for a better comprehension, the 2016 figures have been re-exposed

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB N.15519 OF JULY 27th,2006

Values in Euro	Notes	June 30, 2017	of which related parties	December 31, 2016	of which related parties
Property, plant and equipment	1	34,624,043	-	35,281,369	-
Intangible assets	2	152,764,868	-	155,713,399	-
Investments accounted for using the equity method	-	-	-	1,009,341	1,009,341
Other investments	3	359,551	180,000	139,051	-
Non current financial assets	4	9,578	-	9,578	-
Deferred tax assets	5	12,541,507	-	11,555,324	-
NON CURRENT ASSETS		200,299,547		203,708,062	
Inventories	6	119,344,851	-	98,561,165	-
Trade receivables	7	95,231,969	278,300	88,376,748	50,647
Other receivables	8	7,959,065	-	6,425,617	-
Current tax receivables	9	9,457,746	-	5,053,888	-
Derivatives	10	978,781	-	-	-
Financial assets	10	791,509	-	791,509	-
Cash and cash equivalents	10	44,740,938	-	62,679,901	-
CURRENT ASSETS		278,504,860		261,888,828	
Assets held for sale	11	1,243,165	881,306	318,812	-
TOTAL ASSETS		480,047,572		465,915,702	
Capital stock	12	26,208,185	-	26,208,185	-
Legal reserve	12	4,652,958	-	4,565,082	-
Other reserves	12	69,324,182	-	70,738,752	-
Currency translation reserve	12	3,288,546	-	6,848,598	-
Retained earnings	12	27,621,702	-	19,276,926	-
Net result	12	7,448,537	-	10,102,304	-
<i>Stockholders' equity of the Group</i>		138,544,110	-	137,739,847	-
<i>Minority interest</i>		1,200,545	-	1,212,065	-
STOCKHOLDERS' EQUITY		139,744,655		138,951,912	
Interest-bearing loans and borrowings	10	105,729,629	-	111,675,762	-
Employee benefit liabilities	13	8,001,721	-	8,100,353	-
Deferred tax liabilities	14	7,887,459	-	8,340,653	-
Provisions	15	160,545	-	162,684	-
Derivatives	10	5,793	-	220,866	-
NON CURRENT LIABILITIES		121,785,147		128,500,318	
Trade payables	16	98,910,899	-	88,448,383	-
Advance payments	16	33,692,845	-	26,029,170	-
Other payables	16	23,724,186	435,715	22,076,067	774,582
Interest-bearing loans and borrowings	10	36,265,707	-	34,894,444	-
Current tax payables	17	5,000,919	-	7,695,264	-
Provisions	15	20,923,213	-	18,424,370	-
Derivatives	10	-	-	895,774	-
CURRENT LIABILITIES		218,517,770		198,463,472	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		480,047,572		465,915,702	

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB N.15519 OF JULY 27th, 2006

Values in Euro	Notes	June 30, 2017	of which related parties	June 30, 2016	of which related parties
Net revenues	18	202,415,105	226,126	183,290,613	348,670
Cost of goods sold	19	(150,706,781)	-	(138,249,017)	-
GROSS MARGIN		51,708,324	-	45,041,596	-
Research and Development costs	20	(6,336,947)	-	(5,595,548)	-
Sales and marketing expenses	21	(14,424,138)	-	(13,464,305)	-
General and administrative expenses	22	(11,736,050)	(654,688)	(11,200,183)	(632,876)
OPERATING GROSS MARGIN (EBITDA)		19,211,189	-	14,781,560	-
<i>of which: non recurring items</i>		<i>(822,812)</i>		<i>(830,354)</i>	
Impairment - Write-off	23	(23,299)	-	(127,443)	-
Depreciation	23	(8,543,764)	-	(7,571,376)	-
OPERATING PROFIT (EBIT)		10,644,125		7,082,741	
<i>of which: non recurring items</i>		<i>(846,111)</i>		<i>(957,797)</i>	
Financial income	24	2,279,142	-	538,316	-
Financial expenses	24	(3,381,808)	-	(3,609,964)	-
Net exchange differences	24	(1,704,590)	-	(542,028)	-
Net result of investments accounted for using the equity method	-	-	-	332,287	332,287
Net result of other investments	25	903,676	903,676	-	-
RESULT BEFORE TAXES (EBT)		8,740,546		3,801,352	
<i>of which: non recurring items</i>		<i>57,565</i>		<i>(625,510)</i>	
Taxes	26	(1,235,858)	-	(871,146)	-
NET RESULT		7,504,687		2,930,206	
- Attributable to Group shareholders		7,448,536	-	2,928,934	-
- Attributable to minority shareholders		56,151	-	1,272	-
RESULT PER SHARE - BASIC (in euro)	27	0.71		0.28	
RESULT PER SHARE - DILUTED (in euro)	27	0.71		0.28	

CONSOLIDATED CASH FLOW STATEMENT PURSUANT TO CONSOB N.15519 OF JULY 27th, 2006

VALUES IN EURO	June 30, 2017	of which related parties	June 30, 2016 (**)	of which related parties
Net result	7,504,687		2,930,206	
Adjustments (sub-total)	(7,874,165)	-	12,845,288	-
Depreciation, impairment & write-off	8,567,063	-	7,698,819	-
Gain from sales of shares in other investments	(903,676)	(903,676)	-	-
Net change in deferred tax assets and liabilities	(1,439,377)	-	(1,418,798)	-
Change in employee benefits	(98,632)	-	(140,247)	-
Change in inventories	(20,783,686)	-	(13,267,842)	-
Change in trade receivables	(6,855,221)	(227,653)	4,238,950	(36,131)
Change in trade payables and advances	18,126,191	-	13,185,638	(1,283)
Net change in other receivables/payables and other assets/liabilities	(4,486,827)	(338,867)	2,548,768	(221,482)
Cash Flows from (used in) operating activities (A)	(369,478)		15,775,494	
Cash flow from investments				
Acquisition of tangible fixed assets (*)	(2,020,251)	-	(1,686,326)	-
Acquisition of intangible fixed assets	(169,263)	-	(426,593)	-
Capitalization of development costs	(3,947,332)	-	(5,547,330)	-
Net disposal of fixed assets	50,000	-	135,319	-
Capital increase/decrease in Other investments (*)	811,661	851,711	-	-
Capital increase/decrease investments accounted for using the equity method	-		60,126	60,126
Cash Flows from (used in) investing activities (B)	(5,275,185)		(7,464,804)	
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	(1,187,917)	-	187,551	-
Increases in loans and borrowings (including bank overdrafts)	6,670,853	-	3,132,023	-
Repayment of loans and borrowings (including bank overdrafts)	(10,783,433)	-	(8,442,327)	-
Repayments in financial lease liabilities	(223,421)	-	(117,333)	-
Dividends paid	(3,144,981)	-	(2,620,818)	-
Change in currency translation reserve	(3,560,052)	-	(1,171,408)	-
Other variations	2,320	-	-	-
Cash Flows from (used in) financing activities (C)	(12,226,630)		(9,032,312)	
Cash Flows from (used in) change of minority shareholders (D)	(67,671)		(51,063)	
Net change in cash and equivalents (E=A+B+C+D)	(17,938,964)		(772,685)	
Cash and equivalents beginning of period (F)	62,679,901		41,365,408	
Cash and equivalents end of period (G=E+F)	44,740,938		40,592,723	

(*) not included the acquisition of real estate assets by means of a financial lease and included assets held for sale

(**) for a better comprehension, the 2016 figures have been re-exposed

CHAPTER 7

Explanatory Notes **to Consolidated Financial statements**
as of June 30th, 2017



CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30th, 2017

FORM AND CONTENT

The abbreviated consolidated balance sheet of PRIMA INDUSTRIE Group on June 30th, 2017 has been drawn up on the assumption of the company continuing trading (for greater detail see the note "Accounting Principles") and in accordance with the International *Financial Reporting Standards* issued by the International Accounting Standards Board and recognised by the European Union (defined as "IFRS"), as well as the legislative and regulatory directions in force in Italy (with particular reference to Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB). "IFRS" is also meant as the International *Accounting Standard* (IAS) still in force, as well as all the interpretive documents issued by the International *Financial Reporting Interpretations Committee* ("IFRIC") previously called the *Standing Interpretations Committee* ("SIC").

The abbreviated consolidated balance sheet June 30th, 2017 has been laid out in abbreviated form, in conformity with IAS 34 "Interim balances", and does not include therefore all the information required in the annual balance sheet and must be read together with the annual balance sheet prepared for the closed financial year at December 31st, 2016, to which attention is drawn for greater detail.

The abbreviated consolidated balance on June 30th, 2017 of PRIMA INDUSTRIE Group is presented in a EUR which is also the currency of the economies in which the Group mainly operates.

The foreign subsidiaries are included in the abbreviated consolidated balance sheet on June 30th, 2017 according to the principles described in the "Accounting Principle" Note of the consolidated balance on December 31st, 2016, to which attention is drawn.

For purposes of comparison, the balance sheet data on December 31st, 2016 have been presented as well as the data of the profit and loss account and the financial statement relating to June 30th, 2016 with the movements of net assets of the first six months of 2016 as well, as required by IAS 1.

From the financial year 2017, the company presents the income statement according to functional areas, otherwise referred to as "at cost of sales". This cost analysis is based on cost destination and is considered more representative than an analysis by expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates. Following this change, which qualifies as a "change in accounting policies" as per *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*, the comparative figures for the previous half-year have been properly reclassified.

"Cost of sales" includes costs relating to the functional areas that participated directly or indirectly in the generation of revenues with the sale of goods or services. Therefore this item includes the production or purchase cost of products and goods sold. It also includes all costs for materials, processing and overheads directly attributable to production. Furthermore, it contains writedowns on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors.

DRAFTING PRINCIPLES AND CRITERIA

ACCOUNTING CRITERIA AND PRINCIPLES OF CONSOLIDATION

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at June 30th, 2017 are compatible with those used for the consolidated annual balance sheet at December 31st, 2016, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1st, 2017, as well as the adjustments required by the nature of the interim findings.

ON-GOING CONCERN

The condensed consolidated balance sheet at June 30th, 2017 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

ACCOUNTING STANDARDS AND INTERPRETATIONS EFFECTIVE FROM JANUARY 1ST, 2017

There are no accounting standards and interpretations adopted by the European Union and in force as of January 1st, 2017.

ACCOUNTING PRINCIPLES AND INTERPRETATIONS ISSUED BY IASB AND TRANSPOSED BY THE EUROPEAN UNION

At the date of this half-year report, the following principles have been issued by the IASB and incorporated by the European Union:

- *IFRS 15 - Revenues from Contracts with Customers*: on October 29th, 2016, EU Regulation no. 2016/1905 transposing *IFRS 15 - Revenues from Contracts with Customers* was issued. *IFRS 15* replaces *IAS 18 - Revenue*, *IAS 11 - Construction Contracts* and the related interpretations on revenue disclosure, consisting of *IFRIC 13 - Customer Loyalty Programmes*, *IFRIC 15 - Agreements for the Construction of Real Estate*, *IFRIC 18 - Transfers of assets from Customers* and *SIC 31 Revenue - Barter Transactions Involving Advertising Services*. The application of the new standard from January 1st, 2018 will involve, alternatively, a method for re-determining all comparative periods presented in the financial statements ("full retrospective method") and a "simplified" method involving the cumulative effect of the first application of the principle that adjusts opening net equity for the year in which the new principle is adopted, with no change to the data concerning all the comparative periods presented. The new standard - which involves recognition of revenue specifically when control of goods or services is transferred to customers, at an amount reflecting the consideration that is expected to be received in return for those products or services - introduces a five-step methodology to analyse transactions and define the revenue recognition method in terms of both "point-in-time"/"over time" recognition, and in terms of total amounts. The Group does not expect the adoption of this principle to tangibly impact the recognition and valuation of its revenues.
- *IFRS 9 - Financial Instruments*: On November 29th, 2016, EU Regulation no. 2016/2067 transposing *IFRS 9 - Financial Instruments* concerning the classification, measurement and cancellation of financial assets/liabilities, the reduction in the value of financial instruments and the disclosure of hedging transactions was issued. *IFRS 9*, which will be applicable from January 1st, 2018, (i) modifies the classification and valuation model for financial assets; (ii) introduces the concept of expected credit losses among the variables to be considered in the valuation and impairment of financial assets; (iii) modifies the provisions for hedge accounting.

The Group does not expect the adoption of this principle to tangibly impact the valuation of its assets, liabilities, costs and revenues.

ACCOUNTING PRINCIPLES AND INTERPRETATIONS ISSUED BY IASB AND NOT YET TRANSPOSED BY THE EUROPEAN UNION

At the date of this half-year report, the following new principles and interpretations have been issued by the IASB but have not yet been transposed into European Union law:

- *IFRS 16 - Leases*, applicable from 1 January 2019, with the full or simplified retrospective method described above in relation to IFRS 15. IFRS 16 replaces *IAS 17 - Leases* and its related interpretations, *IFRIC 4 - Determining whether an Arrangement Contains a Lease*, *SIC 15 - Operating Leases - Incentives*, *SIC 27 - Evaluating the Substance of Transactions involving the Legal form of a Lease*. For the lessee, IFRS 16 requires that for all passive lease contracts, regardless of whether they are operational or financial in nature, a liability should be entered in the balance sheet, represented by the current value of future lease fees, against an entry among the assets of the right to use the leased asset. Leases of less than or equal to 12 months' duration and leases of low value assets can be exempt from application of IFRS 16. The main impacts of the new standard on the financial statements will be: a) balance sheet and financial position, greater non-current assets due to the inclusion of the right to use the leased asset set off against financial payables; b) income statement, inclusion of amortization of the right to use the leased asset and interest charges on current operating lease fees.
- Amendments to *IAS 7 - Statement of Cash Flows, Disclosure Initiative*. The changes made concern the information that companies will have to provide to enable investors to evaluate the changes in liabilities from financing activities. The new provisions will apply from the years beginning on or after January 1st, 2017, barring subsequent deferrals following approval of the amendments to the standards by the European Union, which had still not taken place at the date of this interim report.
- Amendments to *IAS 12 - Income taxes, recognition of deferred tax assets for unrealised losses*. The amendments made provide clarification regarding the recognition of deferred tax assets for debt instruments valued at fair value. The new provisions will apply from the years beginning on or after January 1st, 2017, barring subsequent deferrals following approval of the changes to the standards by the European Union, which had still not taken place at the date of this interim report.
- Amendments to *IFRS 2 - Classification and Measurement of Share-based Payment Transactions*, applicable from January 1st, 2018.
- Clarification of *IFRS 15 - Revenues from Contracts with Customers*, applicable from January 1st, 2018.
- Improvements to IFRSs (2014-2016 Cycle) - Amendments to IFRS 12 and IAS 28, applicable respectively from January 1st, 2017 and January 1st, 2018.
- *IFRIC 22 - Foreign Currency Transactions and Advance Consideration*, applicable from January 1st, 2018.
- Amendments to *IAS 40 - Investment Property*, applicable from January 1st, 2018.
- *IFRIC 23 - Uncertainty over Income Tax Treatments*, applicable from January 1st, 2019.
- Amendments to *IFRS 10 - Consolidated Financial Statements* and *IAS 28 - Investments in Associates and Joint Ventures*: sale or transfer of assets between an investor and its associate/joint venture; application deferred indefinitely.

The Group will adopt these new principles, amendments and interpretations from their date of application. At this time no significant impacts on the financial statements are expected, with the exception of the effects of application of *IFRS 16 - Leases*, as described above.

USE OF ACCOUNTING ESTIMATES

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances, they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the condensed consolidated balance sheet of June 30th, 2017, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

This Half-Year Financial Report was authorized for publication by the Board of Directors on August 3rd, 2017.

EXPLANATORY NOTES

The data shown in the explanatory notes, if not shown otherwise, are expressed in EUR.

SECTOR REPORT

In accordance with IFRS 8, and in line with the Group's management and control model, the Group's management has identified PRIMA POWER and PRIMA ELECTRO as the operating divisions that are subject to sector reports.

The PRIMA POWER Division includes the design, manufacture and sale of:

- laser machines to cut, weld and punch metallic components, three-dimensional (3D) and two-dimensional (2D), and
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

The PRIMA ELECTRO Division includes the development, construction and sale of electronic power and control components, and hi-power laser sources for industrial applications, intended for the machines of the Group and third customers.

The following sector report is subject to different disclosure rules than those used in the Consolidated Financial Statements of the PRIMA INDUSTRIE Group at June 30th, 2016 and December 31st, 2016. The following tables show the financial information directly attributable to the two divisions.

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
<i>Values in euro thousand</i>	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net revenues	190,202	170,793	24,323	19,646	(12,110)	(7,148)	202,415	183,291
Cost of goods sold	(143,686)	(131,084)	(18,968)	(14,526)	11,947	7,362	(150,707)	(138,249)
GROSS MARGIN	46,516	39,709	5,355	5,120	(163)	213	51,708	45,042
Research and Development costs	(5,108)	(4,307)	(1,229)	(1,289)	-	1	(6,337)	(5,595)
Sales and marketing expenses	(13,043)	(11,793)	(1,383)	(1,680)	2	9	(14,424)	(13,464)
General and administrative expenses	(9,788)	(9,242)	(1,929)	(1,931)	(19)	(28)	(11,736)	(11,200)
OPERATING GROSS MARGIN (EBITDA)	18,577	14,367	814	220	(180)	195	19,211	14,782
Depreciation and Impairment - Write-off	(6,898)	(5,801)	(1,676)	(1,905)	7	7	(8,567)	(7,699)
OPERATING PROFIT (EBIT)	11,679	8,566	(862)	(1,685)	(173)	202	10,644	7,083
Net financial expenses	(875)	(2,821)	(227)	(251)	(1)	-	(1,103)	(3,072)
Net exchange differences	(1,647)	(493)	(58)	(49)	-	-	(1,705)	(542)
Dividends	-	360	-	-	-	(360)	-	-
Net result of investments accounted for using the equity method	-	-	-	332	-	-	-	332
Net result of other investments	-	-	904	-	-	-	904	-
RESULT BEFORE TAXES (EBT)	9,157	5,612	(243)	(1,652)	(174)	(158)	8,740	3,801
Taxes	(1,642)	(1,239)	336	650	72	(283)	(1,236)	(872)
NET RESULT	7,515	4,373	92	(1,002)	(102)	(441)	7,505	2,930
- Attributable to Group shareholders	7,459	4,372					7,449	2,929
- Attributable to minority shareholders	56	1					56	1

	Prima Power		Prima Electro		Elimination		Prima Industrie Group	
<i>Values in euro thousand</i>	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016	June 30, 2017	Dec 31, 2016
Property, plant and equipment	26,812	27,055	7,813	8,226	-	-	34,624	35,281
Intangible assets	135,569	139,048	20,219	19,730	(3,023)	(3,065)	152,765	155,713
Investments accounted for using the equity method	-	-	-	1,009	-	-	-	1,009
Other investments	11,281	11,061	23	23	(10,944)	(10,945)	360	139
Non current financial assets	800	1,300	9	10	(800)	(1,300)	9	10
Deferred tax assets	8,091	7,304	3,964	3,826	487	425	12,542	11,555
NON CURRENT ASSETS	182,553	185,768	32,028	32,824	(14,280)	(14,885)	200,300	203,707
Inventories	100,260	81,488	20,513	18,346	(1,429)	(1,273)	119,344	98,561
Trade receivables	89,290	82,400	15,819	13,115	(9,877)	(7,139)	95,232	88,376
Other receivables	6,715	5,487	1,241	936	3	3	7,959	6,426
Current tax receivables	8,902	4,464	1,000	1,035	(444)	(445)	9,458	5,054
Derivatives	979	-	-	-	-	-	979	-
Financial assets	804	810	-	-	(12)	(18)	792	792
Cash and cash equivalents	42,789	56,874	1,952	5,806	-	-	44,741	62,680
CURRENT ASSETS	249,739	231,523	40,525	39,238	(11,759)	(8,872)	278,505	261,889
Assets held for sale	362	319	881	-	-	-	1,243	319
TOTAL ASSETS	432,654	417,610	73,434	72,062	(26,039)	(23,757)	480,048	465,915
STOCKHOLDERS' EQUITY	122,777	120,615	31,710	33,014	(14,742)	(14,677)	139,745	138,952
Interest-bearing loans and borrowings	95,378	102,537	10,352	9,139	-	-	105,730	111,676
Employee benefit liabilities	5,450	5,388	2,551	2,712	-	-	8,002	8,100
Deferred tax liabilities	5,511	5,793	2,543	2,729	(167)	(181)	7,887	8,341
Provisions	161	163	-	-	(1)	-	160	163
Derivatives	6	221	-	-	-	-	6	221
NON CURRENT LIABILITIES	106,506	114,102	15,446	14,580	(168)	(181)	121,785	128,501
Trade payables	96,394	86,460	12,382	9,116	(9,865)	(7,128)	98,911	88,448
Advance payments	32,851	24,908	842	1,121	-	-	33,693	26,029
Other payables	20,381	19,231	3,344	2,845	-	-	23,724	22,076
Interest-bearing loans and borrowings	28,481	26,209	8,598	10,004	(813)	(1,319)	36,266	34,894
Current tax payables	5,124	7,582	329	565	(452)	(452)	5,001	7,695
Provisions	20,140	17,607	783	817	-	-	20,923	18,424
Derivatives	-	896	-	-	-	-	-	896
CURRENT LIABILITIES	203,371	182,893	26,278	24,468	(11,130)	(8,899)	218,518	198,462
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	432,654	417,610	73,434	72,062	(26,040)	(23,757)	480,048	465,915

CONSOLIDATED FINANCIAL POSITION**1. Property, plant and equipment**

The tangible fixed assets on June 30th, 2017 are equal to 34,624 Euro thousand a decrease of 657 Euro thousand compared with December 31st, 2016.

For more details figure, refer to the table below.

Property, plant and equipment	Land and Building	Plants and Machinery	Industrial and Commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31, 2015	18,977,163	2,292,078	3,611,294	2,599,798	985,223	28,465,557
Movements 2016						
Increases	7,101,922	1,273,068	990,760	1,215,751	223,129	10,804,630
Disinvestments	-	(218,723)	(131,566)	(525,028)	-	(875,317)
Utilization of accumulated depreciation	-	217,996	112,957	472,084	-	803,037
Depreciation	(813,879)	(581,290)	(1,397,421)	(1,129,796)	-	(3,922,386)
Reclassifications with tangible fixed assets	222,051	14,500	220,081	64,577	(521,209)	-
Differences on exchange rates	(67,198)	(22,307)	50,223	44,890	240	5,848
Net value as at December 31, 2016	25,420,059	2,975,322	3,456,328	2,742,276	687,383	35,281,369
2017 1st half's movements						
Increases	107,237	301,013	648,485	584,905	449,906	2,091,546
Disinvestments	-	(37,403)	-	(304,489)	-	(341,892)
Utilization of accumulated depreciation	-	36,545	-	255,347	-	291,892
Depreciation	(500,718)	(324,584)	(773,396)	(566,773)	-	(2,165,471)
Impairment	-	-	-	-	(23,299)	(23,299)
Reclassifications with tangible fixed assets	-	-	184,772	-	(184,772)	-
Reclassifications with intangible fixed assets	-	-	-	(81,077)	-	(81,077)
Differences on exchange rates	(214,545)	(27,235)	(123,385)	(55,908)	(7,952)	(429,025)
Net value as at June 30, 2017	24,812,033	2,923,658	3,392,804	2,574,281	921,266	34,624,043

2. Intangible assets

The intangible assets on June 30th, 2017 are equal to 152,765 Euro thousand and decreased by 2,949 Euro thousand compared with December 31st, 2016.

For more details, refer to the table below.

Intangible assets	Goodwill	Development costs	Other intangible assets	TOTAL
Net value as at December 31, 2015	103,169,846	36,348,277	18,252,851	157,770,974
Movements 2016				
Increases / (decreases)	-	9,710,945	904,090	10,615,035
Depreciation	-	(7,993,986)	(3,937,312)	(11,931,298)
Impairment	-	(1,027,682)	-	(1,027,682)
Reclassifications with intangible fixed assets	-	309,525	(309,525)	-
Differences on exchange rates	91,975	189,284	5,111	286,370
Net value as at December 31, 2016	103,261,821	37,536,363	14,915,215	155,713,399
2017 1st half's movements				
Increases / (decreases)	-	3,947,332	169,263	4,116,595
Depreciation	-	(4,380,057)	(1,998,236)	(6,378,293)
Reclassifications with tangible fixed assets	-	-	81,077	81,077
Differences on exchange rates	(220,882)	(497,534)	(49,494)	(767,910)
Net value as at June 30, 2017	103,040,939	36,606,104	13,117,825	152,764,868

The most significant item is represented by Goodwill, which on June 30th, 2017 amounts to 103,041 Euro thousand. Goodwill accounted for refers to the larger value paid with respect to the fair value of the net assets acquired.

The table below shows the book value of the goodwill allocated to each of the units generating financial flow.

CASH GENERATING UNIT	BOOK VALUE GOODWILL June 30, 2017	BOOK VALUE GOODWILL December 31, 2016
PRIMA POWER	97,714	97,851
OSAI (Service)	4,125	4,125
PRIMA ELECTRO NORTH AMERICA	1,011	1,095
MLTA	154	154
OSAI UK	37	37
TOTAL	103,041	103,262

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). On December 31st, 2016 the Group carried out the *impairment test* on the value of the main elements of goodwill (PRIMA POWER, OSAI-Service and PRIMA ELECTRO NORTH AMERICA), for which attention is drawn to the Consolidated Financial Statements at December 31st, 2016. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31st, 2016, it was not considered necessary to update the related *impairment tests*.

As it can be deduced by the half year's progression, most increases in 2017 were due to the capitalization of development costs. Considering the business of PRIMA INDUSTRIE Group, having a high technological content, it is absolutely essential to have constant investment in research and development activities. The capitalization of development costs has been carried out by the Group where there are the conditions set out in IAS 38. For all the development activities of capitalized new projects, the technical feasibility has been verified as well as the generation of probable future economic benefits. The costs capitalized on development projects are monitored individually, they are measured through the economic benefits expected from their entry into operation and are depreciated over the period in which it is estimated that they will produce these benefits. The costs capitalized on projects where the technical feasibility is uncertain or no longer strategic are assigned to the income statement.

It should be noted that the "Other intangible fixed assets" category contains the trademark and customer relationships ("*customer list*") deriving from the Purchase Price Allocation of FINN-POWER OY occurred in 2008. The residual net values of the FINN-POWER trademark and of the *customer list* at June 30th, 2017 are of 10,284 Euro thousand and 700 Euro thousand, respectively.

3. Other Investments

Other investments at June 30th, 2017 were 360 Euro thousand and had increased by 220 Euro thousand from December 31st, 2016. This was due to the investments in 3D-NT, a company that is active in the *additive manufacturing* sector (which the Group will use to develop new technologically innovative products) and in PRIMA POWER Sheet Metal Solution (a Malaysian company with which the PRIMA POWER division will work to strengthen its presence on the South-East Asian market).

Consequently this heading on June 30th, 2017 is composed of:

- Caretek Srl: 23 Euro thousand (investment equal to 19.3% held by PRIMA ELECTRO SpA);
- Fimecc OY: 50 Euro thousand (investment equal to 2.4% held by FINN-POWER OY);
- Härmämedi OY: 25 Euro thousand (investment equal to 8.3% held by FINN-POWER OY);
- Lamiera Servizi Srl: 11 Euro thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- 3D NT: 180 Euro thousand (investment equal to 15% held by PRIMA INDUSTRIE SpA);
- Prima Power Sheet Metal Solution: 41 Euro thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- other minor investments: 30 Euro thousand.

4. Non- current financial assets

This item at June 30th, 2017 amounted to 10 Euro thousand and refers to a loan issued by PRIMA ELECTRO SpA to Caretek Srl.

5. Deferred tax assets

The Deferred Tax Assets amounts to 12,542 Euro thousand, showing an increase compared with the preceding financial year of 986 Euro thousand. The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes takes into account the expected profits in future financial years. The anticipated taxes calculated on the losses carried forward have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. During the first half of 2017 no elements have been identified which could modify the valuations made with regard to the recoverability of deferred tax assets.

6. Inventories

The following table shows the composition of inventories at June 30th, 2017 and December 31st, 2016.

INVENTORIES	June 30, 2017	December 31, 2016
Raw materials	40,785,109	34,127,407
Semi-finished goods	24,536,796	19,731,012
Finished goods	61,932,263	52,953,832
(Inventory provisions)	(7,909,317)	(8,251,086)
TOTAL	119,344,851	98,561,165

The net value of inventories on June 30th, 2017 shows an increase equal to 20,784 Euro thousand compared with December 31st, 2016. This increase is due to support the production volumes in subsequent quarters.

The inventory provisions during the year 2017 were subject to the following movements.

Inventory Provisions	June 30, 2017
Value as at December 31, 2016	(8,251,086)
Provisions	(355,790)
Utilizations	486,709
Differences on exchange rates	210,850
Value as at June 30, 2017	(7,909,317)

Appropriations during the period mainly occurred after the sale of assets for which provisions had previously been set aside or because estimated expected losses were updated.

7. Trade Receivables

Net trade receivables at June 30th, 2017 amounted to 95,232 Euro thousand an increase of 6,855 Euro thousand compared to December 31st, 2016.

TRADE RECEIVABLES	June 30, 2017	December 31, 2016
Receivables from customers	98,366,697	92,050,822
Bad Debt Reserve	(3,134,728)	(3,674,074)
TOTAL	95,231,969	88,376,748

The Bad Debt Reserve during the half year of 2017 were subject to the following movements.

BAD DEBT RESERVE	Euro thousand
Value as at December 31, 2016	(3,674)
Provisions	(155)
Utilizations	632
Differences on exchange rates	62
Value as at June 30, 2017	(3,135)

The Bad Debt Reserve reflects the management's best estimate about the expected losses of the Group. The book value of Trade Receivables is considered to be equal to its *fair value*.

Appropriations in the period mainly occurred after the finalization of accounts for losses on loans previously allocated or for the collection of previously written down loans.

8. Other receivables

Other receivables on June 30th, 2017 are equal to 7,959 Euro thousand and increased by 1,533 Euro thousand compared with December 31st, 2016.

OTHER RECEIVABLES	June 30, 2017	December 31, 2016
Advances payments to suppliers	2,689,507	2,006,187
Contribution to be received for R&D projects	2,515,106	2,327,180
Prepayments and accrued income	1,731,703	1,567,286
Other receivables	656,390	216,647
Advances to employees	366,359	308,317
TOTAL	7,959,065	6,425,617

These receivables mainly refer to advance payments to suppliers, R&D grants due for receipt, accrued income and prepaid expenses and advances to employees.

9. Current tax receivables

The heading amounts to 9,458 Euro thousand and increased by 4,404 Euro thousand compared to December 31st, 2016. Tax assets mainly include VAT receivables for 5,766 Euro thousand (1,661 Euro thousand on December 31st, 2016), income tax receivables for 2,522 Euro thousand (2,260 Euro thousand on December 31st, 2016), a tax receivable amounting to 1,048 Euro thousand following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011) which arose in February 2013, other receivables for tax assets for 116 Euro thousand (75 Euro thousand on December 31st, 2016) and by withholding taxes for 6 Euro thousand (10 Euro thousand on December 31st, 2016).

10. Net Financial Position

On June 30th, 2017 the net financial position of the Group was negative for an amount of 95,490 Euro thousand, increasing of 11,275 Euro thousand compared to the previous financial year (negative for 84,215 Euro thousand). For a better understanding of the variation in the net financial position achieved during the first half year of 2017, refer to the consolidated cash flow statement of the period.

As required by the Consob communication No. DEM/6064293 of July 28th, 2006, the net financial debt at June 30th, 2016 and December 31st, 2015 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of February 10th, 2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

Values expressed in Euro thousand

	NET FINANCIAL POSITION	June 30, 2017	December 31, 2016	VARIATIONS
A	CASH	44,741	62,680	(17,939)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	44,741	62,680	(17,939)
E	CURRENT FINANCIAL RECEIVABLES	1,770	792	978
F	CURRENT BANK DEBTS	5,922	5,454	468
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	27,260	24,993	2,267
H	BOND ISSUED	869	871	(2)
I	OTHER CURRENT FINANCIAL DEBTS	2,214	4,472	(2,258)
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	36,265	35,790	475
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	(10,246)	(27,682)	17,436
L	NON-CURRENT BANK DEBTS	53,927	59,195	(5,268)
M	BOND ISSUED	39,686	39,660	26
N	OTHER NON-CURRENT FINANCIAL DEBTS	12,123	13,042	(919)
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	105,736	111,897	(6,161)
P	NET FINANCIAL POSITION (K+O)	95,490	84,215	11,275

Liquidity

Cash and cash equivalents amount to 44,741 Euro thousand and consist of:

- bank deposits for 44,678 Euro thousand and
- cash for 63 Euro thousand.

For more details on cash and cash equivalents, see the consolidated Cash Flow Statement.

Current financial receivables

The current financial receivables amount to 1,770 Euro thousand and include:

- financial instruments for coverage of the exchange rate risk (*Currency Rate Swap*) for 978 Euro thousand;
- a term deposit signed by Prima Industrie SpA as guarantee for a loan granted to the Brazilian subsidiary PRIMA POWER SOUTH AMERICA LTDA equal to 550 Euro thousand;
- receivables from the company Wuhan Unity deriving from the sale by Prima Industrie SpA of the last 5% of the investment in Shanghai Unity Prima amounting to 236 Euro thousand;
- receivables from the company Lamiera Servizi of 6 Euro thousand, a subsidiary of Prima Industrie SpA for 19%.

Bonds issued

Debt to bondholders amount comprehensively to 40,940 Euro thousand, inclusive of accrued and unpaid interests amounting to 940 Euro thousand. Debt refers exclusively to the *Bond* issued during the first quarter of 2015 and expiring on February 6th, 2022. The net debt accounted for in the financial statements amounts to 40,555 Euro thousand. The transactions costs incurred at the issuing of the bond were accounted for in reduction of financial debt.

The long term debt amounts to 39,686 Euro thousand beyond 12 months.

Indebtedness with banks

The main figures included in the indebtedness with banks are the *Club Deal* loan and the *Finnish Loan*. The *Club Deal* loan amounts to 26,667 Euro thousand at June 30th, 2017 and consists of the loan repayment due on June 30th, 2021; the Club Deal loan also includes a quota in the form of *revolving* credit lines amounting to 20,000 Euro thousand expiring on December 31st, 2019. At June 30th, 2017 these commercial credit lines were fully available. Net debt in balance sheet amounts to 26,260 Euro thousand and includes transaction costs incurred at the issuing of the loan agreement.

The *Club Deal* loan is for 19,759 Euro thousand expiring beyond 12 months.

The *Finnish Loan* at June 30th, 2017 amounts to 20,000 Euro thousand and consists of two quotas of 12,500 Euro thousand each and a third one in the form of commercial credit lines up to 11,000 Euro thousand at June 30th, 2017 commercial credit lines were fully available. The net debt accounted for in the Financial Statements amounting to 19,850 Euro thousand includes transaction costs incurred at the issuing of the loan agreement which have been accounted for reduction of the financial debt.

The *Finnish Loan* is for 17,406 Euro thousand expiring beyond 12 months.

The non current bank debt also includes other bank loans for 16,756 Euro thousand mainly relating to new loans attributable to the three Italian companies PRIMA INDUSTRIE SpA, PRIMA ELECTRO SpA e FINN-POWER ITALIA S.r.l. within the long term refinancing operation TLTRO (*Targeted Longer - Term Refinancing Operations*) issued by the European Central Bank. The non current bank debt also includes the negative *fair value* of a derivative financial instrument (IRS - Interest Rate Swap) equal to 6 Euro thousand whose *fair value* variations have been directly attributed to the income statement being the *hedge accounting* criteria not applicable.

The current indebtedness with banks (considering the current part of the non-current debt) includes the *Club Deal* loan for 6,501 Euro thousand, the *Finnish Loan* for 2,444 Euro thousand, *bank overdrafts* for 5,408 Euro thousand, other bank loans for 18,829 Euro thousand.

Other financial debts

The Other financial debts amount comprehensively to 14,337 Euro thousand (of which 2,214 Euro thousand expire within 12 months).

The other financial debts include:

- debts for financial lease amounting to 9,965 Euro thousand (of which 985 Euro thousand expire within 12 months);
- other financial debts for 4,372 Euro thousand (of which 1,229 Euro thousand expire within 12 months); such debts refer mainly to government loans.

Financial indicators (“Covenants “)

Both the *Club-Deal* loan agreement and the *Bond* require compliance with certain economic and financial ratios (*covenants*) for their entire period of duration and with variable values in the different measurement periods.

The table below details the *ratios* applicable as at June 30th, 2017 and for the following measurement periods.

Club Deal	
EBITDA(*)/Consolidated Net Financial costs ratio not less than:	4,00 at December 31, 2016 and June 30, 2017 4,25 for each measurement subsequent date
Net Financial Borrowing/Consolidated EBITDA(*) ratio not more than:	3,25 at December 31, 2016 and June 30, 2017 3,00 for each measurement subsequent date

(*) net of non recurring items

Bond	
EBITDA (*)/Consolidated Net Financial costs ratio not less than:	3,5 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Borrowings/Consolidated EBITDA (*) ratio not higher than:	4,0 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Borrowings/Consolidated Shareholders's Equity ratio not higher than:	1,5 for the duration of the loan, to be calculated at June 30 and at December 31 of each year

(*) net of non recurring items

The *covenants* measured on the consolidated financial statements at June 30th, 2017 are met.

Cash flow hedging instruments and accounting for related transactions

In accordance with policy, PRIMA INDUSTRIE Group uses financial instruments to hedge foreign exchange fluctuations, with reference to USD, RMB and GBP transactions.

Coherently with the contents of IAS 39, hedging instruments can be entered according to hedge accounting methods only when:

- the formal designation and the documentation of the hedge are available on the starting date of the hedge;
- it is presumed that the hedge is highly effective;
- its effectiveness can be reliably measured; and
- the hedge itself is highly effective during the various accounting periods for which it is designated.

All hedging instruments are measured at their fair value, as established by IAS 39.

When hedging instruments qualify for *hedge accounting*, they are entered in statements as follows:

- *Cash-flow hedge*. If a hedging instrument is chosen to cover the exposure to unstable future cash flows of an asset or liability listed in the financial statements or of an expected and highly probable transaction that could affect the Profit & Loss, the effective share of the profit or loss for the hedging instrument is reported in Other total profits/(losses). The cumulated profit or loss are written off the Other total profits/(losses) and entered in the Income Statement in the same period in which the correlated economic effect of the hedged transaction is reported. The profit or loss associated to a hedge (or part of one) that has become obsolete are immediately entered in the Profit & Loss. If a hedging instrument or a

hedge report are closed, but the hedged transaction has not yet been concluded, the cumulated profit and loss, hitherto entered in the Other total profits/(losses), are reported in the Income Statement with regards to the reported economic effects of the hedged transaction. If the hedged transaction is no longer presumed probable, the profits or losses as yet not accrued and suspended in the Other total profits/(losses) are immediately reported in the Profit & Loss.

- *Fair value hedge.* If a hedging instrument is designated to hedge the exposure to variations of the fair value of an asset or liability in the financial statements that are attributable to a particular risk which may affect the Income Statement, the profit or loss deriving from subsequent evaluations of the fair value of the hedging instrument are reported in the Profit & Loss. The profit or loss on the hedged item is attributable to the hedged risk, modifying the book value of that item, and is reported in the Profit & Loss.
- *Hedge of a net investment.* If a hedging instrument is designated to hedge a net investment in an offshore company, the effective share of profit or loss on the hedging instrument is reported in Other total profits/(losses). The cumulated profit or loss are written off from the Net Equity and entered in the Income Statement on the date in which the offshore asset is dismissed.

IFRS 7 requires the classification of financial instruments at fair value to be determined on the basis of the quality of the input sources used in their valuation.

The IFRS 7 classification has the following hierarchy:

- Level 1: fair value determined according to unadjusted prices in active markets for identical assets or liabilities;
- Level 2: fair value determined according to inputs other than quoted market prices included within Level 1 but which are either directly or indirectly observable. This category includes the instruments the Group uses to hedge risks arising from interest rate and exchange rate fluctuations;
- Level 3: fair value determined according to valuation models whose inputs are not based on observable inputs ("unobservable inputs"). There are no financial instruments valued in this way.

Movement of payables due to Banks and loans

The payables due to banks and loans of the PRIMA INDUSTRIE Group on June 30th, 2017 (not including the derivatives *fair value* of derivatives) are equal to 141,995 Euro thousand and during the half-year of 2017, they have changed as shown in the following table.

BANK PAYABLES AND LOANS	<i>Euro thousand</i>
Bank Payables and loans - current portion (December 31, 2016)	34,894
Bank Payables and loans - non-current portion (December 31, 2016)	111,676
TOTAL BANK PAYABLES AND LOANS AS OF DECEMBER 31, 2016	146,570
Stipulation of loans and borrowings (including bank overdrafts)	6,671
Repayment of loans and borrowings (including bank overdrafts)	(10,783)
Stipulation/(repayments) of financial leasing	(109)
Exchange rate effect	(354)
TOTAL BANK PAYABLES AND LOANS AS OF JUNE 30, 2017	141,995
of which:	
Bank Payables and loans - current portion (June 30, 2017)	36,265
Bank Payables and loans - non-current portion (June 30, 2017)	105,730
TOTAL BANK PAYABLES AND LOANS AS OF JUNE 30, 2017	141,995

11. Assets held for sale

At June 30th, 2017, the value of non-current assets held for sale is 1,243 Euro thousand. The increase is solely due to the reclassification of the shareholding in EPS SA (whose book value is 881 Euro thousand and accounts for 13.1% of all shares) valued in this asset category using the equity method. The remaining 362 Euro thousand refers to some properties under construction held by the Company FINN-POWER ITALIA Srl located in Mantua, Italy. All assets classified in this category are available for immediate sale, an event that is very likely since the Management has engaged in a divestment programme.

12. Shareholders' equity

Net Equity increased by 793 Euro thousand from the previous year. This increase is due to the positive effects of the results of the Parent Company (7,449 Euro thousand) and the change to the fair value adjustment reserve for derivatives (58 Euro thousand), which were attenuated by the negative effects of the conversion reserve (3,558 Euro thousand), the dividend payment (3,145 Euro thousand) and the change in minority shareholders' equity (11 Euro thousand).

For more details, see the table of changes in net equity.

13. Employee benefit liabilities

The item employees benefits liabilities on June 30th, 2017 is equal to 8,002 Euro thousand and is decreased compared to December 31st, 2016 of 99 Euro thousand, this item includes:

- the Severance Indemnity (TFR) recognized by Italian companies for employees;
- a loyalty premium recognized by the Parent Company and by PRIMA ELECTRO for their own employees;
- a pension fund recognized by PRIMA POWER GmbH and by PRIMA POWER France Sarl to their employees;
- a liability for employee benefits accounted for by PRIMA INDUSTRIE SpA relevant the South Korea *branch office*.

The table below compares the items in question.

EMPLOYEE BENEFITS	June 30, 2017	December 31, 2016
Severance indemnity fund	5,509,155	5,694,418
Fidelity premium and other pension funds	2,492,566	2,405,935
TOTAL	8,001,721	8,100,353

14. Deferred tax liabilities

Deferred tax liabilities amounts to 7,887 Euro thousand, showing a decrease of 453 Euro thousand compared with December 31st, 2016.

15. Provisions

The provisions for liabilities and charges are equal to 21,084 Euro thousand and increased by 2,497 Euro thousand compared with December 31st, 2016; Non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to 161 Euro thousand.

Below a brief overview of the short-term.

CURRENT PROVISIONS	Warranty provisions	Completion project and others provisions	TOTAL
Value as at December 31, 2015	9,985,320	5,811,171	15,796,491
Allocations	3,005,605	3,252,866	6,258,471
Utilizations in the period	(2,310,635)	(1,441,943)	(3,752,578)
Exchange rate differences	88,873	33,113	121,986
Value as at December 31, 2016	10,769,163	7,655,207	18,424,370
Allocations	1,850,835	4,012,061	5,862,896
Utilizations in the period	(1,504,815)	(1,277,033)	(2,781,848)
Exchange rate differences	(295,106)	(287,099)	(582,205)
Value as at June 30, 2017	10,820,077	10,103,136	20,923,213

Current provisions mainly relate to product warranties (equal to 10,820 Euro thousand) and to the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to 9,417 Euro thousand). The warranty provision relates to the provisions for technical interventions on the Group's products and is considered appropriate in comparison to the warranty costs which have to be provided for.

The other provisions amounting to 686 Euro thousand refer to legal, fiscal procedures and other disputes; these provisions represent the best estimate by management of the liabilities which must be accounted for with regard to legal, fiscal proceedings occasioned during normal operational activity with regard to dealers, clients, suppliers or public authorities.

16. Trade payables, advance payments and other payables

The value of payables increased compared to December 31st, 2016 by 10,463 Euro thousand.

The Clients advance payments heading increased compared to December 31st, 2016 by 33,693 Euro thousand; it has to be noted that this item contains both the advance payments on orders relating to machines which have not yet been delivered, as well as those generated by the application of the IAS

18 accounting principle relating to machines already delivered, but not yet accepted by the end client and therefore not recognized as revenue.

Other payables increased to December 31st, 2016 by 1,648 Euro thousand and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

17. Current tax payables

Tax payables for current taxes on June 30th, 2017 amounts to 5,001 Euro thousand which results in a reduction of 2,694 Euro thousand compared with December 31st, 2016.

CONSOLIDATED INCOME STATEMENT

As already mentioned above, from January 1st, 2017 the Group changed the presentation method for the items in the income statement, which are no longer presented by “type” and instead are presented by “functional area”, with the comparative data from the previous half-year suitably reclassified. In accordance with paragraph 104 of *IAS 1 - Presentation of Financial Statements*, personnel costs amount to 55,520 Euro thousand (51,850 Euro thousand in 2016).

18. Net revenues from sales and services

Revenues from sales and services have already been dealt with in chapter 5 of this document: “Group Management Report” in the paragraph entitled “Economic performance”.

19. Cost of goods sold

“Cost of sales” includes costs relating to the functional areas involved directly or indirectly in the generation of revenues with the sale of goods or services. Therefore this item includes the production or purchase cost of products and goods sold. It also includes all costs for materials, processing and overheads directly attributable to production. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors. The cost of sales in the first half of 2017 stood at 150,707 Euro thousand up 12,458 Euro thousand from June 30th, 2016. The main components include materials (110,687 Euro thousand), processing and outsourcing (10,133 Euro thousand).

20. Research and development costs

This item includes non-capitalizable research and development costs, Tech Center costs and overheads and is disclosed net of grants (national and European) entered on an accrual basis. Net research and development costs at June 30th, 2017 were 6,337 Euro thousand, up 741 Euro thousand from the previous half year; public grants accounted for 1,455 Euro thousand.

21. Sales and marketing expenses

This item includes, for allocation, business structure costs such as personnel, trade fairs and events, the demo center, promotional and advertising activities and related overheads.

Sales and marketing costs in the first half of 2017 were 14,424 Euro thousand, up 13,464 Euro thousand from 13,464 Euro thousand at the end of the first half of 2016.

22. General and administrative expenses

This item includes all costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads. Overheads and administration costs were 11,736 Euro thousand at the end of the first half of 2017, up from June 30th, 2016 (11,200 Euro thousand).

23. Impairment, write-downs and depreciation

Depreciation at June 30th, 2017 amounts to 8,544 Euro thousand (of which 6,378 Euro thousand are related to intangible assets).

DEPRECIATION	June 30, 2017	June 30, 2016
Depreciation of intangible fixed assets	6,378,293	5,668,807
Depreciation of tangible fixed assets	2,165,471	1,902,569
TOTAL	8,543,764	7,571,376

It has to be highlighted that amortization costs relating to the trademark and "customers list" amount to a comprehensive 1,590 Euro thousand, while those relating to development costs amount to 4,380 Euro thousand.

During the first half of 2017 an *impairment* amounting to 23 Euro thousand relating mainly to tangible assets of the PRIMA ELECTRO division has been accounted for.

24. Financial Income and expenses

The financial income and expenses of the first six months of 2017 shows a negative result of 2,808 Euro thousand.

FINANCIAL MANAGEMENT	June 30, 2017	June 30, 2016
Financial income	2,279,142	538,316
Financial expenses	(3,381,808)	(3,609,964)
Net financial expenses	(1,102,666)	(3,071,648)
Net exchange of transactions in foreign currency	(1,704,590)	(542,028)
Total Financial Management	(2,807,256)	(3,613,676)

Financial income at June 30th, 2017 includes earnings of 2,086 Euro thousand from the management of foreign exchange derivatives. Financial expenses include 1,200 Euro thousand related to bonds, 516 Euro thousand for the Club Deal loan and 297 Euro thousand for the Finnish Loan.

25. Net result of other investments

The net result on other investments is positive for 904 Euro thousand and refers to the capital gain generated by the sale of part of EPS SA shares.

26. Current and deferred taxes

Income tax for the first six months of 2017 showed a net negative balance of 1,236 Euro thousand. The balance of current and deferred taxes is negative by 998 Euro thousand, IRAP is equal to 341 Euro thousand and other taxes, including those relating to prior years, are positive for 103 Euro thousand.

With regard to taxes, on May 29th, 2017, following an audit for the tax periods 2012 and 2013, the Turin revenue agency (Agenzia delle Entrate) issued PRIMA INDUSTRIE SpA with a reassessment report (PVC). Confident in the propriety of its activities, the company believes that the evidence is unfounded and will appeal against the report at all the appropriate venues. Considering that no notice of assessment has been issued to date, having conferred with the tax consultants, it was decided that no specific risk

provision should be set aside. Lastly, it is important to note that any liabilities that may emerge will not be considered material for the Group.

27. Result per Share

The earnings per share on June 30th, 2017, positive by 0.71 Euro (positive by 0.28 Euro on June 30th, 2016) is calculated by dividing the profits attributable to the shareholders of the parent company by the average number of ordinary shares in circulation during the financial year which are 10,483,274. The diluted earnings per share is equal to the basic earning because at June 30th, 2017 no dilutive operations occurred.

28. Information on related parties

Below is information on related parties with regard to strategic management, the Board of Statutory Auditors and the companies EPS and 3D-NT. 3D-NT, in which PRIMA INDUSTRIE SpA acquired a 15% stake in May 2017, is considered a related party since several people with managerial or partner roles in PRIMA INDUSTRIE SpA are involved in the said company.

OPERATIONS WITH RELATED PARTIES	Strategic Management	Board of Statutory	EPS	3D-NT	TOTAL (*)
RECEIVABLES AS AT January 1, 2017	-	-	50,647	-	50,647
RECEIVABLES AS AT June 30, 2017	-	-	275,874	2,426	278,300
PAYABLES AS AT January 1, 2017	672,832	101,750	-	-	774,582
PAYABLES AS AT June 30, 2017	390,048	45,667	-	-	435,715
REVENUES Jan.1, 2017 - Jun.30, 2017	-	-	226,918	2,426	229,344
COSTS Jan.1, 2017 - Jun.30, 2017	607,906	50,000	-	-	657,906
VARIATIONS IN RECEIVABLES					
Jan.1, 2017 - Jun.30, 2017	-	-	225,227	2,426	227,653
VARIATIONS IN PAYABLES					
Jan.1, 2017 - Jun.30, 2017	(282,784)	(56,083)	-	-	(338,867)

(*) Revenues as at June 30, 2017 are equal to 229.344€, of which 226.126€ classified in the account "Net revenues" and 3.218€ classified as a reduction of the costs in the function "General and administrative expenses".

29. Significant non-recurring items

The table below summarises non-recurring items that have had a positive impact on the Income Statement for a total of 58 Euro thousand during the half-year of 2017.

Significant non-recurrent events and transactions (Values expressed in Euro thousand)	Gross Margin	Sales and marketing expenses	General and administrative expenses	Impairment	Net result of investments	Total as at June 30, 2017	Total as at June 30, 2016	Variation 2017 vs 2016
Actions of reorganization/Restructuring	(20)	(71)	(150)	-	-	(241)	(633)	392
Legal/fiscal disputes and penalties from customers	(135)	-	(230)	-	-	(365)	(222)	(143)
Other minor events	-	(3)	(214)	-	-	(217)	25	(242)
EBITDA	(155)	(74)	(594)	-	-	(823)	(830)	7
Impairment of intangible fixed assets	-	-	-	-	-	-	(127)	127
Impairment of tangible fixed assets	-	-	-	(23)	-	(23)	-	(23)
EBIT	(155)	(74)	(594)	(23)	-	(846)	(957)	111
Economical effect on investments accounted for using the equity method	-	-	-	-	-	-	332	(332)
Economical effect on other investments	-	-	-	-	904	904	-	904
EBT	(155)	(74)	(594)	(23)	904	58	(625)	683

30. Subsequent Events

No events occurred after the date of the Interim Management Report which, if known, would have resulted in a correction of the values.

Signature of the authorized governing body

A handwritten signature in black ink, consisting of a stylized 'P' followed by several loops and a horizontal line at the end, positioned above a horizontal line.

ANNEXES



ANNEXES

ANNEX 1 - CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 49.417.108	100%	Line-by-line method
FINN-POWER Italia S.r.l.	Viale Artigianato 9, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	Xinrui Road 459, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	70%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method
PRIMA POWER GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primer de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	99,99%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 160.005	100%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dupleks Gül Blok Daire:4 Kartal - Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRASIL	R\$ 4.471.965	99,99%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Suite 2, First Floor, 100 Queen street, PO Box 878, Campbelltown, NSW, 2560 AUSTRALIA	A\$ 1	100%	Line-by-line method
BALAXMAN OY	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method
PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
PRIMA ELECTRO NORTH AMERICA LLC.	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO (CHINA) Co.Ltd.	23G East Tower, Fuxing Shangmao n.163, Huangpu Avenue Tianhe District 510620 Guangzhou P.R. CHINA	€ 100.000	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	100%	Line-by-line method

ANNEX 2 - “NON-GAAP” PERFORMANCE INDICATORS

The Management of PRIMA INDUSTRIE assesses the performance of the Group and its business segments using a number of non-IFRS indices. Below are described the components of each of these indices:

ORDERS: includes agreements entered into with customers during the reference period than can be considered part of the order books.

BACKLOG: this is the sum of orders from the previous period and current confirmed orders, net of revenues in the reference period.

EBIT: Operating Profit.

EBITDA: the Operating Profit, as shown in the income statement, gross of “Amortization”, “Write-downs and Impairment”. This index is also referred to as “Gross Operating Margin”.

EBITDA Margin: calculated as the ratio between EBITDA and revenues.

Adjusted EBITDA and EBIT (hereinafter “Adj”) correspond to the same alternative performance indicators net of non-recurring items

FCF (Free Cash Flow): is the cash flow from operations that is available after the company has made the necessary reinvestment in new fixed assets. It is the sum of cash flow from operations and the cash flow from investments.

Workforce: is the number of employees on the books on the last day of the reference period.

ANNEX 3 - CURRENCY EXCHANGE RATES

The exchange rates applied in the conversion of balances into currencies other than the Euro with the aim of consolidation are the following:

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	June 30, 2017	June 30, 2016	June 30, 2017	December 31, 2016
US DOLLAR	1.0825	1.1155	1.1412	1.0541
CHINESE RENMINBI	7.4417	7.2937	7.7385	7.3202
RUSSIAN RUBLE	62.7349	78.4122	67.5449	64.3000
TURKISH LIRA	3.9379	3.2588	4.0134	3.7072
POLISH ZLOTY	4.2685	4.3686	4.2259	4.4103
POUND STERLING	0.8601	0.7785	0.8793	0.8562
BRAZILIAN REAL	3.4393	4.1349	3.7600	3.4305
INDIAN RUPEE	71.1244	74.9776	73.7445	71.5935
AUSTRALIAN DOLLAR	1.4356	1.5221	1.4851	1.4596
CANADIAN DOLLAR	1.4445	1.4854	1.4785	1.4188
MEXICAN PESO	21.0280	20.1599	20.5839	21.7719

ATTESTATION OF THE HALF - YEAR CONDENSED FINANCIAL STATEMENT**PURSUANT TO ART. 81-ter of CONSOB Regulation No. 11971 OF 14 MAY 1999, AS AMENDED**

1. The undersigned Gianfranco Carbonato (Chairman and C.E.O) and Davide Danieli (manager responsible for preparing the corporate accounting documents) of PRIMA INDUSTRIE SpA, pursuant to the provisions of the art. 154-bis, comma 3 and 4, of the legislative decree 24th February 1998, no. 58 hereby attest:

- The adequacy in relation to the structure of the company and
- The effective application of administrative and accounting procedures for the preparation of half year condensed, during the period January 1st - June 30th, 2017;

2. in this regard there are no significant issues

3. In addition, we attest that:

3.1 The half year financial statement:

- (a) is prepared in accordance with International accounting standards adopted by the European Community pursuant to regulations (CE) no. 1606/2002 of the European Council and Parliament, at July 19th, 2002;
- (b) corresponds to the amounts shown in the company's accounts, books and records;
- (c) is able to give a true and fair representation of the financial position, the results and the cash flow of the companies included in the consolidation.


3.2 The interim management report includes a fair analysis of the important events that have occurred in the first six months of the financial year and their effect on the condensed financial statement, together with a description of the main risks and uncertain for the six months of the financial year. The interim management report comprehends, a reliable analysis about the information on significant transactions with related parties.

Date: August 3rd, 2017

Signature of the Chairman



Signature Manager responsible for preparing the corporate accounting documents





PRIMA INDUSTRIE GROUP

**REVIEW REPORT ON CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS**



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Prima Industrie SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Prima Industrie SpA and its subsidiaries ("Prima Industrie Group") as of 30 June 2017, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement, and the related explanatory notes. The directors of Prima Industrie SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Prima Industrie Group as of 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other aspects

The consolidated financial statements as of and for the year ended 31 December 2016 and the consolidated condensed interim financial statements for the period ended 30 June 2016 were audited and reviewed, respectively, by other auditors, who on 16 March 2017 expressed an unqualified opinion on the consolidated financial statements, and on 30 August 2016 expressed an unqualified conclusion on the consolidated condensed interim financial statements.

As explained in the paragraph “Form and content” of the explanatory notes to the consolidated condensed interim financial statements as of 30 June 2017, as a result of the decision to present the income statement by function from the financial year 2017, the directors have restated the comparative data of the income statement as of 30 June 2016, with respect to those previously presented and subject to a review by another auditor.

Turin, 4 August 2017

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers