



INTERIM FINANCIAL REPORT AS AT JUNE 30, 2014

Board of Directors on 28th August, 2014

PRIMA INDUSTRIE SpA

Company Capital € 26.208.185,00 (fully paid up)

Turin Companies' Register No. 03736080015 R.E.A. (Financial and Administrative Index) No. 582421

Registered office in Collegno (Turin) - Via Antonelli, 32

Website: www.primaindustrie.com - e-mail: ir@primaindustrie.com

MANAGEMENT AND CONTROL**Board of Directors**

Chairman	Gianfranco Carbonato
Managing Directors	Ezio G. Basso ⁽¹⁾ Domenico Peiretti
Independent Directors	Chiara Damiana Burberi Donatella Busso Sandro D'Isidoro Enrico Marchetti Mario Mauri
Other Directors	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

Chairman	Enrico Marchetti
Members	Chiara Damiana Burberi Donatella Busso

Remuneration Committee

Chairman	Mario Mauri
Members	Sandro D'Isidoro Rafic Y. Mansour

Board of Statutory Auditors

Chairman	Franco Nada
Regular Auditors	Paola Borracchini Roberto Petrignani
Alternate Auditors	Roberto Coda Gaetana Laselva

Audit Company	Reconta Ernst & Young SpA
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Expiry of Mandates and Appointments

The Board of Directors shall remain in office until the approval of 2016 Financial Statements.	The Board of Statutory Auditors shall remain in office until the approval of 2015 Financial Statements.	The Audit company was appointed by the Stockholders's Meeting held on April 29th, 2008 for the period 2008 -2016.
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⁽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

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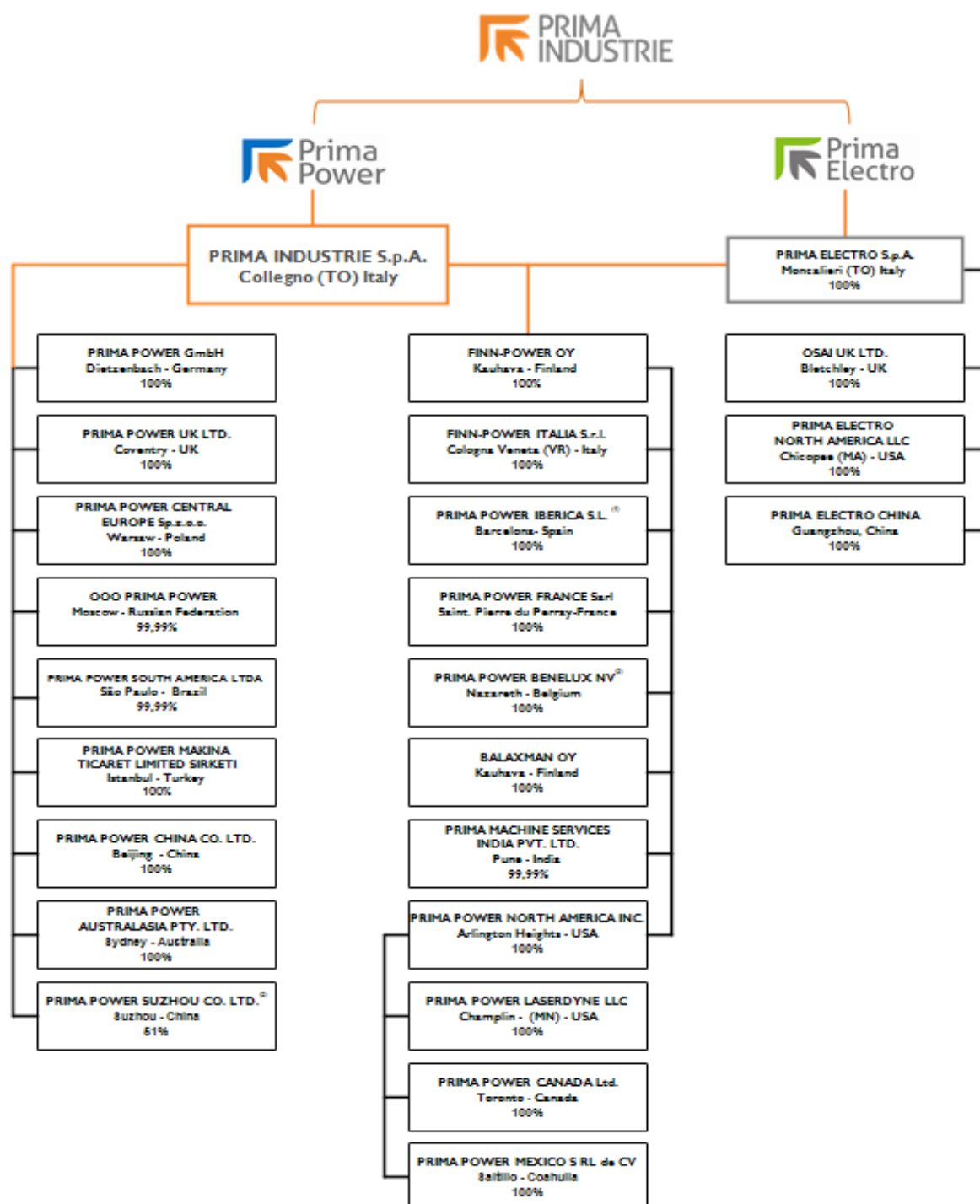


CHAPTER 1.

STRUCTURE AND PROFILE OF THE PRIMA INDUSTRIE GROUP ON
30/06/2014

CHAPTER 1. STRUCTURE AND PROFILE OF THE PRIMA INDUSTRIE GROUP AT 30/06/2014

STRUCTURE OF THE PRIMA INDUSTRIE GROUP



The table on this page represents the corporate situation of PRIMA INDUSTRIE Group on 30/06/2014.

- 1) FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).
- 2) FINN-POWER OY holds 94% of PRIMA POWER BENELUX NV (the remaining 6% is held by BALAXMAN OY).
- 3) PRIMA INDUSTRIE SpA holds 51% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 49% is held by third parties).

PROFILE OF THE PRIMA INDUSTRIE GROUP

The PRIMA INDUSTRIE Group is leader in the development, production and marketing of laser systems for industrial applications and machines for processing plate, as well as in the industrial electronic and laser source sector.

The Group leader PRIMA INDUSTRIE SpA , founded in 1977 and quoted on the Italian Stock Market since October 1999 (currently MTA - STAR segment), designs, manufactures and markets high power laser systems for cutting, welding and the surface treatment of three dimensional (3D) and flat (2D) components.

The PRIMA INDUSTRIE Group has more than 35 years of experience and has installed over 10,000 machines in more than 70 countries. Also following the purchase of the FINN-POWER Group in February 2008, it has established itself amongst the leaders world-wide in the sector for processing plate. In more recent years, the Group has reorganized itself by subdividing the business into the two following divisions:

- PRIMA POWER for the laser machines and for processing plate;
- PRIMA ELECTRO for industrial electronics and laser technology.

The **PRIMA POWER** division includes designing, manufacturing and marketing of:

- cutting, welding and drilling machines for three dimensional (3D) and two dimensional (2D) metal components;
- the machines for processing plate through the use of mechanical tools (punching machines, integrated systems for punching and shearing, integrated systems for punching and laser cutting, paneling machines and automation systems).

This division owns production plants in Italy (PRIMA INDUSTRIE SpA and FINN-POWER ITALIA Srl), in Finland (FINN-POWER OY), in the USA (PRIMA POWER LASERDYNE Llc) and a direct commercial and technical support presence in France, Switzerland, Spain, Germany, United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea and the UAE.

The **PRIMA ELECTRO** division covers the development, manufacturing and marketing of electronic power and control components as well as high power laser sources for industrial applications, destined for the Group's machines and third party clients. The division has productive plants in Italy (PRIMA ELECTRO SpA) and in the USA (PRIMA ELECTRO NORTH AMERICA Llc) as well as commercial establishments in the United Kingdom and China.

For over 35 years since its founding, the PRIMA INDUSTRIE Group mission continues to be that of systematically expanding the range of its products and services and to continue to grow as world-wide supplier of laser systems and systems for processing plate for industrial applications, as well as industrial electronics, markets characterized by high technology and in which good rates of growth are encountered even in a cyclical context.

CONSOLIDATION AREA

The only variation occurred in the first half 2014 in the consolidation area was the entrance of the newly-established subsidiary PRIMA POWER MEXICO (owned 100% from PRIMA POWER NORTH AMERICA).

At 30/06/2014 has been object of consolidation the companies reported in the tables below.

SUBSIDIARIES				
PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA POWER GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	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 CENTRAL EUROPE Sp.z.o.o.	ul. Fabryczna 24 - 05 - 092 Łomianki Warsaw, POLSKA	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 SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRASIL	R\$ 2.809.365	99,97%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B1 B Dupleks Gül Blok Daire:3 Kartal - İSTANBUL	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Rm.1 M, no. 1 Zuo Jia Zhuang. Guomen Building, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Minter Ellison, LEVEL 3, 25 National circuit, Forrest, ACT, 2603 AUSTRALIA	A\$ 1	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD. ⁽¹⁾	Cross of Xingrui and Guangming Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	51%	Line-by-line 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 IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 120.000	100%	Line-by-line method
PRIMA POWER BENELUX NV	Leenstraat 5, B-9810 Nazareth, BELGIUM	€ 400.000	100%	Line-by-line method
BALAXMAN Oy	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method
PRIMA MACHINE SERVICES INDIA PVT. LTD.	Mezzanine Floor, Poonam Plaza 694/2B Market Yard Road, Pune INDIA	Rs. 7.000.000	99,99%	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 LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	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

(1) It should be noted that at the date of these financial statements, the company capital of the PRIMA POWER SUZHOU Co. Ltd have not yet been fully paid up.

SUBSIDIARIES				
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
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	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



CHAPTER 2.

INTRODUCTION

CHAPTER 2. INTRODUCTION

FOREWORD

The Interim Management Report at 30 June 2014 of the 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 Interim Management 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.

This Interim Management Report was approved by the Board of Directors on 28/08/2014. The condensed consolidated financial statements, included in the Interim Management Report has been subjected to a limited audit.

ALTERNATIVE PERFORMANCE INDICATORS

In this report, added to the conventional financial indicators required by the IFRS, some alternative performance indicators are present in order to permit a better evaluation of the economic-financial management.

Such indicators, which are also presented in the Management report, on the occasion of the other periodic reports, must not on the other hand be considered as a substitute to the conventional ones required by the IFRS.

The Group uses these alternative performance indicators:

- the EBIT (which corresponds to the "Operational profit"),
- the EBITDA ("Earnings before interest, taxes, depreciation and amortization"), which is determined by adding to the "Operational profit" resulting from the Income Statement both "Depreciation" and "Impairment".

Also mentioned furthermore:

- The "Value of Production" representing the algebraic sum of the items "Net income from sales and services", "Other operational income", "Variations of the remains of unfinished stock, finished products" and "Increment for internal work";
- the "Operational Working Capital" represents the algebraic sum of the "Stock in hand", "Trade Receivables", "Trade Debtors" and "Accounts".

EXCHANGE RATES

The exchange rates applied in the conversion of the balances in currencies different from the Euro with the aim of consolidation are the following.

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	30-Jun-14	30-Jun-13	30-Jun-14	31-Dec-13
US DOLLAR	1,3705	1,3135	1,3658	1,3791
CHINESE RENMINBI	8,4517	8,1294	8,4722	8,3491
RUSSIAN RUBLE	48,0204	40,7641	46,3779	45,3246
TURKISH LIRA	2,9675	2,3818	2,8969	2,9605
POLISH ZLOTY	4,1755	4,1781	4,1568	4,1543
POUND STERLING	0,8214	0,8512	0,8015	0,8337
BRAZILIAN REAL	3,1495	2,6688	3,0002	3,2576
INDIAN RUPEE	83,2930	72,3070	82,2023	85,3660
AUSTRALIAN DOLLAR	1,4987	1,2966	1,4537	1,5423
CANADIAN DOLLAR	1,5032	1,3345	1,4589	1,4671
MEXICAN PESO	17,9766	16,5057	17,7124	18,0731



CHAPTER 3.

GROUP INTERIM MANAGEMENT REPORT

CHAPTER 3. GROUP INTERIM MANAGEMENT REPORT

SIGNIFICANT EVENTS OF THE PERIOD

APPOINTMENT OF THE NEW BOARD OF DIRECTORS AND RELATED COMMITTEES

On April 16, 2014, the Shareholders' Meeting of Prima Industrie SpA appointed the new Board of Directors, which shall remain in office until the approval of the 2016 Financial Statements. It consists of: Gianfranco Carbonato (confirmed as Chairman of the Board of Directors), Ezio Basso, Rafic Mansour, Michael Mansour, Mario Mauri, Chiara Burberi, Donatella Busso, Sandro D'Isidoro, Domenico Peiretti and Enrico Marchetti.

The directors Mario Mauri, Chiara Burberi, Donatella Busso, Sandro D'Isidoro and Enrico Marchetti have stated that they meet the independence requirements provided by art. 148, paragraph 3, of the CFA - Consolidated Finance Act (applicable pursuant to art. 147-ter, paragraph 4 of the CFA) and by the Corporate Governance Code issued by Borsa Italiana SpA, as applied by Prima Industrie SpA and set out in the Annual Report on Corporate Governance and Ownership Structure.

After the Shareholders' Meeting, the Board of Directors has:

- assigned executive power of attorney to the Chairman, Gianfranco Carbonato, appointing him as Executive Chairman and appointed Ezio Basso and Domenico Peiretti as Managing Directors, giving them operational power of attorney;
- appoint the Director in charge of the internal control system and risk management, with the task of establishment and maintenance of an effective internal control and risk management system, in the person of the Executive Chairman, Gianfranco Carbonato;
- appoint the Remuneration Committee, with the following members: Sandro D'Isidoro, Rafic Mansour and Mario Mauri and the Audit and Risk Committee, with the following members: Enrico Marchetti (appointed Chairman of this Committee), Chiara Burberi and Donatella Busso;
- appoint the Committee for operations with Related Parties, whose members coincide with those of the Audit and Risk Committee, with the task of expressing the opinions required by the Consob Regulation;
- designate as *lead independent director* (according to the Corporate Governance Code issued by Borsa Italiana SpA) the independent director Enrico Marchetti.

EVOLUTION OF THE REPORT OF FINDINGS NOTIFIED TO FINN-POWER OY

On 24/07/2013, in response to an audit covering the period 01/01/2008 - 29/04/2013, held in FINN-POWER Italia Srl, Guardia di Finanza (Investigative Tax Police) of Verona has notified a report of findings to FINN-POWER OY (which holds 100% of FINN-POWER Italia Srl) in which the existence of its hidden permanent establishment in Italy has been disputed.

The procedure, which is still in the preliminary investigation phase, did not have any substantial evolution during the first months of 2014.

FINN-POWER OY believes that the finding is completely unfounded, also because of the presence in Italy of the company FINN-POWER Italia Srl, its wholly owned subsidiary, through which all activities and transactions on the Italian market have always been regularly carried out; it reserved the right to dispute it in the appropriate places. The determination of the possible claim of the tax authority has been assigned to the relevant Inland Revenue office, with which a contradiction in proceedings has been established in order to demonstrate the complete groundlessness of the hidden permanent establishment, to possibly reach a tax settlement on

the basis of assessments of the transfer price application, and consequently avoid the onset of an inevitable long and costly litigation. At present, given that the process is in an initial investigation phase, that no notice of assessment has been issued, that the orientation of the Inland Revenue is not known (although certain meetings were held), that all the actions related to tax audit are not fully known, it is not yet possible to reasonably assume the probability of success of a possible litigation.

MACRO ECONOMIC CONTEXT

In the first half of the year the news about real economy confirm the thesis of a moderate growth in the USA, in Europe in the stabilization phase after passing the crisis minimum point, while expectations for growth in the emerging countries differ from the financially stronger countries such as China, engaged, however, in many reforms and those of countries such as Brazil, whose weaknesses and inefficiencies will add up to the less favourable financial trends.

Compared to the business cycles of the world market, Europe would be at its lowest point, the USA in the mid-height and Asia at the top of the fluctuation. Therefore, Europe will have a long recovery period and also the recovery of the United States should still have a certain duration.

For some time, the industrialized countries should take control of the growth trend, while the markets considered to be emerging will be engaged with restructuring problems. In general, there is a great possibility that the demand for investment goods will grow for some time. Therefore, it can be assumed that the growth will be pretty easy, even with slowdowns in the particularly sensitive economic sectors.

Regarding the expected growth, the Studies and Research Department of Intesa Sanpaolo forecasts that the GDP relative to the Euro area will reach 1.1% in 2014, while the estimate for 2015 was revised to be 1.5%. In particular, according to Intesa Sanpaolo, Germany will grow by 2.1% this year, 2.0% in 2015, France 0.7% in 2014 and 1.2% in 2015, Italy 0.4% this year and 1.3% next year, and finally in Spain, which was the positive surprise of the last six months, the expectations are for an increase of 1.2% in 2014 and +1.6% in 2015.

In the USA, despite the weakness of the first quarter, growth expectations for 2014 are 1.7% and around 3% in 2015-2016. In China, in the first quarter of 2014, the GDP registered a growth rate of 7.4%, slower than the second half of 2013. The cause is the weak dynamics of residential investment and exports. After the slowdown at the beginning of the year, the cyclical indicators between March and May seem to indicate, as said, a stabilization of growth, which has become the main target of Chinese authorities. The expected GDP growth is just over 7% in the next three years.

UCIMU (the Italian association that brings together machine tool manufacturers) indicates that 2014 continues recording some encouraging sign for the machine tool market in Italy; many indicators recorded positive figures compared to the same period of the previous year. In the second quarter of 2014, the index of total deliveries declined 3.3% compared to the same period of 2013, while the index of machine tool orders, registered a growth of 14.4% over the same period of the previous year. The index of foreign orders grew by 11.5%, while that of domestic orders of 38.2%.

REVENUES AND PROFITABILITY

In order to better represent the Group's operating activities, it was decided starting from 2014 to report the turnover data for the following geographical areas:

- EMEA (Europe, Russia, Middle East and Africa)
- AMERICAS (North, South and Central America)
- APAC (Asia and Pacific)

The **consolidated revenues** at June 30, 2014 amount to 154,210 thousand Euro, a reduction of 4.8% (amounting to 7,735 thousand Euro) on which have had a decisive impact the Euro appreciation effect, the economic slowdown in South America and the continuing stagnation in Europe.

The consolidated turnover is shown below on a geographic basis at 30/06/2014 compared with the corresponding period for the previous financial year.

Revenues	30/06/2014		30/06/2013	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	90.631	58,8	91.925	56,8
AMERICAS	34.934	22,7	40.223	24,8
APAC	28.645	18,5	29.797	18,4
TOTAL	154.210	100,0	161.945	100,0

The Group continues to generate a significant portion of revenues in the EMEA region, with a significant presence especially in Italy (13.2% of consolidated turnover) and in Russia where, despite the complex political situation, the Group continues to record strong sales (8.1% of consolidated turnover). The turnover generated outside of Europe was 54.8%, confirming the global nature of the Group and the center of gravity of the global economy. In the AMERICAS area the largest share of revenues has been made in the NAFTA area representing 21.0% of consolidated turnover. As for the APAC countries, the most significant sales (14,5% of consolidated turnover) were made in China.

Below, a subdivision of the proceeds by division of the gross inter-sector transactions is shown (for more detailed indications on the matter of operational segments of the Group, see the note 6.29 - Sector Information).

Revenues	30/06/2014		30/06/2013	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	136.120	88,3	143.480	88,6
PRIMA ELECTRO	25.415	16,5	25.835	16,0
Inter-sector revenues	(7.325)	(4,8)	(7.370)	(4,6)
TOTAL	154.210	100,0	161.945	100,0

The division that has been most affected by the appreciation of the Euro was the PRIMA POWER; the reduction of the division's revenues was 5.1%, but with constant exchange rates the decline would have been only of 1.8%. The revenues of PRIMA ELECTRO division, which suffered the foreign exchange effect only marginally, are substantially in line with the corresponding period of the previous year.

To complete the information on the proceeds, the sub-division of the same is shown below (net of the inter-sector transactions) per sector and per geographical area, both for the first half of 2014 and for the first half of 2013.

Revenues segment/area - 30/06/2014	EMEA	AMERICAS	APAC	TOTAL
€/000				
PRIMA POWER	77.431	33.860	24.819	136.110
PRIMA ELECTRO	13.200	1.074	3.826	18.100
TOTAL	90.631	34.934	28.645	154.210

Revenues segment/area - 30/06/2013	EMEA	AMERICAS	APAC	TOTAL
€/000				
PRIMA POWER	77.111	39.126	27.218	143.455
PRIMA ELECTRO	14.814	1.097	2.579	18.490
TOTAL	91.925	40.223	29.797	161.945

The PRIMA POWER division achieved 56.9% of sales in the EMEA region, 24.9% in the AMERICAS Countries and 18.2% in the APAC region.

The PRIMA ELECTRO division achieved 72.9% of sales in the EMEA region, 5.9% in the AMERICAS Countries and 21.2% in the APAC region.

The **Value of production** at 30 June 2014 is equal to 182,075 thousand Euro, an increase of 5.3% with respect to the corresponding period of the financial year 2013 (increase of 9,208 thousand Euro).

The value of production in the period also includes increases for internal work equal to 5,821 thousand Euro (4,090 thousand Euro at 30/06/2013); these costs principally refer to investments in development activities. Also Other operational income for 4,373 thousand Euro are present (2,396 thousand Euro at 30/06/2013); it should be noted that this item does not include non-recurring income from the sale of licenses resulting from industrial cooperation agreements for 2,940 thousand Euro (non-recurring income at 30/06/2013 amounted to 694 thousand Euro).

Performance indicators	30/06/14		30/06/13	
	Euro thousand	% on sales	Euro thousand	% on sales
EBITDA	14.828	9,6	11.354	7,0
EBIT	9.291	6,0	5.433	3,4
EBT	5.741	3,7	579	0,4
NET RESULT	3.514	2,3	(221)	(0,1)
NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS	3.701	2,4	(221)	(0,1)

The **EBITDA** of the Group amounted to 14,828 thousand Euro (9.6% of turnover); compared to the first half of 2013 there was an improvement both in terms of percentage (2.6% increase), and in absolute terms (+3,474 thousand Euro).

The EBITDA of the Group is shown below at 30 June 2014 and at 30/06/2013 subdivided by division (gross of the inter-sector transactions).

EBITDA	30/06/14		30/06/13	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	12.446	83,9	8.110	71,4
PRIMA ELECTRO	2.375	16,0	3.582	31,6
Inter sector items and eliminations	7	0,1	(338)	(3,0)
TOTAL	14.828	100,0	11.354	100,0

The consolidated **EBIT** at 30 June 2014 amounted to 9,291 thousand Euro and is in increase of 3,858 thousand Euro compared to the first half of 2013 (amounting to 5,433 thousand Euro). The amortization of the tangible fixed assets influence this result to the amount of 4,157 thousand Euro and intangible fixed assets to the amount of 1,380 thousand Euro. With regard to the amortization of intangible fixed assets, the main items relate to the amortization of development costs (2,395 thousand Euro) and the amortization related to assets with a defined useful life recognized in the business merger of the FINN-POWER Group (brand and relations with customers - "customer list") which amounted to 1,526 thousand Euro.

The EBIT of the Group is shown below at 30 June 2014 and 30/06/2013, subdivided by division gross of the inter-sector transactions.

EBIT	30/06/14		30/06/13	
	<i>€/000</i>	<i>%</i>	<i>€/000</i>	<i>%</i>
PRIMA POWER	8.059	86,8	3.193	58,8
PRIMA ELECTRO	1.219	13,1	2.580	47,5
Inter sector items and eliminations	13	0,1	(340)	(6,3)
TOTAL	9.291	100,0	5.433	100,0

The consolidated **EBT** at 30 June 2014 amounted to 5,741 thousand Euro in increase of 5,162 thousand Euro compared to the same period of the previous financial year (579 thousand Euro); it should be noted that this value includes net financial expenses and net result of foreign currency transactions (gains and losses on exchange rates) for 3,550 thousand Euro (at 30/06/2013 equal to 4,378 thousand Euro).

Financial results (€/000)	30/06/14	30/06/13
FINPOLAR loan expenses	(1.504)	(1.815)
Derivates expenses (IRS)	(908)	(1.101)
Derivates income/expenses (CRS)	(44)	(57)
Other financial income/expenses	(1.016)	(1.117)
Net financial expenses	(3.472)	(4.090)
Net exchange differences	(78)	(288)
TOTAL	(3.550)	(4.378)

Burdens are shown for the financing stipulated in 2008 for the acquisition of the FINN- POWER Group (hereafter for brevity "FINPOLAR financing") equal to 1,504 thousand Euro and net financial burdens for IRS derivative instruments (primarily connected to FINPOLAR financing) for 908 thousand Euro. The decline of the charges relating to the FINPOLAR Financing is due to the decrease of residual capital as a result of the refunds made.

The exchange management results in the first half of 2014 were negative for 78 thousand Euro (negative for 288 thousand Euro on 30/06/2013).

The **NET PROFIT** at 30 June 2014 is equal to 3,514 thousand Euro (-221 thousand Euro at 30/06/2013). The taxes on income for the first six months of 2014 show a net negative balance

of 2,227 thousand Euro, of which IRAP (Regional income tax) equal to 712 thousand Euro. It should be noted that the tax burden of 2013 included a positive effect due to a tax credit amounting to 1,048 thousand Euro following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011).

BALANCE SHEET

The PRIMA INDUSTRIE Group's reclassified balance sheet is shown below.

<i>Values expressed in Euro thousand</i>	30/06/14	31/12/13	30/06/13
Tangible and intangible fixed assets	76.069	73.193	72.384
Goodwill	102.601	102.580	102.700
Equity investments and other non-current assets	1.088	422	333
Deferred tax assets	7.996	7.647	7.656
NON-CURRENT ASSETS	187.754	183.842	183.073
Inventories	89.290	66.215	87.477
Trade receivables	68.456	78.833	71.275
Trade payables	(80.110)	(68.118)	(75.863)
Advances	(15.354)	(13.580)	(16.586)
OPERATING WORKING CAPITAL	62.281	63.350	66.303
Other current assets and liabilities	(11.308)	(11.604)	(7.500)
Current tax assets and liabilities	3.729	(402)	1.851
Provisions for risks and employee benefits	(19.972)	(20.298)	(19.965)
Deferred tax liabilities	(10.928)	(10.350)	(10.107)
Non-current assets held for sales	1.467	1.484	1.670
NET INVESTED CAPITAL	213.024	206.022	215.325
NET INDEBTEDNESS	102.209	99.961	130.677
SHAREHOLDER'S EQUITY	110.815	106.061	84.648
Shareholders' equity of the Group	109.536	104.976	84.648
Minority interest	1.279	1.085	-
LOAN SOURCES	213.024	206.022	215.325

Property, Plant & Equipment and intangible assets (other than Goodwill) of PRIMA INDUSTRIE Group have increased since the end of the last financial year to 2,876 thousand Euro; the movements of the first half year are related to increases net of wind-up for 8,349 thousand Euro (of which 5,617 thousand Euro relating to development costs and 1,216 thousand Euro relating to the newco PRIMA POWER Suzhou), depreciation of 5,537 thousand Euro and positive exchange rates difference for 64 thousand Euro. The change related to Goodwill in the half year is attributable to the only currency adjustment. Investments and other non-current assets increased of 656 thousand Euro as a result of the capital increase subscribed by PRIMA ELECTRO SpA in Electro Power Systems SpA (hereinafter for brevity "EPS") and 10 thousand Euro following the increase of the loan provided by PRIMA ELECTRO SpA to Caretek Srl.

The Operational Working Capital decreased 1,069 thousand Euro in comparison to the previous financial year, generating a positive effect on the Group's Net Financial Position.

The Net Financial Position of the Group at 30 June 2014 amounted to 102,209 thousand Euro, with an increase of 2,248 thousand Euro compared to the end of the previous financial year (for further comments on this item, refer to the following paragraph "Net Financial Position").

The Net Equity increased in comparison to the previous financial year by 4,754 thousand Euro. This increase is the result of the positive effects arising from the Group's overall result of the

period (4,539 thousand Euro) and share capital payments in PRIMA POWER Suzhou (215 thousand Euro) made by third parties.

NET FINANCIAL POSITION

At 30 June 2014 the net financial position of the Group was negative for an amount of 102,209 thousand Euro, in slight increase compared to 31/12/2013, but a significant improvement compared to the corresponding period of the previous year of 28,468 thousand Euro (negative for 130,677 thousand Euro on 30/06/2013).

The net financial position detail is shown as follows.

Value expressed in Euro thousand	30/06/14	31/12/13	30/06/13
CASH & CASH EQUIVALENTS	(22.283)	(29.194)	(18.208)
CURRENT FINANCIAL RECEIVABLES	0	(47)	(692)
CURRENT FINANCIAL PAYABLES	52.574	51.830	55.504
NON CURRENT FINANCIAL PAYABLES	71.918	77.372	94.073
NET FINANCIAL POSITION	102.209	99.961	130.677

Please note that the consolidation financial position includes:

- the FINPOLAR financing amounts to 98,796 thousand Euro and is subject to compliance with regards to certain *covenants* measured on a six month basis;
- the payables due to leasing companies (almost exclusively of a property nature) amount to 2,841 thousand Euro;
- bank debits include the negative *fair value* of some derivatives for 4,020 thousand Euro; the main IRS have been contracted by the Parent Company in partial cover of the risk of interest rates on FINPOLAR Loan (the subscription of these derivatives was foreseen by the financing contract below).

It should be noted that 19,946 thousand Euro classified in short-term liabilities relate to the quota D of the FINPOLAR financing which is a *revolving* credit line that will be available until 31/01/2016.

It should be noted that at the approval date of these financial statements the company has correctly paid the installments relating to the FINPOLAR Loan expiring on 04/02/2014 and on 04/08/2014.

The *covenants* measured on the interim consolidated financial statements of 30 June 2014 were met.

For greater detail on the net financial position see the Note 6.10 - Net Financial Position.

TRADE ASSETS AND ORDER PORTFOLIO

During the first half of 2014 the **order acquisition** of the Group (including *after-sale service*) amounted to 176.4 million Euro (+3,8% related to 170.0 million Euro at 30/06/2013). The order acquisition of the PRIMA POWER segment amounted to 155.5 million Euro, while that of the PRIMA ELECTRO, only from customers outside the Group, amounted to 20.9 million Euro.

The consolidated **order portfolio** (not including *after-sale service*) at 30 June 2014 decreased to 93.7 million Euro (compared to 94.6 million Euro at 30/06/2013 and to 75,2 million Euro at 31/12/2013).

The portfolio includes 81.9 million Euro relating to the PRIMA POWER division and 11.8 million Euro relating to the PRIMA ELECTRO division.

At 31/07/2014, the order portfolio increased to 100.8 million Euro.

RESEARCH AND DEVELOPMENT

The research and development activity carried out by the Group during the first half of 2014 has been comprehensively equal to 9,902 thousand Euro (of which 7,401 thousand Euro in the PRIMA POWER division and 2,501 thousand Euro in the PRIMA ELECTRO division) equal to 6.4% of turnover.

R&D costs capitalized by the Group amount to 5,617 thousand Euro (of which 4,562 thousand Euro in the PRIMA POWER division and 1,055 thousand Euro in the PRIMA ELECTRO division).

The costs levels sustained in research and development activities for new products is testimony to the Group's continued commitment to investing for the future and improving, through the presence of products always in the technological forefront, its 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.

During the first half of 2014, the main activities related to PRIMA POWER division were as follows:

- continuation of the development of new models of 3D and 2D laser machines, which will renew the product portfolio of the division and will be introduced to the market during the next year;
- introduction of the new SGe5 machine that represents the *entry-level* of the punching-shearing machine;
- introduction of a new generation of LPE6 machines with 4kW fiber laser source;
- introduction of a new loading solution and a series of CAM 3D updates for the line of servo electric panelling machines (EBe);
- further development of the welding and drilling processes using both continuous (CW) and pulsed (QCW) high-power fiber laser.

The main research and development activities carried out within the PRIMA ELECTRO division covered the following topics:

- the continued development of *solid state* modules of new laser sources;
- the continuation of the development of the new OPEN numerical control both on PRIMA POWER machines and for external customers of other production sectors;
- the completion of the PLATINO alpha testing with the new OPEN numerical control; the development activities continued for the introduction of this new numeric control system in the field of metal processing and plasma cutting;
- the development of a new family of drives called OD700 (OPENDrive 700) equipped with safety function according to SIL;
- the completion of the industrialization of a family of AC/DC power supplies and related inverter modules and high voltage transformer (which together constitute the HVPS-Mark 2 system).

PERSONNEL

At 30 June 2014 the Group employees are 1.558 of which 1.303 in PRIMA POWER division and 255 in PRIMA ELECTRO division. Respect to the 31/12/2013 the employees increases by 28 units.

Values expressed in units	PRIMA POWER		PRIMA ELECTRO		PRIMA GROUP (*)	
	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
Production & Installation	453	448	122	120	575	568
Sales & Marketing	142	132	34	26	176	158
Service & Spare Parts	433	421	20	28	453	449
R&D and Product Management	164	160	56	60	220	220
General & Administrative	111	113	23	22	134	135
Total	1.303	1.274	255	256	1.558	1.530

**In order to provide a better comparability, some data of 31/12/2013 have been reclassified.*

OPERATION WITH RELATED PARTIES

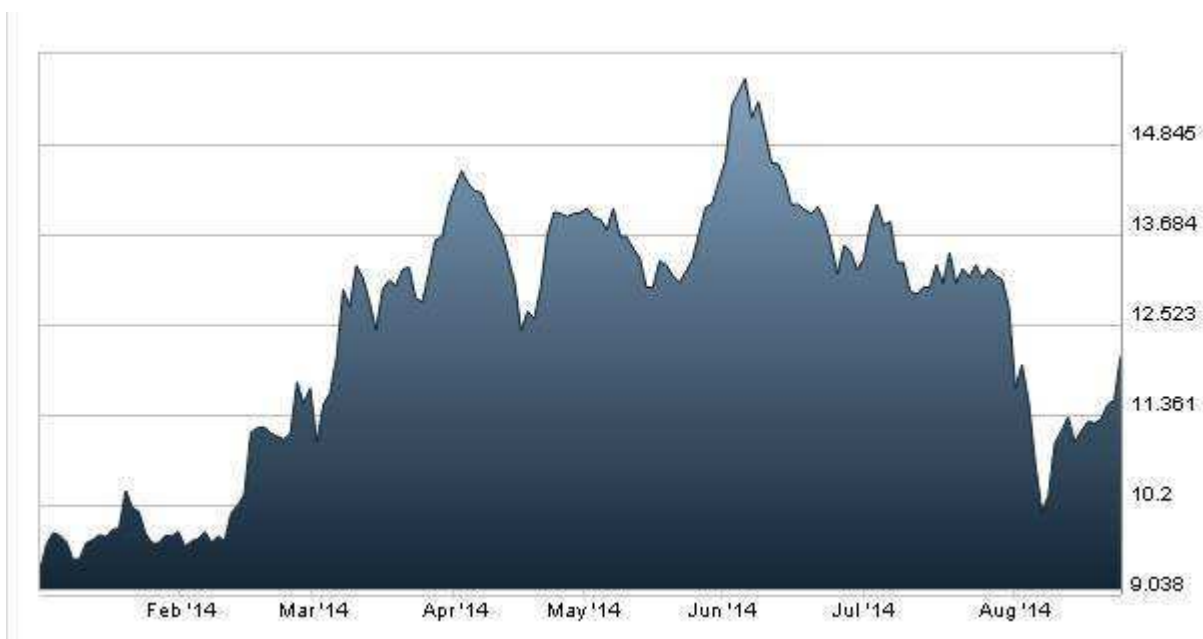
During the reporting period no significant operations with related party were concluded in accordance with Article 5, paragraph 8 of the Regulations containing provisions on related parties No. 17221, issued by Consob on 12/03/2010.

For further details of the subject and of other operations carried out by the Group with related parties, refer to Note 6.27 - Information on related parties.

SHARE TREND AND TREASURY STOCK

During the first half of 2014 the stock PRIMA INDUSTRIE passed from a unitary value of 9,355 Euro at 02/01/2014, to a value of 13,22 Euro for one stock at 30 June 2014 , therefore a 40% appreciation.

After 30 June 2014 and in particular in conjunction with the decline of financial markets in the early August, the share price has fallen to a value of about € 10 per share; but starting from the second part of August itself, a partial recovery of value is in place.

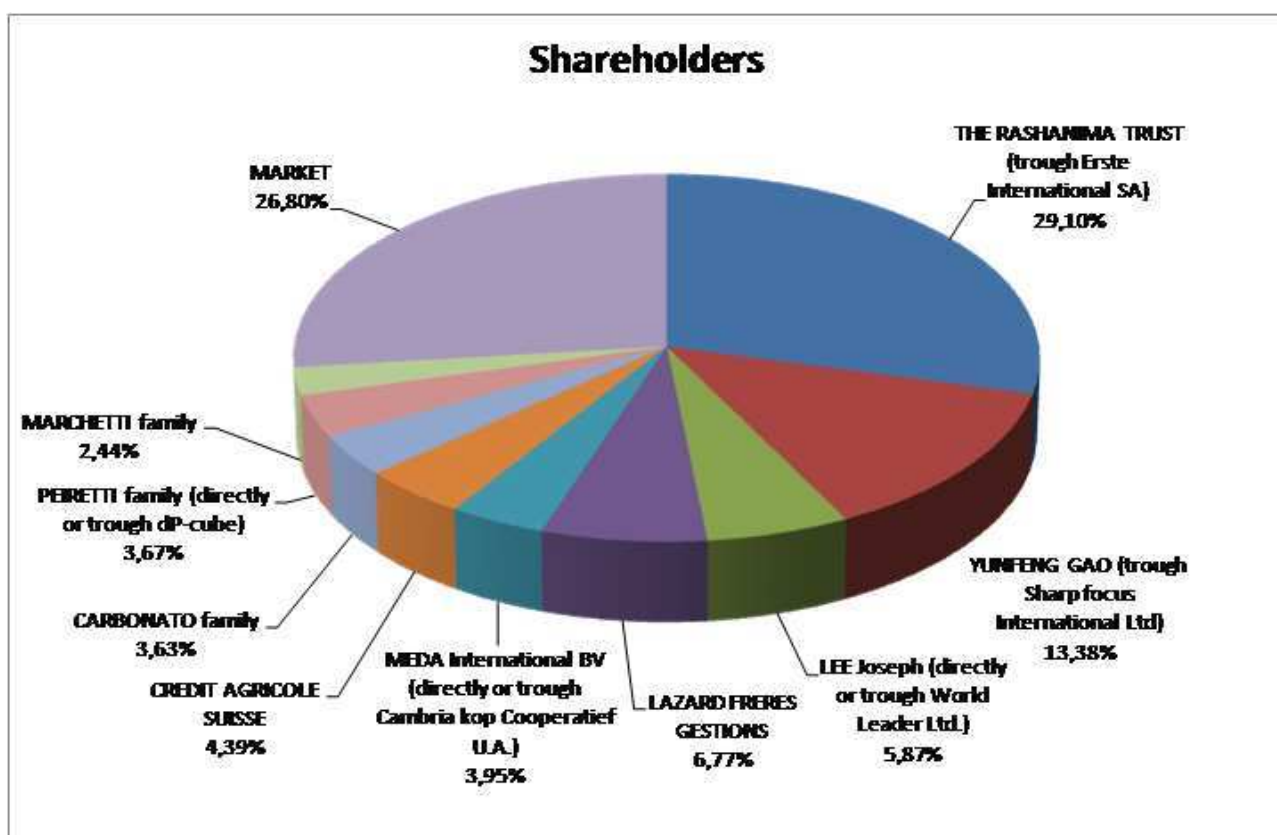


At 30 June 2014 , as well as at the approval date of the INTERIM FINANCIAL REPORT, PRIMA INDUSTRIE SpA didn't hold and doesn't hold no proper share even if there is no the acquisition resolution for own stocks.

SHAREHOLDING SCTRUCTURE

At 30 June 2014 the capital of PRIMA INDUSTRIE SpA amounts to Euro 26.208.185,00 divided into n. 10.483.274 ordinary shares with a nominal value of Euro 2,50 each. No categories of shares other than ordinary shares have been issued, nor have bonds.

Despite the shareholders register and subsequent communications received by the Company or by the supervisory authority, the most updated shareholding structure is this below:



STOCK OPTION PLAN

The only stock option plan of the Group, which involves some of the top managers, has expired as at 30 June 2014 (for further information on the stock option plan, please refer to the information published on the website of the company: www.primaindustrie.com). None of the beneficiaries exercised the options, because they were largely *out of the money*.

BUSINESS OUTLOOK

The first half of the year was characterized by a slight decline in revenues, mainly due to the appreciation of the Euro and the slowdown of some emergent markets, but also by the continuing improvement in profitability.

The good performance in orders (which continued even after 30 June 2014) and the revenues achieved in the month of July allow to trust in a growth in terms of revenues during the second half of the year.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Under IAS 10, there are no significant events which took place after the closing of the financial statements to be reported in this Interim Management Report.

ATYPICAL AND UNUSUAL TRANSACTIONS

Pursuant to the Consob Communication of 28/07/2006 No. DEM/6064296, it is specified that, in the reference period, the Group has not undertaken atypical and unusual transactions, as defined in the Communication itself.



CHAPTER 4.

ECONOMIC PERFORMANCE BY SEGMENT

CHAPTER 4. ECONOMIC PERFORMANCE BY SEGMENT

The Group operates with an organizational structure based on the concentration of its activities into two divisions: the PRIMA POWER division and PRIMA ELECTRO division.

The PRIMA POWER division includes designing, manufacturing and marketing of:

- cutting, welding and drilling machines for three dimensional (3D) and two dimensional (2D) metal components and
- the machines for processing plate through the use of mechanical tools (punching machines, integrated systems for punching and shearing, integrated systems for punching and laser cutting, paneling machines and automation systems).

The PRIMA ELECTRO division includes the development, manufacturing and marketing of electronic power and control components as well as high power laser sources for industrial applications, destined for the Group's machines and third party clients.

Shown here below, is a summary table of the economic trend for the two divisions in which the Group currently operates.

	30/06/2014				
<i>Values in Euro thousand</i>	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	136.120	12.446	9,1%	8.059	5,9%
PRIMA ELECTRO	25.415	2.375	9,3%	1.219	4,8%
ELIMINATION	(7.325)	7	-0,1%	13	-0,2%
GROUP	154.210	14.828	9,6%	9.291	6,0%

	30/06/2013				
<i>Values in Euro thousand</i>	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	143.480	8.110	5,7%	3.193	2,2%
PRIMA ELECTRO	25.835	3.582	13,9%	2.580	10,0%
ELIMINATION	(7.370)	(338)	4,6%	(340)	4,6%
GROUP	161.945	11.354	7,0%	5.433	3,4%

PRIMA POWER

The revenues of the PRIMA POWER division are in reduction of 5,1% compared with the corresponding period of the previous financial year, mostly due to the appreciation of Euro, the slowdown of South American economy and the continuing stagnation in Europe.

The EBITDA of the segment amounted to 12.446 thousand Euro, an increase both in absolute value (+4.336 thousand Euro), and in percentage terms (from the 5,7% to 9,1%); the increase is due both to non-recurring effects and to a greater level of efficiency achieved by the division.

PRIMA ELECTRO

The revenues of the segment PRIMA ELECTRO are in line with the correspondent previous financial year.

The EBITDA of the division is equal to 2.375 thousand Euro in decrease compared to the corresponding period of previous financial year of 1.207 thousand Euro; it should be noted that the result of the previous financial year included public contributions over an important research project; excluding the effect of this non-recurring item l'EBITDA is in line with the correspondent previous financial year.



CHAPTER 5.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA
INDUSTRIE GROUP AT 30/06/2014

ACCOUNTING TABLES

CHAPTER 5. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT 30/06/2014

CONSOLIDATED FINANCIAL BALANCE SHEET

Values in Euro	Notes	30/06/2014	31/12/2013
Property, plant and equipment	6.1	25.333.420	24.200.931
Intangible assets	6.2	153.336.579	151.571.901
Other investments	6.3	1.032.404	288.735
Non current financial assets	6.4	35.000	113.000
Deferred tax assets	6.5	7.995.738	7.647.333
Other non current assets	6.8	20.577	20.624
NON CURRENT ASSETS		187.753.718	183.842.524
Inventories	6.6	89.289.835	66.214.465
Trade receivables	6.7	68.455.788	78.833.076
Other receivables	6.8	7.776.565	5.909.406
Current tax receivables	6.9	7.608.357	4.305.160
Derivatives	6.10	-	46.969
Cash and cash equivalents	6.10	22.283.456	29.194.149
CURRENT ASSETS		195.414.001	184.503.225
ASSETS HELD FOR SALE	6.11	1.467.118	1.483.839
TOTAL ASSETS		384.634.837	369.829.588
Capital stock	6.12	26.208.185	26.208.185
Legal reserve	6.12	4.455.497	4.321.310
Other capital reserves	6.12	71.227.702	68.144.867
Currency translation reserve	6.12	(1.804.801)	(2.138.106)
Retained earnings	6.12	5.747.961	3.010.955
Net result	6.12	3.701.013	5.428.982
Stockholders' equity of the Group		109.535.557	104.976.193
<i>Minority interest</i>		<i>1.279.063</i>	<i>1.084.685</i>
STOCKHOLDERS' EQUITY		110.814.620	106.060.878
Interest-bearing loans and borrowings	6.10	67.903.316	72.442.235
Employee benefit liabilities	6.13	7.776.116	7.731.540
Deferred tax liabilities	6.14	10.927.878	10.350.390
Provisions	6.15	135.858	137.137
Derivatives	6.10	4.014.838	4.929.519
NON CURRENT LIABILITIES		90.758.006	95.590.821
Trade payables	6.16	80.110.101	68.117.926
Advance payments	6.16	15.354.432	13.580.141
Other payables	6.16	19.084.089	17.513.397
Interest-bearing loans and borrowings	6.10	52.568.347	51.830.029
Current tax payables	6.17	3.879.510	4.707.193
Provisions	6.15	12.060.117	12.429.203
Derivatives	6.10	5.615	-
CURRENT LIABILITIES		183.062.211	168.177.889
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		384.634.837	369.829.588

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/06/2014	30/06/2013
Net revenues	6.18	154.209.605	161.945.354
Other income	6.19	4.373.203	2.396.144
Change in inventories of finished goods and WIP	-	17.671.728	4.435.735
Increases in fixed assets for internal work	6.20	5.820.732	4.090.135
Use of raw materials, consumables, supplies and goods	-	(81.233.952)	(76.903.124)
Personnel cost	6.21	(46.694.749)	(46.230.532)
Depreciation	6.22	(5.536.763)	(5.851.983)
Impairment	6.22	-	(69.000)
Other operating expenses	6.23	(39.318.413)	(38.380.033)
OPERATING PROFIT		9.291.391	5.432.696
<i>of which: non recurring items</i>		2.556.029	525.899
Financial income	6.24	66.880	208.202
Financial expenses	6.24	(3.539.362)	(4.298.582)
Net exchange differences	6.24	(77.883)	(287.837)
Net result of investments not fully consolidated	-	-	(475.942)
RESULT BEFORE TAXES		5.741.026	578.537
<i>of which: non recurring items</i>		2.556.029	38.472
Taxes	6.25	(2.226.615)	(799.690)
NET RESULT		3.514.411	(221.153)
- Attributable to Group shareholders		3.701.013	(221.153)
- Attributable to minority shareholders		(186.602)	-
RESULT PER SHARE - BASIC (in euro)	6.26	0,35	(0,03)
RESULT PER SHARE - DILUTED (in euro)	6.26	0,35	(0,03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	30/06/2014	30/06/2013
NET RESULT (A)		3.514.411	(221.153)
Gains /(Losses) on cash flow hedges	6.12	714.488	1.160.454
Gains/(Losses) on exchange differences on translating foreign operations	6.12	317.997	48.330
IAS 19R actuarial Gains/ (Losses)	6.12	(8.234)	-
TOTAL OTHER GAINS/(LOSSES) (B)		1.024.251	1.208.784
TOTAL COMPREHENSIVE INCOME (A) + (B)		4.538.662	987.631
- Attributable to Group shareholders		4.740.572	987.631
- Attributable to minority shareholders		(201.910)	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

from the 1st of January 2013 to the 30th of June 2013

VALUES IN EURO	Capital stock	Subscribed Capital unpaid	Additional paid-in capital	Legal reserve	Capital increase - expenses	Stock option reserve	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 01/01/2013	21.606.553	(1.785)	46.462.619	4.320.069	(1.286.154)	1.295.506	(5.187.680)	11.933.427	(524.506)	(370.776)	5.306.613	83.553.886	-	83.553.886
Capital increase	31.070	357	74.568	-	-	-	-	-	-	-	-	105.995	-	105.995
Change of consolidation area	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of prior year net result	-	-	-	1.241	-	-	-	1.891.177	-	3.414.195	(5.306.613)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	1.160.454	-	48.330	-	(221.153)	987.631	-	987.631
Balance as at 30/06/2013	21.637.623	(1.428)	46.537.187	4.321.310	(1.286.154)	1.295.506	(4.027.226)	13.824.604	(476.176)	3.043.419	(221.153)	84.647.512	-	84.647.512

from the 1st of January 2014 to the 30th of June 2014

VALUES IN EURO	Capital stock	Subscribed Capital unpaid	Additional paid-in capital	Legal reserve	Capital increase - expenses	Stock option reserve	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 01/01/2014	26.208.185	-	57.506.537	4.321.310	(1.286.154)	1.295.506	(3.195.626)	13.824.604	(2.138.106)	3.010.955	5.428.982	104.976.193	1.084.685	106.060.878
Capital increase Prima Power Suzhou	-	-	-	-	-	-	-	(181.208)	-	-	-	(181.208)	396.288	215.080
Change of consolidation area	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of prior year net result	-	-	-	134.187	-	-	-	2.549.555	-	2.745.240	(5.428.982)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	714.488	-	333.305	(8.234)	3.701.013	4.740.572	(201.910)	4.538.662
Balance as at 30/06/2014	26.208.185	-	57.506.537	4.455.497	(1.286.154)	1.295.506	(2.481.138)	16.192.951	(1.804.801)	5.747.961	3.701.013	109.535.557	1.279.063	110.814.620

CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO	30/06/2014	30/06/2013
Net result	3.514.411	(221.153)
Adjustments (sub-total)	2.081.141	(3.027.901)
Depreciation and impairment	5.536.763	5.920.983
Net change in deferred tax assets and liabilities	229.083	(240.344)
Change in employee benefits	44.576	73.688
Change in inventories	(23.075.370)	(6.393.045)
Change in trade receivables	10.377.288	(572.381)
Change in trade payables and advances	13.766.466	3.053.244
Net change in other receivables/payables and other assets/liabilities	(4.797.665)	(4.870.046)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	5.595.552	(3.249.054)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(2.534.062)	(1.168.694)
Acquisition of intangible fixed assets	(243.238)	(177.048)
Capitalization of development costs	(5.616.708)	(3.911.108)
Net disposal of fixed assets (*)	45.748	102.493
Sale price of 10% SUP JV investment	-	2.424.212
Liquidation of SNK JV investment	-	77.780
Net result of JV investments	-	(11.486)
Purchase/capital increase of other investments	(743.669)	(214.014)
Devaluation of other investments	-	487.428
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(9.091.929)	(2.390.437)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	(108.805)	4.014.200
Increases in loans and borrowings (including bank overdrafts)	2.004.811	3.924.088
Repayment of loans and borrowings (including bank overdrafts)	(5.885.965)	(8.808.427)
Increases/(repayments) in financial lease liabilities	50.801	104.182
Capital increase	-	105.995
Other variations	143.863	48.330
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	(3.795.295)	(611.632)
CASH FLOWS FROM (USED IN) CHANGE OF MINORITY SHAREHOLDERS (D)	380.979	-
Net change in cash and equivalents (E=A+B+C+D)	(6.910.693)	(6.251.123)
Cash and equivalents beginning of period (F)	29.194.149	24.458.666
Cash and equivalents end of period (G=E+F)	22.283.456	18.207.543

(*) included tangible fixed assets classified in the assets held for sale

Additional Information to the Consolidated Statement of Cash-Flow	30/06/2014	30/06/2013
<i>Values in Euro</i>		
Taxes	(2.226.615)	(799.690)
Financial incomes	66.880	208.202
Financial expenses	(3.539.362)	(4.298.582)

CONSOLIDATED BALANCE SHEET PURSUANT TO CONSOB N. 15519 OF 27/07/2006

Values in Euro	Notes	30/06/2014	of which related parties	31/12/2013	of which related parties
Property, plant and equipment	6.1	25.333.420	-	24.200.931	-
Intangible assets	6.2	153.336.579	-	151.571.901	-
Other investments	6.3	1.032.404	-	288.735	-
Non current financial assets	6.4	35.000	-	113.000	-
Deferred tax assets	6.5	7.995.738	-	7.647.333	-
Other non current assets	6.8	20.577	-	20.624	-
NON CURRENT ASSETS		187.753.718	-	183.842.524	-
Inventories	6.6	89.289.835	-	66.214.465	-
Trade receivables	6.7	68.455.788	-	78.833.076	-
Other receivables	6.8	7.776.565	-	5.909.406	-
Current tax receivables	6.9	7.608.357	-	4.305.160	-
Derivatives	6.10	-	-	46.969	-
Cash and cash equivalents	6.10	22.283.456	-	29.194.149	-
CURRENT ASSETS		195.414.001	-	184.503.225	-
ASSETS HELD FOR SALE	6.11	1.467.118	-	1.483.839	-
TOTAL ASSETS		384.634.837	-	369.829.588	-
Capital stock	6.12	26.208.185	-	26.208.185	-
Legal reserve	6.12	4.455.497	-	4.321.310	-
Other capital reserves	6.12	71.227.702	-	68.144.867	-
Currency translation reserve	6.12	(1.804.801)	-	(2.138.106)	-
Retained earnings	6.12	5.747.961	-	3.010.955	-
Net result	6.12	3.701.013	-	5.428.982	-
Stockholders' equity of the Group		109.535.557	-	104.976.193	-
<i>Minority interest</i>		<i>1.279.063</i>	-	<i>1.084.685</i>	-
STOCKHOLDERS' EQUITY		110.814.620	-	106.060.878	-
Interest-bearing loans and borrowings	6.10	67.903.316	-	72.442.235	-
Employee benefit liabilities	6.13	7.776.116	-	7.731.540	-
Deferred tax liabilities	6.14	10.927.878	-	10.350.390	-
Provisions	6.15	135.858	-	137.137	-
Derivatives	6.10	4.014.838	-	4.929.519	-
NON CURRENT LIABILITIES		90.758.006	-	95.590.821	-
Trade payables	6.16	80.110.101	-	68.117.926	-
Advance payments	6.16	15.354.432	-	13.580.141	-
Other payables	6.16	19.084.089	313.324	17.513.397	571.539
Interest-bearing loans and borrowings	6.10	52.568.347	-	51.830.029	-
Current tax payables	6.17	3.879.510	-	4.707.193	-
Provisions	6.15	12.060.117	-	12.429.203	-
Derivatives	6.10	5.615	-	-	-
CURRENT LIABILITIES		183.062.211	-	168.177.889	-
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		384.634.837	-	369.829.588	-

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB N. 15519 OF 27/07/2006

Values in Euro	Notes	30/06/2014	of which related parties	30/06/2013	of which related parties
Net revenues	6.18	154.209.605	-	161.945.354	-
Other income	6.19	4.373.203	-	2.396.144	-
Change in inventories of finished goods and WIP	-	17.671.728	-	4.435.735	-
Increases in fixed assets for internal work	6.20	5.820.732	-	4.090.135	-
Use of raw materials, consumables, supplies and goods	-	(81.233.952)	-	(76.903.124)	-
Personnel cost	6.21	(46.694.749)	(147.645)	(46.230.532)	(236.737)
Depreciation	6.22	(5.536.763)	-	(5.851.983)	-
Impairment	6.22	-	-	(69.000)	-
Other operating expenses	6.23	(39.318.413)	(492.737)	(38.380.033)	(318.953)
OPERATING PROFIT		9.291.391		5.432.696	
<i>of which: non recurring items</i>		<i>2.556.029</i>		<i>525.899</i>	
Financial income	6.24	66.880	-	208.202	-
Financial expenses	6.24	(3.539.362)	-	(4.298.582)	-
Net exchange differences	6.24	(77.883)	-	(287.837)	-
Net result of investments not fully consolidated	-	-	-	(475.942)	-
RESULT BEFORE TAXES		5.741.026		578.537	
<i>of which: non recurring items</i>		<i>2.556.029</i>		<i>38.472</i>	
Taxes	6.25	(2.226.615)	-	(799.690)	-
NET RESULT		3.514.411		(221.153)	
- Attributable to Group shareholders		3.701.013		(221.153)	
- Attributable to minority shareholders		(186.602)		-	
RESULT PER SHARE - BASIC (in euro)	6.26	0,35		(0,03)	
RESULT PER SHARE - DILUTED (in euro)	6.26	0,35		(0,03)	

CONSOLIDATED CASH FLOW STATEMENT PURSUANT TO CONSOB N. 15519 DEL 27/07/2006

VALUES IN EURO	30/06/2014	of which related parties	30/06/2013	of which related parties
Net result	3.514.411	-	(221.153)	-
Adjustments (sub-total)	2.081.141	-	(3.027.901)	-
Depreciation and impairment	5.536.763	-	5.920.983	-
Net change in deferred tax assets and liabilities	229.083	-	(240.344)	-
Change in employee benefits	44.576	-	73.688	-
Change in inventories	(23.075.370)	-	(6.393.045)	-
Change in trade receivables	10.377.288	-	(572.381)	-
Change in trade payables and advances	13.766.466	-	3.053.244	-
Net change in other receivables/payables and other assets/liabilities	(4.797.665)	(258.215)	(4.870.046)	(398.673)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	5.595.552		(3.249.054)	
Cash flow from investments				
Acquisition of tangible fixed assets (*)	(2.534.062)	-	(1.168.694)	-
Acquisition of intangible fixed assets	(243.238)	-	(177.048)	-
Capitalization of development costs	(5.616.708)	-	(3.911.108)	-
Net disposal of fixed assets (*)	45.748	-	102.493	-
Sale price of 10% SUP JV investment	-	-	2.424.212	-
Liquidation of SNK JV investment	-	-	77.780	-
Net result of JV investments	-	-	(11.486)	-
Purchase/capital increase of other investments	(743.669)	-	(214.014)	-
Devaluation of other investments	-	-	487.428	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(9.091.929)		(2.390.437)	
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	(108.805)	-	4.014.200	-
Increases in loans and borrowings (including bank overdrafts)	2.004.811	-	3.924.088	-
Repayment of loans and borrowings (including bank overdrafts)	(5.885.965)	-	(8.808.427)	-
Increases/(repayments) in financial lease liabilities	50.801	-	104.182	-
Capital increase	-	-	105.995	-
Other variations	143.863	-	48.330	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	(3.795.295)		(611.632)	
CASH FLOWS FROM (USED IN) CHANGE OF MINORITY SHAREHOLDERS (D)	380.979		-	
Net change in cash and equivalents (E=A+B+C+D)	(6.910.693)		(6.251.123)	
Cash and equivalents beginning of period (F)	29.194.149		24.458.666	
Cash and equivalents end of period (G=E+F)	22.283.456		18.207.543	

(*) included tangible fixed assets classified in the assets held for sale



CHAPTER 6.

EXPLANATORY NOTES

CHAPTER 6. EXPLANATORY NOTES

FORM AND CONTENT

The abbreviated consolidated balance sheet of the PRIMA INDUSTRIE Group at 30 June 2014 has been drawn up on the assumption of the company continuing trading (for greater detail see the note "Accounting principles") and in regard to the International Financial Reporting Standards issued by the International Accounting Standards Board and recognized 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 at 30 June 2014 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 31/12/2013, to which attention is drawn for greater detail.

The abbreviated consolidated balance at 30 June 2014 of the PRIMA INDUSTRIE Group is presented in Euro 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 at 30 June 2014 according to the principles described in the "accounting principle" Note of the consolidated balance on 31/12/2013, to which attention is drawn.

For purposes of comparison, the balance sheet data on 31/12/2013 have been presented as well as the data of the profit and loss account and the financial statement relating to 30/06/2013 with the movements of net assets of the first six months of 2013 as well, as required by IAS 1.

ACCOUNTING PRINCIPLES

On-going concern

The abbreviated consolidated balance sheet at 30 June 2014 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 criteria and principles of consolidation

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at 30 June 2014 are compatible with those used for the consolidated annual balance sheet at 31/12/2013, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1, 2014, as well as the adjustments required by the nature of the interim findings.

Accounting standards, amendments and interpretations effective from January 1, 2014

- On May 12, 2011, the IASB issued "IFRS 10 - Consolidated Financial Statements" standard, which replaces the "SIC-12 Consolidation - Special purpose company (Special Purpose Vehicle)" and partially the "IAS 27 - Consolidated and Separate Financial Statements" which was renamed as Separate Financial Statements and will govern the accounting treatment

of investments in the separate financial statements. The new standard introduces a new control model applicable to all entities including vehicles.

- On May 12, 2011, the IASB issued the "IFRS 11 - Sharing Agreements" standard, which will replace "IAS 31 - Interests in Joint Ventures" and "SIC-13 - Jointly Controlled Entities - Monetary contributions by venturers". The new standard provides criteria for identifying partnership agreements based on the rights and obligations arising from agreements rather than their legal form, and establishes the net equity method as the sole method of accounting the investments in joint ventures in the consolidated financial statements. Following the enactment of the standard, "IAS 28 - Investments in associated companies", it was amended to include in its scope, from the effective date of the standard, even investments in jointly controlled companies.
- On May 12, 2011, the IASB issued the standard "IFRS 12 - Additional Information on shareholdings in other companies", which is a completely new standard to provide additional information on each type of equity investment.
- On December 16, 2011 the IASB issued an amendment to IAS 32 - Financial Instruments: disclosure in the financial statements", to clarify the application of some criteria for offsetting financial assets and financial liabilities present in IAS 32.
- On May 29, 2013, the IASB issued amendments to the "IAS 36 - Information on the recoverable value of non-financial assets ", which regulates the information note to be provided on the recoverable value of assets that have suffered impairment in value, if such amount is based on the *fair value* net of sale costs.
- On June 27, 2013 the IASB issued minor amendments to "IAS 39 - Financial Instruments: recognition and measurement "entitled "Novation of Derivatives and Continuation of Hedge Accounting". The changes allow to continue the *hedge accounting* if a financial derivative, designated as a hedging instrument, is novated following the application of laws or regulations in order to replace the original counter-party to ensure the successful conclusion of the obligation assumed and if certain conditions are met. The same change will also be included in IFRS 9 - Financial Instruments.

It should be noted that the changes described above and entered into force from 2014, where applicable, have not generated significant effects on the Group.

Accounting standards and amendments not yet applicable and not adopted in advance by the Group

- On November 2013 the IASB issued minor amendments to "IAS 19 - Benefits to Employees - Fixed-benefit plans: Contributions of employees "that simplify the accounting treatment of the contributions to benefit plans defined by employees or third parties in specific cases. These amendments are applicable retrospectively for financial years beginning on or after July 1, 2014.
- In December 2013 IASB issued a set of amendments to the IFRS. Among the others the most relevant issues relate to:
 - "IFRS 2 - Share-based Payment" which defines the vesting conditions,
 - "IFRS 8 - Operating Segments" with respect to the information on the estimates and judgments used in aggregating the operating segments,
 - "IFRS 24 - Information on Related Parties" for the purposes of identification and information of transactions with related parties in case of companies that

provide services for the management of strategic managers to the company preparing the budget,

- "IFRS 3 - Business Combinations" for the exclusion of all types of joint control arrangement and to "IFRS 13 - Fair Value Measurement" for some clarification on application exceptions.

These amendments are applicable for financial years beginning on or after January 1, 2015.

- On May 2014 the IASB issued some amendments to "IFRS 11 - Joint arrangements: Recognition of the acquisition of investments in jointly controlled assets" to clarify the accounting recognition of the acquisition of Investments in jointly controlled assets. These amendments are applicable retrospectively for financial years beginning on or after 01/01/2016.
- In May 2014, the IASB issued an amendment to "IAS 16 - Property, plant and equipment" and to "IAS 38 - Intangible Assets" clarifying that the use of methods based on revenues to calculate the depreciation of an asset or of an intangible asset are not appropriate; they are allowed only in some certain limited circumstances. These amendments are applicable retrospectively for financial years beginning on or after 01/01/2016.
- In May 2014, the IASB issued the standard "IFRS 15 - Revenue from Contracts with Customers", which requires to recognize revenues to represent the transfer of goods or services to customers at an amount that reflects the consideration price that is expected to receive in exchange for those goods or services; this new model of revenue recognition defines a five-step process and requires the use of estimates and judgments; this new standard is also applicable to certain repurchase agreements and requires more information about the nature, the amount, timing and uncertainty about the revenues and cash flows arising from contracts with customers. These amendments are applicable retrospectively for financial years beginning on or after January 1, 2017.
- In July 2014, the IASB issued the standard "IFRS 9 - Financial Instruments"; the number of changes made by the new standard includes the introduction of a logic model for the classification and measurement of financial instruments, a single model for the *impairment* of financial assets based on expected losses and a renewed approach to *hedge accounting*. These amendments are applicable retrospectively for financial years beginning on or after January 1, 2018.

The Group will adopt these new standards, amendments and interpretations, based on the planned date of application, and will evaluate the potential impacts, when they will be endorsed by the European Union.

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 abbreviated consolidated balance sheet of 30 June 2014, 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.

FINANCIAL STATEMENTS

With regard to the financial statements, the Group has adopted the choice of using the statements described below:

- with regards to the Consolidated balance sheet, the scheme which presents the assets and liabilities distinguishing them between "current" (or in other words able to be liquidated/payable within 12 months) and "non-current" (or in other words able to be liquidated/payable beyond 12 months);
- with regards to the consolidated income statement, the scheme adopted foresees the distribution of costs in kind; the statement of comprehensive income includes, in addition to the profit for the period, as a consolidated income statement, the other variations of the movement of net assets different from those with the shareholders;
- with regards to the statement of changes in consolidated equity, the scheme adopted to reconcile the opening and closing of each equity item both for the current period and for the previous period;
- with regards to the consolidated cash flow statements the so-called "indirect" method has been chosen, which determines the net financial flow from operating activities by adjusting the profit and loss for the effects;
 - non-monetary elements such as depreciation, devaluations, unrealized profits and losses on related companies;
 - of the variation of the inventory, the receivables and payables generated by the operational activity;
 - of the other elements whose financial fluctuations are generated by the activities of investment and financing.

This Interim financial Report was authorized for publication by the Board of Directors on 28/08/2014.

EXPLANATORY NOTES

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

NOTE 6.1 - PROPERTY PLANT AND EQUIPMENT

The property plant and equipment at 30 June 2014 are equal to 25.333 thousand Euro, an increase of 1.132 thousand Euro compared with 31/12/2013.

For more details on the subject, see the table below.

Tangible Fixed Assets	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31st, 2013	16.777.470	1.900.047	1.671.389	2.447.546	1.404.478	24.200.931
<i>Movements of the first half 2014</i>	-	-	-	-	-	-
Increases	-	213.413	553.390	531.212	1.236.047	2.534.062
Disinvestments	-	(413)	(159.628)	(324.904)	-	(484.945)
Utilization of accumulated depreciation	-	413	156.860	281.924	-	439.197
Depreciation	(270.812)	(227.093)	(415.917)	(466.370)	-	(1.380.192)
Riclassifications among tangible fixed assets	-	16.791	287.870	37.784	(342.445)	-
Differences on exchange rates	13.446	859	12.679	7.041	(9.658)	24.367
Net value as at June 30th, 2014	16.520.104	1.904.017	2.106.643	2.514.233	2.288.422	25.333.420

Increases in Assets under construction regard primarily costs related to the construction of the new production plant of PRIMA POWER Suzhou in China.

NOTE 6.2 - INTANGIBLE ASSETS

The intangible assets at 30 June 2014 are equal to 153.337 thousand Euro, an increase of 1.765 thousand Euro compared with 31/12/2013.

For more details on the subject, see the table below.

Intangible assets	Goodwill	Development costs	Other intangible assets	TOTAL
Net value as at December 31st, 2013	102.579.806	25.612.738	23.379.357	151.571.901
<i>Movements of the first half 2014</i>	-	-	-	-
Increases/(decreases)	-	5.616.708	243.238	5.859.946
Depreciation	-	(2.395.340)	(1.761.231)	(4.156.571)
Differences on exchange rates	21.540	40.887	(1.124)	61.303
Net value as at June 30th, 2014	102.601.346	28.874.993	21.860.240	153.336.579

The most significant item is represented by Goodwill, which at 30 June 2014 is equal to 102.601 thousand Euro. All goodwill written into the balance sheet refers to the larger value paid with respect to the fair value of the 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	BOOK VALUE GOODWILL
	June 30th, 2014	December 31st, 2013
PRIMA POWER	97.440	97.427
OSAI (Service)	4.125	4.125
PRIMA ELECTRO NORTH AMERICA	845	837
MLTA	154	154
OSAI UK	37	37
TOTAL	102.601	102.580

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*). At 31/12/2013 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 31/12/2013. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the balance sheet closed on 31/12/2013, 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 2014 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. Despite the difficult economic situation, the Group continued to invest significantly in the development of its products, in order to retain a competitive advantage and be ready in this stage of reference market recovery. 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 capitalized costs on development projects are monitored individually and measured in terms of the economic benefits expected from the time of their implementation. 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 assets" category contains the trademark and customer relationships ("customer list") deriving from the Purchase Price Allocation of FINN-POWER OY occurred in 2008. The net values of the FINN-POWER trademark and the customer list at June 30, 2014 are of 15,431 thousand Euro and 4,900 thousand Euro, respectively.

NOTE 6.3 - OTHER INVESTMENTS

The value of the other investments at 30 June 2014 amounts at 1.032 thousand Euro, an increase of 744 thousand Euro compared with 31/12/2013; the change is entirely due to a capital increase subscribed by PRIMA ELECTRO SpA in EPS.

Subsequently, this heading on 30 June 2014 is composed of:

- EPS: 841 thousand Euro (shareholding equal to 21,5% owned by PRIMA ELECTRO SpA);
- Caretek Srl: 76 thousand Euro (shareholding equal to 19,3% owned by PRIMA ELECTRO SpA);
- Fimecc OY: 50 thousand Euro (shareholding equal to 2,4% owned by FINN-POWER OY);
- Härmämedi OY: 25 thousand Euro (shareholding equal to 8,3% owned by FINN-POWER OY);

- Lamiera Servizi Srl: 11 thousand Euro (shareholding equal to 19,0% owned by PRIMA INDUSTRIE SpA);
- other minor shareholdings: 30 thousand Euro.

NOTE 6.4 - NON CURRENT FINANCIAL ASSETS

This item at 30 June 2014 amounted to 35 thousand Euro and refers to a loan provided by PRIMA ELECTRO SpA to Caretek Srl.

NOTE 6.5 - DEFERRED TAX ASSETS

The deferred tax assets are equal to 7.996 thousand Euro, showing an increase respect the previous financial year by 348 thousand Euro.

This asset has been generated by differences over the inventories, over provisions and over trade receivables.

With regard to the recoverability of these taxes should be noted that the Parent Company and PRIMA ELECTRO historically realized positive taxable income, both IRES, IRAP and that foresee the achievement of positive taxable income in the years after. The evaluation of the recoverability of deferred tax assets takes into account the expected profitability in future years and it is supported by the fact that they refer mainly to the asset provisions and provisions for risks and charges, for which there is no expiration. The deferred tax assets on tax losses carried forward are recognized in so far that it is probable that future taxable profit will be available against which they can be recovered. Considering what we have illustrated there are no elements which would alter the previous assessments about the recoverability of deferred tax assets.

NOTE 6.6 - INVENTORIES

The following table shows the composition of the inventories at 30 June 2014 and at 31/12/2013.

Inventories	30/06/14	31/12/13
Raw materials	25.149.471	20.110.202
Semi-finished goods	21.048.499	9.104.962
Finished goods	49.400.236	43.066.884
(Inventories provisions)	(6.308.371)	(6.067.584)
TOTAL	89.289.835	66.214.465

At 30 June 2014 the inventories are equal to 89.290 thousand Euro, at net of inventories provision for 6.308 thousand Euro. The net value of inventories at 30 June 2014 shows an increase equal to 23.075 thousand Euro than 31/12/2013. This increase is linked by the necessity to support the production volumes in the second part of the year.

NOTE 6.7 - TRADE RECEIVABLES

The trade receivables at 30 June 2014 amounts to 68.456 thousand Euro, with a decrease of 10.377 thousand Euro compared to the previous financial year.

Trade receivables	30/06/14	31/12/13
Receivables from customers	71.548.538	82.124.226
Provision for doubtful debts	(3.092.750)	(3.291.150)
TOTAL	68.455.788	78.833.076

The bad debts reflects management's estimate of the expected losses of the Group.

NOTE 6.8 - OTHER RECEIVABLES

At 30 June 2014 other receivables are equal to 7.777 thousand Euro and they are increased respect to the 31/12/2013 by 1.867 thousand Euro.

In the following table the detail.

Other receivables	30/06/14	31/12/13
Prepayments and accrued income	2.995.467	1.440.089
Contribution to be received for R&D projects	2.788.274	2.417.144
Advances payments to suppliers	1.439.298	1.378.502
Advances to employees	317.878	279.726
Other receivables	235.648	393.945
TOTAL	7.776.565	5.909.406

Other non-current receivables amounts to 21 thousand Euro.

NOTE 6.9 - CURRENT TAX RECEIVABLES

They are equal to 7.608 thousand Euro against the 3.303 thousand Euro at 31/12/2013. The tax asset are composed by VAT for 5.405 thousand Euro (at 31/12/2013 equals to 2.395 thousand Euro), a receivable for 1.048 thousand Euro following the introduction of claims for reimbursement IRES (IRAP deduction for IRES during 2007-2011), in 2013 February, from advance of direct taxes for 511 thousand Euro (at 31/12/2013 equals to 424 thousand Euro), from a fiscal deduction for 591 thousand Euro (at 31/12/2013 equals to 398 thousand Euro) and from other receivables of minor tax assets for 53 thousand Euro (at 31/12/2013 for 40 thousand Euro).

NOTE 6.10 - NET FINANCIAL POSITION

On 30 June 2014, the net financial position of the Group was negative for 102.209 thousand Euro, an increase of 2.248 thousand Euro compared with 31/12/2013 (negative at 99.961 thousand Euro). For a better understanding of the variation in the net financial position achieved during the first six months of 2014, refer to the Consolidated Cash Flow Statement of the period.

As required by the Consob communication No. DEM/6064293 of 28/07/2006, the net financial debt at 30 June 2014 and 31/12/2013 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of 10/02/2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

Values expressed in thousand Euro

	30/06/14	31/12/13	Variations
A CASH	22.283	29.194	(6.911)
B OTHER CASH AND CASH EQUIVALENTS	-	-	-
C SECURITIES HELD FOR TRADING	-	-	-
D CASH ON HAND (A+B+C)	22.283	29.194	(6.911)
E CURRENT FINANCIAL RECEIVABLES	-	47	(47)
F CURRENT BANK PAYABLES	16.248	14.647	1.601
G CURRENT PART OF NON-CURRENT INDEBTEDNESS	35.285	36.113	(828)
H OTHER CURRENT FINANCIAL PAYABLES	1.041	1.070	(29)
I CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	52.574	51.830	744
J NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	30.291	22.589	7.702
K NON-CURRENT BANK PAYABLES	68.331	73.648	(5.317)
L BOND ISSUED	-	-	-
M OTHER NON-CURRENT FINANCIAL PAYABLES	3.587	3.724	(137)
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	71.918	77.372	(5.454)
O NET FINANCIAL POSITION (J+N)	102.209	99.961	2.248

LIQUIDITY

For more detail on the related liquid availability, see the Cash Flow Statement.

BANK INDEBTEDNESS

The main debt of the bank indebtedness is the FINPOLAR loan. This loan, which at 30 June 2014 amounts to 98.796 thousand Euro, is composed as follows:

- Tranche A: medium / long-term 6.924 thousand Euro (“amortized” expiring in February 2015 with half year repayment);
- Tranche B: medium / long-term 63.596 thousand Euro (expiring in February 2016 with a "bullet" repayment at maturity);
- Tranche C2: line of credit for advancing on invoices (revolving) utilized at 30th June 2014 for 7.573 thousand Euro (the line can be used for a maximum total amount of Euro 12.200 thousand Euro for working capital requirements of the Group);
- Tranche D: line of credit for cash of 19.914 thousand Euro (maximum capital amount of 20 million Euro);
- at 30 June 2014 there are registered interest accrued and unpaid on all FINPOLAR loan tranche of a total of 789 thousand Euro.

The FINPOLAR loan is for 63.844 thousand Euro expiring beyond 12 months.

At the date of preparation of this report, please note that on 04/02/2014 and 04/08/2014 the company regularly paid the expiring installment relating to the FINPOLAR Financing.

The *covenants* measured on the consolidated financial statements at 30 June 2014 were met.

In the non current bank payables are included also other bank loans for 472 thousand Euro and the negative fair value of some derivatives (IRS - Interest Rate Swap) which amounted to 4.015 thousand Euro. The main contracts are those stipulated by PRIMA INDUSTRIE SpA, to partially hedge the risk of interest rate on the FINPOLAR loan. The effectiveness tests carried out on hedging derivatives have underlined during 30 June 2014 a substantially effective report and

therefore, being respected also the other requirements of IAS 39, are accounted for adopting the rule of hedge accounting. The tests of effectiveness were not carried out in relation to derivative contracts for which hedge accounting hasn't been applied. For these contracts, the changes in fair value are recognized directly in the income statement.

In current bank payables (also considering the current portion of the non-current indebtedness) are included the FINPOLAR loan for 34.952 thousand Euro, bank overdrafts for 15.139 thousand Euro, other bank loans for 1.436 thousand Euro and hedging derivatives on currency exchange risk (Currency Rate Swap) for 6 thousand Euro.

OTHER FINANCIAL PAYABLES

Other financial payables amount to 4.628 thousand Euro (of which 1.041 thousand are current). Other financial payables include:

- Financial leasing payables equal to 2.841 thousands of Euro (of which 662 thousand Euro current);
- other financial payables of 1.787 thousand Euro (of which 379 thousand Euro are current); these payables mainly relate to facilitated ministry loans.

FINANCIAL INDICATORS (COVENANTS)

The FINPOLAR loan agreement requires compliance with a number of financial-economic parameters (*covenants*) for the entire period of the same duration (up to 2016) and with variable values in the different measurement periods.

Below is set out a table showing the covenants currently in force at June 30, 2014.

EBITDA/Consolidated Net Financial costs ratio not less than:	3,0x al 31 December 2013 and 30 June 2014 4,0x al 31 December 2014 and 30 June 2015 4,5x al 31 December 2015
Net Financial Borrowings/consolidated EBITDA ratio not more than :	4,1x al 31 December 2013 and 30 June 2014 3,0x al 31 December 2014 and 30 June 2015 2,75x al 31 December 2015
Net Financial Borrowings/Consolidated Shareholders's Equity ratio not more than:	1,6x al 31 December 2013 and 30 June 2014 1,4x al 31 December 2014 and 30 June 2015 1,2x al 31 December 2015

MOVEMENTS OF BANK PAYABLES AND LOANS

Amounts payable to banks and the loans of PRIMA INDUSTRIE Group at 30 June 2014 (not including the fair value of derivatives) amounted to 120.472 thousand Euro in the first half of 2014 were changed as shown in the following table.

BANK PAYABLES AND LOANS	<i>Euro thousand</i>
Bank Payables and loans - current portion (December 31st, 2013)	51.830
Bank Payables and loans - non-current portion (December 31st, 2013)	72.442
TOTAL BANK PAYABLES AND LOANS AS OF DECEMBER 31st, 2013	124.272
Variations in consolidation's area	
Stipulation of loans and borrowings <i>(including bank overdrafts)</i>	2.005
Repayment of loans and borrowings <i>(including bank overdrafts)</i>	(5.886)
Stipulation/(repayments) of financial leasing	51
Exchange rate effect	30
TOTAL BANK PAYABLES AND LOANS AS AT JUNE 30th, 2014	120.472
of which:	
Bank payables and loans- current portion (June 30, 2014)	52.569
Bank payables and loans - non-current portion (June 30, 2014)	67.903
TOTAL BANK PAYABLES AND LOANS AS AT JUNE 30th, 2014	120.472

NOTE 6.11 - ASSETS HELD FOR SALE

At 30 June 2014, the value of the assets held for sale is equal to 1.467 thousand Euro.

Non-current assets held for sale	SUP Investments (*)	Real Property Rivalta sul Mincio	TOTAL
Value as at December 31st, 2013	1.149.839	334.000	1.483.839
Currency adjustment	(16.721)	-	(16.721)
Value as at June 30th, 2014	1.133.118	334.000	1.467.118

* Shanghai Unity Prima (SUP)

This item includes:

- investment in SHANGHAI UNITY PRIMA (hereinafter for brevity "SUP") held by PRIMA INDUSTRIE SpA, and
- several properties under construction held by the Company FINN-POWER Italia Srl located in Mantova (Italy).

NOTE 6.12 - EQUITY

The equity of PRIMA INDUSTRIE Group increased compared to the previous year of 4.754 thousand Euro. This increase is the result of the positive effects resulting from the global profit of the Group (4.539 thousand Euro) and the capital increase in PRIMA POWER Suzhou (215 thousand Euro).

NOTE 6.13 -EMPLOYEE BENEFITS LIABILITIES

The employees benefits liabilities, that amounts to 7.776 thousand Euro (7.732 thousand Euro at 31/12/2013) includes:

- the Severance Indemnity (TFR) recognized by Italian companies for employees;
- a fidelity premium recognized by the Parent Company and by PRIMA ELECTRO for their own employees;
- a pension fund recognized by PRIMA POWER GMBH and PRIMA POWER FRANCE Sarl for their employees.

The table below compares the items in question.

Employee benefits	30/06/14	31/12/13
Severance indemnity fund	5.979.955	6.016.463
Fidelity premium and other pension funds	1.796.161	1.715.077
TOTAL	7.776.116	7.731.540

NOTE 6.14 - DEFERRED TAX LIABILITIES

The deferred tax liabilities for deferred taxes are equal to 10.928 thousand Euro, an increase compared with the previous financial year of 577 thousand Euro. It is noted that this heading includes also for deferred taxes liabilities on the trademark, on relationships with clients and the Cologne Veneta real estate related to the company merger of the FINN-POWER Group equal to 6.376 thousand Euro.

NOTE 6.15 - PROVISIONS

The provisions are equal to 12.196 thousand Euro and are decreased respect to 31/12/2013 by 370 thousand Euro.

The non current provisions refer exclusively to the agents indemnity and amount to 136 thousand Euro.

The current provisions mostly refer to product warranty (equal to 7.802 thousand Euro) and to the best estimate of costs still to be incurred for the completion of certain auxiliary activities to the sale of machinery already recognized as revenue (amounting to 3.788 thousand Euro). The Warranty provisions is related to the provision for the technical warranty interventions over the products of the Group and it's considered in relation with the warranty costs that should be maintained.

The other provisions for liabilities equal to 470 thousand Euro are referred to a legal procedures and other disputes; these provisions represent the best estimate from the management of the liabilities which have to be accounted with reference to legal procedures sorted during the ordinary operative activity in front of retailer, clients, suppliers or public authority and also to legal proceeding related to disputes with ex employees.

NOTE 6.16 - TRADE PAYABLES, ADVANCE PAYMENTS AND OTHER PAYABLES

The value of these payables has increased compared with 31/12/2013 by 15.337 thousand Euro. Advance from customer contains the advances 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 customer and therefore not taken into revenue. Other payables include social security payables, payables with employees, accrued expenses and deferred income and other minor payables.

For more detail on the subject, see the table below.

Trade, advances and other payables	30/06/14	31/12/13
Trade payables	80.110.101	68.117.926
Advances	15.354.432	13.580.141
Other payables	19.084.089	17.513.397
TOTAL	114.548.622	99.211.464

NOTE 6.17 -CURRENT TAX PAYABLES

At 30 June 2014 the current tax payables for the current taxes amount to 3.880 thousand Euro, a reduction of 828 thousand Euro respect to the previous financial year (4.707 thousand Euro on 31/12/2013).

NOTE 6.18 - NET REVENUES

The net revenues have been largely commented on at chapter 3 of this document " On Interim Report Management" in the paragraph "Revenues and Profitability".

NOTE 6.19 - OTHER INCOME

The other operational income amounts to 4.373 thousand Euro (2.396 thousand Euro at 30/06/2013); they refer principally to sales of licenses resulting from industrial cooperation agreements and grants for research and development received by public entities; it should be noted that the proceeds from the sale of licenses for industrial cooperation agreements are non-recurring items for 2.940 thousand Euro (non-recurring income at 30/06/2013 amounted to 694 thousand Euro).

NOTE 6.20 - INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The increases in fixed assets for internal work on 30/06/2014 amount to 5.821 thousand Euro and refer mainly to the capitalization of new project development activity (5.617 thousand Euro), of which the technical feasibility has been verified and the generation of probable future economic benefits. The capitalized development activity has been carried out by the Parent Company, by FINN-POWER OY, by FINN-POWER ITALIA, by PRIMA POWER LASERDYNE, by PRIMA ELECTRO SpA, and by PRIMA ELECTRO NORTH AMERICA.

NOTE 6.21 - PERSONNEL COSTS

The personnel costs at 30 June 2014 are equal to 46.695 thousand Euro and show an increase compared with the corresponding period of the previous financial year of 464 thousand Euro.

NOTE 6.22 - DEPRECIATION-IMPAIRMENT

The depreciation at 30 June 2014 are equal to 5.537 thousand Euro (of which 4.157 thousand Euro are related to intangible fixed assets). No impairment was made in the first semester of 2014.

The depreciation relating to the trademark and relationships with clients ("customers list") amount to a comprehensive 1.526 thousand Euro, while those relating to development costs are equal to 2.395 thousand Euro.

NOTE 6.23 - OTHER OPERATING EXPENSES

The other operating expenses for the first six months of 2014 amount to 39.318 thousand Euro compared with 38.380 thousand Euro at 30/06/2013.

The main operating expenses are:

- external production services amounted to 8.946 thousand Euro;
- travel expenses amounted to 6.238 thousand Euro;
- transport and delivery costs amounted to 4.390 thousand Euro;
- rents and use of third party assets amounted to 3.443 thousand Euro;

- commissions amounted to 2.179 thousand Euro;
- cost for the temporary workers and other personnel costs amount to 2.025 thousand Euro;
- consultancies (directional, administrative, fiscal, commercial, and technical) amounted to 1.824 thousand Euro;
- exhibitions and advertising expenses amounted to 1.647 thousand Euro.

NOTE 6.24 - FINANCIAL INCOME AND EXPENSES

The financial management of the first six months of 2014 shows a negative result of 3.550 thousand Euro.

Financial Management	30/06/14	30/06/13
Financial income	66.880	208.202
Financial expenses	(3.539.362)	(4.298.582)
Net financial expenses	(3.472.482)	(4.090.380)
Net exchange of transactions in foreign currency	(77.883)	(287.837)
TOTAL	(3.550.365)	(4.378.217)

The financial expenses relating to the FINPOLAR Loan sustained by PRIMA INDUSTRIE are equal to 1.504 thousand Euro, while the net financial expenses on the derivatives stipulated by the Group are equal to 952 thousand Euro.

NOTE 6.25 - TAXES

The taxes on income for the first six months of 2014 show a net negative balance of 2.227 thousand Euro, of which IRAP, Regional income tax, is equal to 712 thousand Euro. We point out that in 2013 the Group recorded a tax credit amounting to 1.048 thousand Euro following the submission of claims for IRES refund (IRAP deductions for IRES purposes for the years 2007-2011).

NOTE 6.26 - EARNINGS PER SHARE

The calculation of earnings per share as at 30 June 2014 , which amounts to 0,35 Euro (negative for 0,03 at 30/06/2013), is given by the profit attributable to shareholders of the Parent Company, divided by the considered average of shares in circulation during the first six months of 2014, which amounts to 10.483.274 (the first six months of 2013 were 8.645.069). The diluted profit per share is equal to basic earnings because there are no dilutive transactions ongoing at 30 June 2014 . The diluted profit per share at 30/06/2013 was negative for 0,02; this dilutive effect was determined by the potential ordinary shares with dilutive effect related to the stock option plan (expired on 30 June 2014) and the outstanding warrant.

NOTE 6.27 - INFORMATION ON RELATED PARTIES

Transactions with co-related parties concern the relationships with strategic management and the Board of Statutory Auditors.

OPERATIONS WITH RELATED PARTIES	Strategic management	Board of Statutory auditors	TOTAL
PAYABLES AS AT 01/01/2014	476.539	95.000	571.539
PAYABLES AS AT 30/06/2014	260.824	52.500	313.324
COSTS 01/01/2014 - 30/06/2014	587.882	52.500	640.382
VARIATIONS IN PAYABLES			
01/01/2014 - 30/06/2014	(215.715)	(42.500)	(258.215)

NOTE 6.28 - NOT RECURRING ITEMS

The table here below synthesized the not recurring items for the first semester 2014. They had have a positive impact on the income statement for 2.556 thousand Euro.

Significant non-recurrent events and transactions (values expressed in Euro thousand)	Other operating revenues	Personnel cost	Other operating costs	Total
Transfer licenses	2.940	-	-	2.940
Reimbursement insurance contributions employees	-	227	-	227
Actions of reorganization/restructuring	-	(128)	-	(128)
Legal/fiscal disputes and penalties from customers	-	(444)	-	(444)
Other smaller events	-	-	(39)	(39)
EBITDA	2.940	(345)	(39)	2.556
Impairment of non-current assets held for sale	-	-	-	-
EBIT	2.940	(345)	(39)	2.556
Economical effect on investments operations	-	-	-	-
NET RESULT BEFORE TAXES	2.940	(345)	(39)	2.556

NOTE 6.29 - SECTOR INFORMATION

Please note that not all the data shown below are directly comparable with those presented in chapters "3 - Group Interim Management Report" and "4 - Economic Performance by Segment", given that the latter are expressed as gross of the inter-sector parties.

Information performance by sector of activity

The inter-sector returns have been determined on the basis of market prices.

The operational divisions of the Group are the following two:

- PRIMA POWER
- PRIMA ELECTRO

Here follow the main details.

Segment results 30/06/2014	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	136.120	25.415	-	161.535
(Inter-sector revenues)	(10)	(7.315)	-	(7.325)
Revenues	136.110	18.100	-	154.210
EBITDA	13.189	1.639	-	14.828
EBIT	8.807	484	-	9.291
Net financial income/expenses	(3.194)	(356)	-	(3.550)
Profit before taxes	5.613	128	-	5.741
Taxes	-	-	(2.227)	(2.227)
Net result	-	-	-	3.514

EBIT and EBITDA values here presented are not directly reconcilable with the data presented in Chapter 4 -ECONOMIC PERFORMANCE BY SEGMENT since they are presented at net of inter-sector items.

Segment assets and liabilities 30/06/2014	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	287.611	56.936	37.922	382.469
Associates, JV and other equity investments ^(*)	1.249	917	-	2.166
Total assets	288.860	57.853	37.922	384.635
Liabilities	116.827	17.694	139.300	273.821

^(*) Including the investments classified in the Assets held for Sale

Segment results 30/06/2013	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	143.480	25.835	-	169.315
(Inter-sector revenues)	(25)	(7.345)	-	(7.370)
Revenues	143.455	18.490	-	161.945
EBITDA	8.159	3.195	-	11.354
EBIT	3.240	2.193	-	5.433
Net financial income/expenses	(3.981)	(397)	-	(4.378)
Net result from equity investments not fully consolidated	11	(487)	-	(476)
Profit before taxes	-	-	-	579
Taxes	-	-	(800)	(800)
Net result	-	-	-	(221)

EBIT and EBITDA values here presented are not directly reconcilable with the data presented in Chapter 4 -ECONOMIC PERFORMANCE BY SEGMENT since they are not presented at net of inter -sector items.

Segment assets and liabilities 30/06/2013	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	286.086	57.765	33.575	377.426
Associates, JV and other equity investments ^(*)	1.312	178	-	1.490
Total assets	287.398	57.943	33.575	378.916
Liabilities	113.822	15.610	164.836	294.268

^(*) Including the investments classified in the Assets held for Sale

Information by geographic area

For details regarding the information on returns subdivided by geographical area, see the information shown in chapter 3 "Interim Report on Management of the Group", in the paragraph "Income and Profitability".

NOTE 6.30 - MANAGEMENT OF FINANCIAL RISKS

The financial instruments of the Group, aimed at financing the operational activity, include the bank financing, the financial leasing contracts and factoring, the cash and short term bank deposits. There are other financial instruments, such as commercial payables and receivables, related to the operational activity.

The Group has also carried out operations in derivatives, primarily "Interest Rate Swap - IRS" contracts. The aim of these instruments is to manage the interest rate risks generated by the Group operations and from their sources of financing.

The PRIMA INDUSTRIE Group is mainly exposed to the following categories of risk:

- Interest rate risk
- Exchange rate risk
- Credit risk
- Liquidity risk

The Group has adopted a specific policy with the aims of correctly managing the risks mentioned, in order to safeguard its own activity and capacity to create value for shareholders and for all the stakeholders. The objectives and politics of the Group for the management of risks described above is detailed below.

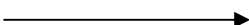
Interest rate risk

The debit position towards the credit system and capital markets can be negotiated at a fixed or variable rate.

Variations of interest rate in the market generate the following categories of risk:

- an increase in market interest rates exposes to the risk of greater financial burdens to be paid on the quota of variable interest rate debits;
- a decrease in market interest rates exposes to the risk of excessive financial burdens to be paid on the quota of fixed interest rate debits.

In particular, strategies adopted by the Group to confront these risks are as follows:

- Interest Rate  Management/Hedging

Exposure to interest rates is by nature structural, in that the net financial position generates net financial burdens subject to the volatility of interest rates, according to the contractual conditions established with the financing party.

Consequently, the identified strategy is of Management/Hedging and is confirmed by:

- Continuous monitoring to the exposure to interest rate risks;
- Hedging activity through derivative financial instruments.

Exchange rate risk

The debit position towards the banking system and the capital market, as well as towards other creditors, can be expressed in one's own account currency (Euro), or in other currencies on account.


In this case, the financial burden of the debit in currency is subject to the interest rate risks, not of the European market, but of the market of the chosen currency.

The attitude and strategy to follow with regards to risk factors are determined by the plurality of elements which concerned both the characteristics of the reference market and their impact on the company balance sheet results.

Indeed, four possible strategic and distinctive areas for the operational management of individual risk factors can be identified:

- "Avoid" strategy (Avoidance)
- Acceptance
- Management/Hedging
- "Market intelligence" (Speculation)

In particular, strategies primarily adopted by the Group to confront these risks are as follows:

- Exchange Rate  Management/Hedging

Exposure to exchange rate risks deriving from financial factors is currently contained, in that the company does not take on financing in currency different from the Europe, with the exception of some financing of the U.S. subsidiaries, for which the U.S. dollar is the reference currency.

In relation to the commercial transactions on the other hand, at Group level there exists a certain exposure to exchange rate risk, in that the fluctuations of purchase in U.S. dollars (substantially the only relevant accounting currency different from the Euro) of the Parent Company PRIMA INDUSTRIE SpA, of FINN-POWER OY and of PRIMA ELECTRO SpA are not sufficient to balance the fluctuations of sales carried out in U.S. dollars.

Nevertheless, the Group carries out monitoring to reduce such exchange risks even through the use of covering instruments.

With regard to account currencies different from the U.S. dollar, which concern almost exclusively some of the subsidiary companies which carry out sales and after sales service

activities, the risk management strategy is rather one of acceptance, both because they normally deal with sums of modest value, and because of the difficulty of finding suitable covering instruments.

Credit risk

The Group only deals with noted and trustworthy clients; furthermore, the amount of credit is monitored during the financial year so that the sum exposed to losses is not significant.

To this end, with regards to PRIMA INDUSTRIE, a function of Group of credit management has recently been put in place.

It is noted that there are no significant concentrations of credit risk within the Group. The financial activities are shown in the balance sheet net of the devaluation calculated on the basis of risk of non-fulfillment by the counter party, determined in consideration of the information available on the solvency of the client and eventually considering historical data.

In compliance with the CONSOB DEM/RM 11070007 communication of August 5, 2011, we inform that the PRIMA INDUSTRIE Group Holds no bonds issued by central and local governments nor by government bodies, and has certainly not granted loans to these institutions.

Liquidity risk

The liquidity risk represents the risk that the financial resources are not sufficient to fund the financial and commercial obligations within the pre-established periods and due dates.

The risk of liquidity to which the Group is subject may emerge from late payments on its sales and more generally from the difficulty of obtaining financing to support operational activities in the time necessary. The cash flows, the financing needs and the liquidity of the Group companies are monitored or managed centrally under the control of the Group Treasury, with the aims of guaranteeing effective and efficient management of financial resources.

The Group operates with the aims of carrying out collection operations on the various financial markets with varied techniques, with the aims of guaranteeing a correct level of liquidity whether current or prospective. The strategic aim is to ensure that at any moment of the Group has sufficient credit lines to service financial due dates over the following twelve months.

The current difficult market environment whether operational or financial requires particular attention to the management of liquidity risks and, in this sense, particular attention is given to those actions aimed at generating financial resources through operational management and the maintenance of an adequate level of available liquidity.

Therefore, the Group has arranged to confront the requirements emerging from financial payable due dates and from the investments, through the fluctuations caused by operational management, available liquidity, use of credit lines, the renewing of bank loans and eventual recourse to other forms of provision of a non-ordinary nature.

Hierarchical level of valuation of the fair value

IFRS 13 defines a hierarchy of fair value which divides in three levels the input used to the determination of the fair value. We distinguish the followings levels:

- Level 1 - quotation surveyed on a active market for assets and liabilities objected under evaluation;

- Level 2 - input differing from the listed prices of which in the precedent point, which are observable directly (prices) o indirectly (derived from the prices) over the market;
- Level3 - input which they are not based on observable market date.

The following chart underlines the assets and the liabilities which are evaluated at the fair value at 30 June 2014 .

Values expressed in Euro thousand	Level 1	Level 2	Level 3
Assets valued at fair value	-	-	-
Other Assets	-	-	-
TOTAL ASSETS	-	-	-
Liabilities valued at fair value	-	4.020	-
Other Liabilities	-	-	-
TOTAL LIABILITIES	-	4.020	-

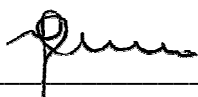
In addition, solely for the purpose of disclosure, is shown below the fair value of all the items included in the net financial position.

Values expressed in thousand Euro	Book value	Fair Value
Cash	22.283	22.283
Other cash and cash equivalents	-	-
Cash on hand	22.283	22.283
Current financial receivables	-	-
Current bank payables	16.248	16.248
Current part of non-current indebtedness	35.285	35.671
Other current financial receivables	1.041	1.041
Current financial indebtedness	52.574	52.960
Net current financial indebtedness	30.291	30.677
Non-current bank payables	68.331	68.538
Other non-current financial payables	3.587	3.587
Non-current financial indebtedness	71.918	72.125
Net financial position	102.209	102.802

NOTE 6.31 - SUBSEQUENT EVENTS

There are no the intervention of successive facts about the referred date of Financial Semiannual Relation which, if unknown, should have resulted in a correction of the measured values.

Signature of the Chairman



ATTESTATION OF THE HALF - YEAR CONDENSED FINANCIAL STATEMENTS

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) e Davide Danieli (secretary of the board of directors) 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 1° January 2014 - 30 June 2014;

2. in this regard there are no significant issues

3. In addition, we attest that:

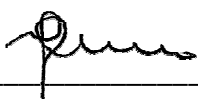
3.1 The half year financial statement:

- (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 19th July 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.

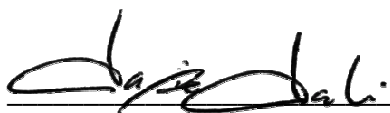
3.2 The interim management report includes a fair analysis of the important events that have occurred in the first six months of the financial year and their effect on the condensed financial statement, together with a description of the main risks and uncertain for the six months of the financial year.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

Date: 28/08/2014

Signature of the chairman



Signature manager responsible for preparing the corporate accounting documents



Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Prima Industrie S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the consolidated financial balance sheet the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated cash flow statement and the related explanatory notes, of Prima Industrie S.p.A. and its subsidiaries (the "Prima Industrie Group") as of June 30, 2014. Management of Prima Industrie S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 21, 2014 and on August 28, 2013, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Prima Industrie Group as of June 30, 2014 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 28, 2014

Reconta Ernst & Young S.p.A.
Signed by: Stefania Boschetti, Partner

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